



magnetic resources^{NL}

ASX Release
18 August 2011

ASX code: MAU

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WUBIN DSO TEST WORK

Magnetic Resources is about to commence crushing and screening test work on surface rock samples with the aim of assessing the potential for direct shipping ore-grade (DSO) material within the Wubin project area north east of Perth. This test work will be followed by ground gravity surveys targeting zones of reduced magnetic response on interpreted banded iron formation horizons which may reflect the presence of hematite-goethite alteration.

Magnetic is basing this approach on the results of the surface rock chip sampling shown in Figure 1 where 32% (90) of the 278 rock chip samples collected from the project area reported greater than 40% Fe. These results highlight the potential of the area to contain potentially mineable volumes of DSO-type materials with minimal stripping ratios.

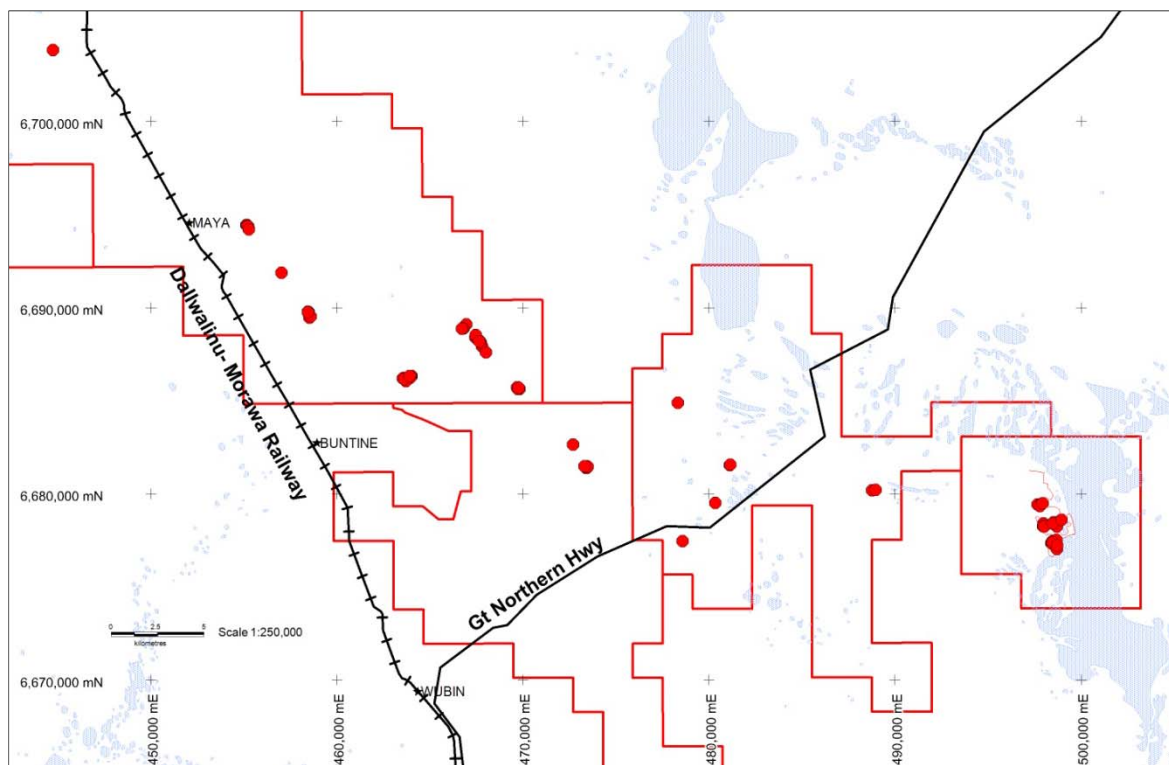
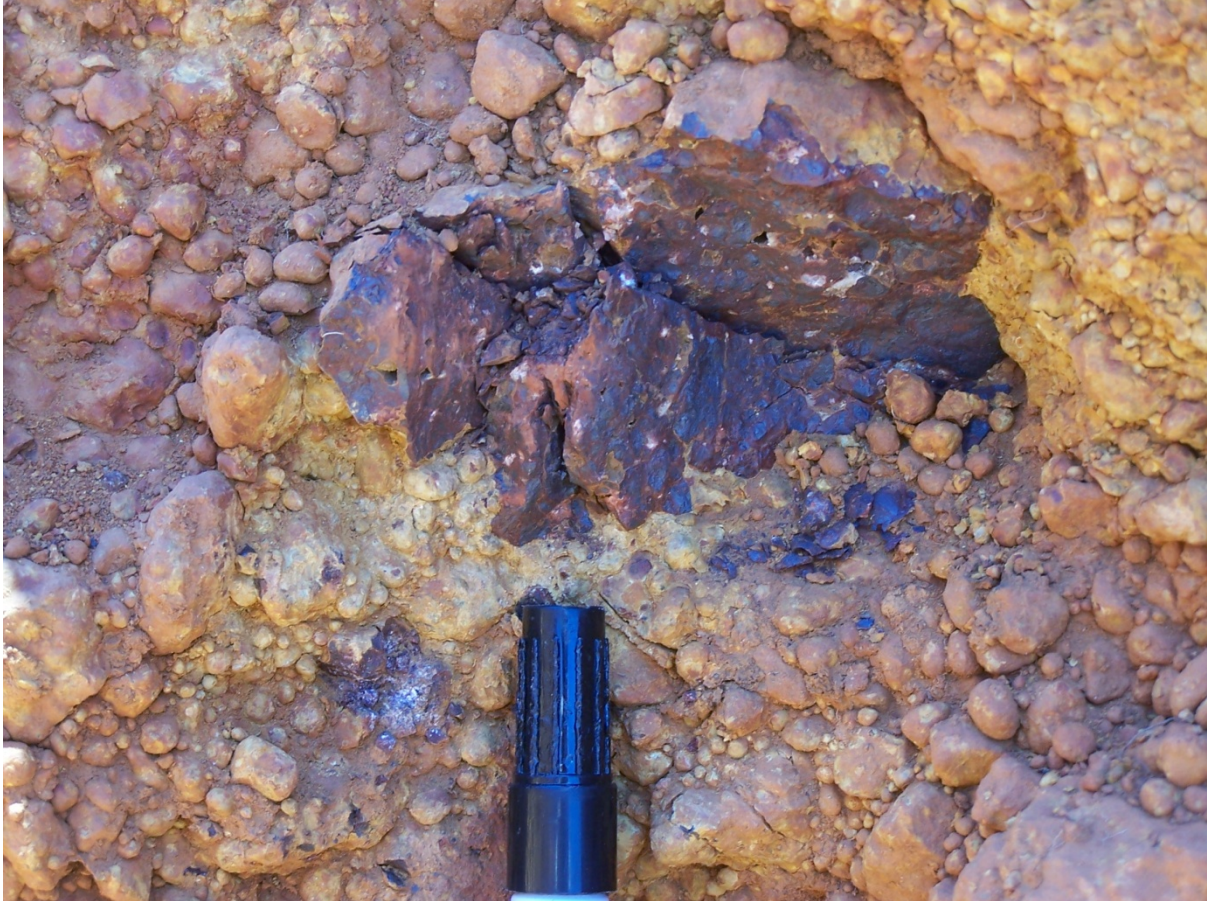


