

18 SEPTEMBER 2020

MAGMATIC TO DEMERGE MOOREFIELD PROJECT AND IPO WITH CENTRAL LACHLAN ACQUISITIONS

- Magmatic proposes to demerge its Moorefield Gold Project in the central Lachlan Fold Belt into its wholly owned subsidiary Australian Gold and Copper Ltd (AGC)
- AGC has agreed to acquire two highly prospective central Lachlan gold/polymetallic projects from New South Resources Pty Ltd (NSR), with the intent of the combined AGC listing on the ASX
- Immediate increased shareholder value is anticipated for Magmatic shareholders who will own shares in both MAG and AGC (via a proposed in-specie share distribution) and provides enhanced exposure to multiple drill ready gold discovery opportunities
- Acquisitions include drill ready Cobar-Hera-Federation lookalike gold-polymetallic targets supported by recent NSW government EM survey data and McPhillamys lookalike gold targets supported by strong rockchip anomalism up to 35g/t Au
- The combined AGC portfolio offers multiple drill ready targets of Fosterville-style gold, McPhillamys-style gold and Cobar-style gold-polymetallic mineralisation within the Central Lachlan Fold Belt
- Magmatic will remain focused on its highly prospective East Lachlan gold and gold-copper porphyry projects
- Magmatic shareholders will receive a priority entitlement to subscribe under AGC's IPO

Magmatic Resources Limited ('Magmatic' or 'The Company') is pleased to advise that its wholly owned subsidiary, Australian Gold and Copper Limited (**AGC**) has entered into a binding term sheet (Term Sheet) to purchase two Central Lachlan gold/polymetallic projects from private company, New South Resources Pty Ltd (**NSR**).

NSR will receive as consideration AGC shares amounting to a 40% interest in AGC pre the initial public offering (**IPO**) proposed to be undertaken by AGC for their Cargelligo and Gundagai projects (**NSR Tenements**). Magmatic will hold the remaining 60% in AGC pre-IPO.

Subject to shareholder approvals, and all necessary regulatory approvals, compliance with ASX escrow requirements and waivers, Magmatic and NSR have the right to distribute in specie up to 50% of their AGC holdings to their respective shareholders.

Magmatic considers the combined AGC project portfolio to provide multiple drill ready discovery opportunities of 'Fosterville-style' orogenic gold, McPhillamys-style gold and 'Cobar-Hera-style' gold-polymetallic mineralisation within the Central Lachlan Fold Belt. The demerger of Moorefield will allow Magmatic to focus on its East Lachlan gold and gold-copper porphyry projects.

The demerger of Moorefield and the NSR acquisitions remain contingent on Magmatic shareholder approval, satisfactory tax ruling being received from the ATO regarding tax implications of a distribution in specie for Magmatic shareholders, necessary regulatory approvals, compliance with

ASX escrow requirements and waivers and will be considered at Magmatic's upcoming Annual General Meeting.

It is intended that under the AGC IPO, Magmatic shareholders will be given a priority entitlement to subscribe for AGC shares under the IPO. The nature and extent of the priority entitlement will be provided to Magmatic shareholders in due course.

David Richardson Executive Chairman of Magmatic commented *'the Lachlan Fold Belt is one of the world's gold and copper "hotspots" with a long history of high-grade gold production and recently attracting many of the world's leading gold companies. MAG recognised the regions potential early, acquiring 4 exploration projects, including Moorefield, from Gold Fields (the world 7th largest gold miner), and believe we have had a multi-year head start. Combined with the exciting Gundagai and Cargelligo projects, identified and developed by NSR CEO Glen Diemar, AGC's three projects represent a major portfolio with each project significant in their own right. We have always described MAG as a junior explorer with a "major's" portfolio, and this transaction will further unlock shareholder value, giving shareholders exposure to both MAG and AGC shares and further upside of 2 new gold projects. We are excited that Glen Diemar will join as AGC Managing Director, bringing his extensive knowledge of the Central Lachlan region, project development experience and exploration success.*

Glen Diemar CEO of New South Resources commented *"Unlocking value for our shareholders and the communities in which we operate is what we have always focused on and we believe this transaction does just that. The potential of each of these three assets to host significant, near surface resources is exciting and within Australian Gold and Copper the future of these assets is clearly on a strong trajectory for unlocking that value. We are excited to bring together an advanced portfolio of targets, each with outcropping mineralisation and historic or recent drilling intercepts. The New South Resources board, management and I are extremely pleased to be partnering with such a high-quality team with similar values to us."*

