

ASX / Media Release

11 October 2019

Magmatic to re-focus on East Lachlan Assets

- The recent success of Alkane Resources Limited ("Alkane") at Boda has refocused investor attention on the East Lachlan region in NSW.
- Magmatic has four East Lachlan Projects including the Wellington North Project which is located only 2km from Alkane's Boda discovery.
- Magmatic will no longer proceed with the proposed demerger of its four East Lachlan Projects and as a result has agreed to terminate the proposed acquisition of three Western Australian Gold Projects in order to re-focus on unlocking the potential of its East Lachlan Projects.

The Board of Magmatic Resources Limited ("Magmatic" or "the Company") is pleased to announce that it will no longer proceed with the proposed demerger of its four East Lachlan projects into Australian Gold and Copper Limited ("AGC"), an unlisted public company. The decision to re-focus on the East Lachlan Projects has been driven by investors reassessing the region following the success of Alkane at Boda and feedback from Magmatic shareholders. As announced to the market on 7 June 2019, the Company had entered into agreements for the acquisition of 3 Western Australian gold projects. However, with the re-focus on the East Lachlan Projects, the project vendors have agreed to terminate these agreements and, as a result, the Company will not be proceeding with the proposed acquisitions.

The Board of Magmatic intend to develop a new exploration plan to re-focus all of the Company's efforts on its East Lachlan Projects. In particular, the short-term focus will be on the Wellington North Project which is only ~2km from the Boda discovery and includes the Lady Ilse prospect only ~6km from Boda, and carries many similarities.

Managing Director David Richardson said "While Magmatic's Board, major shareholder Gold Fields Australia Pty Ltd, and key supporters of the Company have always valued and understood the potential of the Company's East Lachlan Projects, the broader market has, until recently, not shared our views. Alkane's success at Boda has reminded the market that Magmatic's portfolio in the area represents one of the most significant ground positions of any listed explorer. As a consequence of the enhanced investor interest the Board has decided not to proceed with the demerger and the acquisition of the WA gold assets."

Magmatic recently appointed Mr Andy Viner as a Non-Executive Director given his extensive experience with West Australian gold projects. However, with the decision to terminate the WA gold project acquisitions, it has been agreed that he will resign his directorship.

The Company has agreed to make the following payments to the WA project vendors in consideration for them agreeing to terminate the acquisition agreements:

- **North Iron Cap Pty Ltd:**
 - \$25,000 cash payment
 - Issue of 1 million Ordinary MAG shares
- **Ashburton Metals Group Pty Ltd: \$25,000 cash payment**
- **Kokoda Exploration Pty Ltd: \$10,000 cash payment**



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Given the termination of the acquisition agreements and further to the announcement by the Company on 11 September 2019, the Company has agreed with Blue Cap Mining Pty Ltd ("Blue Cap") to terminate the Pre-Production Works Agreement and Funding Agreement in relation to the North Iron Cap Project in consideration for the issue to Blue Cap of 3 million unlisted options to acquire MAG shares at an exercise price of \$0.10, with a 3 year term.

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