ASX Release
22 April 2013

ASX code: MAU

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

OUTSTANDING METALLURGICAL PROPERTIES CONFIRMED AT RAGGED ROCK

Highlights

- Initial testwork suggests the Ragged Rock project is capable of producing magnetite concentrate comparable to the world's best.
- Testwork confirms the high quality, coarse grained nature of the Ragged Rock project.
- Very low Silica levels achieved when compared to the typical 3-5% silica content of many magnetite producers.
- Davis Tube (DTR) concentrate as high as 70.45% Fe, 1.15% Silica and 0.64% Alumina achieved at a coarse grind size of 75 micron.
- DTR mass recovery of up to 46.6% achieved at higher than normal grind sizes
- Testwork demonstrates the ability to produce Blast Furnace (BF) quality at much coarser grind sizes.
- Testwork confirms a very thin weathered zone of less than 10m from surface. Excellent for a future mining operation with minimal pre-strip required.

Following its success from Phase 1 drilling at the Ragged Rock Project (**Ragged Rock**), Magnetic Resource NL (**Magnetic** or the **Company**) is pleased to announce that initial testwork on the Phase 1 drilling at the Ragged Rock Project (**Ragged Rock**) has confirmed very promising metallurgical properties.

The testwork program was designed to gain a general understanding of the metallurgical properties of the ore and the nature of the magnetite liberation ahead of more detailed drilling aimed at defining a JORC resource.

Mineralised zones were tested at 2m intervals using conventional tests such as the XRF chemical assay and also Satmagan analysis, which measures the theoretical magnetite content of each interval.

Following the initial success of the XRF tests, a number of composite samples representing the mineralised sections of the drilling were tested using the Davis Tube Recovery (DTR) test. The DTR test is a widely used test which involves the staged grinding of an ore sample to a given size, which is then exposed to a

magnetic field to determine the mass of concentrate that is likely to be recovered in a future process and also the quality of the concentrate that can be expected at the given grind size.

The DTR testwork was conducted at 75 micron and demonstrated consistently high Fe and low impurity concentrates. Typically DTR tests are carried out at 25-35 micron due to the inability to make acceptable concentrate quality at higher grind sizes. A project with excellent magnetite liberation at 75 micron size allows for coarser grinding, a much simpler flowsheet and therefore a significant reduction on capital expenditure and operating costs.

The ability to liberate free magnetite grains at relatively coarse grind sizes provides Magnetic with the flexibility to also consider progressing the project with the potential of producing very high quality BF sinter feed.

A summary of composite DTR test results are illustrated in the cross sections below and also in tabular form. All samples tested showed at 75 micron a consistently high grade, low impurity concentrate could be produced across all composite samples.

Figure 1: Drill section RRC03 and RRC04.