PROPOSED AGC BOARD

It is proposed that the Board of AGC will initially be made up of:

- **Glen Diemar, Managing Director** (CEO of New South Resources), extensive experience in all sectors of the mining and exploration industry with a focus on NSW mineral systems and early stage discoveries. Previous roles have been with BHP Billiton and numerous juniors both internationally and locally and is currently CEO of successful private explorer, New South Resources. Mr Diemar holds a Masters of Economic Geology and is a member of the AIG
- **David Richardson, Non-Executive Director** (Executive Chairman of Magmatic)
- An Independent Non-Executive Chairman
- Under the Binding Term Sheet, Magmatic has the right to appoint another director

PROJECTS OVERVIEW

The projects comprise granted exploration licences EL7675 'Moorefield', EL8669 'Derriwong', EL8955 'Gundagai' and EL8968 'Cargelligo' covering approximately 1000km² in the central Lachlan Fold Belt of New South Wales. **The combined project portfolio offers multiple near term discovery opportunities for 'Fosterville-style' orogenic gold, McPhillamys-style gold and 'Cobar-Hera-style' gold-polymetallic mineralisation in the Central Lachlan Fold Belt (Figure 1).**

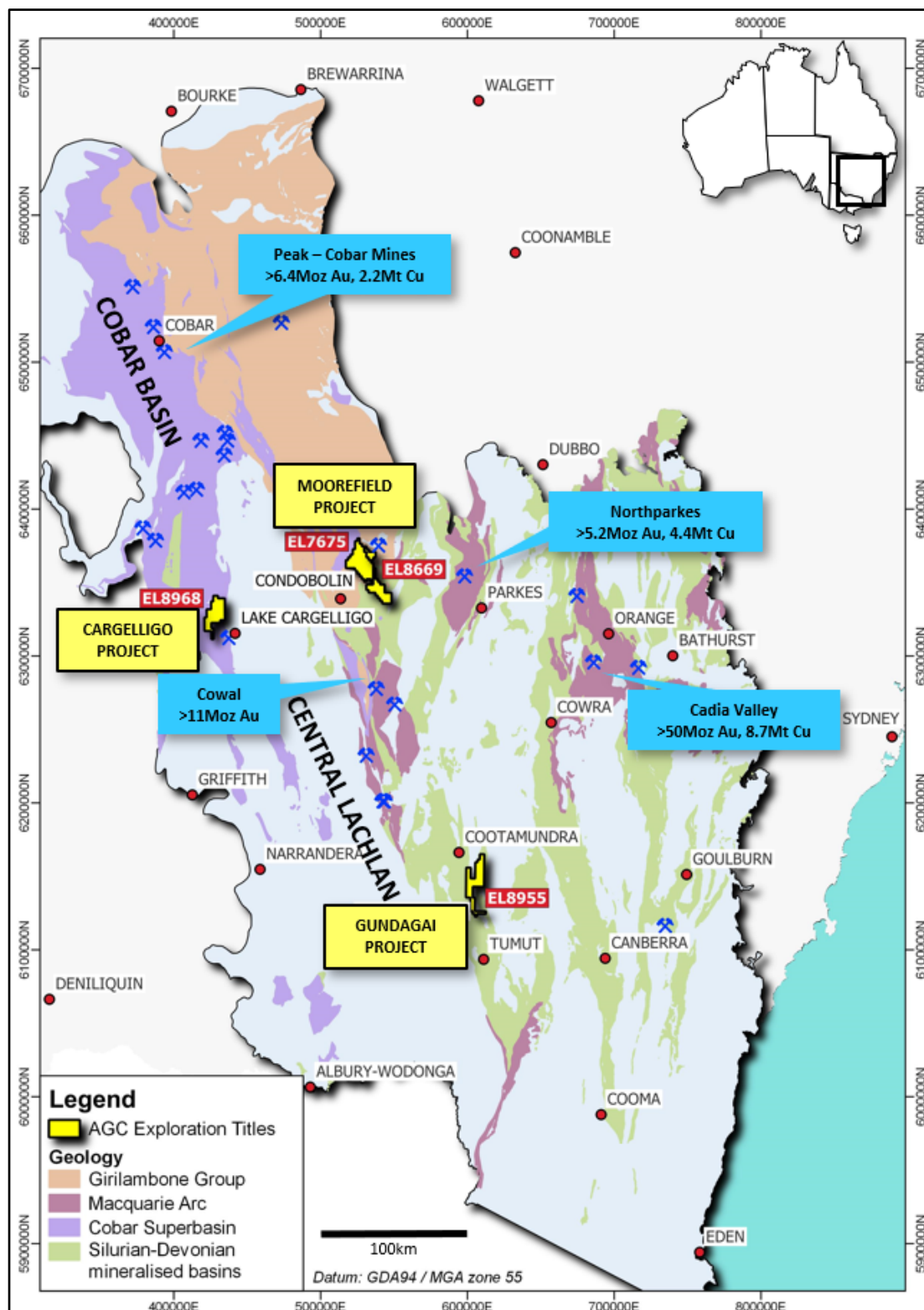


Figure 1: Location Plan showing AGC tenure (Resources from Phillips 2017)

MOOREFIELD PROJECT (EL7675, EL8669)

The Moorefield project comprises two granted exploration licences covering 477km² (EL7676 'Moorefield' and EL8669 'Derriwong') (Figure 1). The project includes the drill ready 15km long Boxdale - Carlisle Reefs orogenic gold trend defined by strong surface geochemical anomalism and significant existing drill results, including:

- 36m at 1.21g/t Au from 81m (MFRC017, Carlisle Reefs) MAG ASX release 17/10/2017
- 30m at 1.60 g/t Au from 80m (MFRC013, Carlisle Reefs) MAG ASX release 17/10/2017
- 19m @ 1.28g/t Au from 114m (BDRC001, Boxdale) MAG ASX prospectus 17/5/2017
- 15m @ 1.00g/t Au from 85m (BDRC003, Boxdale) MAG ASX prospectus 17/5/2017

