



magnetic resources^{NL}

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Level 2, 16 Ord St
West Perth WA 6005
PO Box 1388
West Perth WA 6872
Telephone 08 9226 1777
Facsimile 08 9485 2840
info@magres.com.au
www.magres.com.au

ABN 34 121 370 232

Wubin and Jubuk Iron Ore Drilling Programme

Magnetic Resources has continued to advance the exploration within its wholly owned Wubin and Jubuk iron ore projects and two major drilling programmes are planned for the promising Wubin hematite/pisolite and Jubuk magnetite projects totalling 9,000m RC and 2,000m AC.

WUBIN

Within the Wubin project numerous outcrops containing significant iron contents have been identified in rock chip sampling of aeromagnetic targets. Access agreements have been negotiated with the majority landowners and POW approval has been received from the DMP for the company to undertake preliminary air-core and reverse circulation drilling programs (see Figures 1 and 2).

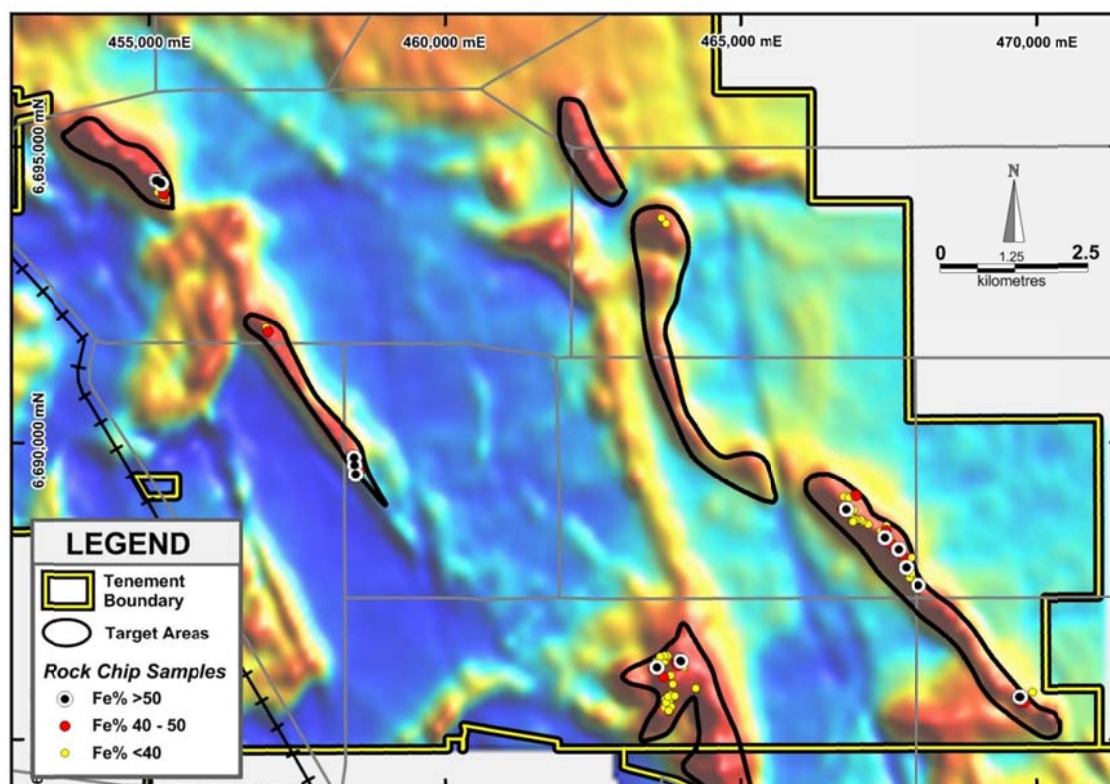


Figure 1
Central Wubin Target Areas on Aeromagnetic Image

Outcrop in the area occurs mostly as laterite duricrust or lateritised environments. A total of 278 sample analyses have now been received from rock chip (ASX releases of 6 May 2010 and 11 June 2010). 36 (13%) of the samples contain greater than 50% Fe with a maximum value of 59.5% Fe, ranging from 0.8%Fe to 59.5%Fe.

