

# Magmatic Resources Limited

## Focussed on East Lachlan copper-gold

Magmatic Resources Ltd (ASX:MAG) is an ASX-listed mineral exploration company focussed on the development of its copper-gold exploration assets in the East Lachlan province of New South Wales. MAG's portfolio was purchased from Gold Fields (JSE:GFI) in 2014 and includes strategic projects north along strike from Australia's largest gold producer at Cadia East (ASX:NCM) (Wellington North Project), along strike from Northparkes copper-gold mine (Myall Project) and ~20km along strike from Alkane Resources' (ASX:ALK) Tomingley Gold Operations and discoveries (Parkes Project). In January 2021, the company spun out its Moorefield Project into a Central Lachlan focussed entity, with the listing of Australian Gold and Copper (ASX:AGC) delivering shareholders an in-specie distribution with MAG maintaining a major shareholding and enabling a strategic focus on its East Lachlan portfolio.

### The Projects

Magmatic retains three advanced projects that it acquired from Gold Fields in 2014. Gold Fields, which retains an 10.95% interest in Magmatic, had spent ~\$14m identifying over 60 targets many now at a drill ready stage. The Wellington North, Myall and Parkes Projects have Cadia, Northparkes, Cowal and Tomingley Mine exploration signatures, including existing intercepts consistent with mined resource grades. Wellington North is along strike from Australia's largest gold operation at Newcrest's Cadia East, with multiple gold-copper porphyry targets currently being assessed. The Myall copper-gold project is 50km north of the Northparkes copper-gold mine and has significant existing intercepts being followed up (70m @ 0.54% Cu, 0.15g/t Au, from 141m and 62m @ 0.27% Cu, 0.13g/t Au from 260m). The Parkes Project is along strike from Alkane's Tomingley Gold Mine with multiple shallow orogenic gold drill targets identified.

### Drilling underway

Magmatic is now accelerating exploration activity across its portfolio with current drilling activity targeting areas in the Wellington North Project. These include Rose Hill, where significant existing gold-copper-molybdenum mineralised intercepts of equivalent grade to the Cadia East Mine Resource lie adjacent to a priority drill target (71m @ 0.30g/t Au, 0.42% Cu, 57ppm Mo from 0m). Other areas being drill tested include the Boda South Rockleigh and Lady Ilse targets, all located within 5 kms from Alkane's Boda gold-copper discovery. Magmatic is also active at its Myall Project where targets show similarities with deposits of the Northparkes copper-gold mining district with recent drilling targeting downdip positions from existing copper porphyry mineralisation (70m @ 0.54% Cu, 0.15g/t Au, from 141m and 62m @ 0.27% Cu, 0.13g/t Au from 260m).

### Pathway to development

Having spun out the Moorefield Project interests to ASX:AGC, Magmatic's focus is wholly on developing its East Lachlan copper-gold portfolio. The company last raised capital in February 2020 through a 16.7m share placement at \$0.30/share raising \$5.0m. At 31 December, the company's cash position stood at \$2.56m which equates to 2.68 quarters of funding left. Post this drill programme, we would expect to see the company reviewing its funding options in the next 6 months.

#### Share details

ASX Code	MAG
Share Price	\$0.15
Market Capitalisation	\$26.0M
Number of shares	173.12M
Options on issue	50M
Net cash at 31 Dec 2020	\$2.56M

#### Share price performance (12 months)



#### Upside Case

- Several major deposits in surrounding region with recent significant finds nearby
- Management team experienced in discoveries in the region
- Potential target for existing miners in the area should exploration targets demonstrate significant mineralisation

#### Downside Case

- Current drill programme fails to advance targets
- Drilling of additional prospects potentially inconclusive
- Further capital required within the next 6 months

#### Catalysts

- Significant intersections at Kingswood, SLR, Rose Hill, Rockleigh and/or Boda South
- Additional funding and further drilling at Lady Ilse

#### Comparative companies (Australia & NZ)

ALK, NCM, EVO, TLM, DEV, ALY, HRR

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## FINANCIAL SERVICES GUIDE

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