QUARTERLY REPORT for the Quarter Ended 30 September 2009

Magnetic Resources NL
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PO Box 1388
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Issued Capital:

Shares:
45,191,253 fully paid shares - Quoted

18,945,572 contributing shares ($0.20 each unpaid) - Unquoted

Cash:
$0.6 million at end of month

Directors:
Peter Thomas
Chairman

George Sakalidis
Managing Director

Roger Thomson
Executive Director

SUMMARY

- **Uranium holdings increased with four additional uranium targets acquired**
- **Progress on Jubuk iron ore project near Corrigin**
- **Additional iron ore targets acquired surrounding the Jubuk iron ore project and an aeromagnetic survey planned**
- **Farm out of the Tampia, Lake Grace and Holland Rocks gold prospects**

Magnetic Resources is continuing to test gold, iron, nickel and uranium targets on its extensive holdings in the wheatbelt (southern Yilgarn Craton) region of WA. Magnetic is continuing to rationalise these holdings as it focuses on the best targets. A location map is shown in Figure1

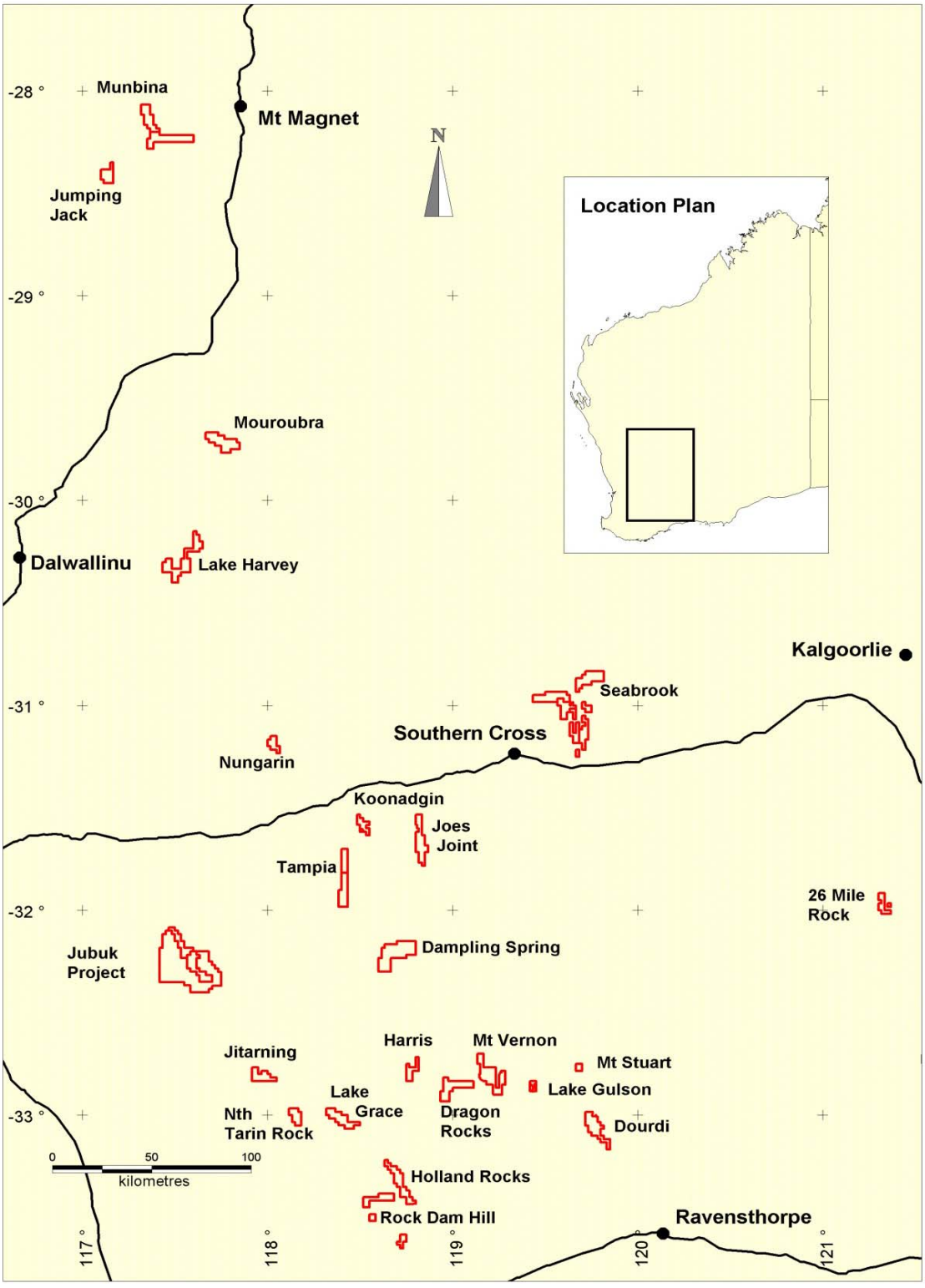

Figure 1
Location Map

URANIUM

During the quarter Magnetic Resources applied for exploration tenure over four new areas prospective for uranium mineralisation totalling 340sq km, bringing Magnetic's uranium-focussed land position to 752sq km.

SEABROOK (Magnetic 80%, earning up to 100%)

Following early encouragement from sampling for uranium, sampling of lake sediments and lake margins has continued within the expanded project area. This sampling has extended the area of uranium anomalism on exploration licence E77/1291 as shown in Figure 2.

Magnetic's sampling has been recently extended across the Bronte (E77/1673, Magnetic 100%) and Deborah East (E77/1675, Magnetic 80%) tenements. The results of this sampling have yet to be received.

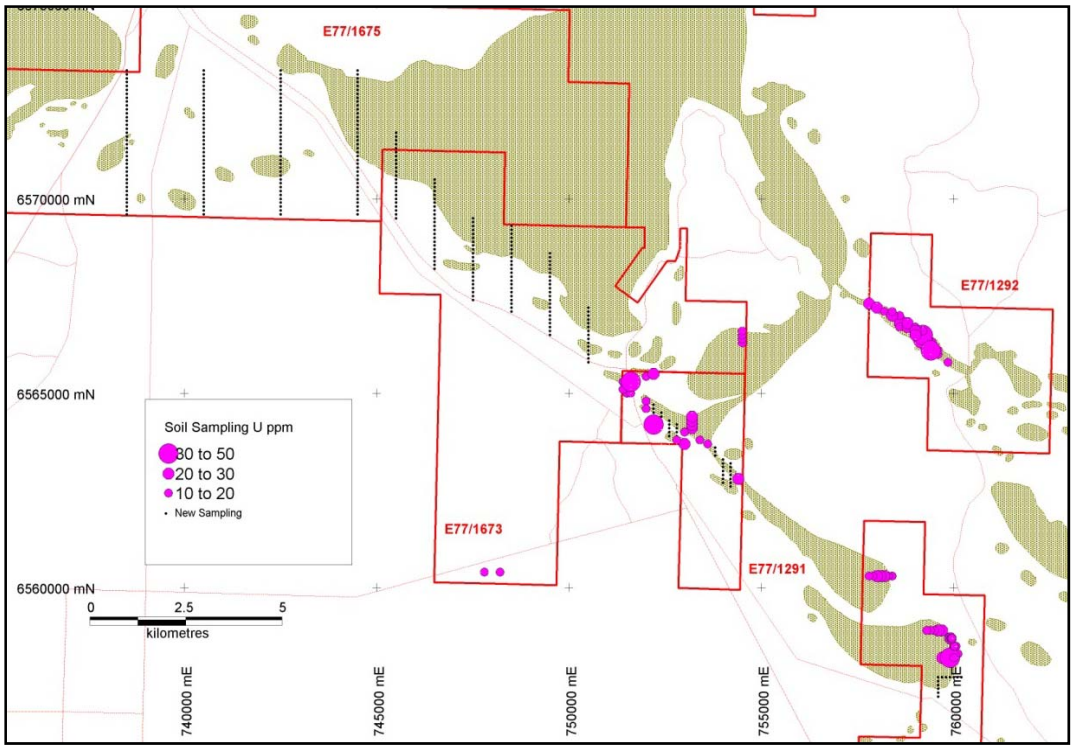

Figure 2
Seabrook Uranium Anomalies

Application has been made for approval to undertake reconnaissance air-core drilling over uranium targets on several of the salt lakes and their margins. Discussions regarding the environmental permitting of this work are continuing.

