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ASX & TSX: MMW

## **THUNDER BAY NORTH - MINERAL RESOURCE ESTIMATE UPDATE**

***708,000 platinum equivalent ounces now in Indicated Resources***

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Perth, Western Australia – Magma Metals Limited (ASX & TSX: “MMW”) (“Magma” or the “Company”) is pleased to advise that AMEC Americas Limited (“AMEC”) has completed an independent update of the Mineral Resource Estimates for the Thunder Bay North Pt-Pd-Cu-Ni project in Ontario.

On a platinum equivalent (Pt-Eq) basis the Mineral Resources have been estimated as:

### **Open Pit** (0.61g/t Pt-Eq cut-off)

- Indicated Mineral Resource: 8.02 Mt @ 2.29g/t Pt-Eq for 591,000 Pt-Eq ounces
- Inferred Mineral Resource: 0.05 Mt @ 2.06g/t Pt-Eq for 4,000 Pt-Eq ounces

### **Underground** (1.94g/t Pt-Eq cut-off)

- Indicated Mineral Resource: 1.05 Mt @ 3.47g/t Pt-Eq for 117,000 Pt-Eq ounces
- Inferred Mineral Resource: 0.21 Mt @ 3.00g/t Pt-Eq for 20,000 Pt-Eq ounces

### **Total Mineral Resources**

- Indicated Mineral Resource: **9.06 Mt @ 2.43g/t Pt-Eq for 708,000 Pt-Eq ounces**
- Inferred Mineral Resource: **0.27 Mt @ 2.81g/t Pt-Eq for 24,000 Pt-Eq ounces**

The Mineral Resource Estimate is detailed in Table 1. The open pit and underground cut-off grades are the cash-cost break-even figures for open pit and underground mining using the cost input and metal price assumptions applied in the resource estimate.

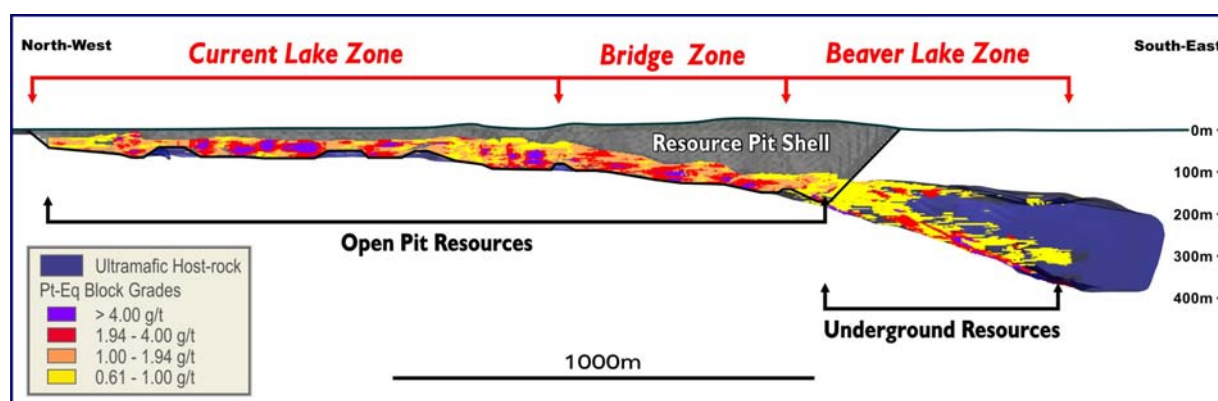
“This is a robust resource estimate update, based on nearly twice as much drilling as previously, with 97% now in the Indicated Resource category” said Keith Watkins, Magma’s Executive Chairman. “The objective of converting most of the previously defined Inferred Resources into the Indicated Resources category has been achieved. This conversion will facilitate detailed modelling of the interface between the proposed open pit and underground mines, and the design of the proposed underground mine, in the current Scoping Study, which is scheduled for completion in the December quarter, 2010”.

The resource estimate is based on 528 diamond drill holes for approximately 97,000m and over 28,600 assayed samples. The estimate includes all assays received from drilling up to 31 May 2010.