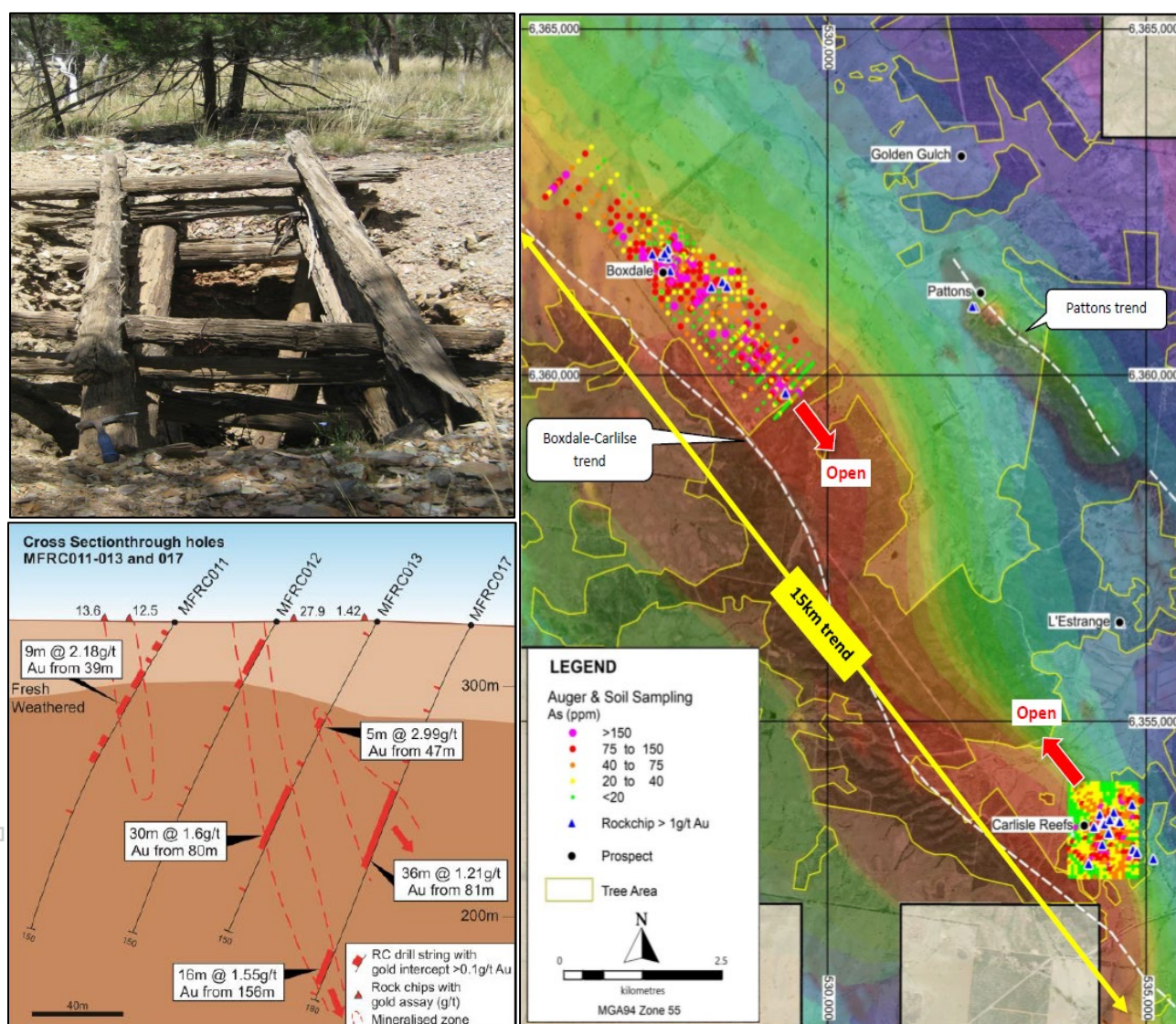


Figure 2: Carlisle Reefs – Boxdale Trend, Carlisle Reefs cross section (MAG ASX 17/10/2017, MAG ASX 4/12/2017, MAG ASX prospectus 17/5/2018)

Further highlighting the prospectivity of the Moorefield Project area are recent reinterpretations of eastern Australian geology (Cayley 2017), which indicate a possible link and **similarities between the Moorefield Project area and the Bendigo Zone, host to the Fosterville Gold Deposit** in the Victorian Goldfields (Figure 3).

