



magnetic resources^{NL}

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Jubuk Encouragement Spurs Resource Drill Out

Magnetic Resources continues to advance exploration on its wholly owned Jubuk project near Corrigin, WA and on its other southwest iron ore projects.

JUBUK

Following the previously reported encouraging drilling and test work results, Magnetic is about to commence a 34-hole reverse circulation (RC) drilling programme totalling approximately 4,000m aimed at defining an Inferred Resource and testing of strike extensions of the prospective coarse-grained magnetite BIF horizons.

Magnetic has now completed 134 Davis Tube Recovery (DTR) determinations on RC drill samples from the earlier drilling programmes. The test results continue to show the potential for the project to produce a high-grade concentrate.

Of these samples, 14 have been sourced from the weathered profile and 120 from fresh rock. Most samples represent 4m composite samples. Table 1 summarises the weighted averages of the feed and concentrate grades and apparent recovery rates.

Table 1
DTR Testwork Summary

	Feed Grades %				Concentrate Grades %				Wt Rec% Fe
	Fe	SiO₂	Al₂O₃	P	Fe	SiO₂	Al₂O₃	P	
Weathered	22.2	53.1	7.07	0.03	68.6	1.4	1.2	0.01	47.6
Fresh	25.3	48.6	6.1	0.3	69.7	1.1	1.0	0.00	77.7

Whilst the recovery rate is lower within the weathered profile, the material from this zone produces a concentrate of very similar quality to the concentrate derived from fresh rock.

The drilling programme will be undertaken in two stages commencing in late January. The first stage will test the eastern strike extensions where the magnetic response indicates the prospective sequence extends for a further 2 kilometres to the east of the previous drilling, as shown in Figure 1.

The second stage of the drilling will focus on the previously drilled north-trending zone with the intention of improving the definition of the previous drilling; testing the western side of the magnetite BIF for a continuation of the interpreted western fold limb identified to the south; and testing the southern strike extension. A section across the interpreted eastern limb of the folded BIF is shown in Figure 2. This drilling is anticipated to provide information for the estimation of an Inferred Resource over the 4.1km-long magnetic target zone at Jubuk.

Magnetic has commenced discussions with several parties interested in the Jubuk iron project and other of Magnetic's iron projects in the south west. The aim of the discussions is to examine options for the acceleration of exploration and possible development of these well located assets.

