



**MAGMA
METALS**
LIMITED
ABN 72 114 581 047

Magma Metals Limited

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20th July 2009

ASX: MMB

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

Thunder Bay North Pt-Pd-Cu-Ni Project, Ontario

- A 33,500m resource definition drilling campaign which commenced in mid-2008 was completed during the quarter over a 3.4km strike length of the Current Lake Intrusive Complex.
- Results received during the quarter included the following excellent intersections:

**TBND193: 63.80m @ 5.66g/t Pt+Pd, 0.66% Cu & 0.33% Ni,
including 18.00m @ 11.47g/t Pt+Pd, 1.26% Cu & 0.53% Ni.**

**BL09-89: 5.98m @ 17.13g/t Pt+Pd, 2.55% Cu & 1.29% Ni,
including 0.81m @ 42.60g/t Pt+Pd, 6.60% Cu & 3.18% Ni.**

- It is anticipated that initial JORC and NI43-101 compliant resource estimates will be completed for the Current Lake – Beaver Lake area in the September quarter.
- Exploration drilling is in progress to extend the mineralization to the east in the Beaver Lake area and to investigate the potential of the Steepledge Lake Intrusive Complex 3km to the west.

Corporate

- The Company completed a \$16 million capital raising during the quarter which was substantially oversubscribed.
- The Company retained \$17 million in cash at the end of the quarter.

EXPLORATION REVIEW

Magma Metals Limited (“Magma”) and its wholly owned subsidiary Magma Metals (Canada) Limited (“Magma Canada”) conducted several exploration programs during the March quarter on its projects in the Thunder Bay region of northwest Ontario, Canada and at the Laverton project in Western Australia. The results of these programs and plans for further exploration work in Canada and Australia are described below. The locations of the Company’s projects are shown in Figure 1.