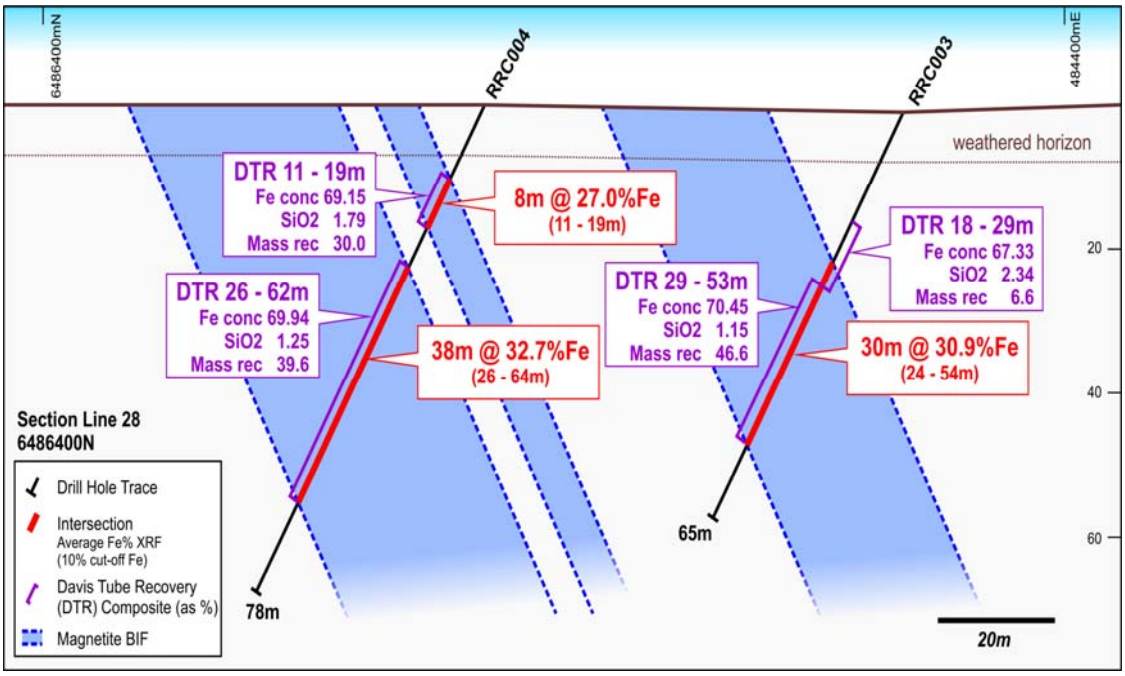


Figure 2: Drill Section RRC01,02,06 and 08

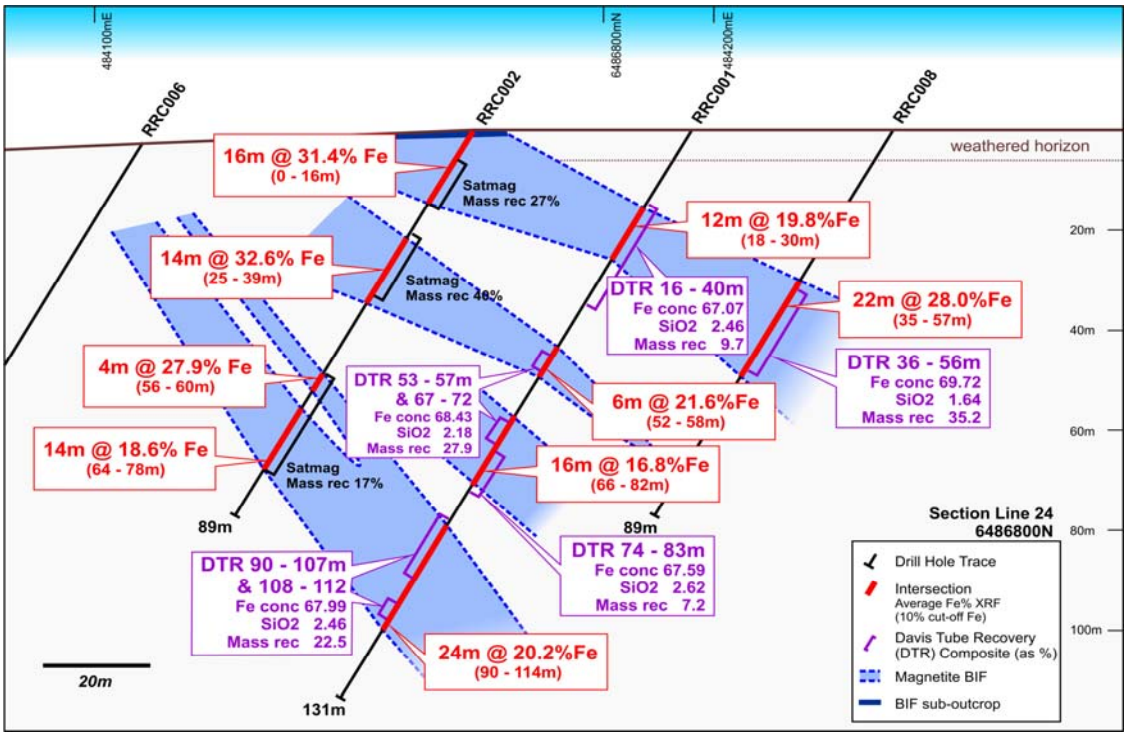


Figure 3. Drill Section RRC05 and RRC07

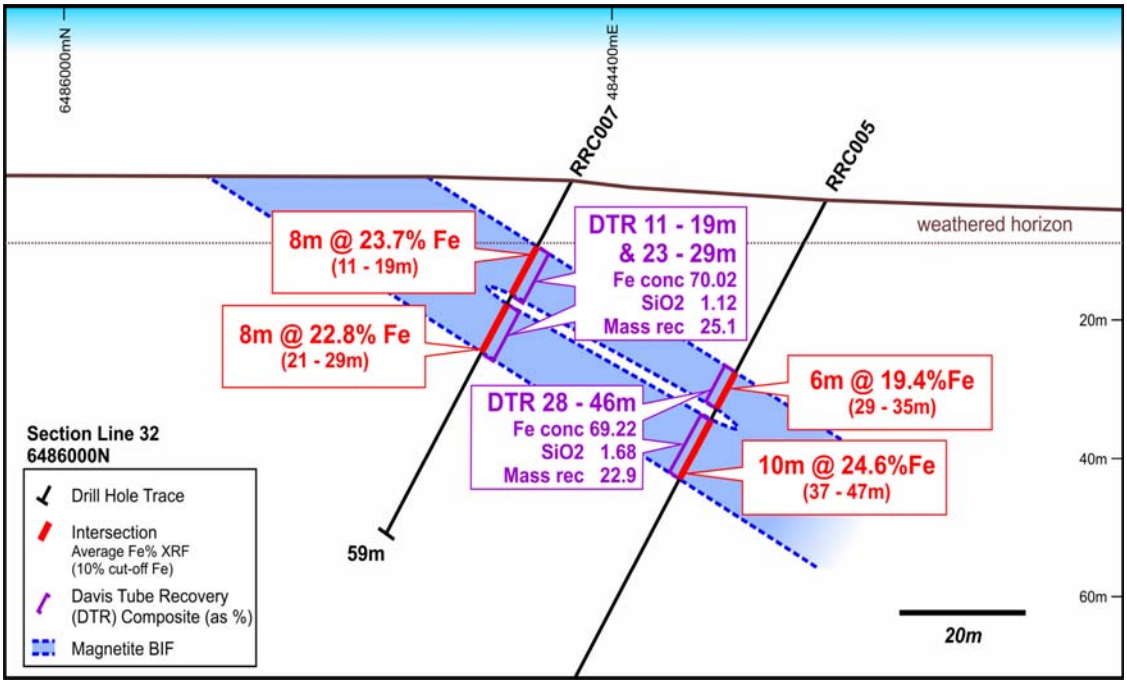


Table 1: Composite Davis Tube Recovery tests associated with BIF horizons [9 DHs].

								Davis Tube Test – Results				
DH No	Easting	Northing	From	To	Excluding	Composite Number	Avg Grade (Fe%)	DTR Mass Recovery (%)	Fe (%)	SiO2 (%)	Al2O3 (%)	Fe recovery (%)
RRC001	484196E	6486809N	16	40	nil	Comp 1	15.2	9.7	67.07	2.46	1.74	42.9
			53	72	57-67	Comp 2	27.2	27.9	68.43	2.18	1.37	70.2
			74	83	nil	Comp 3	13.7	7.2	67.59	2.62	1.66	35.2
			90	112	107-108	Comp 4	23.0	22.5	67.99	2.46	1.28	66.5
RRC002	484160E	6486790N	6	16	nil	Comp 1	31.8	Awaiting results. Satmagan assay suggests DTR Mass recovery 27%				
			26	38	nil	Comp 2	35.9	Awaiting results. Satmagan assay suggests DTR Mass Recovery 40%				
			56	74	nil	Comp 3	20.4	Awaiting results. Satmagan assay suggests DTR Mass Recovery 17%				
RRC003	484377E	6486472N	18	29	nil	Comp 1	11.5	6.6	67.33	2.34	1.47	38.6
			29	53	nil	Comp 2	35.9	46.6	70.45	1.15	0.64	91.6
RRC004	484313E	6486440N	11	19	nil	Comp 1	26.7	30	69.15	1.79	0.95	77.8
