



ASX Release
8 October 2009

ASX code: MAU

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SIGNIFICANT WIDTHS OF MAGNETITE UP TO 108m @ 39.9%Fe AT JUBUK

Preliminary Davis Tube testwork results on surface samples from the Jubuk magnetite prospect near Corrigin, WA, have been received. The samples used for the preliminary testwork were taken from four discontinuous chip sampling traverses mostly taken across the strike of the outcropping coarse grained, recrystallised Jubuk banded iron formation. The four samples were taken within a strike length of 1.4km as shown in Figure 1. The average grades of the sample traverses are shown in Table 1.

Table 1
Jubuk Chip Sampling Results

Sample Number	Fe %	Sample Length m
JURC017	39.9	108
JURC020	34.3	48
JURC023	37.3	49
JURC025	37.8	51

Crushed pulverised 20kg samples, Fe determined by XRF analysis

The sample results (average 37.9% Fe over 64m length) indicate significant widths of magnetite-bearing iron formation correlating with a strong magnetic anomaly outlined by ground magnetic surveys. The magnetic target zone remains open to the south below soil cover and forms the central part of a much larger magnetic zone, more than 30km in length, as shown in Figure 2. Magnetic Resources is targeting 200-300 million tonnes of coarse grained magnetite-bearing iron formation within the central 10km zone of the stronger magnetic anomalies. This target tonnage is based on surface sampling, aeromagnetics and ground magnetic surveys. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource at this stage.

The Davis Tube test results are shown in Table 2.

Table 2
Jubuk Davis Tube Results

Sample Number	Magnetite Recovery %	Magnetite Content %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
JURC017	24.8	31.2	69.1	0.9	0.6	0.01
JURC020	20.6	14.3	62.2	10.6	0.6	0.01
JURC023	31.0	6.6	66.3	4.9	0.7	0.01
JURC025	31.0	9.0	63.8	7.4	0.6	0.01