MOUROUBRA (Magnetic 100%)

Mouroubra (E59/1614) is situated 50km south of Paynes Find covering airborne radiometric anomalies on the eastern side of Lake Moore as shown in Figure 3. Reconnaissance sampling has returned anomalous values of 870ppb U in ground water within the Lake Moore drainage system in a similar setting to Seabrook. The strong radiometric anomalies, together with the anomalous uranium geochemistry indicate potential for significant uranium enrichments within reducing environments associated with the Lake Moore drainage system. Follow up sampling to test the nature and extent of the uranium anomaly is being planned.

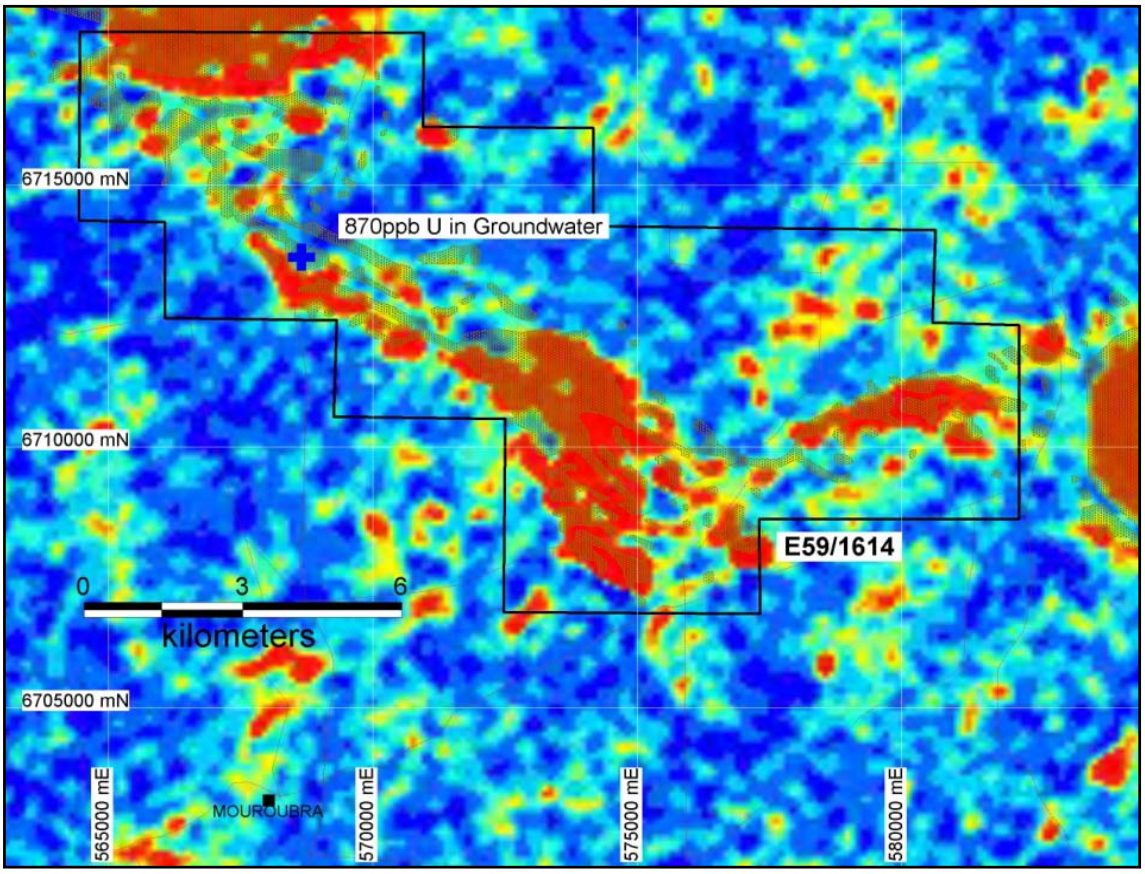

Figure 3
Mouroubra, Airborne Radiometrics

MUNBINIA (Magnetic 100%)

Munbinia (E59/1615 and E59/1623), is situated about 50km west of Mt Magnet. The tenements cover the junction of two interpreted palaeo-channels, each with anomalous airborne radiometric responses. Significantly, the radiometric responses coincide with extensive areas of mapped calcrete as shown in Figure 4. Calcrete can form a favourable host to shallow, high grade secondary uranium mineralisation. Preliminary sampling has been carried out with analysis of these samples currently in progress.