Figure 1
Location of Surface Rock Chip Samples >40%Fe

Aircore drilling during October 2010 intersected 8m @ 52.8%Fe from 4m (BUNAC052). During preparation of sumps for adjacent RC drilling goethitic material (Photograph 1) was exposed that is potentially suitable for upgrading to a saleable product. The RC drilling intersected similar widths and grades in BRC08; 12m @ 41.3%Fe from surface, and BRC09; 12m @ 37.6%Fe from surface.



Photograph 1
Goethitic Iron Oxide In Surface Lateritic Detritus

Magnetic will complete crushing and screening testwork on manually collected bulk samples, from one of the areas, to assess whether a saleable product can be generated from the target material. The test work is expected to show whether the silica and alumina levels can be significantly reduced with a complimentary increase in iron content.

Planning of several aircore drilling programs is progressing and will be submitted for landowner and statutory approval to continue the evaluation of these and other target zones.

The regional aeromagnetics shows numerous areas with significant changes in the character of a series of magnetic horizons along strike. Some of these changes may be due to changes in rock type, others may be caused by faulting or structural disruption. These changes in magnetic character may also be caused by alteration of the rock type by weathering or hydrothermal activity. In the case of primary magnetite in the fresh rock, the magnetite may be altered to hematite or reduced to goethite by weathering. In both cases there is a major reduction in magnetic response, however it is expected that there will be limited change to the overall density of the rock types.