Test samples crushed and then pulverised for 30 seconds

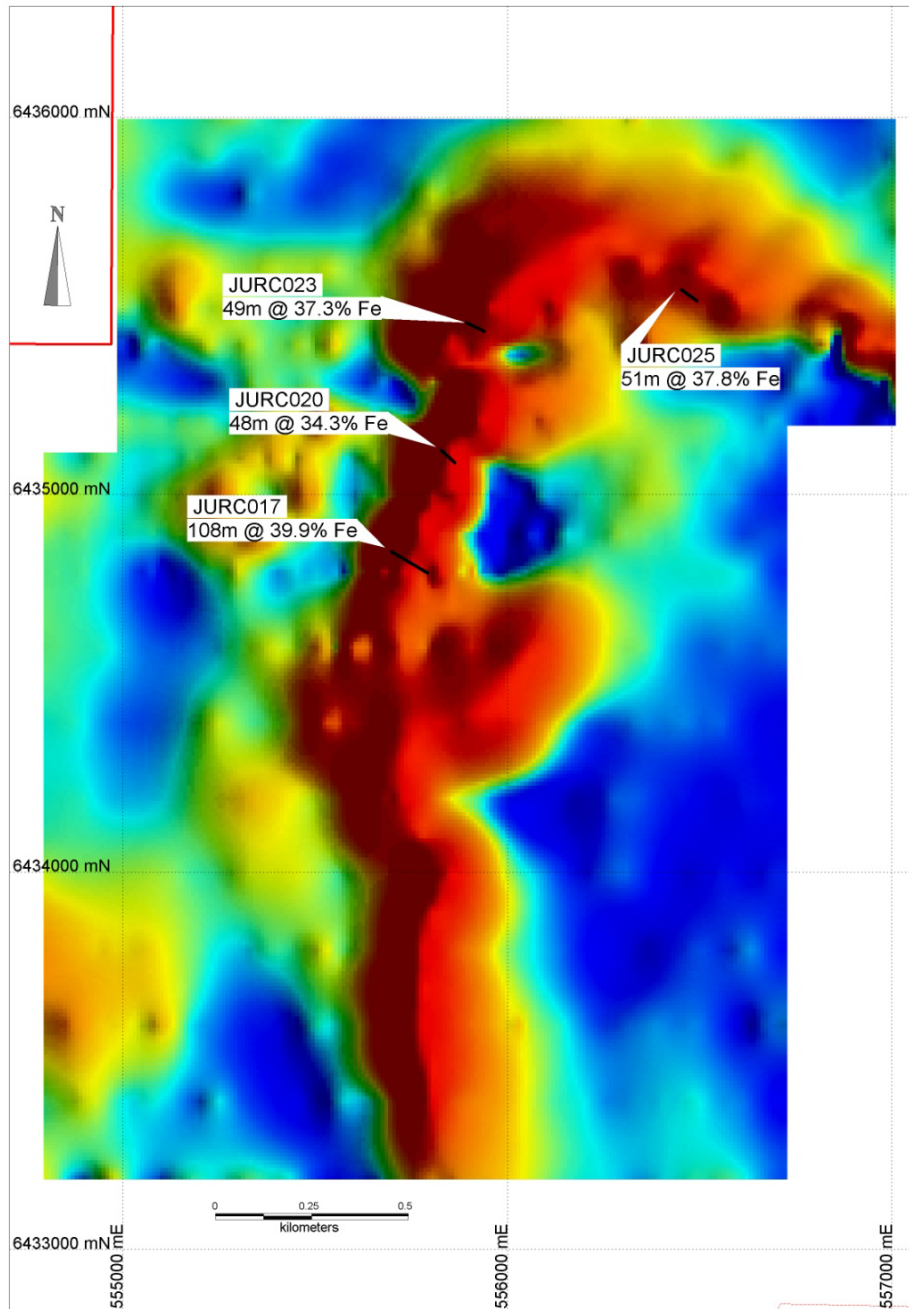


Figure 1
Jubuk Sample Traverses and Ground Magnetics

The results indicate that a high iron product with a low phosphorus content can be achieved and that some of the near surface magnetite appears to be weathering to other iron oxides, reinforcing the need to obtain fresh rock samples for further testing. A programme of RC and diamond drilling is being planned once cereal cropping has been completed towards the end of the year.

Magnetic recently signed a land access agreement over the central part of the area of interest, paving the way for this drilling to proceed. As previously reported, Magnetic has qualified for a state government grant of \$45,000 towards exploratory drilling at Jubuk, supporting the merit of this iron ore target.

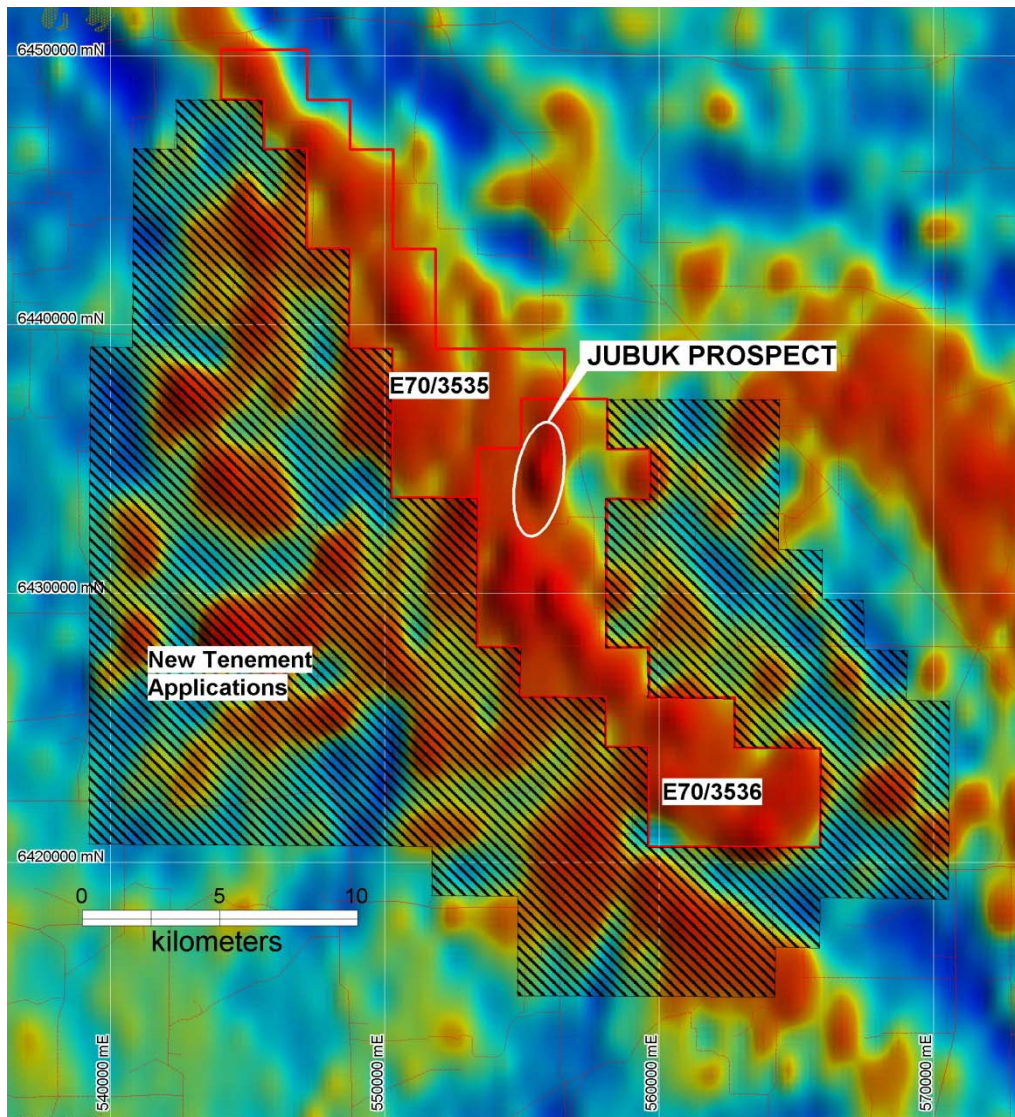


Figure 2
Jubuk Project Area and Aeromagnetics

In addition, following the encouraging preliminary test results, Magnetic has applied for a further 520sq km of tenements increasing its landholding at Jubuk to more than 660sq km. The additional tenements cover aeromagnetic targets which may indicate further areas of coarse grained, recrystallised banded iron formation.

For more information on the company visit www.magres.com.au

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The information in this report is based on information compiled or reviewed by Roger Thomson BSc, ARSM, MAIG who is a member of the Australasian Institute of Mining and Metallurgy. Roger Thomson is a director of Magnetic Resources NL. Roger Thomson 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.