



magnetic resources^{ML}

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Jubuk Test Work Confirms Premium Grade Concentrate and High Iron Recoveries. Successful Phase 2 Drilling Programme.

Magnetic Resources has received the analytical results from its second reverse circulation (RC) drilling programme testing the Jubuk Target 1 magnetite prospect near Corrigin in WA. The 1,703m programme consisted of 14 RC drill holes, as shown in Figure 1.

The drilling encountered **significant widths of near surface coarse grained magnetite** in metamorphosed and re-crystallized banded iron formation (BIF) with iron grades around 25%Fe. The drilling results are summarised in Table 1.

Drill holes JRC018-31 returned the best results, located over an 800m strike length in the central prospect area below transported cover. The results include intersections of 28m @ 23.7%Fe from 64m in hole JRC023 and 52m @ 20%Fe from 80m in hole JRC031, including 32m @ 24.5%Fe from 100m. Cross sections of drill holes JRC023-26 and JRC029-30 are shown in Figures 2 and 3 respectively. Initial geophysical modelling of ground magnetic data suggests the presence of two magnetic zones dipping to the east and west consistent with a fold structure. The drill data tends to support this interpretation however the context of the intersections is yet to be fully confirmed by orientated drill core. The previous drilling on the outcrop area (January 2010) did not test for a western limb of the folded BIF. **The presence of a fold closure at shallow depth has positive implications for increased tonnage potential at Jubuk.**

The ongoing scoping metallurgical testwork has continued to return encouraging results. A two stage grind and LIMS (Low Intensity Magnetic Separation, 900 gauss) test has been completed using a diamond core composite sample. The LIMS on the primary coarse grind to a P80 of 212 micron generated a concentrate grade of 65.2%Fe and 8.1%SiO₂, recovering 88.6% of the feed Iron. A secondary regrind to a P80 of 75 micron, prior to secondary LIMS produced a concentrate containing 70%Fe and 1.4%SiO₂ recovering 87.8% of the iron (referring to the iron content of the initial feed). This is comparable to the Davis Tube test on a sample derived from the same composite which produced a concentrate grade of 70.5%Fe and 1.3%SiO₂ recovering 90.4% of the Iron. **These results continue to indicate that a premium grade magnetite concentrate can be produced from Target 1, with high iron recovery.** This product is likely to be suitable for direct reduction feed, commanding up to a 10% premium in the market.

Drilling at the nearby 10km-long Jubuk Target 2 (6 RC drill holes totalling 688m) intersected lower grade magnetite (less than 15%Fe) with higher phosphorus levels (average 0.26%P).

Following the encouraging results from Jubuk Target 1, where 25 drill holes have now been completed, further drilling is planned, including testing of the previously unrecognised western fold limb and the commencement of resource definition drilling.

