



magnetic resources^{NL}

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RAGGED ROCK COARSE MAGNETITE UPDATE

HIGHLIGHTS

- Six of twelve target areas inspected, confirming outcrops of multiple coarse grained, crystalline, flat to moderately dipping BIF horizons with substantial target tonnage potential.
- Rock sampling of the six targets returned grades ranging from 28.1%Fe to 55.5%Fe in weathered BIF.
- Petrological studies from the Target 1 area confirm coarse grained crystalline magnetite (0.6-1.0mm) partially altered to hematite in the weathered zone.
- DTR tests at various grind sizes indicate that a good grade concentrate of magnetite-hematite (67.0-69.1% Fe) can be produced using magnetic separation.
- Encouraging DTR concentrate grades obtained with a coarse 500 micron grind at Targets 1, 3 and 4.
- DTR concentrate grades and recoveries are expected to improve in the primary magnetite zone.
- These encouraging early results warrant drill testing to assess both the weathered zone and the primary magnetite zone.

Following the discovery of coarse grained magnetite banded iron formation (BIF) 100km NE of Perth (MAU ASX releases of 27 April 2012 and 18 June 2012) Magnetic Resources has carried out further reconnaissance mapping and sampling on its granted, 100%-owned Ragged Rock exploration licence. Progress on the 12 identified targets is summarized as follows (see Figure 1 for the target locations and the Appendix for sampling results):

Target 1: Eastern and Western BIF previously described. Surface samples taken for Davis Tube Recovery (DTR) testing and petrology (see below). 8 samples average 44.08%Fe, 33.60%SiO₂, 1.19% Al₂O₃, 0.03%P and 0.01%S

Target 2: yet to be assessed.

Target 3: up to three flat to moderately dipping BIF sequences identified ranging from 40m to 200m in outcrop width and up to 2500m in strike length. 13 samples average 39.64%Fe, 39.26% SiO₂, 1.74% Al₂O₃, 0.04%P and 0.01%S

Target 4: up to four flat to moderately dipping BIF sequences identified ranging from 50-150m in outcrop width and up to 1km in length. 12 samples average 38.31%Fe, 42.09%SiO₂, 1.15%Al₂O₃, 0.04%P and 0.01%S.

Target 5: up to four flat to moderately dipping BIF sequences identified ranging from 30-80m in outcrop width and up to 1km in length. 9 samples average 37.27%Fe, 42.64%SiO₂, 1.24%Al₂O₃, 0.03%P and 0.01%S.

Target 6, 7 and 8: yet to be assessed.

Target 9: a coarse grained BIF ranging from 30-80m in outcrop width, sampled over a 200m strike length within a 2km-long magnetic anomaly. 2 samples average 37.74%Fe, 41.04% SiO₂, 0.92% Al₂O₃, 0.03%P and 0.01%S.

Target 10: a single roadside exposure of flat lying BIF from which 1 sample contains 55.47%Fe, 15.11%SiO₂, 2.58%Al₂O₃, 0.02%P and 0.01%S.

Target 11 and 12: yet to be assessed.

Preliminary assessment of the six targets assessed so far indicate potential for a substantial target tonnage (see footnote). The BIF sequences identified to date occur within more extensive aeromagnetic anomalies interpreted to relate to extensions of the BIF sequences below soil cover and indicating potential for further increases in the target tonnage. It is not yet clear if the multiple BIF horizons in each of the target areas are separate stratigraphic horizons or fold or thrust repeats of the same horizon. Significantly, all of the BIF targets examined to date appear to be coarse grained and crystalline, similar in nature to the Target 1 BIF.

Petrological studies on surface samples from Target 1 has confirmed the coarse crystalline nature of the magnetite (0.6 – 1.0mm) in the BIF and shows the magnetite to be partially altered to martite (a form of hematite pseudomorphing magnetite). The magnetite alteration is expected to be a near surface weathering effect with the mineralogy transitioning to primary magnetite.

