magnetic resources NL

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ENCOURAGING IRON RESULTS FROM JUBUK, WA

Magnetic Resources has continued to pursue its strategy of identifying and acquiring iron ore targets close to rail infrastructure in the south west region of Western Australia and has acquired eight target areas for further investigation. The Jubuk prospect in particular is showing early promise. The locations of the tenements covering these targets are shown in Figure 1.

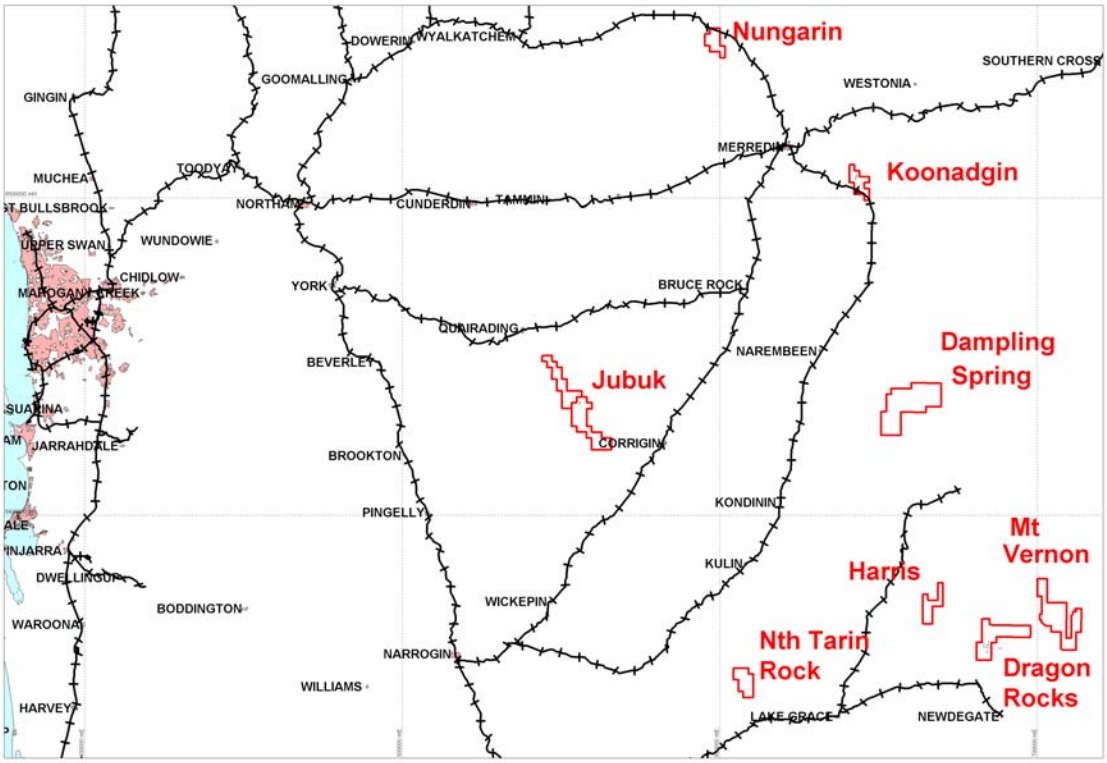

Figure 1
Location Map Showing Rail Infrastructure

In addition to proximity to railway lines, a key element is a search for metamorphosed, coarse grained banded iron formations where the magnetite may be readily amenable to beneficiation to a saleable product.
Recent progress is summarised as follows:

JUBUK (Magnetic 100%)

As previously reported (MAU December 2008 quarterly report), sampling of limited outcrop on a strong aeromagnetic anomaly confirmed the presence of weathered banded iron formation (BIF) with iron values up to 43.9%Fe (average 36.9%Fe from 11 samples). This area forms part of a 35km-long aeromagnetic trend within the tenements as shown in Figure 2. Two railway lines occur within 25km of the tenements.