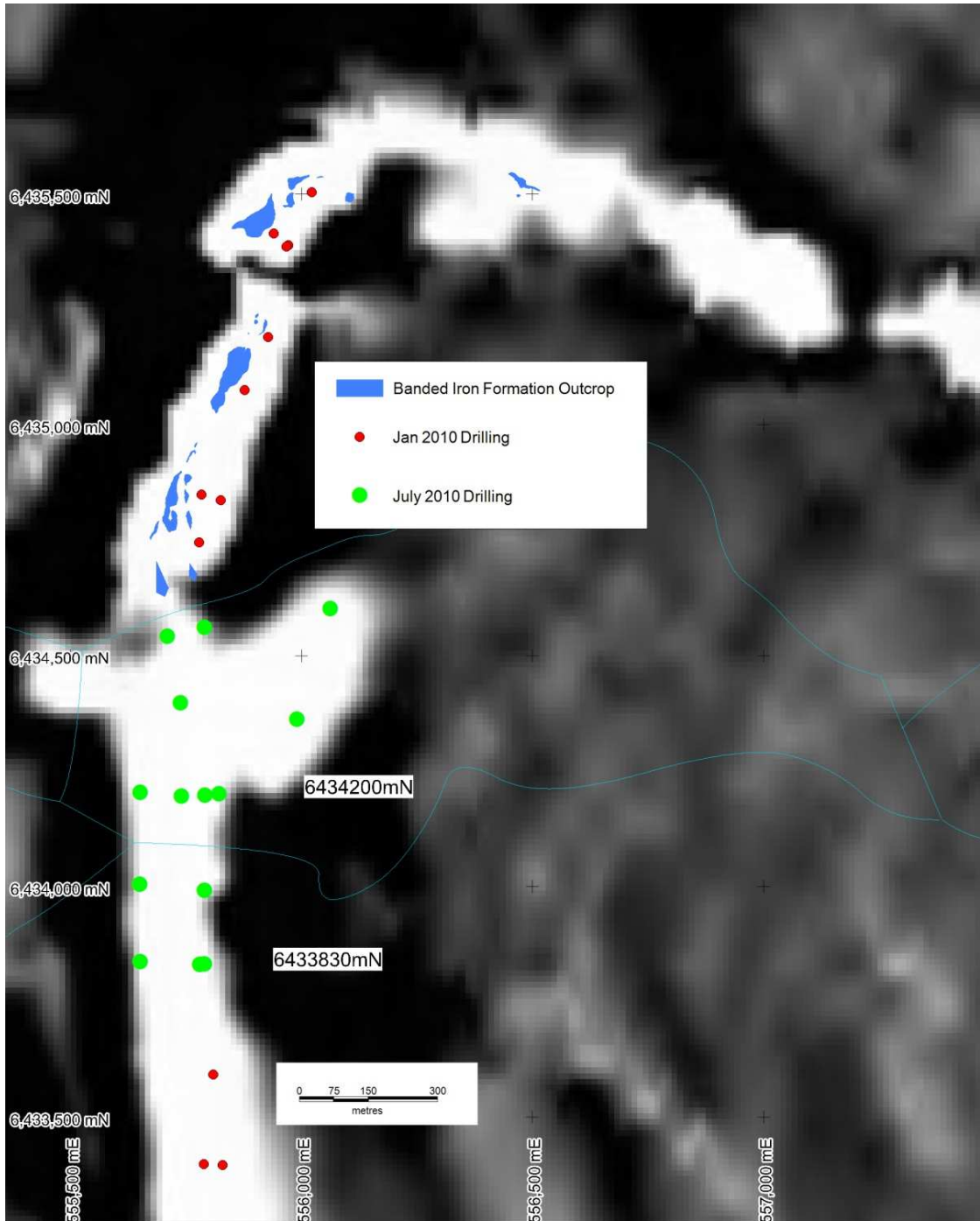


Figure 1
 Jubuk Target 1 (north section) Drill Hole Locations on Greyscale Aeromagnetic Image