**Table 1. Updated Mineral Resource Estimates – Thunder Bay North** (refer to Appendix A for notes relating to this Mineral Resource statement)

| Resource Category                           | Tonnage<br>(000's t) | Grade          |             |             |             |             |            |                |             |              |
|---|----------------------|----------------|-------------|-------------|-------------|-------------|------------|----------------|-------------|--------------|
|   |                      | Pt-Eq          | Pt          | Pd          | Rh          | Au          | Ag         | Cu             | Ni          | Co           |
|   |                      | (g/t)          |             |             |             |             |            | (%)            |             |              |
| <b>Open Pit (0.61g/t Pt-Eq cut-off):</b>    |                      |                |             |             |             |             |            |                |             |              |
| Indicated                                   | 8,015                | 2.29           | 1.08        | 1.02        | 0.05        | 0.07        | 1.6        | 0.26           | 0.18        | 0.014        |
| Inferred                                    | 53                   | 2.06           | 0.96        | 0.89        | 0.04        | 0.07        | 1.6        | 0.22           | 0.18        | 0.014        |
| <b>Underground (1.94g/t Pt-Eq cut-off):</b> |                      |                |             |             |             |             |            |                |             |              |
| Indicated                                   | 1,046                | 3.47           | 1.62        | 1.50        | 0.08        | 0.11        | 2.4        | 0.39           | 0.24        | 0.017        |
| Inferred                                    | 213                  | 3.00           | 1.40        | 1.29        | 0.06        | 0.09        | 1.9        | 0.34           | 0.23        | 0.016        |
| <b>Total Indicated</b>                      | <b>9,061</b>         | <b>2.43</b>    | <b>1.14</b> | <b>1.07</b> | <b>0.05</b> | <b>0.07</b> | <b>1.7</b> | <b>0.27</b>    | <b>0.19</b> | <b>0.015</b> |
| <b>Total Inferred</b>                       | <b>266</b>           | <b>2.81</b>    | <b>1.31</b> | <b>1.21</b> | <b>0.06</b> | <b>0.08</b> | <b>1.9</b> | <b>0.32</b>    | <b>0.22</b> | <b>0.016</b> |
| <b>Contained Metal</b>                      |                      |                |             |             |             |             |            |                |             |              |
|   |                      | Pt-Eq          | Pt          | Pd          | Rh          | Au          | Ag         | Cu             | Ni          | Co           |
|   |                      | Ounces (000's) |             |             |             |             |            | Tonnes (000's) |             |              |
| <b>Open Pit (0.61g/t Pt-Eq cut-off):</b>    |                      |                |             |             |             |             |            |                |             |              |
| Indicated                                   |                      | 591            | 278         | 262         | 12          | 18          | 405        | 20             | 15          | 1            |
| Inferred                                    |                      | 4              | 2           | 2           | -           | -           | 3          | -              | -           | -            |
| <b>Underground (1.94g/t Pt-Eq cut-off):</b> |                      |                |             |             |             |             |            |                |             |              |
| Indicated                                   |                      | 117            | 55          | 51          | 3           | 4           | 81         | 4              | 3           | -            |
| Inferred                                    |                      | 20             | 10          | 9           | -           | 1           | 13         | 1              | -           | -            |
| <b>Total Indicated</b>                      |                      | <b>708</b>     | <b>333</b>  | <b>313</b>  | <b>15</b>   | <b>22</b>   | <b>486</b> | <b>24</b>      | <b>18</b>   | <b>1</b>     |
| <b>Total Inferred</b>                       |                      | <b>24</b>      | <b>12</b>   | <b>11</b>   | <b>-</b>    | <b>1</b>    | <b>16</b>  | <b>1</b>       | <b>-</b>    | <b>-</b>     |

The resource model showing the optimized pit shell containing the open pit resources and the area of the underground resources is illustrated in Figures 1 and 2. Approximately 81% of the resources (by contained metal) are within the open pit, with the remainder being in the underground area.



