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ASX Announcement

ASX: MMB

690,000 OUNCES PLATINUM EQUIVALENT INITIAL RESOURCE AT THUNDER BAY NORTH

KEY POINTS

- Independent Initial Mineral Resource Estimates completed for the Thunder Bay North Project by SRK Consulting (Canada) Inc.
- Combined Indicated and Inferred Resources are estimated to be:

Open Pit:	7.33Mt @ 2.31g/t Pt+Pd, 0.29% Cu & 0.20% Ni
Underground:	0.85Mt @ 2.89g/t Pt+Pd, 0.35% Cu & 0.25% Ni
Total:	8.18Mt @ 2.38g/t Pt+Pd, 0.29% Cu & 0.20% Ni (Contained Metal: 624,000oz Pt+Pd, 24,250t Cu & 16,800t Ni)

- On a Platinum Equivalent basis, combined Indicated and Inferred Resources are estimated to be: 8.18Mt @ 2.62g/t PtEq for 690,000oz PtEq.
- Potential to substantially increase resources by infill and step-out drilling, which is in progress.
- Scoping Study planned to commence in December Quarter.

SRK Consulting (Canada) Inc (“SRK”), based in Toronto, have compiled initial resource estimates for the Thunder Bay North Pt-Pd-Cu-Ni project in northwest Ontario. The resource estimates are based on 333 diamond drill-holes, for 50,821m, completed over a 3.4km strike length of the Current Lake Intrusive Complex, a mafic-ultramafic magma conduit.

Mineral Resources were estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy and Petroleum “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with the Joint Ore Reserves Committee (“JORC”) Code and Canadian Securities Administrators’ National Instrument 43-101. A summary of the Resource Estimation Methods and the Competent Persons Statement are provided in Appendix A.

The estimated mineral resources are listed in Table 1.

Table 1. Mineral Resource Estimates – Thunder Bay North

Resource Category & JORC Classification	Tonnage (000's t)	Grade							
		PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co
		(g/t)					%		
Open Pit (1.0g/t PtEq cut-off):									
Indicated: Current-Bridge	3,825	2.97	1.40	1.32	0.09	1.96	0.33	0.22	0.015
Indicated: Beaver Lake	470	1.68	0.80	0.75	0.05	1.20	0.19	0.17	0.015
Inferred: Current-Bridge	1,481	2.37	1.08	1.02	0.07	1.69	0.28	0.18	0.014
Inferred: Beaver Lake	1,552	1.95	0.91	0.86	0.06	1.39	0.22	0.19	0.016
Total Open Pit	7,328	2.55	1.19	1.12	0.08	1.74	0.29	0.20	0.015
Underground (2.0g/t PtEq cut-off):									
Indicated: Beaver Lake	286	3.67	1.66	1.52	0.10	2.42	0.42	0.28	0.018
Inferred: Beaver Lake	563	3.02	1.44	1.35	0.09	2.02	0.32	0.23	0.017
Total Underground	849	3.26	1.50	1.39	0.10	2.13	0.35	0.25	0.017
Total Indicated	4,581	2.88	1.35	1.27	0.08	1.91	0.32	0.22	0.015
Total Inferred	3,596	2.29	1.06	1.00	0.07	1.62	0.26	0.19	0.015
Total Indicated & Inferred	8,177	2.62	1.23	1.15	0.08	1.78	0.30	0.21	0.015
Contained Metal									
		PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co
		(000's oz)					(Tonnes)		
Open Pit (1.0g/t PtEq cut-off):									
Indicated: Current-Bridge		366	172	162	11	241	12,755	8,270	570
Indicated: Beaver Lake		25	12	11	1	18	878	811	69
Inferred: Current-Bridge		113	52	48	3	81	4,154	2,736	205
Inferred: Beaver Lake		97	45	43	3	70	3,478	2,887	241
Total Open Pit		601	281	264	18	410	21,265	14,704	1,085
Underground (2.0g/t PtEq cut-off):									
Indicated		34	15	14	1	22	1,193	799	52
Inferred		55	26	24	2	37	1,790	1,296	94
Total Underground		89	41	38	3	59	2,983	2,095	146
Total Indicated		425	199	187	13	281	14,826	9,879	691
Total Inferred		265	123	115	8	188	9,422	6,919	540
Total Indicated & Inferred		690	322	302	21	469	24,248	16,798	1,231

Notes:

1. In the table "Current-Bridge" refers to the Current Lake Zone and Bridge Zone combined, "Beaver Lake" refers to the Beaver Lake Zone (Figures 2 and 3).
2. The Open Pit lower grade cut-off is 1.0g/t PtEq & the Underground lower grade cut-off is 2.0g/t PtEq.
3. PtEq: Platinum Equivalent Grade was estimated using metal prices and recoveries shown in Table 2.