JUMPING JACK (Magnetic 100%)

Jumping Jack (E59/1616) is situated 75km west of Mt Magnet. Airborne radiometric data show a substantial area of uranium anomalism located just north of an area of mapped calcrete and surrounding a small lake which may represent a meander in a palaeo-channel system, as shown in Figure 5. Meanders can create favourable areas for accumulation of organic material which may result in the precipitation of uranium from solution to form shallow secondary uranium deposits.

Magnetic is planning to complete a reconnaissance sampling program during the next quarter, to assess the potential for shallow secondary uranium mineralisation.

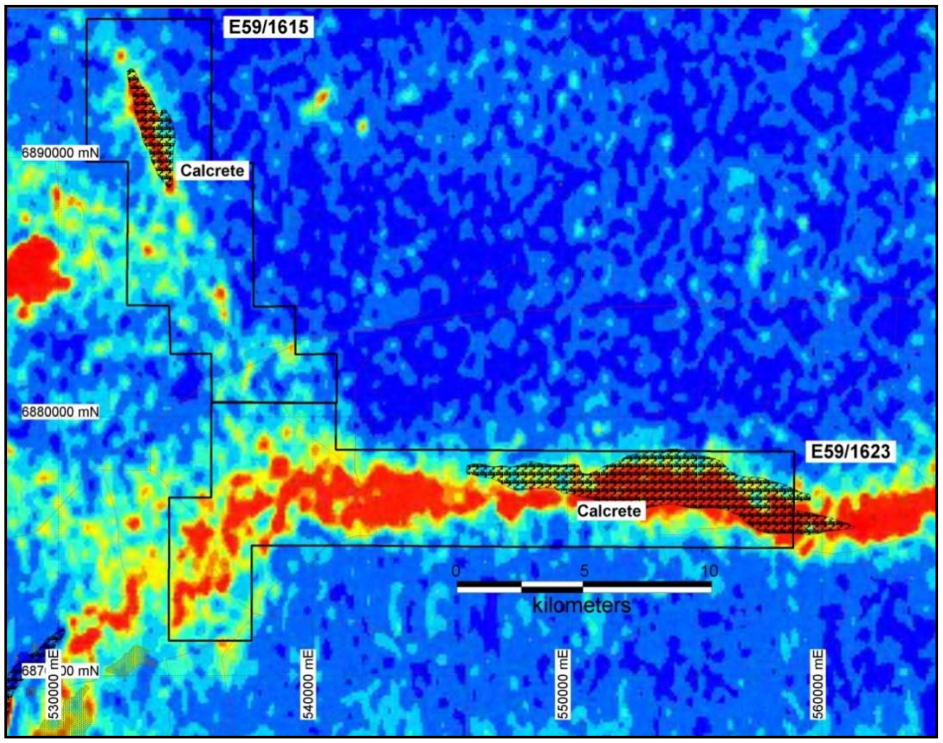

Figure 4
Munbinia, Airborne Radiometrics and Calcrete Occurrences

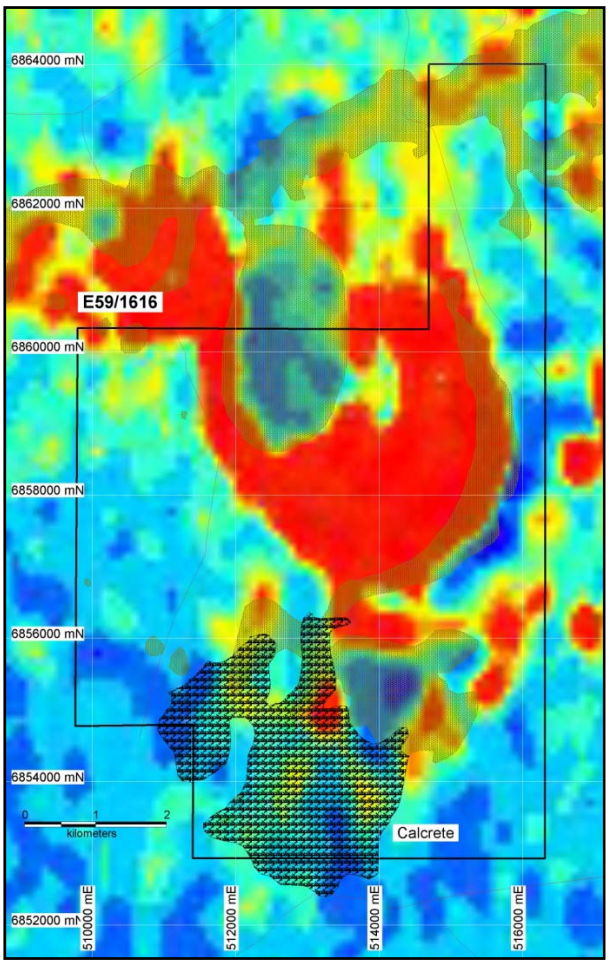

Figure 5
Jumping Jack, Airborne Radiometrics and Calcrete Occurrences

IRON ORE

The Jubuk iron ore project area near Corrigin has been significantly increased, as shown in Figure 6, to cover additional magnetic target identified in the surrounding area. The wide-spaced nature of the regional aeromagnetics in this area suggests there may be potential for other metamorphosed, coarse grained magnetite occurrences associated with magnetic anomalies. Magnetic plans to complete a detailed aeromagnetic survey over the expanded tenement area to identify specific target areas. The aeromagnetic coverage currently available was acquired in the 1970's with a flight-line spacing of 1.6km.