**Figure 1. Long section showing resource model and optimized open pit shell.**

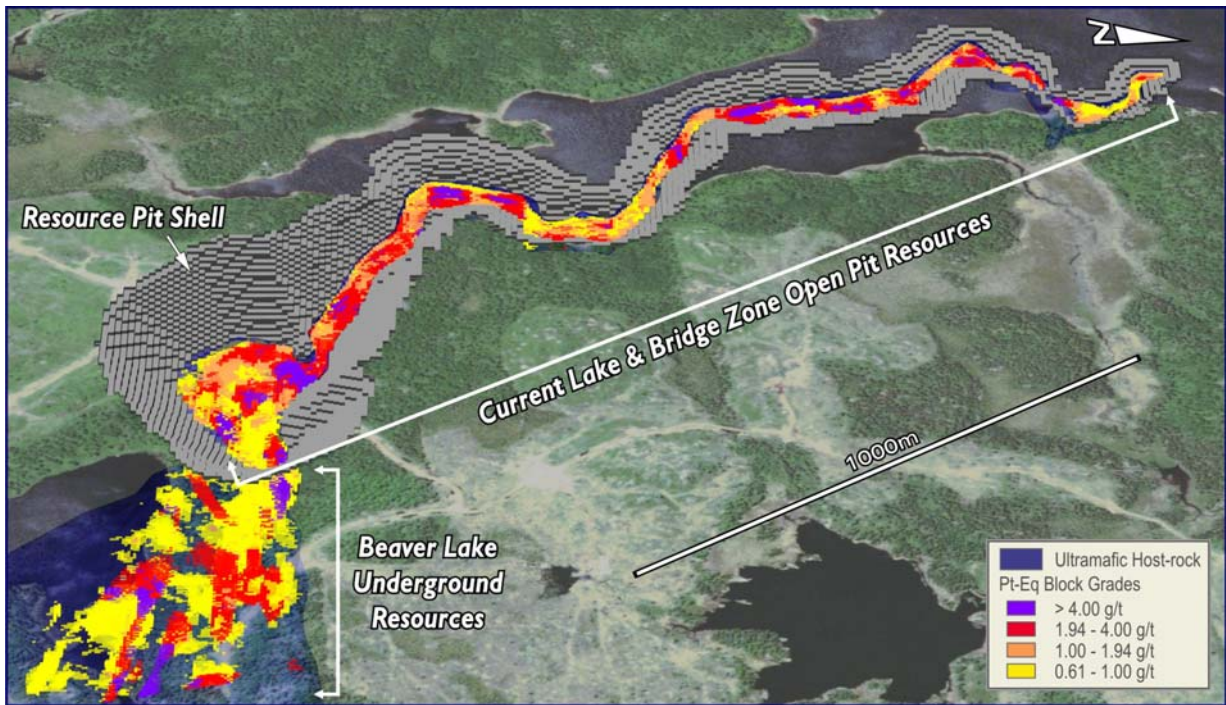


Figure 2. Perspective view of resource model and optimized open pit shell on a satellite image.

The grade – tonnage curves for the Indicated Mineral Resource within the open pit shell are shown in Figure 3 and the supporting values for these curves are shown in Table 2. The grade – tonnage curves for the underground Indicated Mineral Resource are shown in Figure 4 and the supporting values for these curves are shown in Table 3.

