

The pull of Magnetic

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INVESTORS this morning plunged back into one of West Australia's potential new iron ore stars - and, to judge by the company's latest release, there will be some interesting news yet to come.

Shares in **Magnetic Resources** were, as this was written, trading up 8c at 50c, having briefly touched 53c. Today's news is that the aeromagnetic survey now under way has outlined an additional 32km of iron ore targets.

As we have reported previously, MAU has picked up 4700sqkm of ground in the West Australian wheatbelt which is both prospective for iron ore and close to existing grain rail lines. It is therefore one big step ahead of other iron ore hopefuls in not having to build its own transport infrastructure – always assuming, of course, that the iron ore hopes turn into reality. We won't know that until the drill rigs have done their job.

But, certainly, the news looks good.

The company had old aeromagnetic data compiled on flying lines that were a mile (1.6km) apart, as they did in the old days. Magnetic is flying with line spacings of just 250m but, interestingly, the new data is validating the original government survey.

In all, Magnetic is flying aeromagnetics over 3500sqkm of its ground. So far, only 20 per cent of that work plan has been completed and already there are solid results.

Logistically, too, the news is encouraging. One of the newly identified targets, 5km long and 2km wide, is just 200m from the Wubin-Perenjori railway line.

The other significant information that is alluded to in the statement is the growing hope at Magnetic that this is not all just magnetite, as most people have been assuming. Clearly the company is expecting some direct-ship haematite to be found in some of these deposits.

Anyway, we shall have to wait and see what the remaining 80 per cent of the data reveals.

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The writer implies no investment recommendation and this report contains material that is speculative in nature. Investors should seek professional investment advice. The writer does not own shares in any company mentioned.