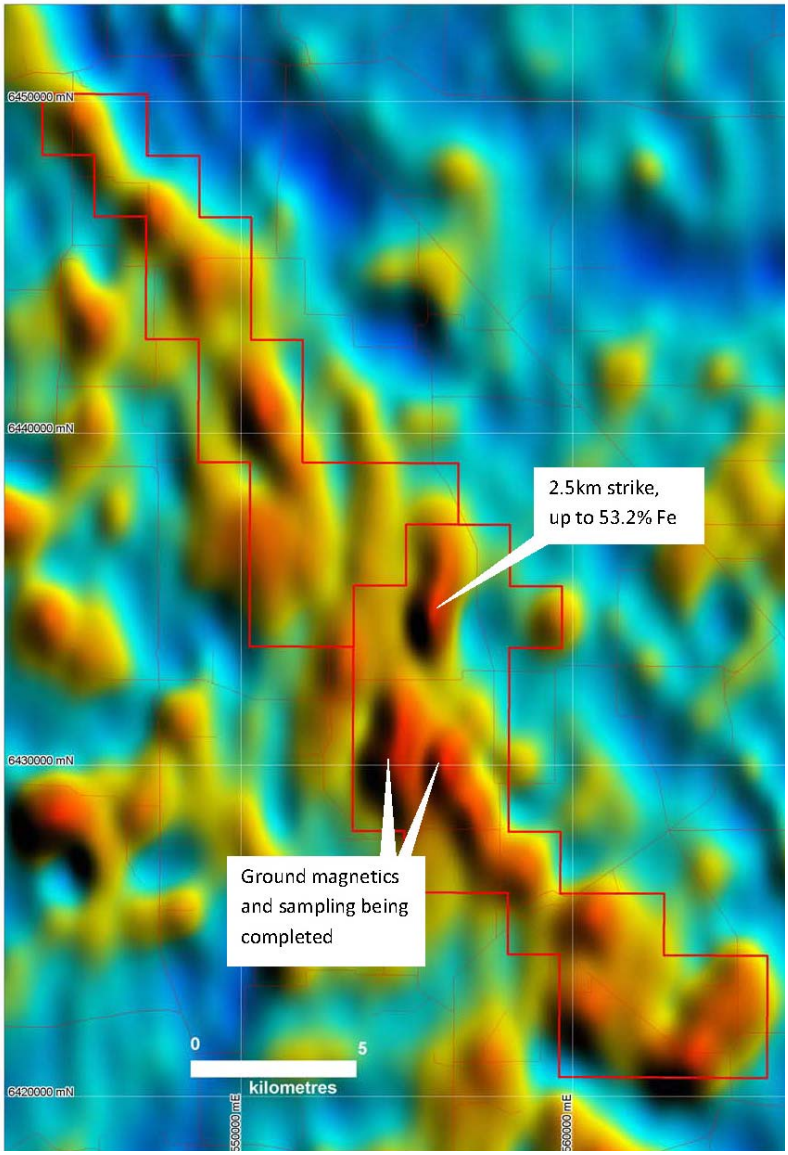

Figure 2
Jubuk Aeromagnetic Image

400m-spaced ground magnetometer traverses over the stronger central part of this trend have identified strongly anomalous magnetic responses over a 2.5km strike length. Sporadic outcrops of metamorphosed BIF occur over an 800m strike length within this strongly magnetic zone. Additional rock sampling of the BIF outcrops returned iron values up to **53.2%Fe (average 39.6%Fe from 9 samples)**. Significantly, the magnetite in the BIF appears to be coarsely crystalline and thus likely to be amenable to beneficiation. Ground magnetic traverses and sampling remain to be completed over a further 7km of strike of the stronger parts of the aeromagnetic trend.

Outcrops along the 2.5km strike length surveyed so far indicate the width of the magnetite BIF to be at least 50m with the magnetic profiles suggesting this could be greater, indicating a significant tonnage potential, however this remains to be confirmed by drilling. **Magnetic is targeting a resource of 200-300million tonnes in the central 9.5km zone of stronger magnetic anomalies.**

It is proposed to carry out preliminary Davis Tube tests on the outcrop samples. Davis Tube testing is used to separate ferromagnetic and non-magnetic fractions in test samples and is suited to estimating the likely recoveries of magnetite from a magnetic separation process. Magnetite iron ores usually require processing to a plus 60%Fe concentrate prior to shipping thus amenability to beneficiation is an important part of the assessment process.