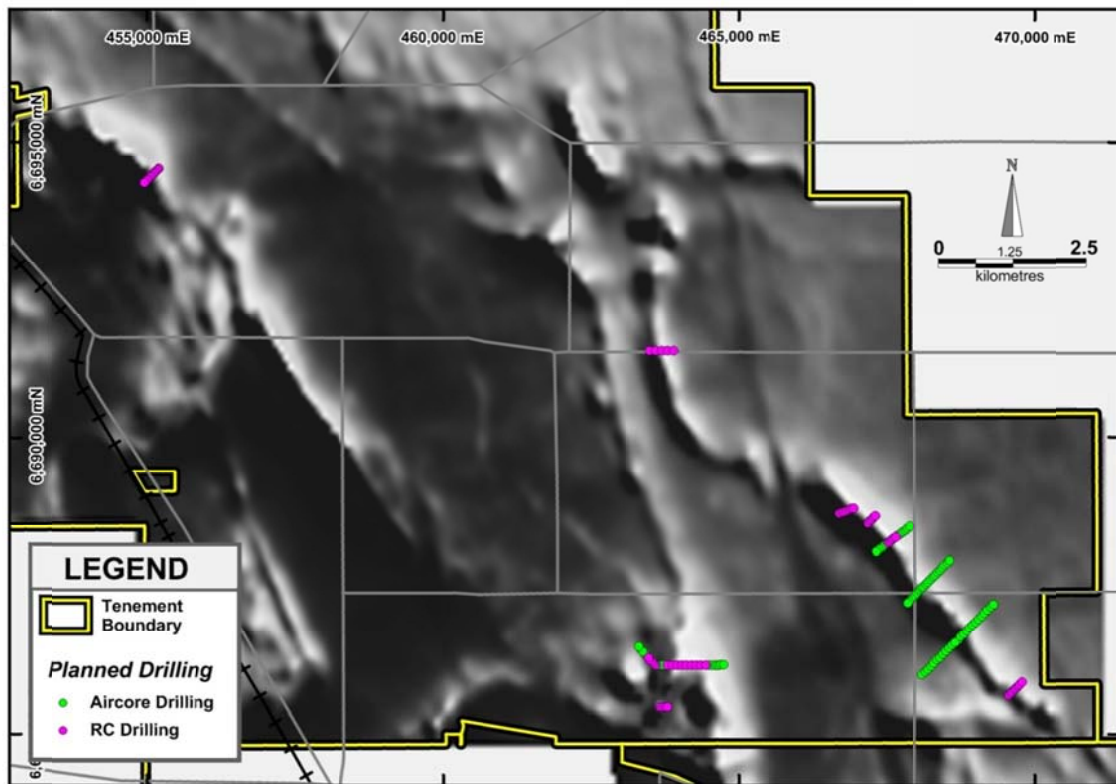


Figure 2
Planned Drilling Areas on Greyscale Aeromagnetic Image

The 2000m air-core program is scheduled to commence in mid-October with the deeper 3000m of RC drilling to commence late in October. Drilling in several additional areas under cultivation will be deferred until after harvest.

JUBUK

Magnetic Resources announced that it had engaged Engenium Pty Ltd (ASX Release 31 August 2010) to perform a scoping study for the Jubuk project. The scoping study will assess the processing and infrastructures options, and evaluate a future operation producing a premium product at an economic scale.

To complement this assessment, Magnetic is planning a drilling program aimed at defining a Inferred Resource in the area and to expand the drill testing of additional strike length of the prospective coarse grained magnetite horizon.

