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19 March 2012

KIRKALOCKA GOLD PROJECT RESOURCE INCREASES TO 485,000 OUNCES CONTAINED GOLD

Highlights

- Total Indicated and Inferred Mineral Resource ounces increased to 485,000 Oz Au resulting in a 17% increase since the October 2011 Mineral Resource estimate
- Increase of 14% in Indicated Mineral Resource ounces compared to October 2011 Mineral Resource estimate
- Identification of several high grade mineralisation shoots, including shoots of 403,000 t @ 3.0 g/t Au and 315,000 t @ 2.5 g/t Au, above a 1.5 g/t Au cut-off. These are incorporated in the global resource
- 10% increase in grade of near surface mineralisation package (laterite, oxide and supergene)
- Mineralisation remains open at depth and along strike to the south and the north

Mount Magnet South NL ("the Company") (ASX: MUM) is pleased to release the Company's updated Mineral Resource estimate at the Kirkalocka Gold Project, which is reported in accordance with the JORC code 2004.

Category	Tonnes (Mt)	Grade (g/t Au)	Gold (ounces)
Indicated	9.4	1.2	348,000
Inferred	4.1	1.0	137,000
TOTAL	**13.5**	**1.1**	**485,000**

Notes:

The 2012 Mineral Resource is reported above cut-off grades of 0.3 g/t Au for laterite and 0.5 g/t Au for oxide, transitional and fresh.

Independent consultants, Snowden Mining Industry Consultants, were engaged to estimate the resource.

Chairman Reg Gillard commented "This revised resource estimate demonstrates the significant potential of the Kirkalocka Gold Project. Our ongoing geological interpretation work and exploration drilling programs continue to generate growth in the resource base. I am particularly encouraged by the potential for additional near surface oxide mineralisation in the relatively untested areas up to 1 km south (down to the airstrip) of the revised resource. There is also potential for higher grade primary mineralisation below and to the north of the existing pit.

With the feasibility study into the development of this resource on track for completion at the end of this month, and planning now underway for the next stage of exploration drilling, the 2012 year is shaping up to be an exciting one for the Company and its shareholders."

March 2012 Mineral Resource

The March 2012 Kirkalocka Gold Project Mineral Resource Estimate is based on updated geological interpretation and resource drilling completed since the release of the October 2011 Resource estimate. Interpretation work identified a series of controls on gold mineralisation and resulted in the identification of the relationship of elevated gold grade adjacent to felsic intrusive units as well as higher gold grade shoots and lode structures. These shoots typically have a north-north east plunge and can have either a north-north east or north west strike. The geological interpretation also identified the potential for near surface mineralisation south of the Curara Well open pit in areas not previously tested.

The Company completed drilling programs in Q4 2011 and Q1 2012. Results of these programs were released on 23 November 2011 (Stage 2B 10 RC holes for 1403m) and 9 March 2012 (Stage 3A 22 RC holes for 2826m).

The Q1 2012 Stage 3A drill program confirmed the existence of felsic intrusive units 600m south of the existing pit. This work also identified near surface supergene mineralisation that occurs as sub horizontal blankets of mineralisation beneath higher grade laterite mineralisation. The majority of results from the latest drill program have been incorporated in the latest resource estimate. The mineralisation south of the existing pit remains open along strike.

The geological interpretation resulted in improved domaining of near surface mineralisation. Reconciliation of the near surface mineralisation package of laterite, oxide and supergene (transitional) mineralisation indicates an overall increase in gold ounces of 13% when compared to the October 2011 Mineral Resource. New supergene mineralisation covering a plan view dimension of 150m by 60m was identified between 6826800mN to 6827000mN approximately 600m south of the Curara Well open pit.

The largest of the mineralised shoots is located on the footwall of the eastern felsic intrusive unit. The shoot has variable dimensions down plunge (>200m) with maximum plan view dimension of 60m along strike and 35m width. This shoot has been intersected both in close spaced grade control drilling and deeper reverse circulation (RC) and diamond drilling. Drill hole 08CWDD003 completed by the Company in 2008 intersected 33m @7.8 g/t Au (from 174m down hole). The average estimated gold grade of the shoot is 3.0 g/t Au above a 1.5 g/t Au cut-off. The shoot remains open at depth and will form a future exploration program target.

Another shoot is located on the hanging wall of the eastern felsic intrusive unit and trends parallel to the strike of the felsic intrusive. This shoot has an average strike length of 150m and ranges in width of 3m to 15m. This domain has been traced down plunge over greater than 100m and has returned an average estimated grade of 2.5 g/t Au above a 1.5 g/t Au cut-off.

This estimate also incorporates additional lower grade primary mineralisation recently defined by the geological interpretation and stage 2B and 3A drilling program. This material has resulted in an overall increase in tonnage and gold metal whilst masking the improvement in grade in the recently defined mineralisation shoots and near surface mineralisation.

The March 2012 Mineral Resource estimate for the Kirkalocka Gold Project was completed by Snowden Mining Industry Consultants on behalf of Mouth Magnet South NL. The Mineral Resource is classified as Indicated and Inferred and reported in accordance with the JORC Code 2004. Classification has been applied based on geological confidence, data quality and grade variability. Indicated parts of the resource are predominantly covered by 25m by 25m spaced reverse circulation and diamond drilling. The resource has been reviewed internally.

The 2012 Mineral Resource is reported above cut-off grades of 0.3 g/t Au for laterite and 0.5 g/t Au for oxide, transitional and fresh. The cut-off grades are based upon economic factors determined from the application of open pit mining methods and metallurgical test work compiled during the Kirkalocka Gold Project Feasibility Study. The Mineral Resource is constrained within an optimisation shell that extends to over 290 m below surface.

Near surface gold mineralisation is hosted within Tertiary age laterite formed from matrix supported iron nodules. These laterites are typically between 1m to 4m thick and have been defined over a 2km strike and 0.7km plan width. Gold mineralisation beneath the laterite is hosted within oxide, transitional and fresh weathering domains. Primary mineralisation is hosted within Archaean basalt and tonalite units at Curara Well with a sub-horizontal supergene blanket capping primary mineralisation.

The tonnages are estimated on a dry basis using bulk densities ranging from 1.7 to 2.85 g/cm^3.

The geological database has been transferred into the acQuire data model and validated. The resource model was wireframed using datamine software based on structural domaining and mineralised envelopes

The resource was estimated using ordinary kriging into 10 mE by 10 mN by 2.5 mRL parent cells with top cuts applied to the 1 m composites to limit the effect of outliers on the estimation.

Competent Persons Statement

The estimation, depletion and reporting was completed by Lynn Olssen MAusIMM (CP) who is a full-time employee of Snowden Mining Industry Consultants. Lynn Olssen has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC, 2004). Lynn Olssen consents to the inclusion in this report of the matters based on the information in the form and context that the information appears.

The information including database compilation, geological interpretation and mineralisation wireframing were completed under the overall supervision and direction of Graham Howard, MAusIMM, who is a full time employee

of Mount Magnet South NL. Graham Howard has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC, 2004). Graham Howard consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.
Rounding, conforming to the JORC Code, may cause some computation discrepancies.