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

Ground magnetic traverses (400m line spacing) over a 4km strike length have confirmed up to three anomalous trends obscured by extensive soil cover – see Figure 3. Sampling of ferruginous lag over these anomalies has returned values up to 44.4%Fe (average 28.6%Fe from 13 samples). The surface lag is interpreted to be derived from iron-rich rocks whose character has yet to be determined by drilling of the magnetic anomalies.

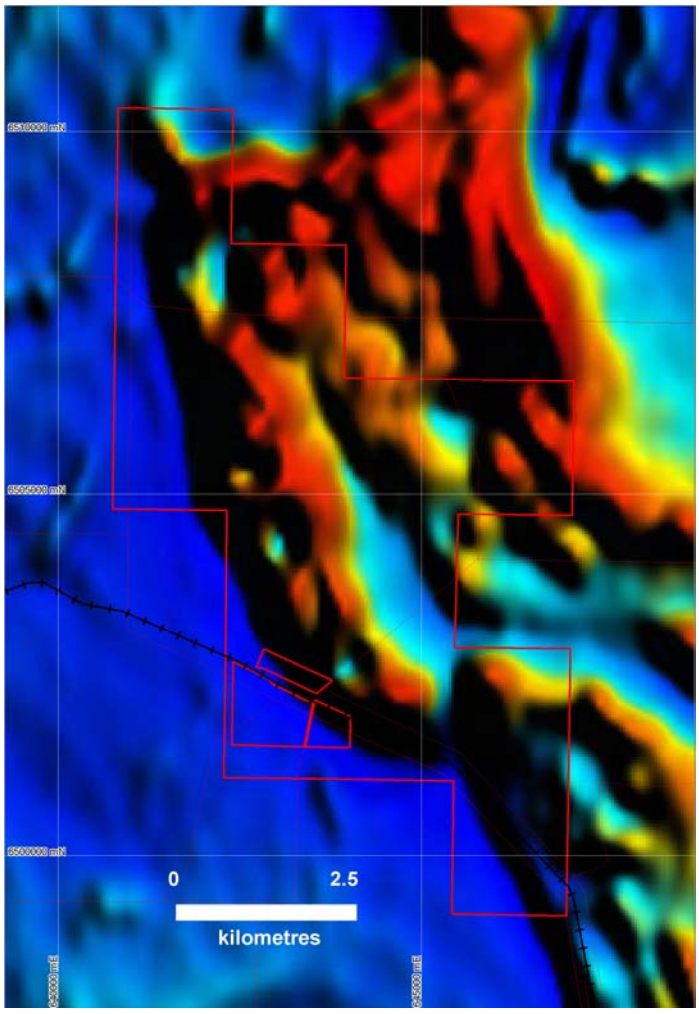

Figure 3
Koonadgin Aeromagnetic Image

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

Detailed ground magnetic surveys have identified a sequence of folded BIF adjacent to a railway line as shown in Figure 4. Previous shallow drilling for gold has confirmed the presence of quartz-magnetite BIF.

