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Encouraging Metallurgical Results and Bulk Tonnage Potential at Mt Vernon

Highlights

- Recognition of bulk tonnage potential
- Davis Tube concentrate averages 67.5% Fe, 1.6% SiO₂
- Coarse grained magnetite
- 132m intersection open at depth

Magnetic Resources is very encouraged by the quality of new Davis Tube test results from Mt Vernon, specifically the low SiO₂, Al₂O₃ and P contents. The testwork of fresh rock samples from drillhole MVRC12 have generated concentrates averaging 67.5%Fe, 1.6%SiO₂, 0.77%Al₂O₃ and 0.02%P. The gangue content, with the majority of sulphides, was removed from the primary feed by the Davis Tube.

The drilling intersected substantial widths of low grade coarse-grained magnetite-bearing gneiss, including **132m @ 13.3%Fe (MVRC11) from 18m to end of hole at 150m, indicating the mineralized zone is open at depth.** The company is currently completing a detailed gravity survey which will be used in conjunction with ground magnetic data to model the magnetite bearing gneisses prior to drilling. The combined datasets should highlight areas of greater magnetite contents and investigate the potential of a large bulk tonnage project.

Ten magnetic targets were identified from regional aero-magnetics of the Mt Vernon prospect and modeled based on the ground magnetic survey completed over the area at Vernon as shown in Figure 1. An RC drilling programme testing six magnetic targets was completed in February. This drilling tested the shallower targets received \$100,000 of funding from the WA Government's Exploration Incentive Scheme. Significant results are summarised in Table 1.

Nineteen samples were submitted for Davis Tube testwork (DTR) to determine the extractable magnetite contents. These included nine samples from the weathered

portion of the intersection of Hole MVRC11 (15-42m), and from fresh rock, 117-150m from hole MVRC12.

Table 1
Mt Vernon RC Drilling Results

Hole Number	Coordinates		Hole Depth	Dip	Azimuth	From m	To m	Interval m	Fe %
	E	N							
MVRC09	706953	6366900	252	-90	0	0	33	33	15.2
MVRC10	706735	6367213	198	-90	0	9	27	18	14.4
MVRC11	707140	6367240	150	-80	215	18	150	132	13.3
including						39	150	111	13.2
Including						78	147	69	13.6
MVRC12	707295	6366824	150	-90	0	15	114	99	14
Including						15	48	33	16.7
Including						54	150	96	13
MVRC13	707534	6366830	114	-90	0	21	45	24	14.6