DTR tests have been carried at various grind sizes on surface samples from each of the target areas assessed to date and are summarised in Table 1. Significantly, despite the partially weathered nature of the magnetite in the surface samples, the DTR results indicate that a good grade, low impurity product can be achieved using magnetic separation, with an overall average grade for all grind sizes of 68.56%Fe, 1.81%SiO₂, 0.92% Al₂O₃ and 0.02%P; Fe recovery of 58.86% and a mass recovery of 35.42%. Importantly, the concentrate grade and recoveries do not appear to be sensitive to grind size, the 500 micron fraction returning similar grades and

recoveries to the finer grind fractions. It is anticipated that the grade of the concentrate product and the recoveries will increase in the primary magnetite zone.

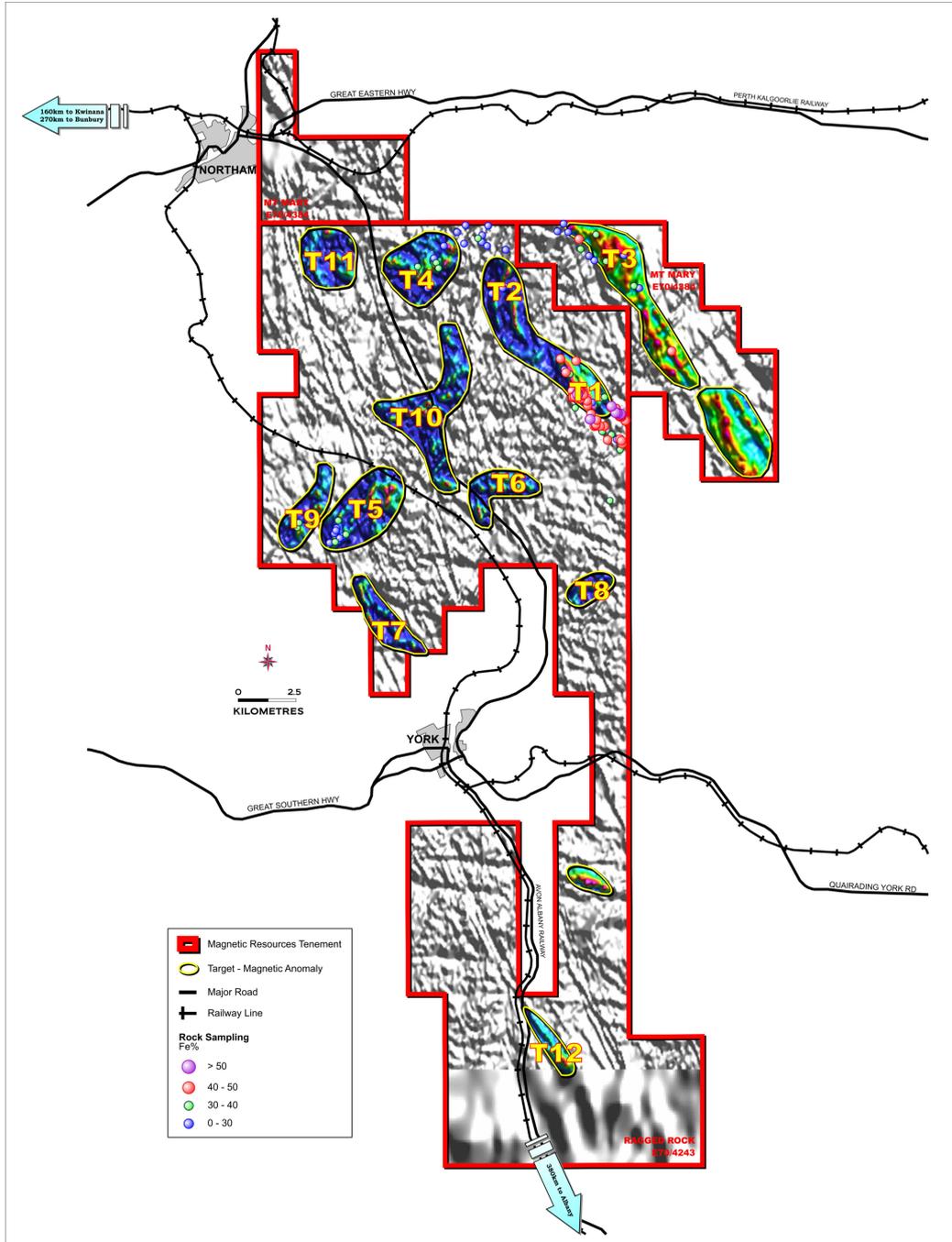


Figure 1
Ragged Rock Aeromagnetics Showing Target Areas

Table 1
DTR Results

Sample Area	Grind Size	Feed Grade %				Concentrate Grade %				Fe	Mass
	Microns	Fe	SiO ₂	Al ₂ O ₃	P	Fe	SiO ₂	Al ₂ O ₃	P	Recovery%	Recovery%
Target 1 (6)	500	43.84	33.77	1.33	0.02	69.07	1.18	0.67	0.01	50.79	32.24
Target 1 (2)	250	41.98	35	1.82	0.03	69.09	1.11	1.19	0.01	59.16	35.95
Target 1 (2)	125	41.98	35	1.82	0.03	69.14	0.98	1.12	0.01	54.26	32.95
Target 1 (8)	75	44.08	33.6	1.19	0.03	69.45	1.08	0.68	0.01	46.99	29.83