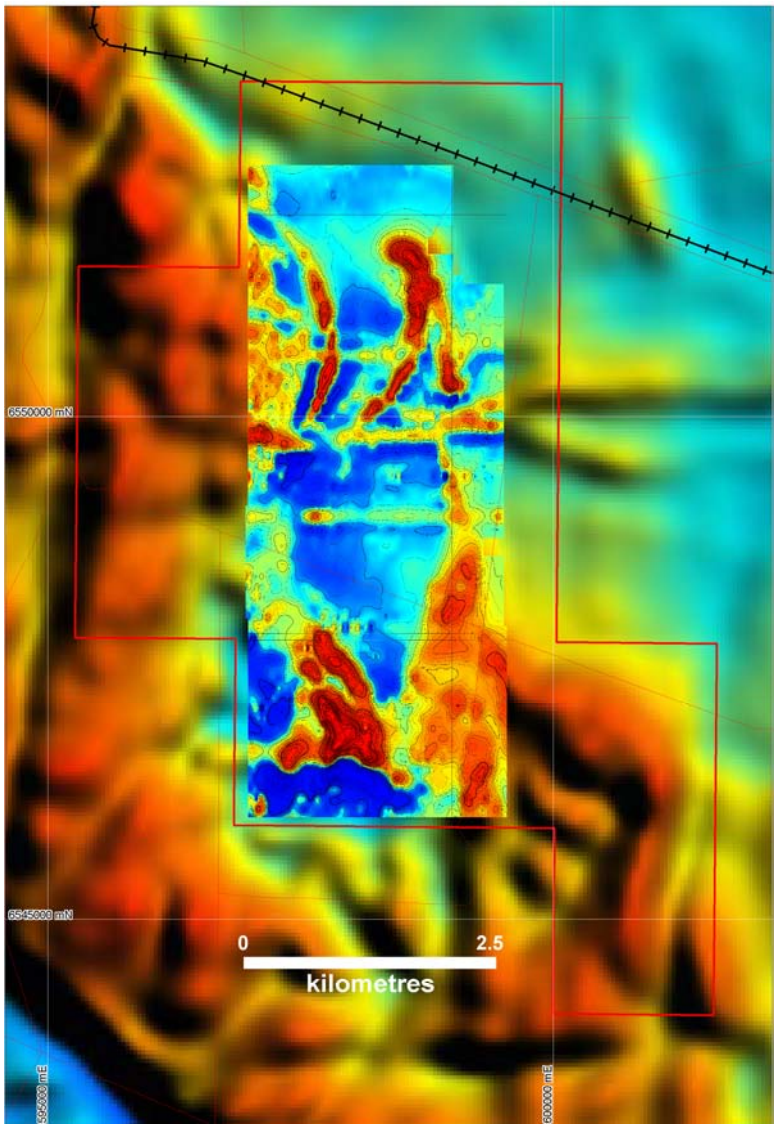

Figure 4
Nungarin Aeromagnetic Image with Ground Magnetic Inset

DAMPLING SPRING (Magnetic 100%)

Aeromagnetic responses are consistent with magnetite-rich lithologies obscured by soil cover – see Figure 5. Exploration of this 10km-long aeromagnetic target has commenced with 1km-spaced lag sampling traverses recently completed across the central magnetic anomaly and with analytical results pending.

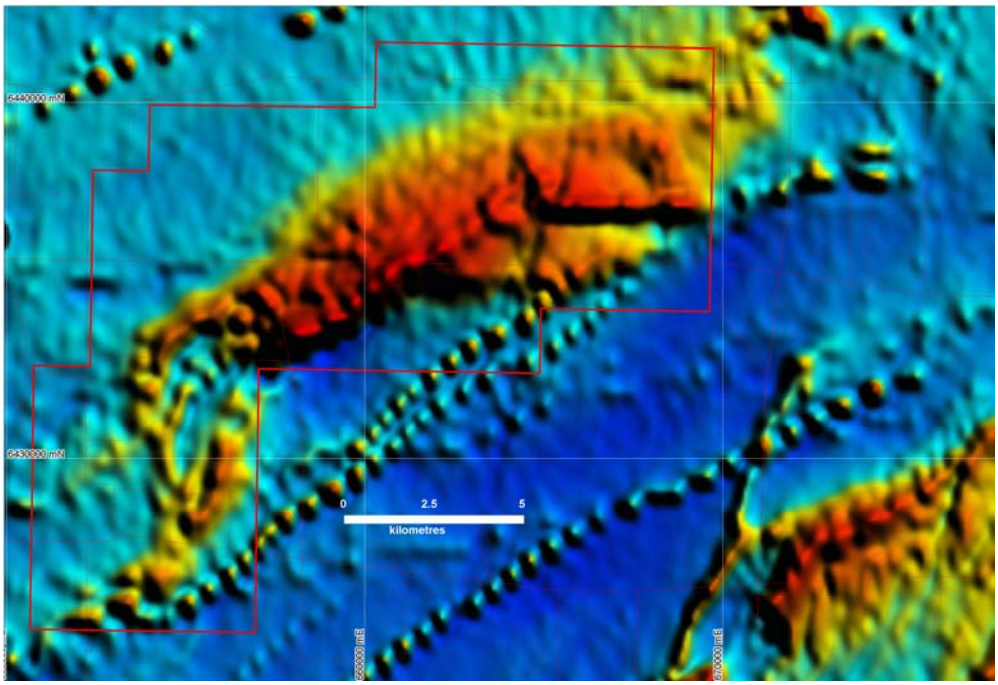

Figure 5
Dampling Spring Aeromagnetic Image

HARRIS (Magnetic 100%)

A strong, discrete aeromagnetic anomaly some 3km in length has been targeted for ground magnetic surveys and sampling to test for BIF – see Figure 6.