The target areas tend to be topographic highs and also show a superficial soil discoloration interpreted to indicate potential for elevated iron contents in the underlying rocks.

Magnetic is planning to undertake a series of gravity traverses along fence-lines and roads over areas where these changes in magnetic character occurs. This information will allow planning for more extensive gravity surveys to define drilling targets once harvest is completed on these farm land areas.

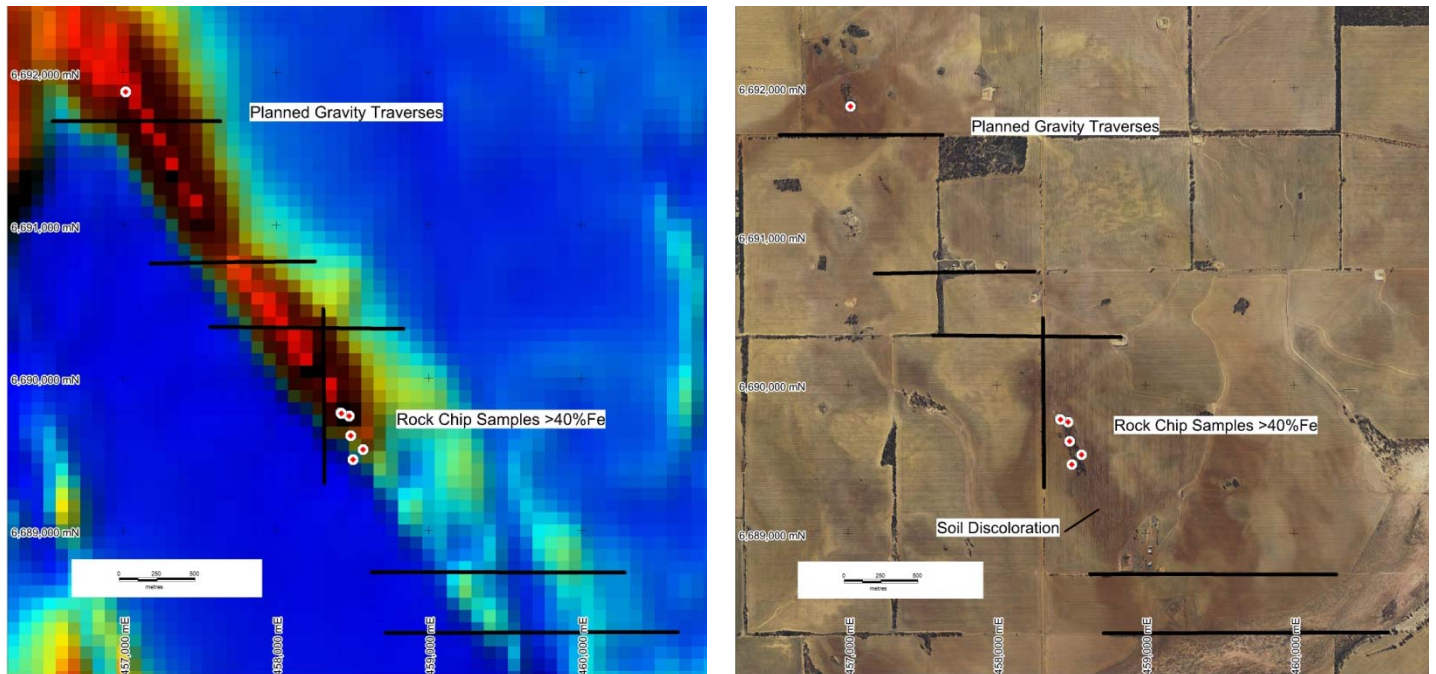


Figure 2

Harles Target. Left: Proposed Gravity Traverses Shown On Magnetic Background. Right: Air Photo Showing Iron Rich Discolouration Area.

The surface sampling, magnetic character and soil discolouration of one of these areas (Harles) is shown in Figure 2. So far, Magnetic has identified 11 areas with potential for DSO-type iron oxides with an estimated combined areal extent of 2.2sq. km. The depth and potential tonnage of iron oxide is unknown. The Dalwallinu-Morawa railway traverses the western margin of the project area, potentially providing ready access to Geraldton and southern ports.

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.