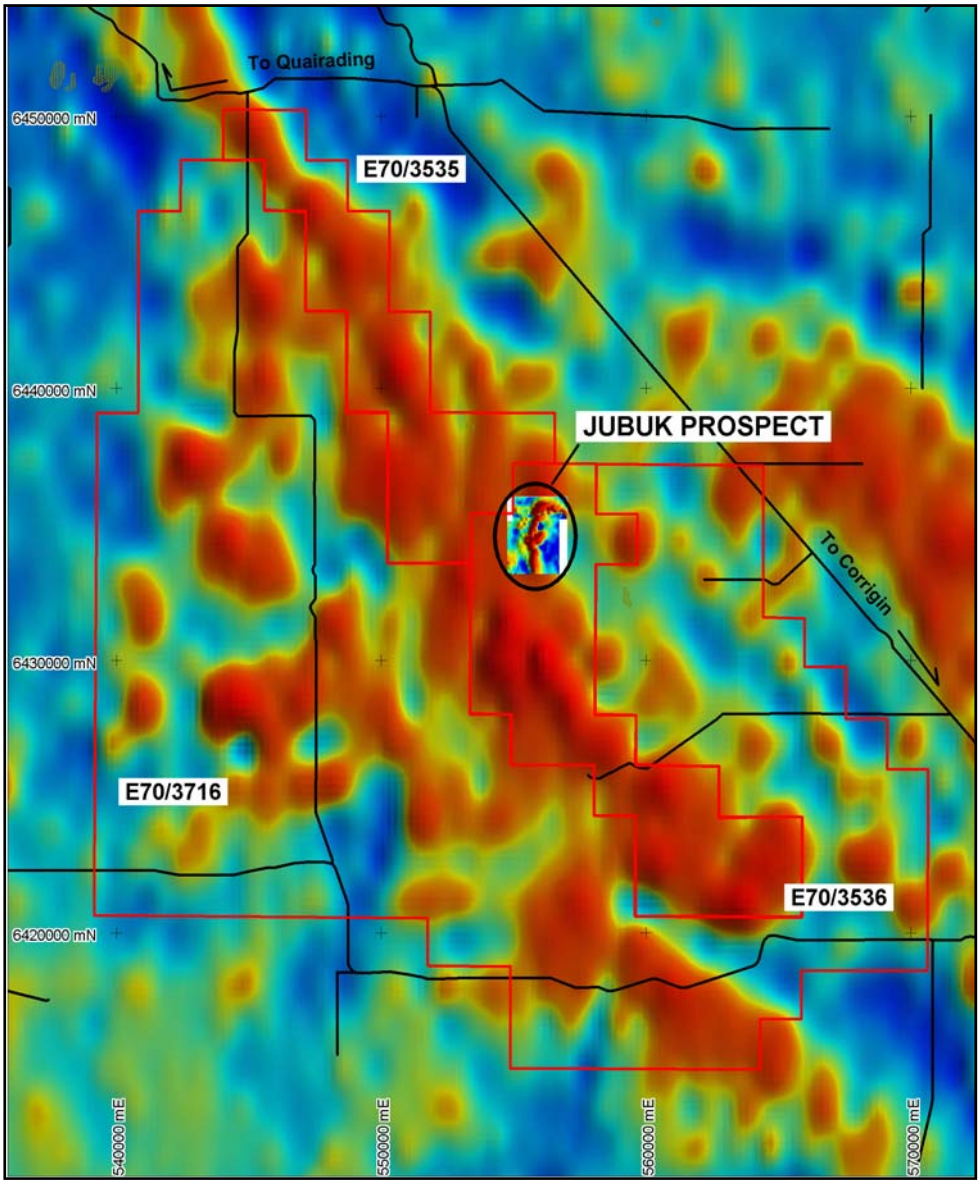

Figure 6
Jubuk Project Showing New Tenement E70/3716.

Preliminary Davis Tube testwork results on surface samples from the Jubuk magnetite prospect have been received. The samples used for the preliminary testwork were taken from four discontinuous chip sampling traverses mostly taken across the strike of the outcropping coarse-grained, recrystallised Jubuk banded iron formation. The four samples were taken within a strike length of 1.4km as shown in Figure 7. The average grades of the sample traverses are shown in Table 1.

The sample results (average 37.9% Fe over 64m length) indicate significant widths of magnetite-bearing iron formation correlating with a strong magnetic anomaly outlined by ground magnetic surveys. Magnetic is targeting 200-300 million tonnes of coarse

grained magnetite-bearing iron formation within the central 10km zone of the stronger magnetic anomalies. This target tonnage is based on surface sampling, aeromagnetics and ground magnetic surveys. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource at this stage.

Table 1
Jubuk Chip Sampling Results

Sample Number	Fe %	Sample Length m
JURC017	39.9	108
JURC020	34.3	48
JURC023	37.3	49
JURC025	37.8	51

Crushed pulverised 20kg samples, Fe determined by XRF analysis

The Davis Tube test results are shown in Table 2.

Table 2
Jubuk Davis Tube Results

Sample Number	Magnetite Recovery %	Magnetite Content %	Fe %	SiO_2 %	Al_2O_3 %	P %
JURC017	24.8	31.2	69.1	0.9	0.6	0.01
JURC020	20.6	14.3	62.2	10.6	0.6	0.01
JURC023	31.0	6.6	66.3	4.9	0.7	0.01
JURC025	31.0	9.0	63.8	7.4	0.6	0.01