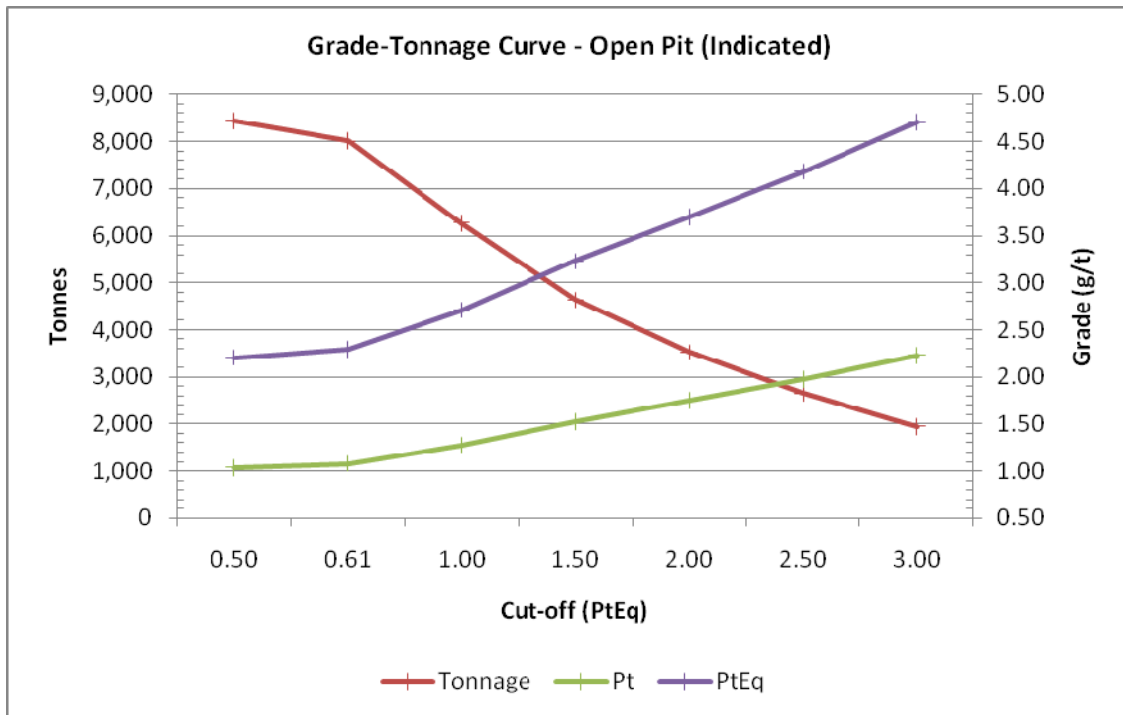


Figure 3. Grade – Tonnage curves for Indicated Resources within the open pit shell.