Table 2. Assumptions Considered for the Platinum Equivalency Formula

Parameter	Platinum	Palladium	Gold	Silver	Copper	Nickel	Cobalt
Metal price (US\$):	\$1,200/oz	\$250/oz	\$930/oz	\$13/oz	\$2.30/lb	\$7.00/lb	\$15.00/lb
Process Recovery:	75%	75%	50%	65%	90%	90% (*)	90% (*)

* Process recoveries for nickel and cobalt are estimated for the proportion of these metals hosted by sulphides only

The platinum equivalency formula developed by SRK is set out below. In the formula, the estimated proportion of nickel and cobalt hosted by sulphides is based on the magnesium oxide content of the host rock.

$$\text{PtEq (gpt)} = \text{Pt (gpt)} + \text{Pd (gpt)} \times 0.21 + \text{Au (gpt)} \times 0.52 + \text{Ag (gpt)} \times 0.01 + \text{Cu (\%)} \times 1.58 + [\text{Ni (ppm)}_{\text{total}} - (\text{MgO (\%)} \times 63.49 - 587.2)] \times 0.00048 + [\text{Co (ppm)}_{\text{total}} - (\text{MgO (\%)} \times 3.8188 + 23.94)] \times 0.00103$$

An estimate of the average contribution of each metal to the value of the Thunder Bay North deposit (based on average deposit grades) is depicted in Figure 1.

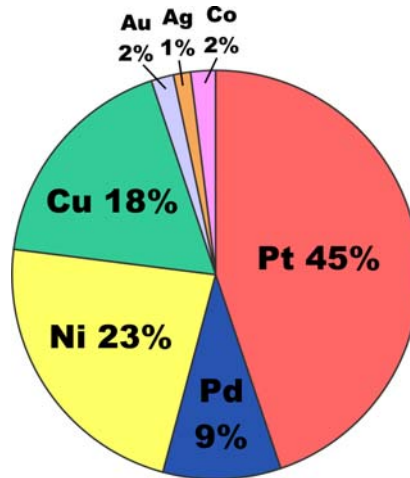


Figure 1. Metal Contribution to PtEq based on Average Grade (note Ni and Co are in sulphides)

SRK considered that, based on information to date, most of the shallow resources at Current Lake, Bridge Zone and part of Beaver Lake are amenable to open pit extraction, while parts of the deeper sulphide mineralization at Beaver Lake are amenable to underground mining.

Open Pit Resources were estimated above a 1.0g/t PtEq lower-grade cut-off within a conceptual optimized open-pit shell using the price and process recovery assumptions listed in Table 2 and basic cost parameters from similar projects elsewhere. Underground Resources were estimated above the 2.0g/t PtEq lower-grade cut-off using generalised underground mining costs and assumptions.

The resource model is illustrated in Figure 2 and the optimized pit shell containing the open-pit resources and the area of the underground resources are shown in Figure 3.