An estimated 6000m of drilling will be required to bring the project to the Inferred Resource level; the program will include several diamond core holes for structural and metallurgical testwork. A preliminary drillhole layout is shown in Figure 3 as is the layout of existing drill holes. A substantial percentage of the drilling will be collared on the western side of the magnetite BIF horizon to assess the continuity of the western limb of the system as shown by the May 2010 drilling in Figure 4.

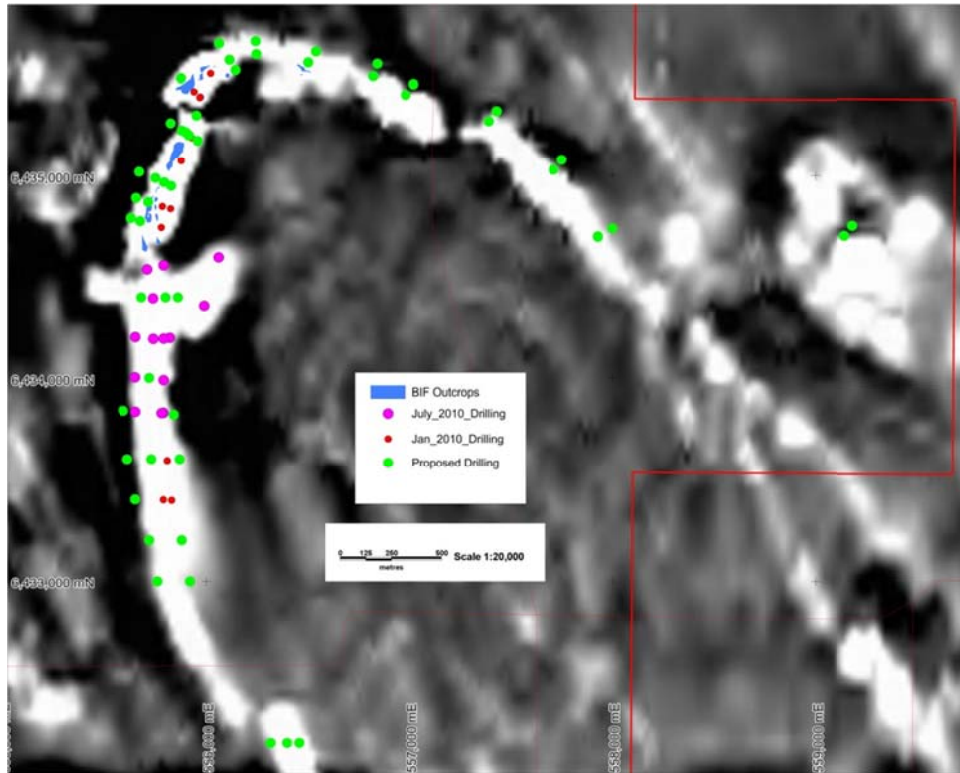


Figure 3
Proposed Drilling Areas at Jubuk on Greyscale Aeromagnetic Image

Timing of the drilling program will depend on additional statutory approvals, availability of suitable drill rigs and access with respect to harvesting.