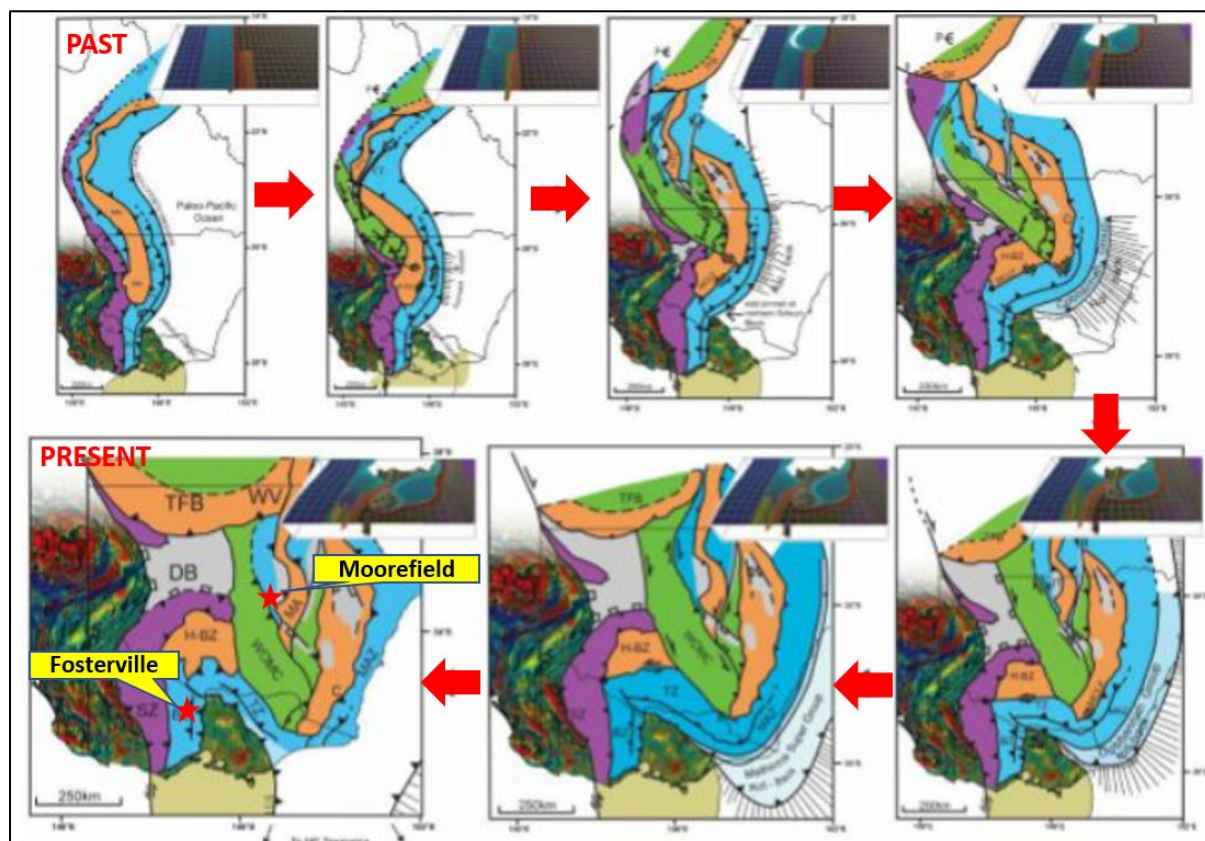


Figure 3: Depicting the tectonic evolution of the Lachlan Fold Belt, indicating the distribution of deformed Ordovician metasediments (blue) and the potential relationship between Victoria's Bendigo Zone and the Moorefield Project area (modified from Cayley 2017)

Other high priority drill ready targets at Moorefield, include the **Pattons Target**, considered **prospective for Au-Cu mineralisation and characterised by several discrete magnetic features