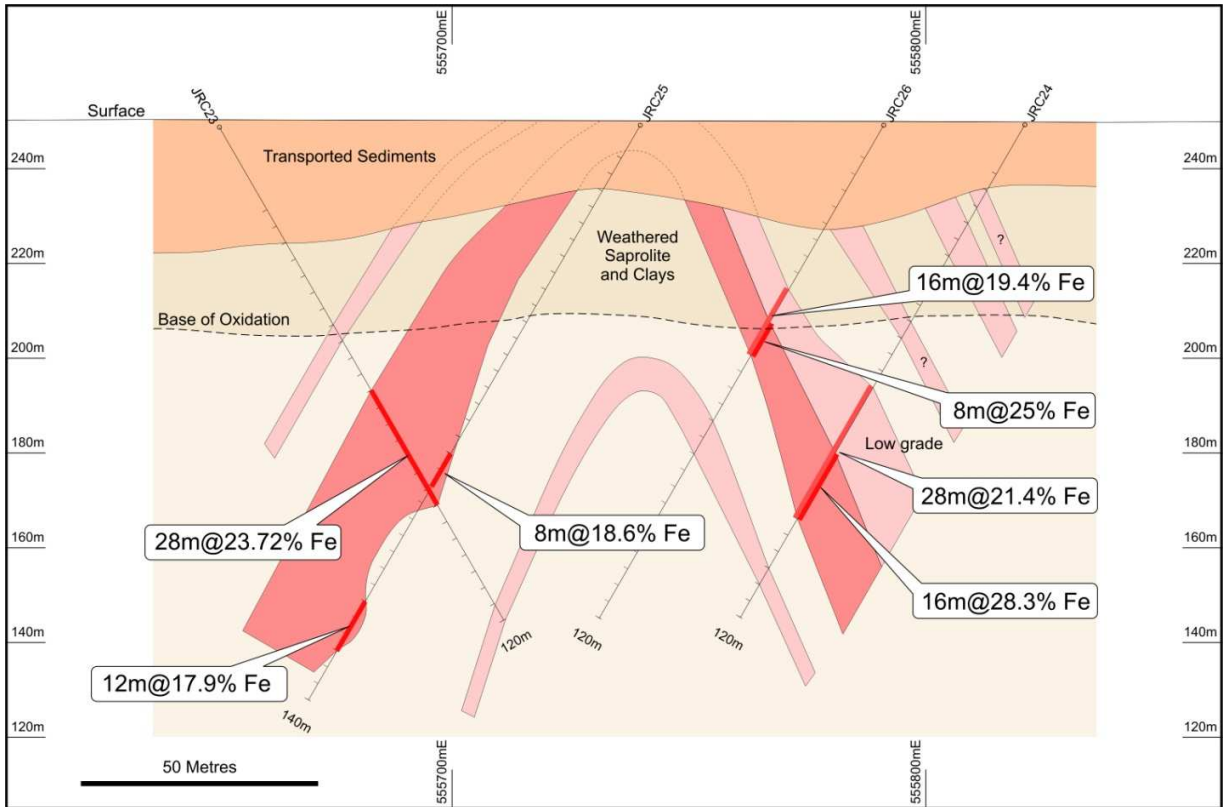


Figure 2
 Jubuk Target 1 Cross Section 6434200mN

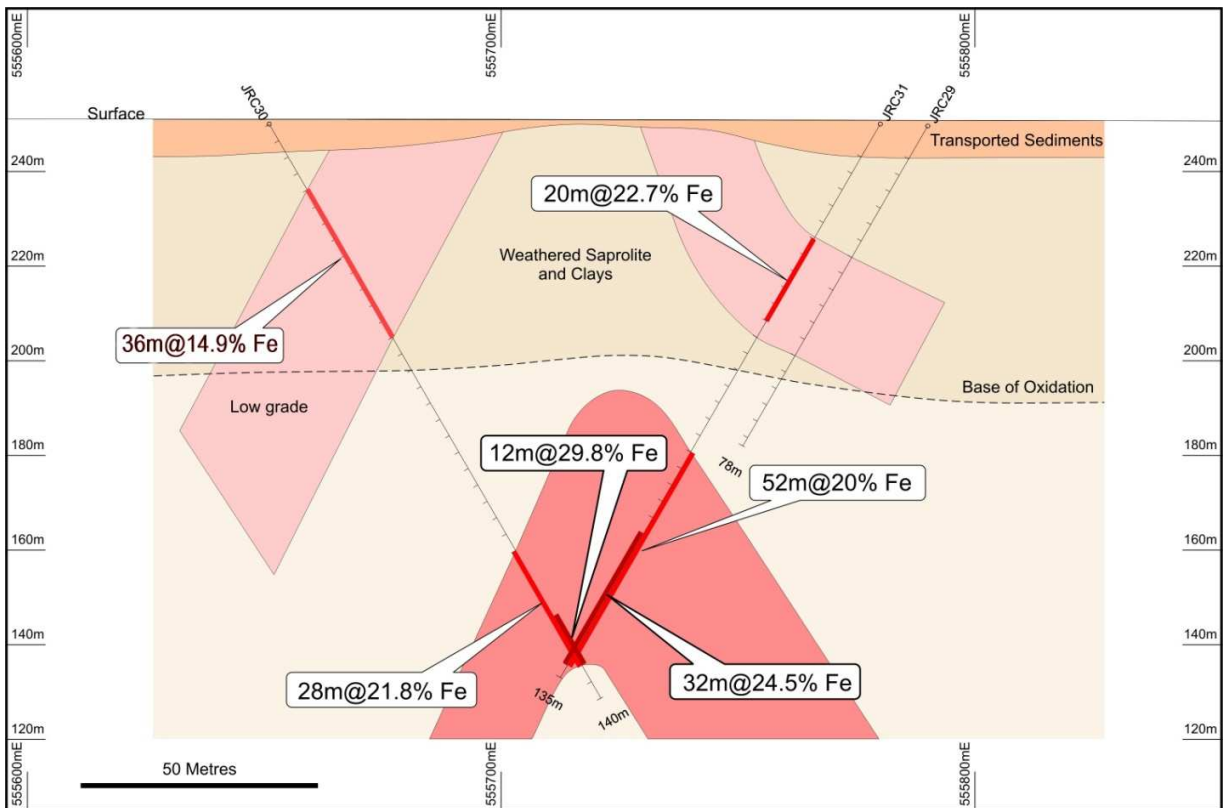


Figure 3
 Jubuk Target 1 Cross Section 6433830mN

Table 1
Jubuk Target 1 RC Drilling Results

Hole Number	Collar Coordinates		RL	Azimuth	Dip	Depth	From m	To m	Interval m	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %
	MGA East	MGA North											
JRC18	555710	6434540	249	270	-60	120	96	104	8	16.6	56.4	8.6	0.02
JRC19	555790	6434560	249	270	-60	120	52	60	8	24.2	52.8	6.8	0.02
							80	88	8	26.7	51.1	4.2	0.02
JRC20	556061	6434600	249	270	-60	126	NSI						
JRC21	555738	6434396	249	135	-60	140	NSI						
JRC22	555990	6434360	249	315	-60	126	60	68	8	27.7	40.1	10.5	0.04
JRC23	555651	6434202	249	90	-60	120	48	52	4	22.9	45.3	8.7	0.03
							64	92	28	23.7	46.9	7.7	0.04
							116	120eoh	4	22.5	44.5	8.9	0.04
JRC-24	555821	6434199	249	270	-60	120	68	96	28	21.4	45.3	8.4	0.04
						Incl.	80	96	16	28.3	43.5	5.2	0.03
							108	112	4	23.3	48.1	5.7	0.03