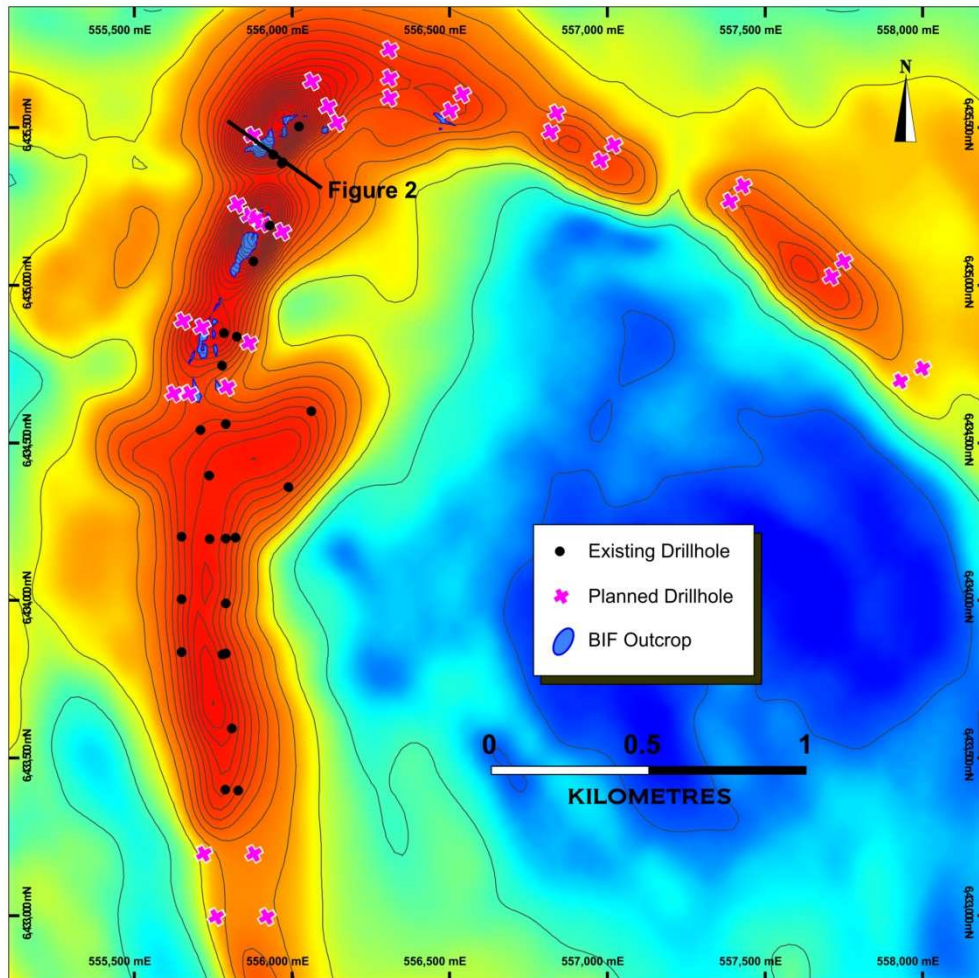


Figure 1
Jubuk Aeromagnetic Image Showing Proposed Drilling

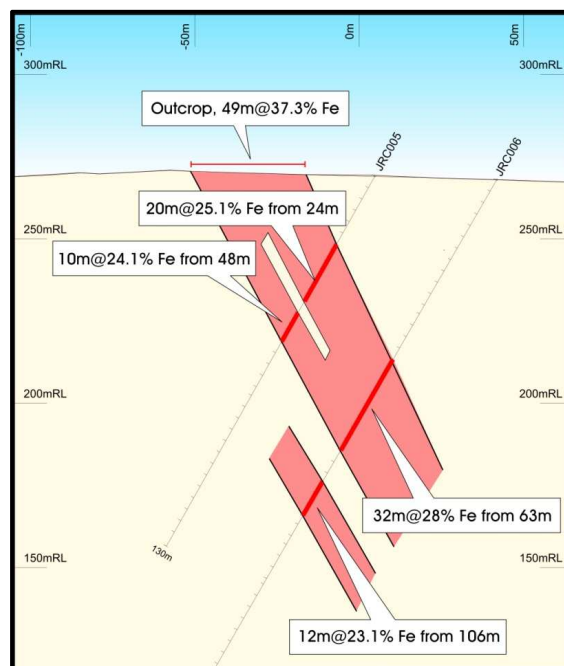


Figure 2
Jubuk Drill Section 6435420N

MT VERNON

Ten major magnetic anomalies have been identified and modeled based on the ground magnetic survey completed over the regional aeromagnetic anomaly, see Figure 3. Ground reconnaissance shows seven of the targets are covered by aeolian sand. Seven samples, mostly of surface lateritic detritus, collected from the target sites and surrounding area have iron contents ranging from 22.8%Fe to 50.6%Fe. Possibly most significant was a sample of outcropping coarse-grained magnetite-bearing granite gneiss which contained 49.1%Fe which is not associated with a magnetic anomaly.

An RC drilling programme to complete first pass testing of the magnetic targets is expected to commence late February. This drilling will test the shallower of the modeled targets and the coarse-grained magnetite-bearing granite gneiss. This programme has received \$100,000 of funding from the West Australian Government's Exploration Incentive Scheme.