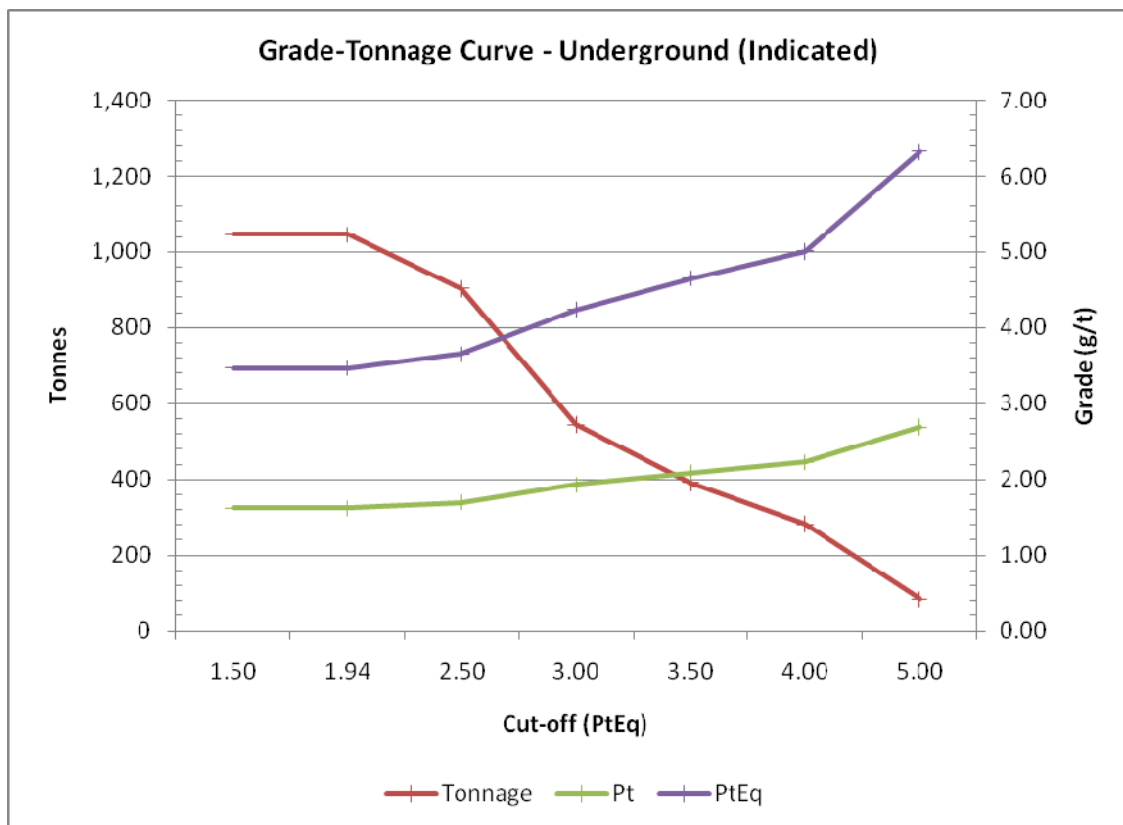


Figure 4. Grade – Tonnage curves for the underground Indicated Resources.

Table 2. Grade – tonnage values within the open pit shell.

| Cut-off<br>(Pt-Eq g/t) | Tonnage<br>(x 1,000t) | Grade<br>(Pt g/t) | Grade<br>(Pt-Eq g/t) |
|------------------------|-----------------------|-------------------|----------------------|
| 3.00                   | 1,948                 | 2.23              | 4.70                 |
| 2.50                   | 2,653                 | 1.98              | 4.18                 |
| 2.00                   | 3,522                 | 1.75              | 3.70                 |
| 1.50                   | 4,638                 | 1.52              | 3.23                 |
| 1.00                   | 6,266                 | 1.28              | 2.71                 |
| 0.61                   | 8,015                 | 1.08              | 2.29                 |
| 0.50                   | 8,442                 | 1.04              | 2.21                 |

Table 3. Grade – tonnage values for the underground resources.

| Cut-off<br>(Pt-Eq g/t) | Tonnage<br>(x 1,000t) | Grade<br>(Pt g/t) | Grade<br>(Pt-Eq g/t) |
|------------------------|-----------------------|-------------------|----------------------|
| 5.00                   | 85                    | 2.69              | 6.32                 |
| 4.00                   | 282                   | 2.23              | 5.01                 |
| 3.50                   | 391                   | 2.09              | 4.65                 |
| 3.00                   | 545                   | 1.93              | 4.24                 |
| 2.50                   | 903                   | 1.70              | 3.66                 |
| 1.94                   | 1,046                 | 1.62              | 3.47                 |
| 1.50                   | 1,046                 | 1.62              | 3.47                 |

A direct comparison with the previous resource estimate is not possible given that different metal prices and other cost input parameters were used in the updated estimate. In addition, the updated estimate is based on nearly twice as much drilling, which resulted in significantly different geological models of the mineralized envelopes. The previous resource estimate contained Indicated Resources of 4.6 Mt @ 2.88g/t Pt-Eq for 425,000 ounces Pt-Eq and Inferred Resources 3.6 Mt @ 2.29g/t Pt-Eq for 265,000 ounces Pt-Eq (see Magma announcement dated 7 September 2009, which is available on the Company's website at [www.magmametals.com.au](http://www.magmametals.com.au)).

A full NI 43-101 compliant technical report on the resource estimates will be filed under the Company's profile on the SEDAR website (sedar.com) within 45 days of the date of this announcement.

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Additional information on Magma and its projects, including descriptions of its quality control and assurance procedures, is available on its website at [www.magmametals.com.au](http://www.magmametals.com.au) and in technical reports filed under the Company's profile on the SEDAR website (sedar.com).