Test samples crushed and then pulverised for 30 seconds

The results indicate that a high iron product with low phosphorus content can be achieved and that some of the near surface magnetite appears to be weathering to other iron oxides, reinforcing the need to obtain fresh rock samples for further testing. A programme of RC and diamond drilling is being planned once cereal cropping has been completed towards the end of the year.

Magnetic recently signed a land access agreement over the central part of the area of interest, paving the way for this drilling to proceed. As previously reported, Magnetic has qualified for a state government grant of $45,000 towards exploratory drilling at Jubuk, supporting the merit of this iron ore target.

GOLD

Magnetic has reached an agreement with Pacific Ore Limited (ASX:PSF) on two granted exploration licences at Tampia North near Merredin and on two granted exploration licences and one exploration licence application near Lake Grace, WA (PSF ASX release 20 August 2009).

The Tampia North tenements, where Magnetic holds an 80% interest with rights to earn a 100% interest, cover a 30km strike on an interpreted shear zone where gold anomalies and indications of gold mineralisation have been outlined by geochemical sampling and shallow drilling.

The Lake Grace and Holland Rocks tenements, where Magnetic holds a 100% interest, cover a cumulative 60km strike length of an interpreted shear zone where geochemical sampling has identified several gold-anomalous areas and where limited historical drilling reported a best intersection of 1m @ 34g/t Au from 94m.