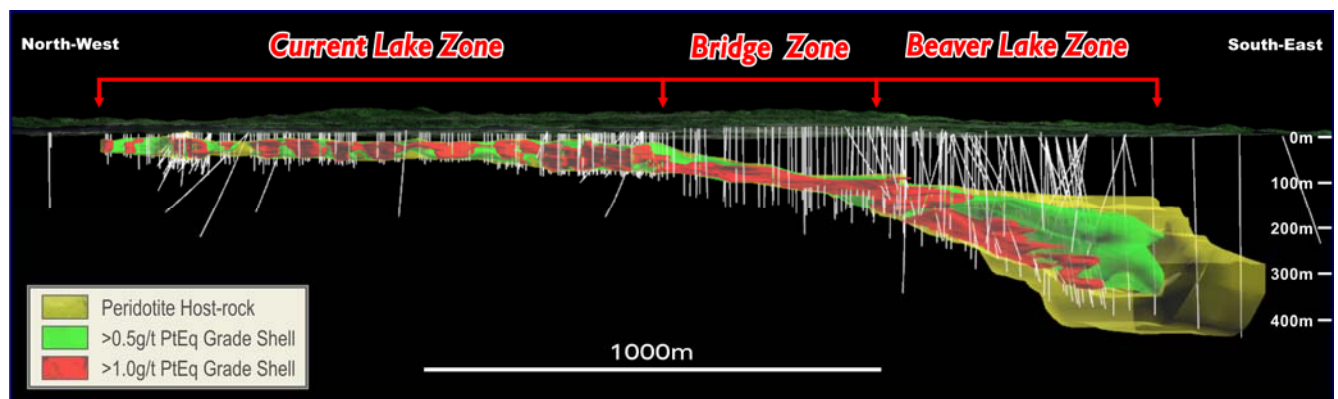


Figure 2. Resource Model with Drilling

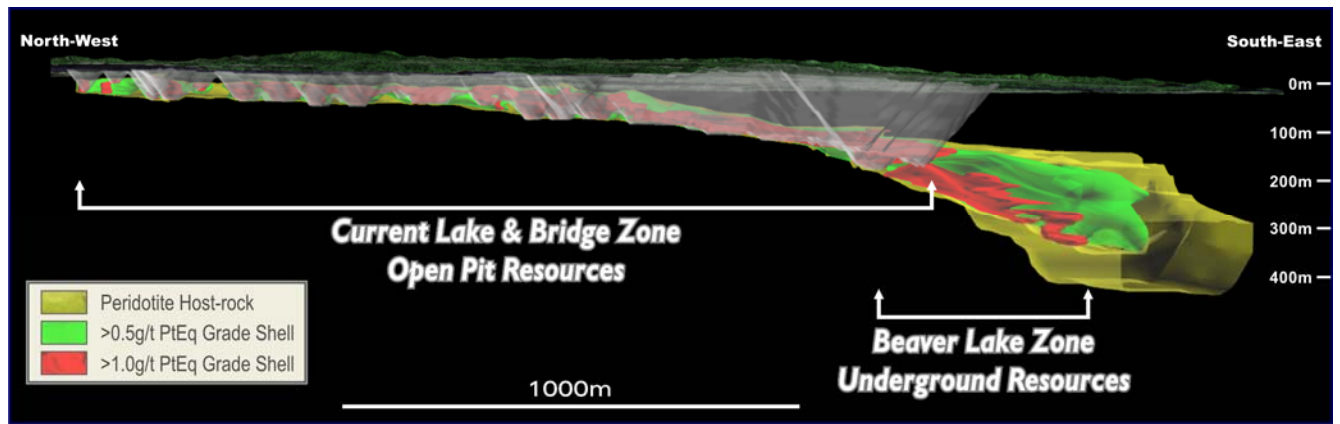


Figure 3. Open Pit and Underground Resource Areas

The metal grades of the resources are sensitive to the lower cut-off grade selected. As the lower cut-off grade is increased the tonnage and metal content decreases and the metal grades increase (e.g. Figures 4 and 5). The sensitivity of resource grades and tonnage to cut-off grade selection is also shown in Tables 3 and 4.

The conceptual open pit was optimized using a cut-off grade of 0.5g/t PtEq which maximizes the metal content of the Open Pit Resources within the constraints of estimating resources with reasonable prospects of economic extraction (Table 3).