Target 3 (5)	500	39.68	40.6	1.04	0.03	68.44	1.77	0.82	0.02	67.02	38.77
Target 3 (6)	75	40.05	40.27	1.06	0.03	69.04	1.49	0.8	0.02	65.9	38.4
Target 4 (11)	500	38.66	41.86	1.06	0.04	68.84	1.7	0.96	0.02	76.29	42.86
Target 4 (11)	75	38.66	41.86	1.06	0.04	68.71	1.89	0.96	0.02	73.25	41.29
Target 5 (8)	75	36.85	42.91	1.3	0.03	67.66	2.55	0.93	0.02	51.77	28.2
Target 9 (2)	75	37.74	41.04	0.92	0.03	67.74	3.33	0.65	0.02	56.55	31.51
Target 10 (1)	75	55.47	15.11	2.58	0.02	66.99	2.79	1.34	0.01	45.49	37.67
Average	All sizes	41.73	36.46	1.38	0.03	68.56	1.81	0.92	0.02	58.86	35.42

(6) number of samples, averaged result. Field strength: 3000 gauss. Analyses by XRF methods.

Ragged Rock forms part of Magnetics' extensive tenement holdings in the SW of Western Australia as shown in Figure 2 where the company is focused on identifying premium coarse grained magnetite close to infrastructure and ports. In particular Ragged Rock is an attractive target because of its potential for significant tonnages of coarse grained magnetite situated just 10km from the standard gauge, multi user Trans Australian Railway and 10km from the Avon-Albany Railway. Magnetic is encouraged by these early results and subject to completion of land access agreements is planning to carry out drilling of priority targets to further assess these prospective iron formations and to obtain samples for further testing.