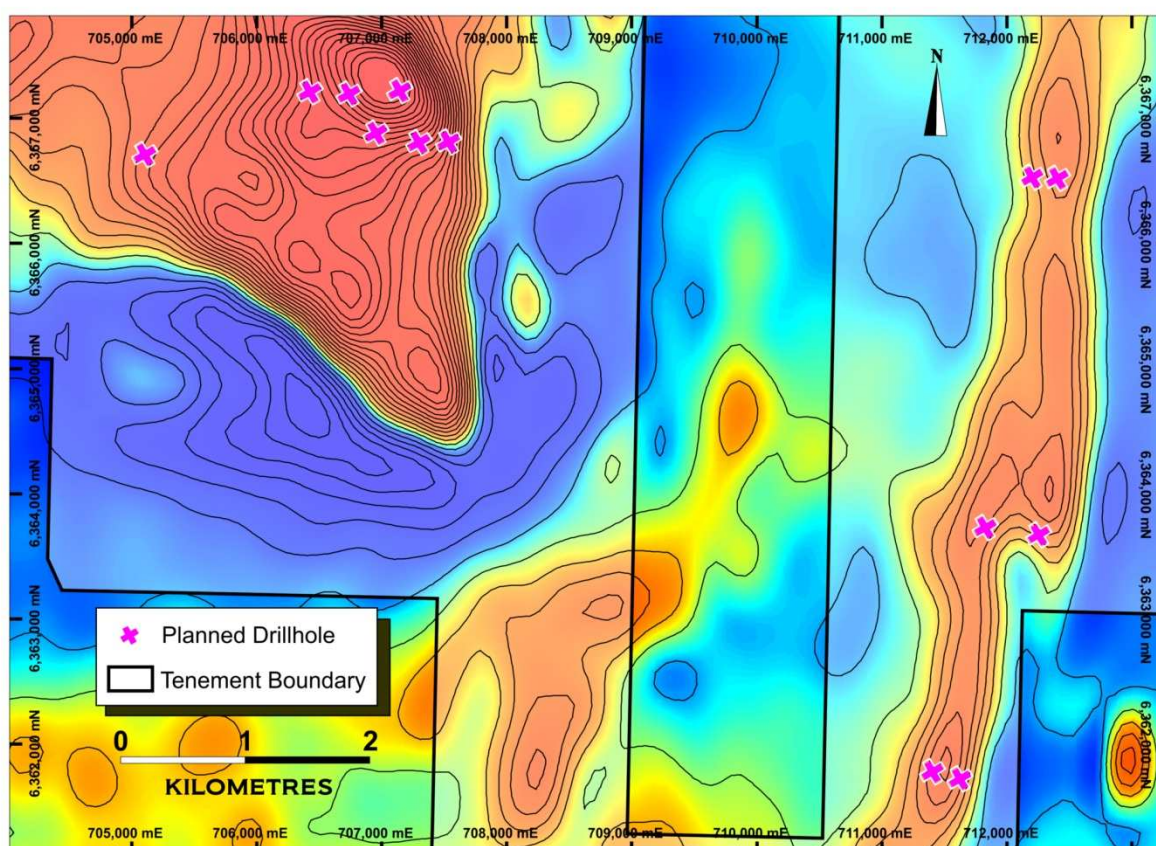


Figure 3
Mt Vernon Regional Aeromagnetic Image Showing Proposed Drilling

ROCK DAM HILL

A 5-hole RC drilling programme will test a significant magnetic anomaly (Figure 4) and a combined copper and magnetic anomaly target, 40km south of Lake Grace. Both targets are obscured by sand cover. The magnetic anomaly shown in Figure 4 has been modelled indicating a significant magnetic character, interpreted to be caused by magnetite.

The secondary magnetic anomaly and copper target is situated 8km to the east, a result of 301ppmCu was obtained in shallow geochemical drilling. This geochemical anomaly is coincident with a substantial west northwest trending magnetic anomaly.

Drilling is expected to commence in mid February.