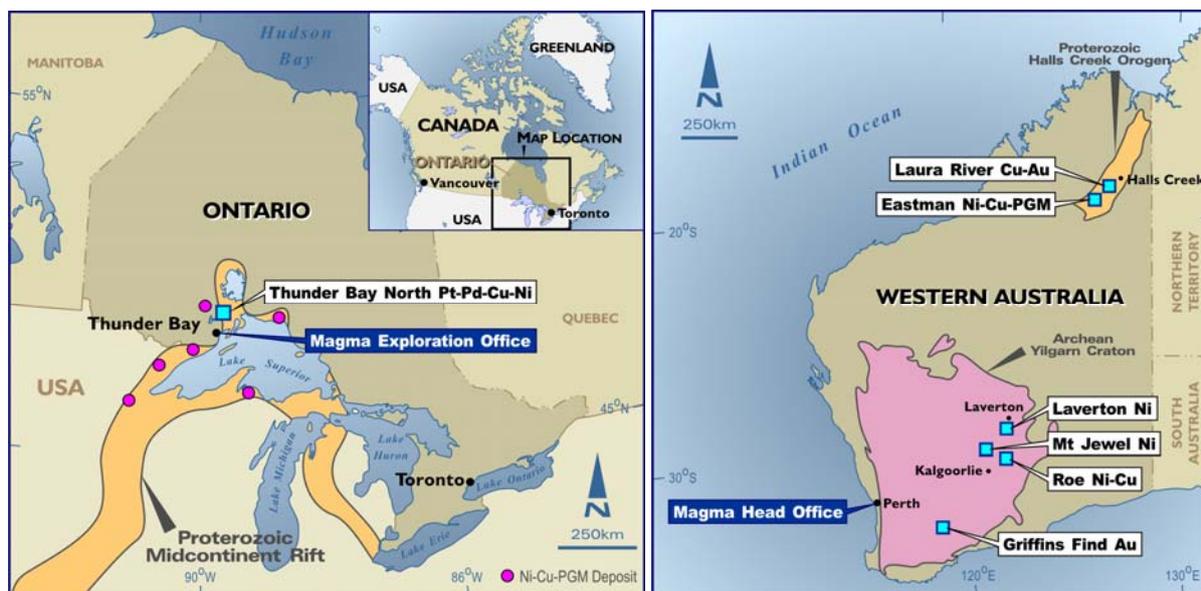


Figure 1. Project Locations

NORTHWEST ONTARIO, CANADA

Thunder Bay North Platinum-Palladium-Copper-Nickel Project

Resource Definition Drilling

A resource definition drilling program comprising 231 holes for 33,500m, which commenced in June 2008, has been completed in the Current Lake Intrusive Complex. The drilling program has defined platinum-palladium-copper-nickel mineralization over a strike length of 3.4km in the north-western part of the complex, an approximately 5km long mafic-ultramafic magma conduit (Figure 2). Information from this drilling campaign will be combined with that from 17,000m of drilling completed in previous programs to form the basis for initial JORC and NI43-101 compliant resource estimates for the project. It is anticipated that the resource estimates will be completed in the September quarter.

During the quarter 38 drill-holes were completed in this program, mainly in the Bridge Zone, for 8,013.5m. Results were received for 48 Current Lake drill-holes (drilled in the previous quarter) and 31 Bridge Zone drill-holes. Results included the following excellent intersections:

Current Lake:

TBND190: 25.00m @ 5.63g/t Pt+Pd, 0.66% Cu & 0.35% Ni from 14.00m, including 11.00m @ 7.69g/t Pt+Pd, 0.88% Cu & 0.43% Ni.

TBND193:	63.80m @ 5.66g/t Pt+Pd, 0.66% Cu & 0.33% Ni from 22.00m,
<i>including</i>	<i>18.00m @ 11.47g/t Pt+Pd, 1.26% Cu & 0.53% Ni,</i>
<i>and</i>	<i>2.00m @ 9.14g/t Pt+Pd, 0.96% Cu & 0.37% Ni,</i>
<i>and</i>	<i>5.00m @ 8.62g/t Pt+Pd, 0.99% Cu & 0.55% Ni.</i>
TBND197:	41.00m @ 3.65g/t Pt+Pd, 0.39% Cu & 0.23% Ni from 36.00m,
<i>including</i>	<i>10.00m @ 11.88g/t Pt+Pd, 1.24% Cu & 0.60% Ni,</i>
	<i>8.75m @ 7.89g/t Pt+Pd, 1.53% Cu & 0.50% Ni from 81.00m,</i>
<i>including</i>	<i>0.50m @ 29.35g/t Pt+Pd, 1.22g/t Au, 8.60% Cu & 1.46% Ni.</i>
TBND201:	7.45m @ 11.27g/t Pt+Pd, 1.17% Cu & 0.60% Ni from 10.15m,
<i>including</i>	<i>4.50m @ 16.56g/t Pt+Pd, 1.72% Cu & 0.89% Ni,</i>
<i>including</i>	<i>0.50m @ 30.10g/t Pt+Pd, 3.27% Cu & 2.25% Ni.</i>

Bridge Zone:

BL09-86:	14.85m @ 5.56g/t Pt+Pd, 0.64% Cu & 0.28% Ni from 163.00m,
<i>including</i>	<i>4.00m @ 7.32g/t Pt+Pd, 0.75% Cu & 0.31% Ni,</i>
<i>and</i>	<i>4.00m @ 7.04g/t Pt+Pd, 0.88% Cu & 0.41% Ni.</i>
BL09-89:	5.98m @ 17.13g/t Pt+Pd, 2.55% Cu & 1.29% Ni from 157.25m,
<i>including</i>	<i>3.98m @ 23.80g/t Pt+Pd, 3.52% Cu & 1.74% Ni,</i>
<i>including</i>	<i>0.81m @ 42.60g/t Pt+Pd, 6.60% Cu & 3.18% Ni.</i>
BL09-95:	19.85m @ 3.09g/t Pt+Pd, 0.41% Cu & 0.25% Ni from 117.00m,
<i>including</i>	<i>3.00m @ 5.87g/t Pt+Pd, 0.77% Cu & 0.33% Ni.</i>
BL09-99:	25.00m @ 3.77g/t Pt+Pd, 0.39% Cu & 0.21% Ni from 94.00m,
<i>including</i>	<i>17.00m @ 5.17g/t Pt+Pd, 0.54% Cu & 0.24% Ni,</i>
<i>including</i>	<i>11.00m @ 6.72g/t Pt+Pd, 0.70% Cu & 0.28% Ni.</i>
BL09-108:	5.70m @ 6.44g/t Pt+Pd, 0.82% Cu & 0.44% Ni from 156.00m.