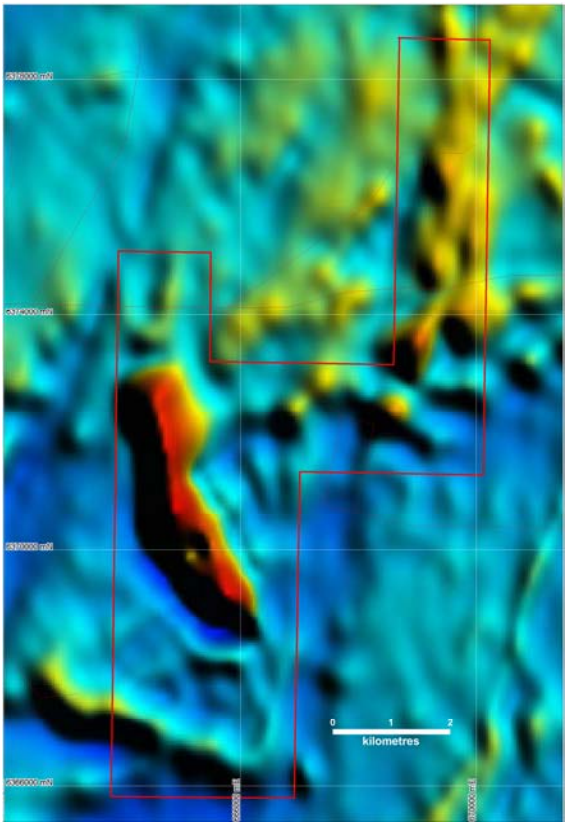

Figure 6
Harris Aeromagnetic Image

MT VERNON (Magnetic 100%)

Two areas of pronounced magnetic anomalism have been identified northeast of Newdegate township – see Figure 7. The eastern magnetic anomaly is interpreted to be a BIF some 10km in length whereas the nature of the western magnetic samples remains to be determined but is consistent with magnetite-rich lithologies, possibly related to a tightly folded BIF sequence about 14km in strike length.