3m composite samples. Fe determined by fused disc XRF

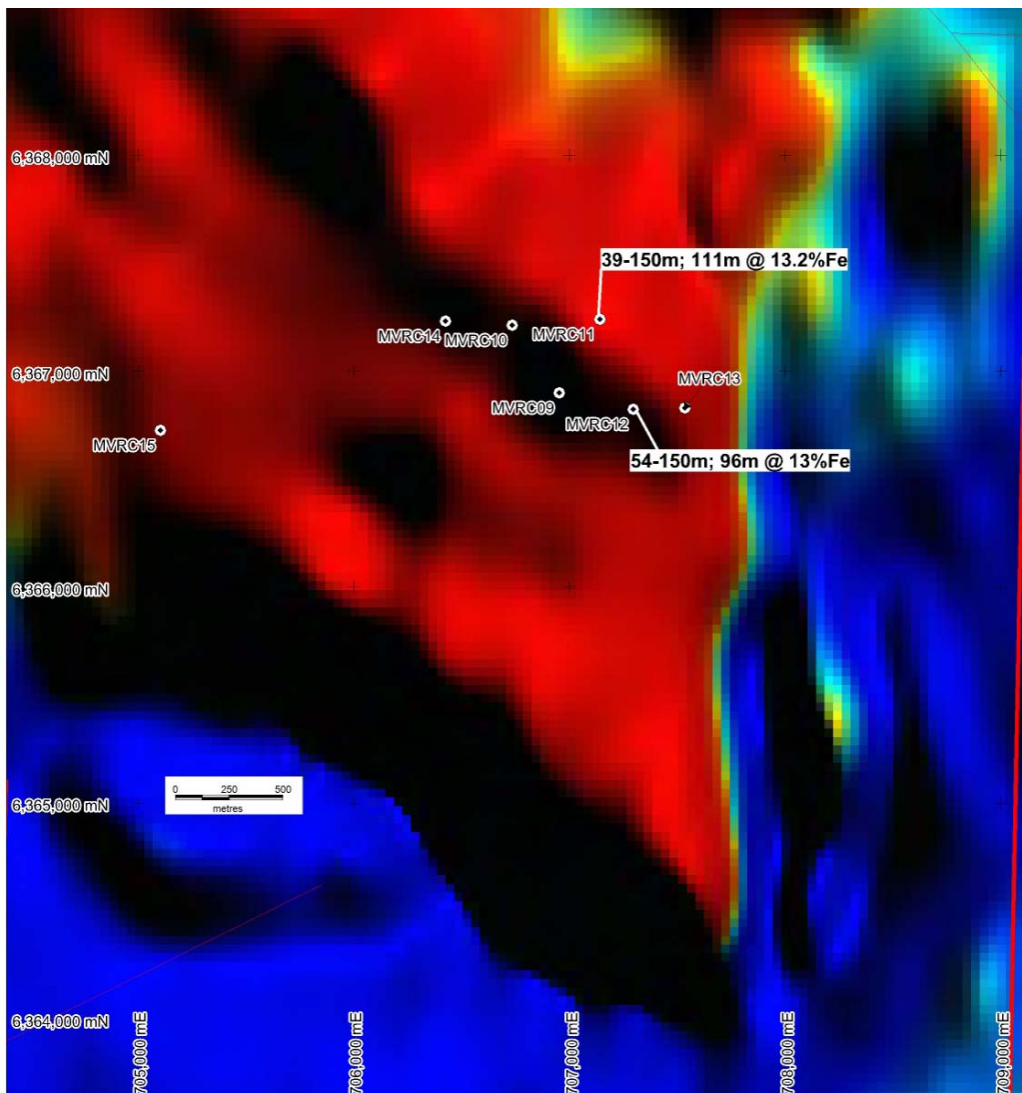


Figure 1

Mt Vernon Regional Magnetic Data with Drillhole Locations

The samples were pulverised to minus 75 microns and the results of the DTR testwork are shown in Table 2 below. The fresh rock samples, from MVRC12, recovered approximately 46% of the contained iron creating a concentrate averaging 67.5% Fe with low SiO₂ and Al₂O₃ assays of 1.6% and 0.77% respectively. Significantly the high P content in the primary feed (average 0.88%P) was removed from the concentrate by the separation process. The sulphide content was enriched in the concentrate and will be further assessed in testwork programmes.

The Fe content in the weathered profile of MVRC11 is slightly enriched and the magnetite is entirely oxidised to hematite or goethite with no recoverable magnetic portion.