JRC-25	555740	6434194	249	270	-60	140	80	88	8	18.6	47.2	8.9	0.02
							116	128	12	17.9	46.9	9.6	0.02
JRC-26	555791	6434195	249	270	-60	120	40	56	16	19.4	46.5	10.4	0.04
JRC-27	555650	6434003	249	90	-60	140	40	56	16	23.6	47.9	9.1	0.02
							92	96	4	20.4	50.8	8.5	0.04
							108	124	16	19.7	49.6	6.9	0.01
JRC-28	555790	6433990	249	270	-60	102	80	92	12	21.8	47.3	8.4	0.02
JRC-29	555790	6433831	250	270	-60	78	32	44	12	14.8	52.3	20.2	0.02
JRC-30	555651	6433836	250	90	-60	116	16	52	36	14.9	43.2	18.7	0.02
							104	132	28	21.8	46.4	8.8	0.03
						Incl.	120	132	12	29.8	43.8	5.5	0.03
JRC-31	555780	6433829	250	270	-60	135	28	48	20	22.7	31.2	18.9	0.01
							80	132	52	20.1	44.7	9.7	0.05
						Incl.	100	132	32	24.5	42.8	7.9	0.03

Fused bead and XRF Fe determinations

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 George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a director of Magnetic Resources NL. George Sakalidis 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'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.