Table 3. Block Model Quantities and Grade Estimates at Various Cut-Off Grades Inside the Conceptual Pit Shell*

Open Pit Indicated

Quantity		Grade									Contained Metal							
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)					(tonnes)		
0.5	7,029	2.01	0.93	0.88	0.06	1.34	0.22	0.17	0.014	454	210	199	13	304	15,693	12,231	955	
1.0	4,295	2.83	1.33	1.26	0.08	1.88	0.32	0.21	0.015	391	184	174	12	259	13,633	9,081	639	
2.0	2,246	4.13	1.97	1.85	0.12	2.69	0.46	0.27	0.016	298	142	134	9	195	10,377	5,996	366	

Open Pit Inferred

Quantity		Grade									Contained Metal							
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)					(tonnes)		
0.5	4,667	1.66	0.76	0.71	0.05	1.24	0.19	0.16	0.014	249	114	107	8	186	8,953	7,533	638	
1.0	3,033	2.16	0.99	0.94	0.06	1.54	0.25	0.19	0.015	210	97	91	6	150	7,632	5,623	446	
2.0	1,133	3.40	1.57	1.48	0.10	2.35	0.40	0.24	0.016	124	57	54	4	86	4,551	2,685	186	

Open Pit Total Indicated and Inferred

Quantity		Grade									Contained Metal							
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)					(tonnes)		
0.5	11,696	1.87	0.86	0.81	0.06	1.30	0.21	0.17	0.014	703	324	306	21	490	24,646	19,764	1,593	
1.0	7,328	2.55	1.19	1.12	0.08	1.74	0.29	0.20	0.015	601	281	264	18	410	21,265	14,704	1,085	
2.0	3,379	3.88	1.83	1.73	0.12	2.59	0.44	0.26	0.016	422	199	188	13	281	14,928	8,681	552	

Table 4. Block Model Quantities and Grade Estimates at Various Cut-Off Grades Outside the Conceptual Pit Shell – Beaver Lake Underground Area*

Beaver Lake Indicated

Quantity		Grade						Contained Metal									
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)				(tonnes)		
1.0	596	2.45	1.10	1.03	0.07	1.67	0.28	0.22	0.016	47	21	20	1	47	1,674	1,317	96
2.0	286	3.67	1.66	1.52	0.10	2.42	0.42	0.28	0.018	34	15	14	1	22	1,193	798	52
3.0	145	4.85	2.18	1.99	0.13	3.11	0.55	0.34	0.021	23	10	9	1	14	794	493	30

Beaver Lake Inferred

Quantity		Grade						Contained Metal									
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)				(tonnes)		
1.0	2,243	1.78	0.83	0.77	0.05	1.18	0.19	0.18	0.015	129	60	55	4	85	4,272	4,021	327
2.0	563	3.02	1.44	1.35	0.09	2.02	0.32	0.23	0.017	55	26	24	2	37	1,790	1,296	94
3.0	217	3.97	1.92	1.79	0.11	2.62	0.40	0.27	0.018	28	13	13	1	18	870	579	39

Beaver Lake - Total Indicated and Inferred

Quantity		Grade						Contained Metal									
Cut-off	Tonnage	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co	PtEq	Pt	Pd	Au	Ag	Cu	Ni	Co
(g/t PtEq)	(000's t)	(g/t)						(%)			(000's oz)				(tonnes)		
1.0	2,839	1.93	0.89	0.82	0.05	1.45	0.21	0.19	0.015	176	81	75	5	132	5,946	5,338	423
2.0	849	3.26	1.50	1.39	0.10	2.13	0.35	0.25	0.017	89	41	38	3	59	2,983	2,095	146
3.0	362	4.38	1.98	1.89	0.17	2.75	0.46	0.30	0.019	51	23	22	2	32	1,664	1,072	69

*The reader is cautioned that the figures presented in these tables should not be misconstrued as a mineral resource statement. The reported quantities and grades are presented to demonstrate sensitivity of the resource model to the selection of cut-off grade.