underlying a gold anomalous exhalative horizon within the Girilambone Group (multipoint rockchip anomalism over 400m, up to 6.14g/t Au)** (MAG ASX release 4/12/2017).

CARGELLIGO PROJECT (EL8968)

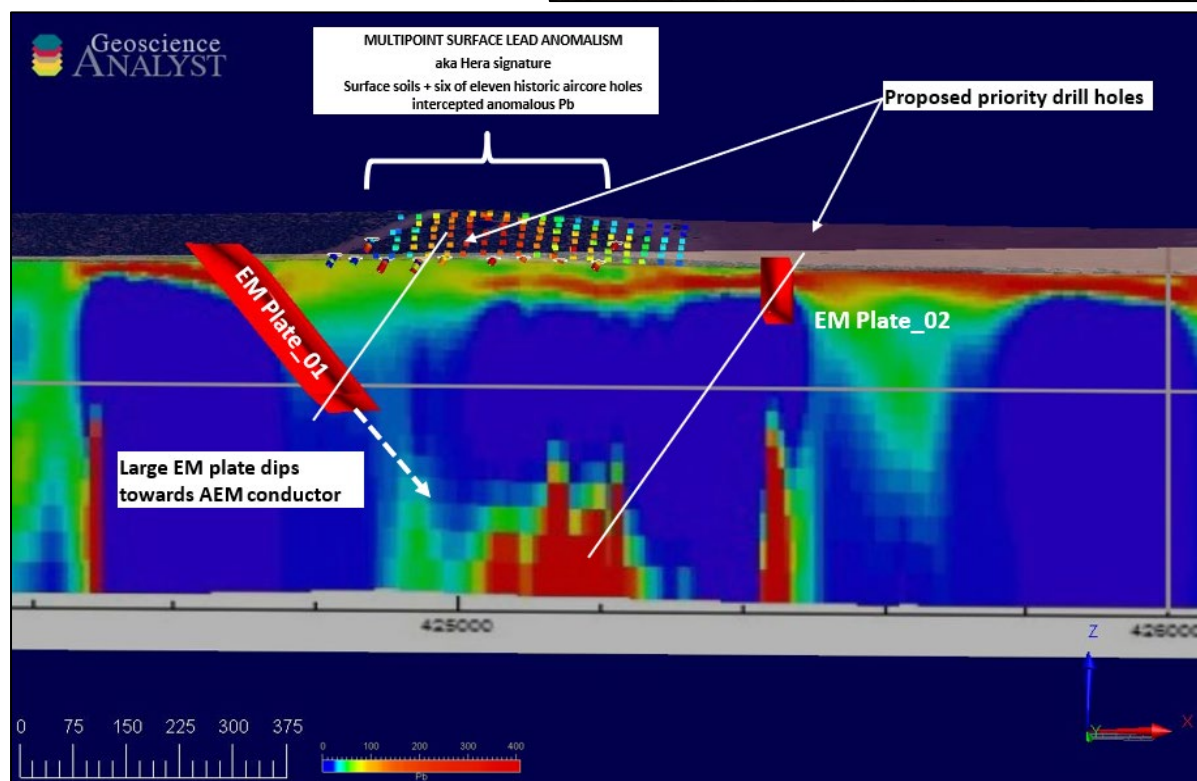
The Cargelligo project consists of an exploration licence covering 227km² (EL8968 'Cargelligo') and comprises multiple drill ready **Au-Ag-Cu-Zn-Pb targets within a 15km zone along strike from the Cobar Mining District** in the southern Cobar Basin (Figure 6).