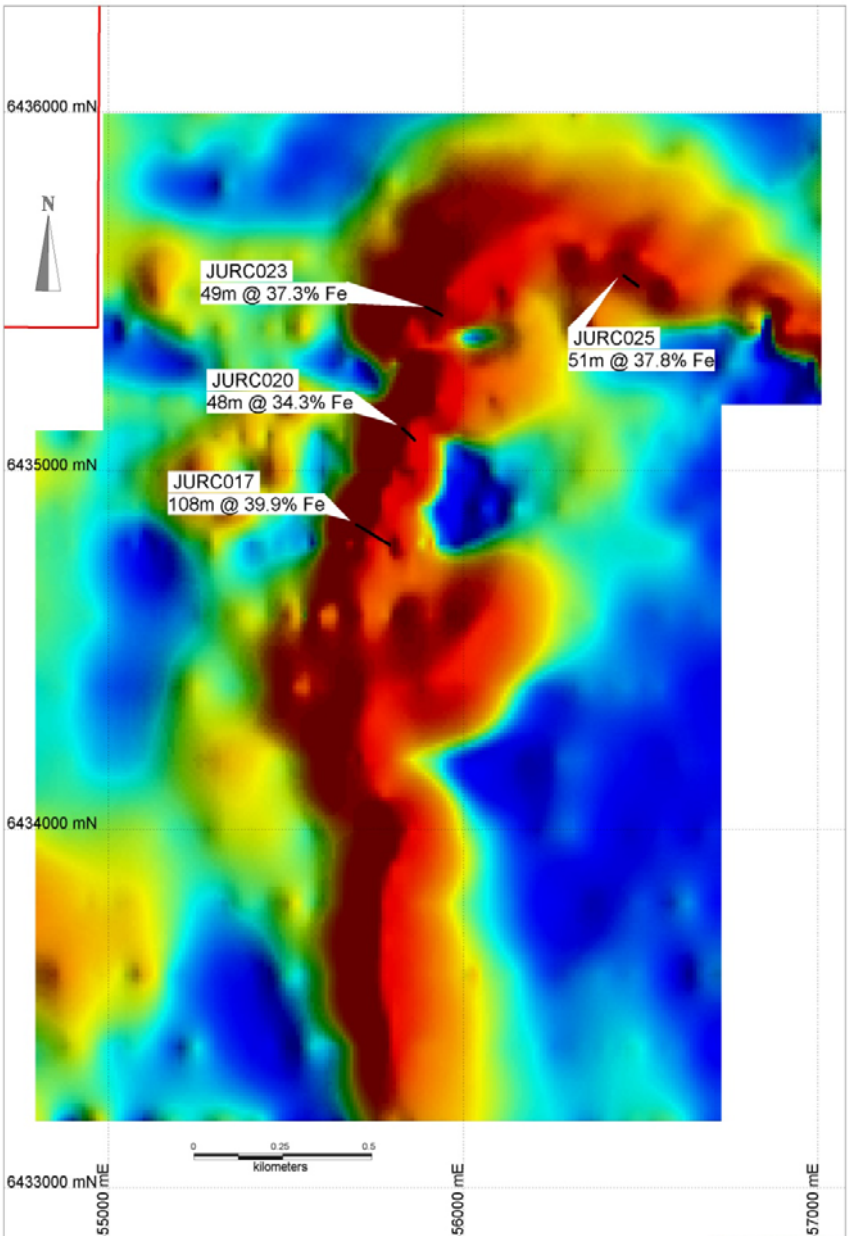

Figure 7
Jubuk Sample Locations and Ground Magnetics

Under the terms of the agreement Pacific Ore may earn a 51% interest in the 320sq km tenement package by expenditure of $550,000 within three years. Pacific Ore must spend a minimum of $150,000 on the tenements before having the right of withdrawal. A programme of follow up geochemical sampling and drilling is being planned, after completion of cropping on these broad acre farm areas.

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 Roger Thomson BSc, ARSM, MAIG who is a member of the Australasian Institute of Mining and Metallurgy. Roger Thomson is a director of Magnetic Resources NL. Roger Thomson 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'. Roger Thomson consents to the inclusion of this information in the form and context in which it appears in this report.