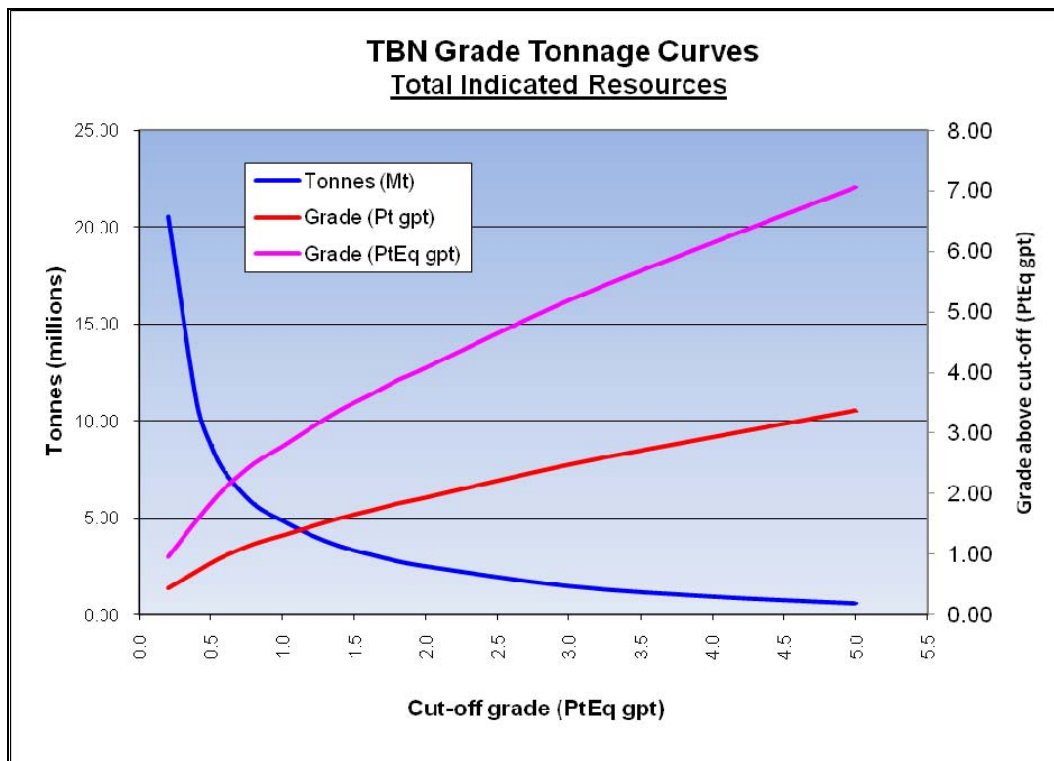


Figure 4. Grade Tonnage Curves for Indicated Resources.