The Cargelligo Project includes multiple drill ready Cobar-style gold-polymetallic targets, characterised by coincident conductors identified by a recent government airborne EM Survey (Geological Survey of NSW), EM plates, IP targets, historic drill intersections and anomalous surface geochemistry (Figures 4, 5).

The drill ready Mount Boorithumble and Achilles 3 targets are located **along strike from and considered exploration lookalikes of Aurelia Metals' (ASX:AMI) Hera Deposit and emerging Federation Discovery** (Figure 6).

Figure 4: Mt Boorithumble Au-polymetallic target: intensely sheared gossanous sediments immediately above an untested EM plate.

Figure 5: Achilles 3 Au-polymetallic target highlighting two planned drill holes into intensely sheared gossanous sediments which dip east towards an AEM conductor, mimicking the modelled but yet untested large EM plate and beneath aircore and soil lead and gold anomalism.



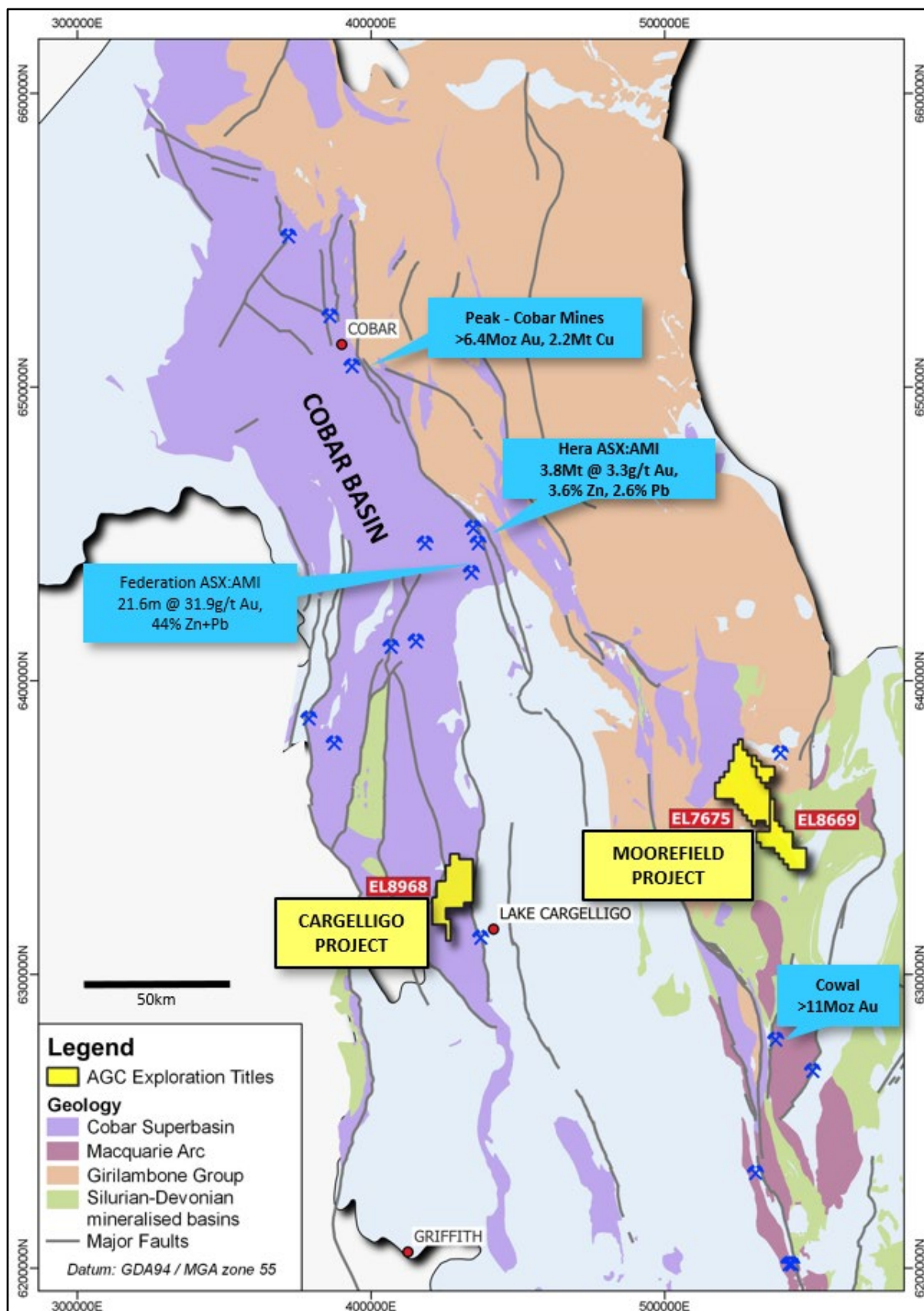


Figure 6: Regional map showing the Cargelligo and Moorefield licences (Resources from Phillips 2017, Aurelia 2020)

GUNDAGAI PROJECT (EL8955)

The Gundagai project consists of an exploration licence covering 265km² (EL8955 'Gundagai') and comprises multiple drill ready McPhillamys-style gold (e.g. Grandview), epithermal gold-copper (e.g. Rosehill) and VMS zinc-lead targets (e.g. Bongongalong).

Targets are considered comparable to those being developed by DevEX Resources Ltd (ASX:DEV) at their nearby Basin Creek Project and show similarities to the Late Silurian hosted McPhillamys Gold Deposit (ASX:RRL) (Figure 7). **The drill ready Grandview Target is characterised by a zone of sheared quartz-sericite-carbonate-pyrite altered sediments returning up to 35g/t Au in rockchips and represents a near term high grade gold discovery opportunity (Figure 7).**