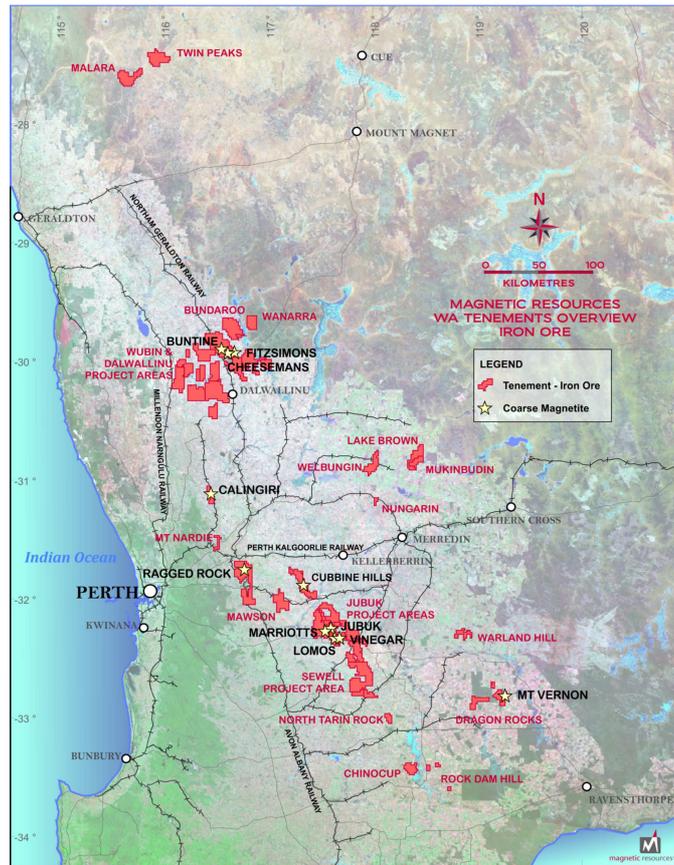


Figure 2
Location Plan

About Magnetic Resources

Magnetic Resources is a company focused on identifying and developing coarse grained premium quality magnetite in the South West of Western Australia. Traditionally magnetite concentrates deliver a 65-67%Fe grade. Magnetic Resources' projects are demonstrating potential for 70%Fe and higher with low silica levels. This superior product attracts premium pricing. Magnetics' projects are unusually infrastructure rich. Large international players recognise and appreciate the low capital cost and operating cost required to bring this type of magnetite into production.

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.

Target Tonnage: References to target tonnage use estimates of true thickness, strike extent and projection to 100m down dip. The potential quantity and grade is conceptual in nature as there has not yet been sufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Appendix
Ragged Rock Surface Sampling Results