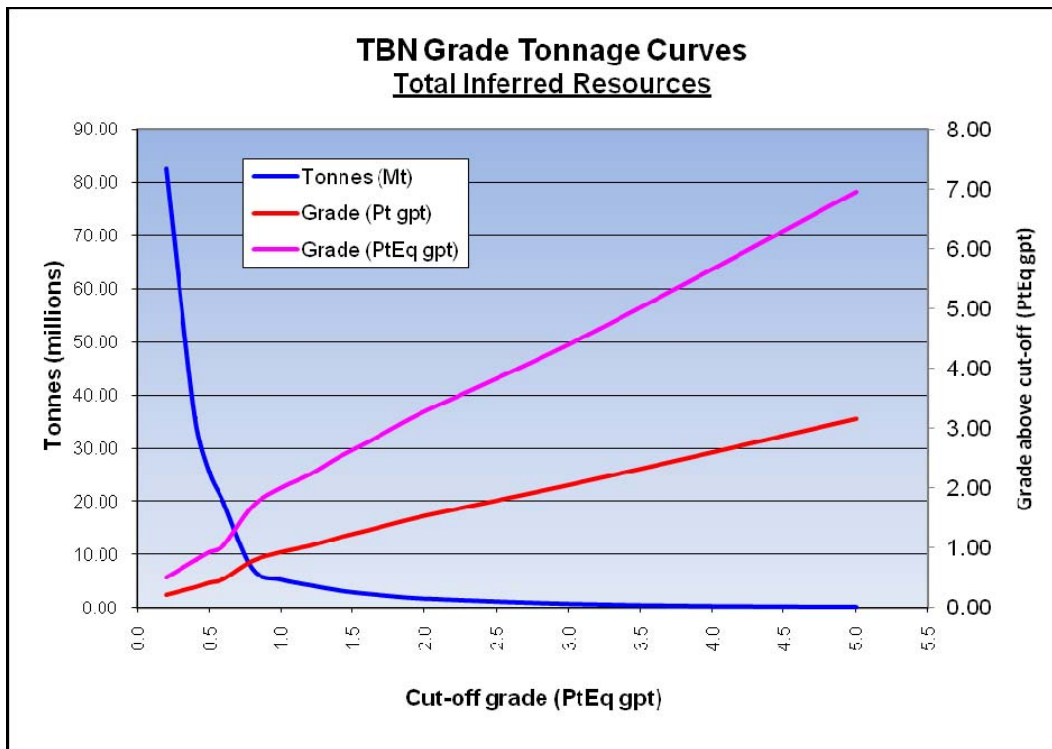


Figure 5. Grade Tonnage Curves for Inferred Resources

A Scoping Study is planned to commence in the December quarter. The Scoping Study will review the economics and appropriate cut-off grades for potential mining. Most of the Scoping Study work will focus on three key aspects of the project – process metallurgy, mining options and environmental and permitting requirements.

There is substantial scope to increase the resources reported here with infill and extension drilling. In the Bridge Zone and Beaver Lake areas, most of the mineralization has been reported in the Inferred Resource category. Infill drilling will commence in the December quarter to convert Inferred Resources to Indicated Resources in these areas with focus on higher grade zones. Extension drilling to the east of the current resource model is in progress and will continue for the next several months.

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APPENDIX A

Resource Estimation Methodology & Competent Persons Statement

Resource Database

Exploration data used to evaluate the mineral resources were provided to SRK as an electronic database containing information for 333 NQ diamond drill-holes (50,821 metres) drilled by Magma Metals Limited (Magma) during the period 2007 to 2009.

The database includes down hole survey records for 3,810 intervals, 3,940 geological intervals and 20,208 sample intervals with assay results for gold, platinum, palladium and silver and multi-element inductively coupled plasma scans, for which only copper, nickel and cobalt were considered for resource estimation. The database represents the Thunder Bay North (TBN) exploration dataset as at July 10, 2009.

A digital elevation model surface was also supplied to SRK. In addition, Magma provided SRK with a set of interpreted geological cross-sections across the entire 3.4km strike length of the deposit at a spacing varying between 25 metres in Current Lake area to 100 metres for the Bridge Zone and Beaver Lake areas. The resource database also includes 559 specific gravity measurements performed by ALS Chemex by pycnometry and 469 specific gravity measurements performed by Magma personnel by conventional methods from selected drill core intervals. Only the measurements made by conventional methods were used in the resource estimate.

QAQC analysis was undertaken by SRK who concluded that the database was suitable for resource estimation with no obvious discrepancies that could materially impact the Mineral Resource Statement.

Modelling of Mineralization

SRK constructed a series of 3D wireframes for the geology framework and the polymetallic sulphide mineralization at TBN using Gemcom GEMS 6.2 software. Geological wireframes were constructed primarily from the Magma cross-sections. Wireframes for the polymetallic sulphide mineralization were derived from composited PtEq (gpt) drill data and assisted with Leapfrog 3D grade shells. The final shape and extent of the sulphide mineralization wireframes was a collaborative effort between Magma and SRK.

There are two geologically distinct zones: Current Lake - Bridge Zone and Beaver Lake. Domains were based on grade ranges for each of these two zones: Low Grade (0 to 0.5g/t PtEq), Medium Grade (0.5 to 1.0g/t PtEq) & High-Grade (>1.0g/t PtEq).

Top-cuts were applied as follows:

- Current Lake – Bridge Zone Medium Grade Domain: 3g/t Pt, 3g/t Pd, 0.6g/t Au, 12g/t Ag, 1% Cu, 0.35% Ni & 0.023% Co.
- Current Lake – Bridge Zone High Grade Domain: 1g/t Au, 15g/t Ag & 2% Ni.
- Beaver Lake High Grade Domain: 7g/t Ag, 1% Ni and 0.035% Co.

Density

A total of 454 specific gravity measurements of drill core located within the resource domains were used to determine density. A linear regression was developed to correlate measured specific gravity with nickel assays. This relationship was then used to assign a specific density value to estimated resource blocks. The relationship is:

Specific Gravity = 0.3418 x (Nickel %) + 2.8526.