Table 2
Mt Vernon DTR Results

SAMPLE DESCRIPTION	HEAD ASSAYS					CONCENTRATE ASSAYS						Fe Rec %
	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	Mass Rec %	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	
MVRC11 15-18	23.01	36.5	13.4	0.574	0.038	0.71						
MVRC11 18-21	17.52	39.5	17.5	0.946	0.026	0.29						
MVRC11 21-24	19.34	40	15.2	1.015	0.046	0.66	Not Sufficient sample recovered for further analysis					
MVRC11 24-27	22	41.2	10.5	0.434	0.027	0.45						
MVRC11 27-30	19.62	43.6	12.2	0.439	0.018	0.15						
MVRC11 30-33	17.62	43.3	12.95	0.795	0.007	0.03						
MVRC11 33-36	12.68	48.8	14.25	0.859	0.008	0.14						
MVRC11 36-39	12.76	48.2	14.3	0.84	0.028	0.93						
MVRC11 39-42	12.96	46.9	14.45	0.775	0.036	3.58						
MVRC12 117-120	13.76	44.3	13.75	0.87	0.311	10.18	68.04	1.14	0.71	0.013	0.809	50.36
MVRC12 120-123	13.29	44.4	14.05	0.874	0.314	9.43	67.87	1.59	0.74	0.019	0.703	48.15
MVRC12 123-126	12.98	44.4	13.85	0.865	0.329	8.14	68.15	2.91	0.68	0.038	0.136	42.74
MVRC12 126-129	13.58	43.8	13.9	0.91	0.322	9.76	68.84	1.87	0.75	0.025	0.139	49.49
MVRC12 129-132	13.77	44.1	13.7	0.872	0.317	9.70	67.82	1.32	0.72	0.017	0.91	47.80
MVRC12 132-135	12.47	44.9	14.4	0.908	0.329	8.24	66.16	2.32	1.04	0.027	1.07	43.74
MVRC12 138-141	14.02	44.1	13.6	0.831	0.319	9.83	66.89	1.26	0.71	0.018	1.46	46.91
MVRC12 141-144	13.68	43.8	13.85	0.938	0.358	10.47	66.82	1.3	0.8	0.015	1.325	51.14
MVRC12 144-147	15.06	42.7	13.05	0.896	0.369	9.83	66.13	0.99	0.73	0.016	1.85	43.17
MVRC12 147-150	14.96	43.4	13.2	0.813	0.331	9.87	68.46	1.25	0.81	0.012	0.607	45.15

3m composite samples. Fe determined by fused disc XRF

A ground gravity survey is currently in progress over the area to define areas of greater density and hence magnetite content. This data will then be integrated with more detailed ground magnetic data to be collected in coming weeks. A detailed interpretation of both sets of data will be completed to identify drilling targets.

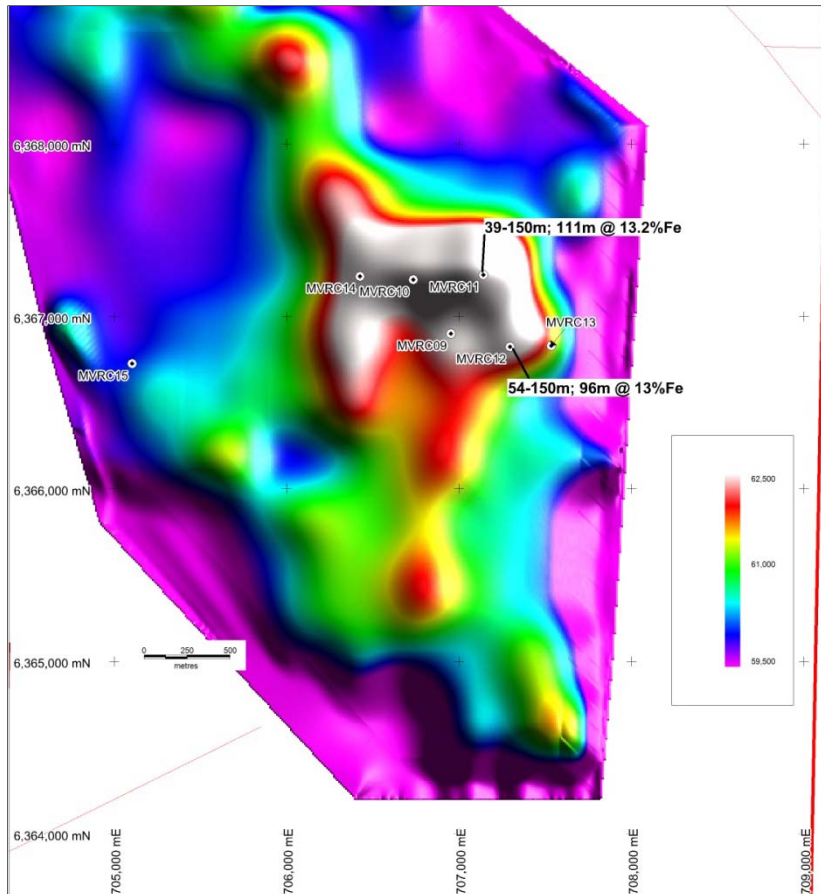


Figure 2
Mt Vernon Ground Magnetic Data with Drillhole Locations

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 an employee of 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.