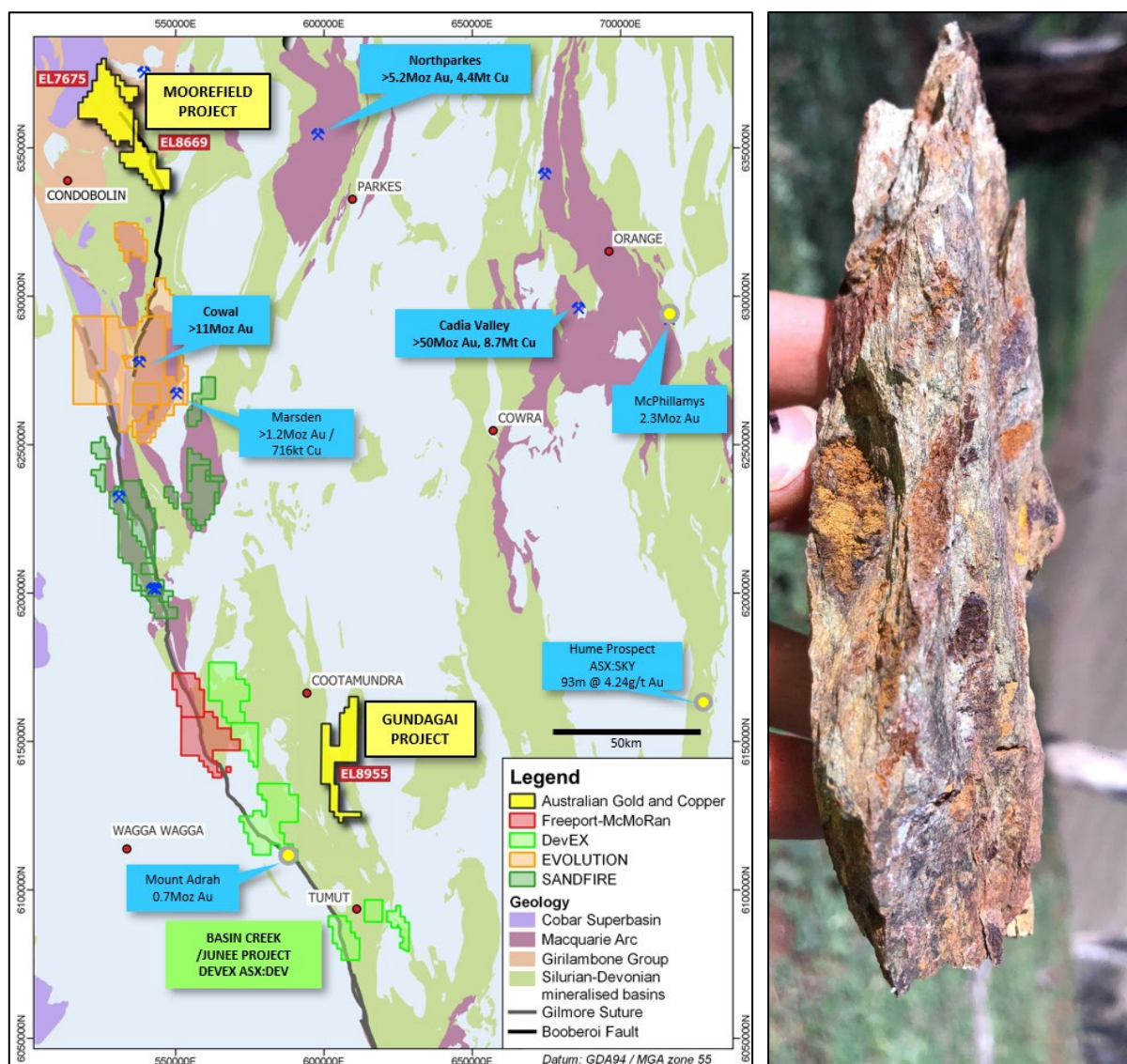


Figure 7: Regional map showing the Gundagai licence in the southern central Lachlan which hosts numerous high value projects and resources, photo of sheared gossanous quartz-sericite-carbonate-pyrite alteration (Resources from Phillips 2017)

MATERIAL TERMS AND CONDITIONS OF BINDING TERM SHEET WITH NSR

The material terms and conditions of the Binding Term Sheet with NSR are as follows:

Purchase of Exploration Licences

Magmatic has agreed to transfer the Moorefield Gold Project to its wholly owned subsidiary AGC. Additionally, AGC has agreed, subject to various conditions being satisfied or waived, to acquire the NSR Tenements from NSR in consideration for the issue of AGC shares to NSR (**Acquisition**)

Demerger and Capital Reduction

Magmatic will seek shareholder approval to undertake an in-specie distribution to its shareholders (**MAG Shareholders**) of up to 50 % of the AGC Shares it holds (**Distribution**).

The Distribution is subject to a number of standard conditions including;

- (a) a short form prospectus being issued ; and facilitate the Distribution; and
- (b) the IPO being successfully completed; and
- (c) AGC ASX listing approval being obtained.

Conditions Precedent to the Acquisition

The acquisition of the NSR Tenements is subject to a number of standard conditions including:

- (a) completion of usual due diligence by both AGC and NSR;
- (b) Magmatic obtaining all necessary shareholder approvals to undertake the Distribution;
- (c) the AGC IPO being successfully completed;
- (d) AGC and NSR obtaining all necessary shareholder approvals related to the Acquisition, if any is required;
- (e) AGC obtaining all necessary approvals pursuant to the NSW Mining Act related to the Acquisition; and
- (f) all other necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act or any other law being obtained

References

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Competent Persons Statement