			26	62	nil	Comp 2	33.9	39.6	69.94	1.25	1.04	81.8
RRC005	484430E	6486061N	28	46	nil	Comp 1	23.3	22.9	69.22	1.68	1.32	67.9
RRC007	484398E	6486036N	11	29	19-23	Comp 1	25.5	25.1	70.02	1.12	0.92	69.0
RRC008	484229E	6486827N	36	56	nil	Comp 1	29.5	35.2	69.72	1.64	0.97	83.1
RRC009	485668E	6486202N	10	22	nil		29.1	Weathered samples. Not tested for DTR at this time				
RRC010	485639E	6486108N	10	24	nil		29.0	Weathered samples. Not tested for DTR at this time				
RRC011	483260E	6488140N						Abandoned hole due to drilling conditions. No testwork.				

Testwork shows a high Mass recovery with very high Fe content, and very low impurities. Holes RRC01 and RRC03 that show lower mass recovery results were those chosen early on in the program and based on field magnetic susceptibility only, and are not considered representative. Further notes to the above results contained in the table are outlined in the Appendix 1.

Tests conducted on the grind size vs concentrate quality also showed that the higher quality material encountered during this program could be ground as coarse as 500 microns and still make a product with final Fe grades close to 62%. Further details are set out in Appendix 1.