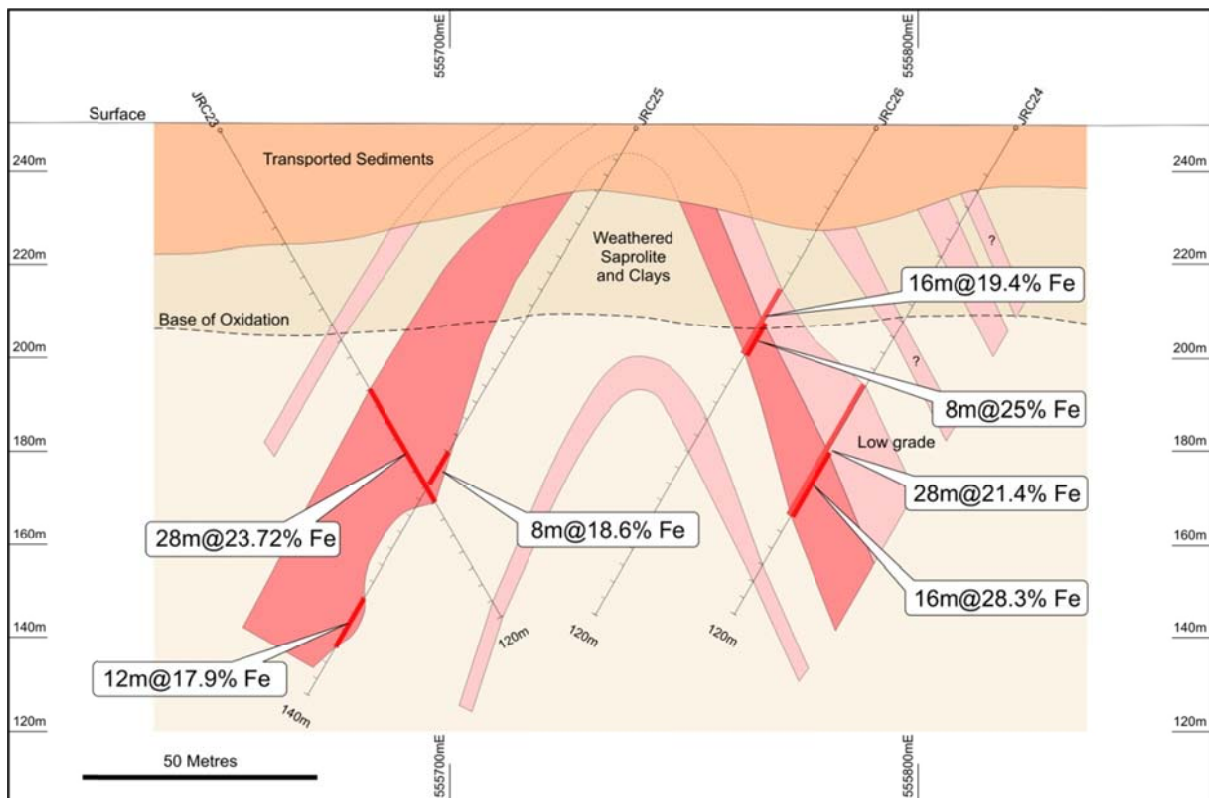


Figure 4
Jubuk Drill Section 6434200N

Mt VERNON

A landowner access agreement has been negotiated covering the western portion of the tenement containing a series of complex and intense magnetic anomalies.

Ten major magnetic anomalies have been identified and modelled based on the ground magnetic survey completed previously, most of the targets are interpreted to occur at significant depths ranging from 42m to 399m. Reconnaissance of the target areas shows 7 of the targets are covered by aeolian sand. 7 samples were collected from the target sites and surrounding areas and they have iron contents ranging from 22.8% Fe to 50.59%Fe; most of the samples were surface lateritic detritus. Possibly most significant was a sample of outcropping coarse-grained magnetite bearing granite gneiss which assayed 49.12% Fe which is not associated with a magnetic anomaly as shown in Figure 5.

Magnetic is planning a reverse circulation drilling program to complete first pass testing of the magnetic targets following receipt of statutory approvals and harvest. This program has received \$100,000 of EIS funding from the West Australian Government.

