

HIGH QUALITY RAGGED ROCK PROJECT ATTRACTS MAGNETIC

With four coarse-grained, premium-quality magnetite projects all in close proximity to key infrastructure routes in Western Australia, **Magnetic Resources (ASX: MAU)** believes it offers a unique investment opportunity.

The company, which listed in 2007, holds four key magnetite projects covering 100km of coarse grained premium quality magnetite targets in Western Australia's southwest region.

What makes these projects unique is that while most Australian magnetite projects require very fine grinding (approximately 25-35 microns) to achieve acceptable concentrate quality, the coarse grained nature of Magnetic's projects achieves very high quality concentrates at coarser grind sizes (75 microns). Metallurgical test work is also examining suitability for sinter feed with a coarser product greater than 100 microns.

The company's flagship Ragged Rock project lies around 100km northeast of Perth. Using aeromagnetics, Magnetic has identified 15 coarse-grained iron ore magnetite targets within the region over a cumulative strike of some 58km.

Initial field trips identified outcropping, very coarse grained magnetite at eight of the targets of which six have been subjected to, industry standard DTR test work.

Experienced geophysicist and Magnetic managing director George Sakalidis told *The Pick* that Ragged Rock was a world-class project which would expect to produce a high-quality, coarse grained magnetite concentrate.

"We are looking to produce a high level concentrate at 70 per cent iron with very low impurities including silica at around 1-1.5 per cent, alumina around 1 per cent and very low phosphorus," he said.

Sakalidis said that of the 19 holes so far completed at the project, 18 had hit iron formation.

Earlier this year, Magnetic reported an exploration target of 100-270Mt at 20-40 per cent iron for Target 1 which applies to only 11 per cent of the 58km strike length of BIF targets.

The exploration target comes after consulting engineers

Engenium Pty Ltd completed a conceptual initial financial assessment of Ragged Rock which showed a viable project could be made based on an initial 60Mt to 120Mt project with production of between 1-2Mt of concentrate per annum.

What is particularly important is the very low capex and opex of the project.

A key reason for the low capex is Ragged Rock's close proximity to existing infrastructure required to get the product to market. The project lies within 15km of both the Trans Australian railway line linking the project to Kwinana port and the Albany Avon railway line.

"What separates us from a lot of other iron ore plays is that we don't need to build a railway line," Sakalidis said.

"With a lot of the other projects in Australia, you need to build 200km or so of railway which would cost significantly more than our total estimated capex."

According to Sakalidis, Albany port looks like the most viable option for exporting product.

Another positive is that grid power and water is available at the site while there is no requirement to build a mining camp as most of the workforce is expected to come from Northam and York which lie within 15km of the project.

Magnetic is conducting further drilling and feasibility work aimed at developing a JORC resource and determining whether the project is economically viable.

In a sign of the high level of confidence in its projects, Magnetic has recently announced the Industry Group, which is led by Magnetic executive director Gavin Fletcher and John Blanning,

will contribute up to \$1 million in exploration funding, including geological mapping, ground magnetic surveys and RC drilling.

While Ragged Rock is its major focus, Magnetic's portfolio of projects also includes Jubuk, Calingiri and Cheesemans.



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