Resource Estimation

Variography was completed using Isatis (v.8.0.2) software to characterize the spatial continuity of the metal grade data in each resource domain. Considering the excellent correlation existing between the metals, multivariate variography was conducted for each of the seven metals in each domain. In the Current Lake – Bridge Zone area, the sulphide mineralization is interpreted as a shallow plunging and meandering mafic-ultramafic magma conduit, whereas Beaver Lake is a sub-tabular mafic-ultramafic body dipping at seventeen degrees along an azimuth of 130 degrees.

The TBN resource block models were generated using Gemcom GEMS 6.2 software. Two separate block models were created for each of the Current Lake – Bridge Zone and Beaver Lake areas. Different block sizes were chosen for the two block models primarily because the drill-hole spacing is different in the two areas. In the Current Lake – Bridge Zone area blocks were 10mx10mx5m and in the Beaver Lake area they were 20mx20mx5m.

Metal grades were estimated using ordinary kriging (“OK”) as the principal estimator. Metal grades were estimated separately in each domain from capped composite data from within that domain. Kriging parameters were derived from the variogram models.

The mineral resources are classified as Indicated and Inferred, primarily based on the basis of block distance from the nearest informing composites and on variography results. Generally an Indicated classification is assigned to blocks located within full variogram ranges, whereas an Inferred classification is assigned to all other blocks estimated with a search ellipse of three times the variogram ranges.

The classification strategy also considered the geological setting and level of exploration as well as what impact additional drill data could have on the shape of the modelled geological zones. After review, SRK considered that additional drilling has the potential to extend polymetallic mineralization, particularly in the Beaver Lake area.

The “reasonable prospects for economic extraction” requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. Metal prices and process recovery assumptions are listed in Table 2 in this report. Metal price assumptions are based on long-term forecasts by various agencies as of July 2009. Process recovery assumptions are based on limited metallurgical testwork on TBN samples and comparison with processing of similar ores elsewhere.

In order to determine the quantities of material offering “reasonable prospects for economic extraction” by an open pit, SRK used Mintec’s Minesight and the Lerchs-Grossman optimizing algorithm to evaluate the profitability of each resource block and optimization parameters adjusted in collaboration with Magma and benchmarking with similar projects. The reader is cautioned that the results from the pit optimization are used solely for the purpose of reporting mineral resources that have “reasonable prospects for economic extraction” by an open pit and do not represent an attempt to estimate mineral reserves. Mineral Reserves can only be evaluated after the completion of a pre-feasibility study.

The block model quantities and grade estimates were also reviewed to determine the portions of the deposit having “reasonable prospects for economic extraction” from an underground mine using basic underground mining parameters determined by SRK.

There are seven metals of economic significance in the Current Lake and Beaver Lake sulphide deposits. Four metals (platinum, nickel, copper and palladium) contribute significantly to the value of this mineralization with platinum contributing most to the value. As such, SRK considered it appropriate to report the mineral resources using a platinum-equivalent cut-off grade based on metal price and metallurgical assumptions summarized in Table 2 in this report.

The mineral resources are reported at two platinum equivalent cut-off grades based on open pit and underground scenarios and considering conceptual metallurgical and mining, milling and general administrative costs. The open pit mineral resources are reported at a cut-off grade of 1.0gpt Pt-Eq. Underground mineral resources are reported at a cut-off grade of 2.0 gpt Pt-Eq.

Competent Persons Statement

The information in this report that relates to Mineral Resources was compiled by Dorota El-Rassi P.Eng (APEO #100012348) and Glen Cole, P.Geo (APGO #1416), both full time employees of SRK Consulting Canada Inc., Ms El-Rassi and Mr Cole 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. Ms El-Rassi and Mr Cole consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Cautionary Statement

This report may contain forecasts and forward looking information and statements which are made in good faith and are believed to have reasonable basis. However, such forecasts, information and statements are not a guarantee of future performance and are subject to risks, uncertainties and other factors which could cause actual plans, results and/or developments to differ materially from those expressed, projected or implied in this report. Magma Metals Limited has not audited or investigated the accuracy or completeness of the information, statements and opinions contained in this report. Accordingly, to the maximum extent permitted by applicable laws, Magma Metals Limited makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy or completeness of, or any errors in or omission from, any information, statement or opinion contained in this report.