Subsequent to the end of the quarter, results from the remaining seven drill-holes from the Bridge Zone were received, these included:

BL09-111:	16.12m @ 4.72g/t Pt+Pd, 0.60% Cu & 0.31% Ni from 147.00m,
<i>including</i>	<i>9.12m @ 7.01g/t Pt+Pd, 0.88% Cu & 0.43% Ni.</i>
BL09-114:	10.50m @ 3.18g/t Pt+Pd, 0.33% Cu & 0.20% Ni from 152.00m,
<i>including</i>	<i>1.87m @ 10.07g/t Pt+Pd, 1.06% Cu & 0.49% Ni.</i>
BL09-120:	14.07m @ 3.60g/t Pt+Pd, 0.43% Cu & 0.22% Ni from 164.35m.
<i>including</i>	<i>10.42m @ 4.28g/t Pt+Pd, 0.51% Cu & 0.25% Ni,</i>
<i>including</i>	<i>3.42m @ 7.30g/t Pt+Pd, 0.84% Cu & 0.36% Ni.</i>

The ratio of Pt to Pd in these intersections is approximately 1:1; this is a consistent ratio in virtually all the drilling so far conducted at the project. Assay results and drill-hole information for this last batch of results are shown in Tables 1 and 2 and Figure 2.

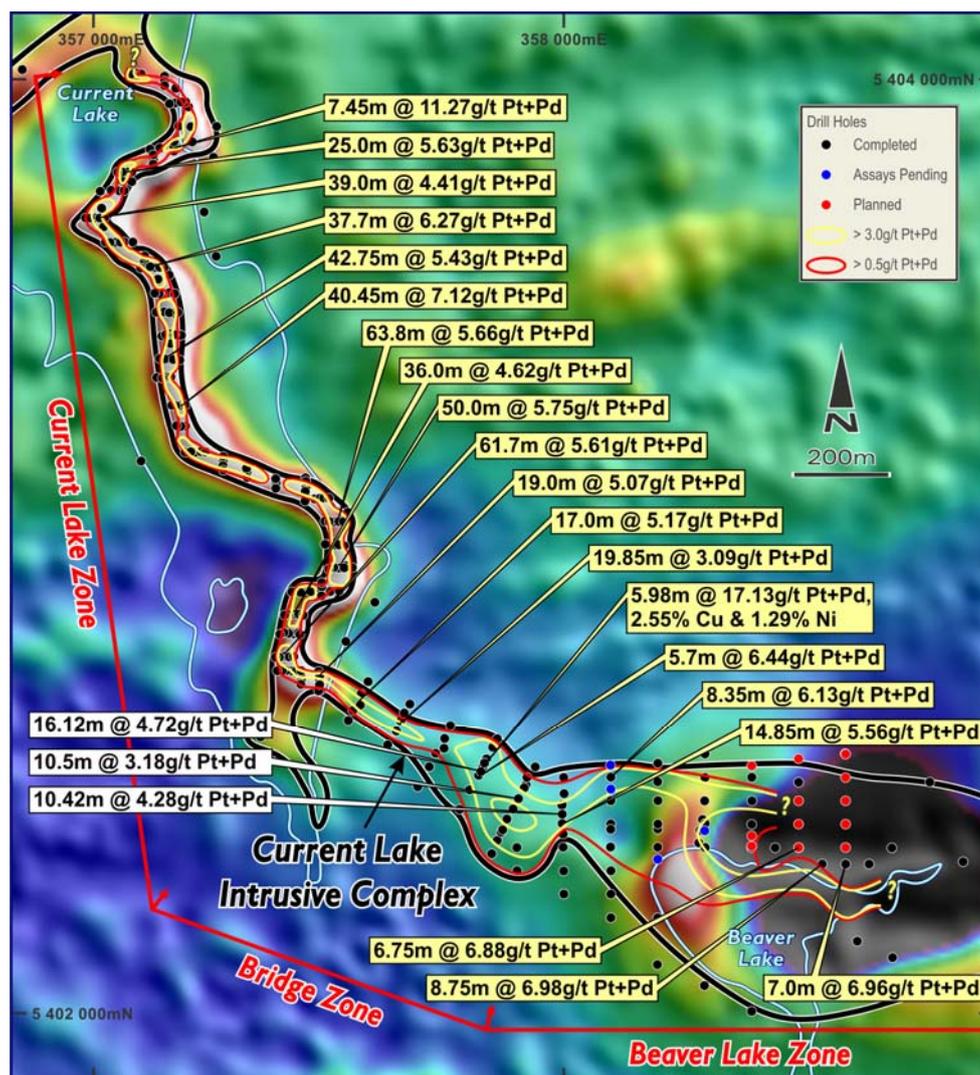


Figure 2. Current Lake Intrusive Complex Resource Drilling

Table 1. Significant Recent Assay Results from the Bridge Zone

Drill Hole	From (m)	To (m)	Length (m)	Pt (g/t)	Pd (g/t)	Pt+Pd (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Pt+Pd Cut-Off (g/t)
BL09-111	147.00	163.12	16.12	2.36	2.36	4.72	0.12	-	0.60	0.31	1.0
including	154.00	163.12	9.12	3.49	3.52	7.01	0.17	4.24	0.88	0.43	3.0
BL09-113	161.00	167.00	6.00	0.71	0.68	1.39	0.05	-	0.22	0.23	1.0
	171.00	175.00	4.00	0.74	0.69	1.43	0.06	-	0.23	0.21	1.0
BL09-114	152.00	162.50	10.50	1.70	1.48	3.18	0.09	-	0.33	0.20	1.0
including	159.00	160.87	1.87	5.40	4.67	10.07	0.26	6.23	1.06	0.49	3.0
BL09-120	164.35	178.42	14.07	1.81	1.79	3.60	0.11	-	0.43	0.22	1.0
including	168.00	178.42	10.42	2.15	2.13	4.28	0.13	2.85	0.51	0.25	3.0
including	175.00	178.42	3.42	3.67	3.63	7.30	0.21	5.28	0.84	0.36	5.0