**Appendix A: Notes relating to the Mineral Resource Statement in Table 1**

The mineral resource categories under JORC are the same as the equivalent categories under CIM Definition Standards (2005). The mineral resource for the Thunder Bay North Project has been estimated in conformity with both generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" (2003) guidelines and the JORC Code (2004). The effective date of this report is May 31, 2010, which represents the cut-off date for the most recent scientific and technical information used in the report. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The portion of the Mineral Resource underlying Current Lake is assumed to be accessible and that necessary permission and permitting will be acquired. The open pit Mineral Resource is reported at a cut-off grade of 0.61g/t Pt-Eq within a Lerchs-Grossman resource pit shell optimized on Pt-Eq. The strip ratio (waste to ore) of this pit is 9.4:1. The underground Mineral Resource is reported at a cut-off grade of 1.94g/t Pt-Eq within preliminary mining shapes having reasonable prospects of economic extraction. The contained metal figures shown are in situ. No assurance can be given that the estimated quantities will be produced. The platinum-equivalency formula is based on assumed metal prices and recoveries and therefore represents Pt-Eq metal in situ. The Pt-Eq formula is:  $Pt-Eq\ g/t = Pt\ g/t + Pd\ g/t \times 0.2721 + Au\ g/t \times 0.3968 + Ag\ g/t \times 0.0084 + Cu\ g/t \times 0.000118 + Sulphide\ Ni\ g/t \times 0.000433 + Sulphide\ Co\ g/t \times 0.000428 + Rh\ g/t \times 2.7211$ . The assumed metal prices used in the Pt-Eq formula are: Pt US\$1,470/oz, Pd US\$400/oz, Rh US\$4,000/oz, Au US\$875/oz, Ag US\$14.30/oz, Cu US\$2.10/lb, Ni US\$7.30/lb and Co US\$13.00/lb. The assumed process recoveries used in the Pt-Eq formula are: Pt 75%, Pd 75%, Rh 75%, Au 50%, Ag 50%, Cu 90%, and Ni and Co in sulphide 90%. The assumed smelter recoveries used in the Pt-Eq formula are Pt 85%, Pd 85%, Rh 85%, Au 85%, Ag 85%, Cu 85%, Ni 90% and Co 50%. To account for a portion of the Ni and Co occurring as silicate minerals, Ni and Co in sulphide were estimated by linear regression of MgO to total Ni and total Co respectively. The regression formula for Ni in sulphide (NiSx) is:  $NiSx = Ni - (MgO\% \times 60.35 - 551.43)$ . The regression formula for Co in sulphide (CoSx) is:  $CoSx = Co - (MgO\% \times 4.45 - 9.25)$ . All figures have been rounded to reflect accuracy and to comply with securities regulatory requirements. Summations within the tables may not agree due to rounding. AMEC undertook quality assurance and quality control studies on the mineral resource data for the Thunder Bay North project. AMEC concludes that the collar, assay and lithology data are adequate to support resource estimation.

**Competent Persons Statement**

The information in this report that relates to Mineral Resources was compiled by Greg Kulla P.Ge (APOG #PRAC-1-1936, APEGBC #23492) and David Thomas, P.Ge, MAusIMM (APEGBC #149114, MAusIMM #225250), both full time employees of AMEC Americas Limited., Mr. Kulla and Mr. Thomas have sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) and independent qualified persons as this term is defined in National Instrument 43-101. Mr. Kulla and Mr. Thomas consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

**Cautionary Statements**

Certain information contained in this report constitutes "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "estimates", "intends", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although management believes that the expectations expressed in such forward-looking information disclosed herein are based on reasonable assumptions, these statements are not guarantees of future performance. A number of factors could cause actual results, performance or achievements to differ materially from those in the forward-looking information. Such factors include future metal prices, exploration and evaluation results, future availability of capital and general economic, market or business conditions, government regulation of mining operations, failure of equipment or processes to operate as anticipated, risks inherent in mineral exploration and development including unusual or unexpected geological formations. Descriptions of these risks can be found in the Company's various statutory reports, including its Annual Information Form available on its website at [www.magmametals.com.au](http://www.magmametals.com.au) and on the SEDAR website (sedar.com).

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