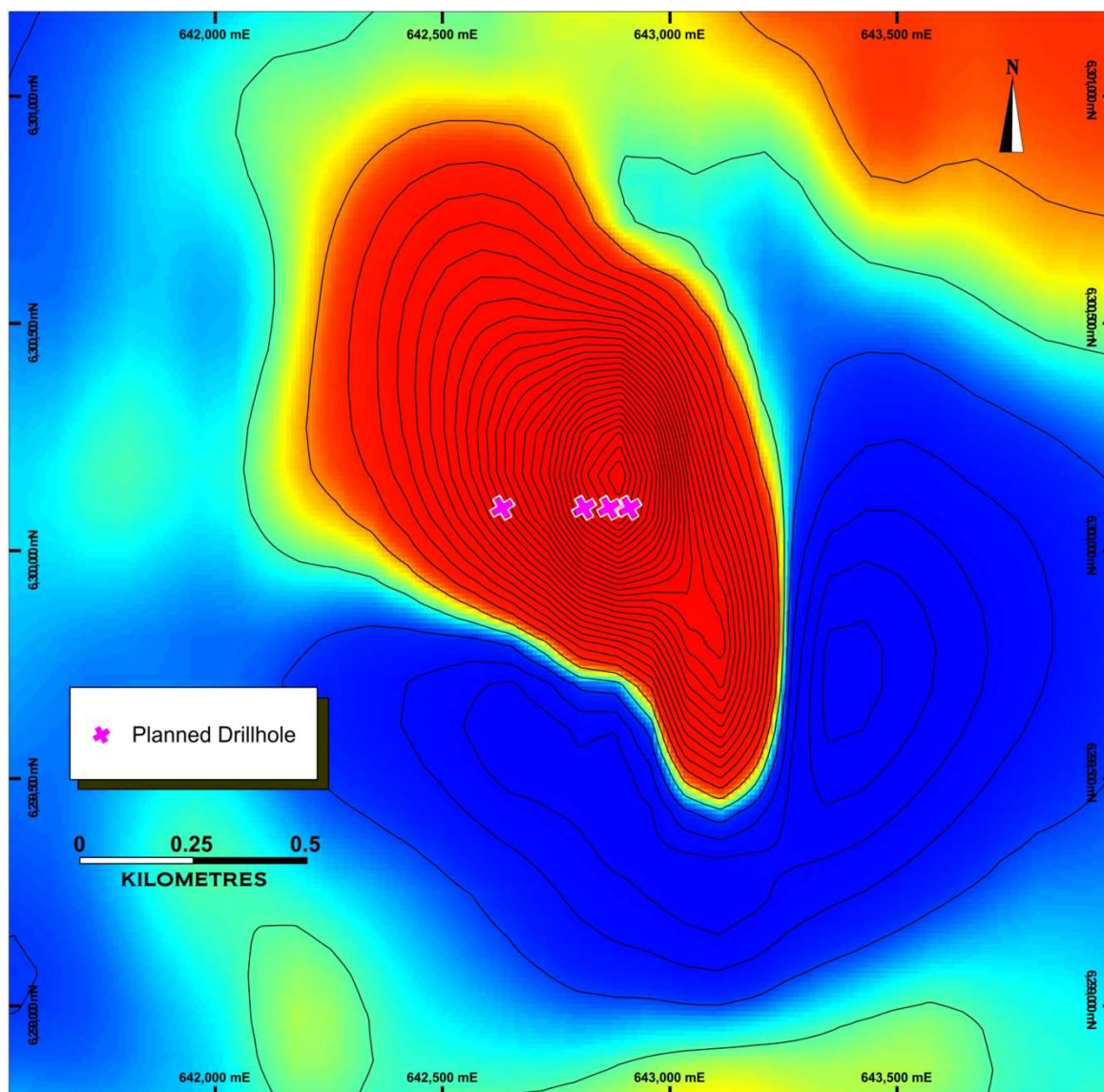


Figure 4
Rock Dam Hill Magnetic Target and Proposed Drilling

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 by Allan Younger (Dip Applied Geol), who is a member of the Australasian Institute of Mining and Metallurgy. Allan Younger is a consultant to 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.