Future Testwork

The initial results from Ragged Rock testing are very encouraging and support the expectation that the area hosts very clean, high purity, low contaminant magnetite. Further test work will be undertaken to examine the ability to recover more magnetite from the moderate grade material through simple technologies including gravity separation or medium intensity magnetic separation.

Commenting on the success of the initial phase 1 metallurgical testwork, Managing Director, George Sakalidis said “We are delighted that the initial testwork confirms our view of the potential of the Ragged Rock Project. The testwork follows up on the encouraging drilling and shows the potential to produce a high quality, low impurity magnetite concentrate at grind sizes much coarser than the majority of Australian magnetite producers. The potential to produce a high quality magnetite together with established infrastructure nearby provides Magnetic with increased confidence to undertake additional drilling and testwork on the Project.”.

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

Competent Person's Statement

The information in this report that relates to exploration results is based on information compiled or reviewed by Mr George Sakalidis BSc (Hons) who is a member of the Australsian Institute of Mining and Metallurgy and Mr Cyril Geach BSc (Hons-Geology) who is a member of the Australian Institute of Geoscientists. 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.

Cyril Geach is an independent consultant of Cyril Geach Geologist 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 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Cyril Geach consents to the inclusion of this information in the form and context in which it appears in this report.

Appendix 1

Notes on DTR results in Table 1

RRC01 composites were selected very early in the program and based on field magnetic susceptibility results only. Subsequent Satmagan and XRF assay showed lower grade intercepts were included in Comp 1 and Comp 3, hence lowering the overall head grade. Encouragingly, very high quality concentrates were still achieved for the lower grade samples which were diluted with lower grade intercepts.

RRC02 composites results have not yet been received, however, good correlation between Satmagan results and subsequent DTR mass recovery allows for the mass recovery to be accurately estimated. Concentrate quality is expected to be consistent with the remainder of the DTR composites and will be reported once received.

RRC03. The composites for this hole were also selected early in the program and based on field magnetic susceptibility results only. Subsequent Satmagan and XRF assay showed lower grade intercepts were included in Comp 1, which lowered the overall head grade of the sample. Despite the low head grade, a high quality, low impurity concentrate was also produced.

RRC04-RRC08. These composites were selected once all XRF head assay and Satmagan information was available and show consistent head grade, DTR mass recovery and very high quality concentrates at 75 micron grind size.

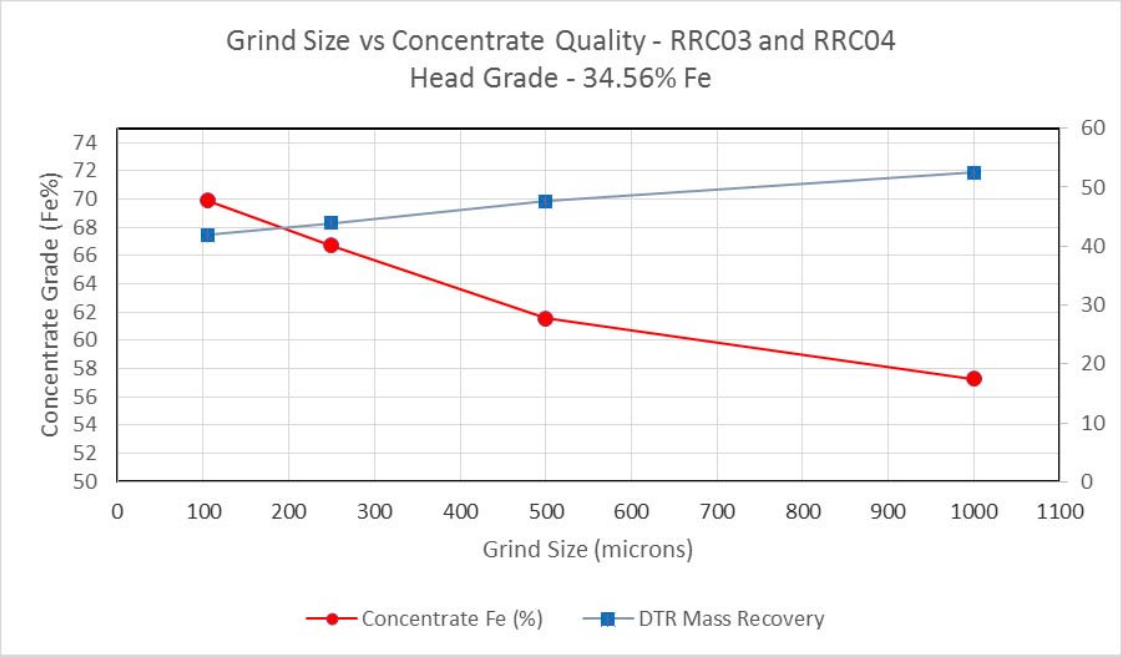
RRC09-RRC10. These areas are located on a separated eastern limb of BIF within the tenement and are not included in the current estimate for target 1. The shallow holes in these areas intersected 12-14m thick sections of BIF, with moderate Fe head grade, however, Satmagan analysis suggested lower mass recoveries at low magnetic field strength. This area may be further tested for medium intentsity magnetic separation or gravity separation in the future if sufficient quantities of this material are found elsewhere in the Target 1 area.