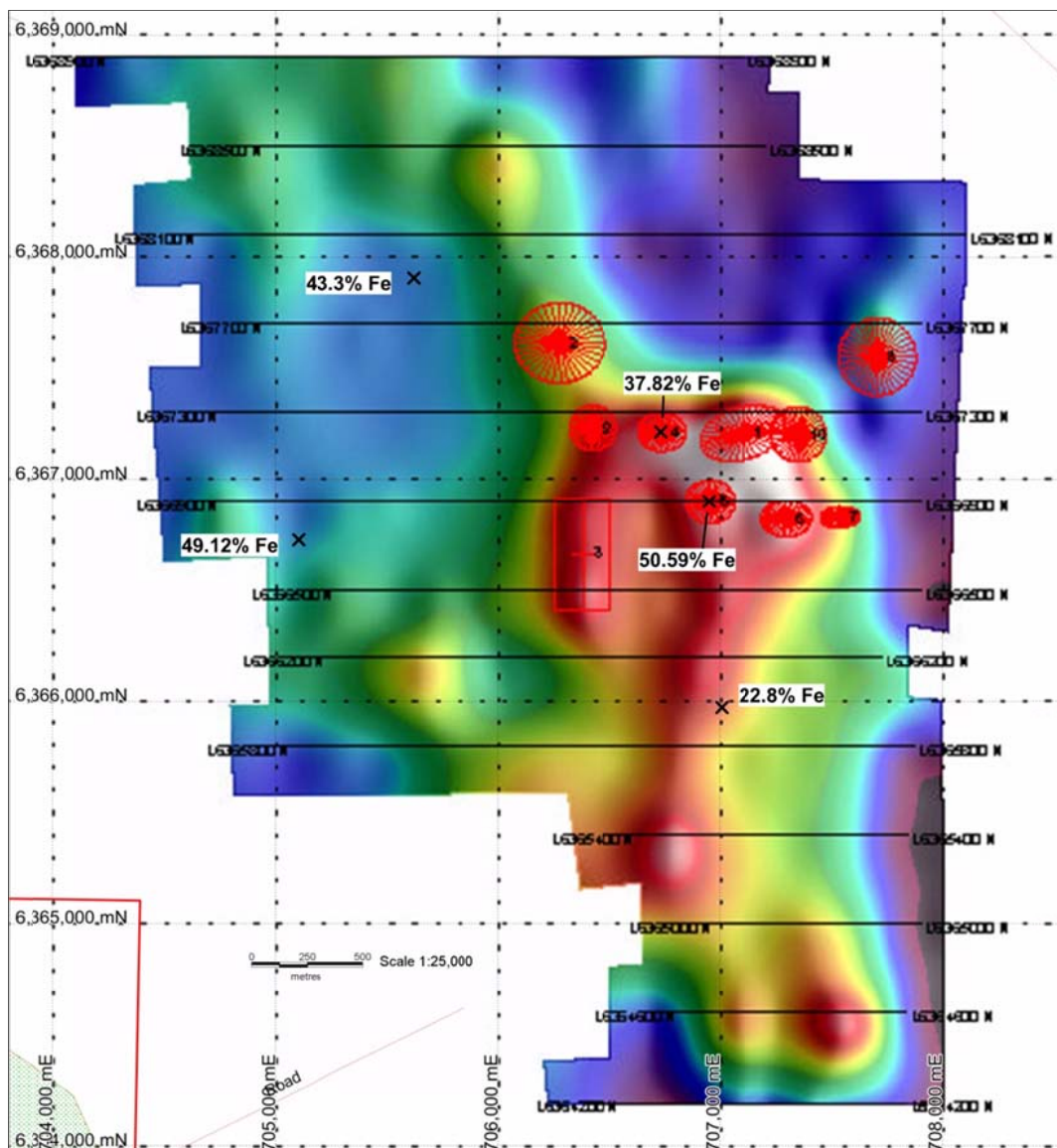


Figure 5

Mt Vernon Imaged Ground Magnetic Data with Defined Targets and Location of Rock Chip Samples and Fe Contents

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

George Sakalidis
Managing Director
Phone (08) 9226 1777
Mobile 0411 640 337
Email george@magres.com.au

Roger Thomson
Technical Director
Phone (08) 9226 1777
Mobile 0419 969 183
Email roger@magres.com.au

The information in this report is based on information compiled by Allan Younger (Dip Applied Geol), who is a member of the Australasian Institute of Mining and Metallurgy. Allan Younger is an employee of Magnetic Resources NL. Allan Younger 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'. Allan Younger consents to the inclusion of this information in the form and context in which it appears in this report.