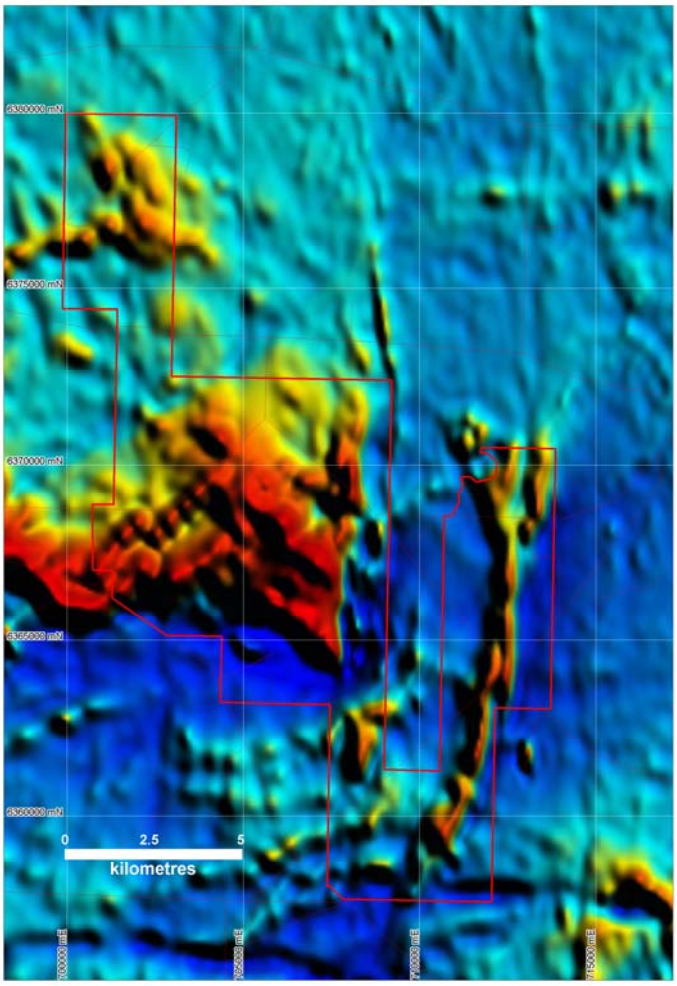

Figure 7
Mt Vernon Aeromagnetic Image

DRAGON ROCKS (Magnetic 100%)

Two areas of strong magnetic anomalism occur north of Newdegate – see Figure 8. The northern anomaly appears to be a continuation of the western magnetic complex at Mt Vernon. The southern anomaly is a pronounced feature which may be related to a structurally complex BIF fold closure and could represent an attractive target for iron enriched BIF.

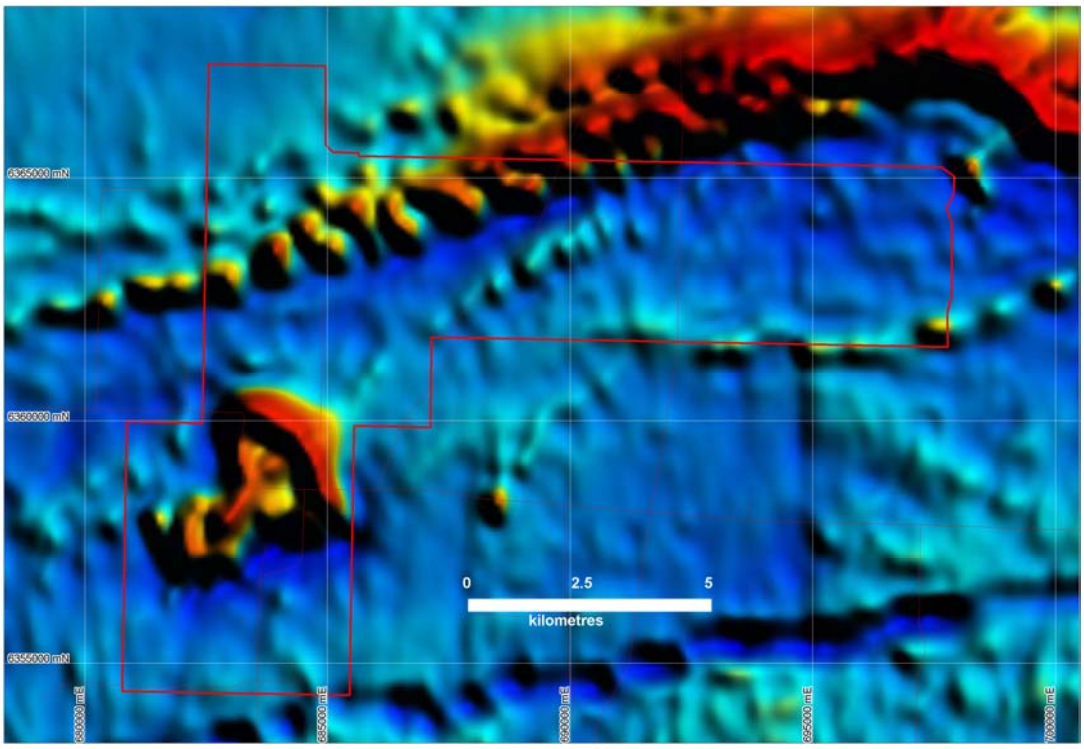

Figure 8
Dragon Rocks Aeromagnetic Image

TARIN ROCK (Magnetic 100%)

Reconnaissance sampling over aeromagnetic anomalies has returned anomalous iron values up to 20%Fe in laterite and 12.9%Fe in soils indicating the presence of iron-rich lithologies worthy of further investigation.

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.