Sample Number	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI %	East	North
							MGA94	MGA94
YDTR1 Target 1	37.83	40.23	1.33	0.04	0.01	-1.09	484,688	6,487,102
YDTR2 Target 1	47.42	24.5	3.45	0.02	0.02	3.52	483,727	6,487,297
YDTR3 Target 1	46.14	29.78	2.31	0.02	0.01	1.18	483,822	6,487,150
YDTR4 Target 1	41.39	39.19	0.1	0.034	0.01	0.9	484,447	6,486,151
YDTR5 Target 1	45.95	32.84	0.24	0.019	0.015	0.78	485,482	6,485,319
YDTR7 Target 1	44.30	36.07	0.55	0.016	0.002	-0.01	477,617	6,492,922
YDTR8 Target 1	44.19	34.98	0.67	0.02	0.016	1.09	483,783	6,487,113
YDTR9 Target 1	45.39	31.23	0.88	0.038	0.003	-1.07	483,585	6,487,221
Target 1 Average	44.08	33.60	1.19	0.03	0.01	0.66		
MDTR1 Target 3	41.90	38.59	1.16	0.017	0.004	-0.29	473,290	6,480,883
MDTR2 Target 3	42.63	36.65	0.97	0.039	0.005	0.71	487,688	6,489,128
MDTR3 Target 3	40.18	37.16	3.09	0.036	0.01	1.17	483,804	6,493,521
MDTR4 Target 3	40.28	40.17	0.72	0.035	0.008	-0.65	483,714	6,493,940
MDTR5 Target 3	37.41	44	0.83	0.038	0.01	0.15	483,265	6,494,241
MDTR6 Target 3	42.13	27.76	2.29	0.13	0.049	8.63	483,075	6,494,597
MDTR7 Target 3	42.56	36.74	0.67	0.029	0.01	1.36	482,788	6,494,270
MDTR8 Target 3	41.53	38.57	1.07	0.027	0.014	0.76	484,467	6,494,143
MDTR9 Target 3	41.92	35.63	2.18	0.033	0.005	1.18	484,157	6,493,215
MDTR10 Target 3	35.48	42.41	3.11	0.016	0.003	0.82	484,406	6,493,016
MDTR11 Target 3	28.12	49.42	5.09	0.032	0.013	0.28	486,087	6,491,912
MDTR12 Target 3	41.66	38.32	0.7	0.02	0.008	0.9	486,309	6,491,841
MDTR13 Target 3	37.12	44.9	0.78	0.033	0.008	0.03	484,904	6,492,994
Target 3 Average	39.46	39.26	1.74	0.04	0.01	1.16		
YDTR6 Target 4	34.37	44.67	2.04	0.06	0.009	0.23	485,662	6,493,242
YDTR22 Target 4	38.52	42.62	0.94	0.033	0.004	-0.16	479,558	6,494,061
YDTR23 Target 4	36.09	45.83	0.67	0.031	0.005	0.22	479,385	6,493,971
YDTR24 Target 4	43.05	36.85	0.62	0.039	0.014	0.37	478,813	6,493,735
YDTR25 Target 4	39.64	39.83	1.11	0.027	0.002	-0.77	478,875	6,494,540
YDTR26 Target 4	38.89	41.97	0.91	0.038	0.007	0.26	477,956	6,493,660
YDTR27 Target 4	38.12	42.08	1.21	0.036	0.003	-0.68	478,514	6,494,229
YDTR28 Target 4	39.41	41.01	1.49	0.031	0.003	-0.91	476,817	6,492,761
YDTR29 Target 4	40.17	38.67	1.09	0.055	0.018	-0.53	477,254	6,491,827
YDTR30 Target 4	38.01	43.2	1.51	0.034	0.006	0.13	479,833	6,494,513
YDTR31 Target 4	37.34	43.94	1.12	0.04	0.009	0.19	479,551	6,493,826
YDTR32 Target 4	36.05	44.43	1.03	0.051	0.007	-0.53	479,780	6,493,643
Target 4 Average	38.31	42.09	1.15	0.04	0.01	-0.18		
YDTR10 Target 5	40.63	40.53	0.75	0.023	0.004	0.75	473,380	6,480,925
YDTR11 Target 5	39.16	40.88	0.63	0.027	0.003	0.38	473,236	6,481,246
YDTR12 Target 5	35.40	45.1	0.81	0.033	0.007	-0.05	473,324	6,481,451
YDTR13 Target 5	35.41	44.25	1.13	0.028	0.007	0.01	473,356	6,481,468
YDTR14 Target 5	38.16	42.07	0.92	0.038	0.004	0.48	473,566	6,481,125
YDTR15 Target 5	40.88	38.66	0.83	0.035	0.006	0.04	473,729	6,481,197
YDTR16 Target 5	36.75	42.88	1.38	0.03	0.006	0.18	473,405	6,481,819
YDTR17 Target 5	33.50	45.97	2.36	0.043	0.012	-1	471,734	6,481,695
YDTR18 Target 5	35.57	43.44	2.31	0.033	0.01	-0.8	471,650	6,481,520
Target 5 Average	37.27	42.64	1.24	0.03	0.01	0.00		
YDTR19 Target 9	38.37	39.56	1.16	0.039	0.005	-0.72	477,540	6,486,630
YDTR20 Target 9	37.10	42.52	0.68	0.025	0.002	-0.17	484,688	6,487,102
Target 9 Average	37.74	41.04	0.92	0.03	0.00	-0.45		
YDTR21 Target 10	55.47	15.11	2.58	0.022	0.012	1.14	483,727	6,487,297

LOI – Loss on ignition. Analyses by fused disc XRF.