The information in this document that relates to Magmatic Resources Ltd Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Duerden who is a Registered Professional Geoscientist (RPGeo) and member of the Australian Institute of Geoscientists. Mr Duerden is a full-time employee of, and has associated shareholdings in, Magmatic Resources Limited, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Duerden consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Any references to Magmatic Resources Limited exploration results should be read in conjunction with the competent person statements included in the ASX announcements referenced in this document as well as the Magmatic Resources Limited's other periodic and continuous disclosure announcements lodged with the ASX by Magmatic Resources Limited, which are available on Magmatic Resources Limited's website.

Additionally, Mr Duerden confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

The information in this document that relates to New South Resources Pty Ltd Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Glen Diemar who is a member of the Australian Institute of Geoscientists. Mr Diemar is a full-time employee of, and has associated shareholdings in, New South Resources Propriety Limited, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Diemar consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The references to any historical exploration results are disclosed in the references and in the Geological Survey of NSW, DIGS file database, and are not pursuant to the JORC 2012 Edition. Mr Diemar confirms that any historical exploration results set out in this document are an accurate representation of the available data and studies for the project owned by New South Resources Pty Ltd.

Previously Reported Information

The information in this report that references previously reported exploration results is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geoscientists.

New South Resources Pty Ltd (NSR): Historical Estimates and data do not use a category of mineralisation defined in the JORC code. Results are not reported in accordance with the JORC Code 2012; a competent person has not done sufficient work to disclose the exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of NSR that questions the accuracy or reliability of the former owners exploration results, but NSR has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.