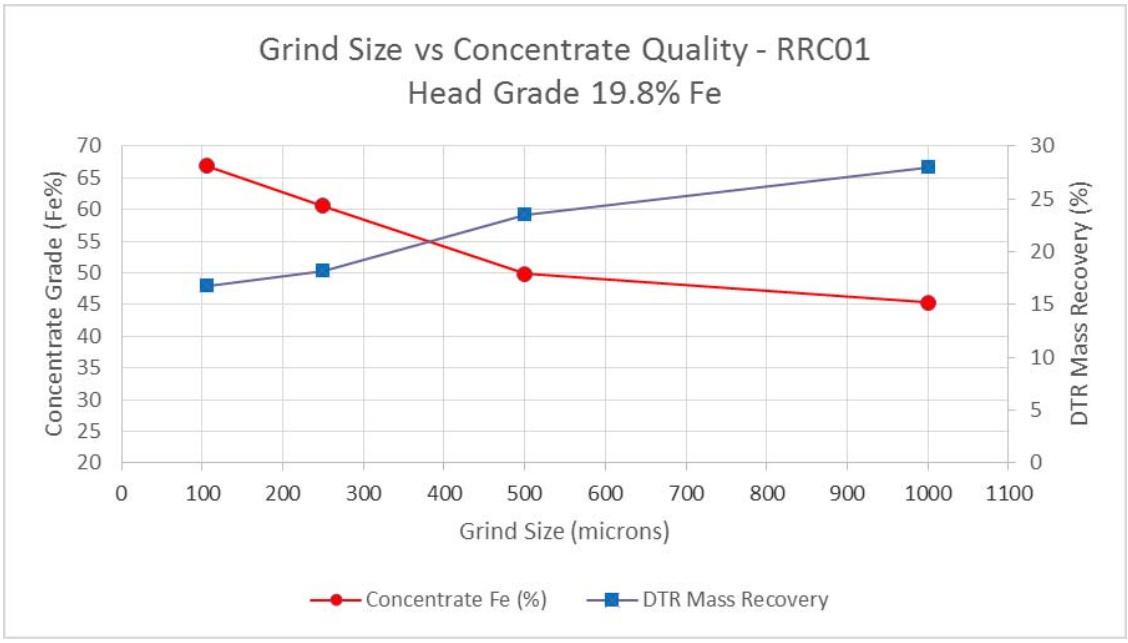
RRC11 – This drillhole was abandoned due to poor drilling conditions before hitting mineralisation and therefore no tests were conducted on this material.

Grind Size versus Concentrate Quality.

Two composite samples were made to initially investigate the relationship between grind size and concentrate quality for 2 areas of the deposit and of 2 differing head grades.

DTR tests were conducted at a number of grind sizes and the resulting mass recovery and concentrate quality is shown below:





The initial investigation into grind size versus concentrate quality suggests that the higher quality material encountered during the initial stages of drilling could be ground as coarse as 500 microns and still make a product with final grade close to 62% Fe.

The lower grade sample (4 combined DTR composites of RRC01) shows the ability to grind as coarse as 250 micron and still make a product with final grade close to 60% Fe.

Satmagan Analysis

Satmagan testing is an inexpensive test which accurately measures the amount of magnetite in a sample. Systematic analysis of an ore body can determine if there is a direct relationship between the predicted mass of magnetic concentrate (Satmagan) versus the actual mass of concentrate from a variety of DTR tests.

Initial investigation of the Ragged Rock DTR composites shows a very good correlation between the Satmagan analysis and the resulting DTR mass recovery. The very close correlation between the 2 tests can be a very useful tool for predicting DTR performance and hence save substantial costs on future metallurgical testwork.