BL09-121	142.00	156.00	14.00	0.87	0.79	1.66	0.05	-	0.24	0.18	1.0

Results are reported for intercepts >1.0g/t Pt+Pd at the lower cut-off grades shown in the right hand column; these may include internal intervals up to 3m below the cut-off grade

Table 2. Drill Hole Collar and Depth Information

Drill Hole	Easting (m)	Northing (m)	Azimuth (Deg)	Dip (Deg)	Depth (m)
BL09-111	357823	5402513	0	-90	213
BL09-113	357924	5402502	0	-90	228
BL09-114	357904	5402452	0	-90	214.5
BL09-120	357996	5402421	0	-90	215
BL09-121	357997	5402460	0	-90	219

Steepledge Lake Exploration Drilling Program

Drilling is in progress from a barge on Steepledge Lake to test the mineralization potential of the northern part of the Steepledge Lake Intrusive Complex (Figures 3 and 4). Six holes have been completed so far in this approximately 7,000m program with all except SL09-05 intersecting peridotite, with down-hole thicknesses between 92m and 134m. The peridotite contains variable amounts of disseminated sulphides up to 7% with hole SL09-08 containing the best zones so far (based on visual assessment). Assay results from this drilling are pending. The host rock and general style of mineralization is similar to that seen in parts of the Current Lake Intrusive Complex 3km to the east (Figure 2).

East Beaver Lake Resource Extension Drilling Program

Drilling is in progress on 100m-spaced sections in the eastern part of the Beaver Lake area to investigate potential extensions of the mineralization to the east (Figure 2). It is anticipated that this approximately 7,000m drilling program will be completed in the September quarter. Further infill and extension drilling in this area is anticipated on completion of this program.

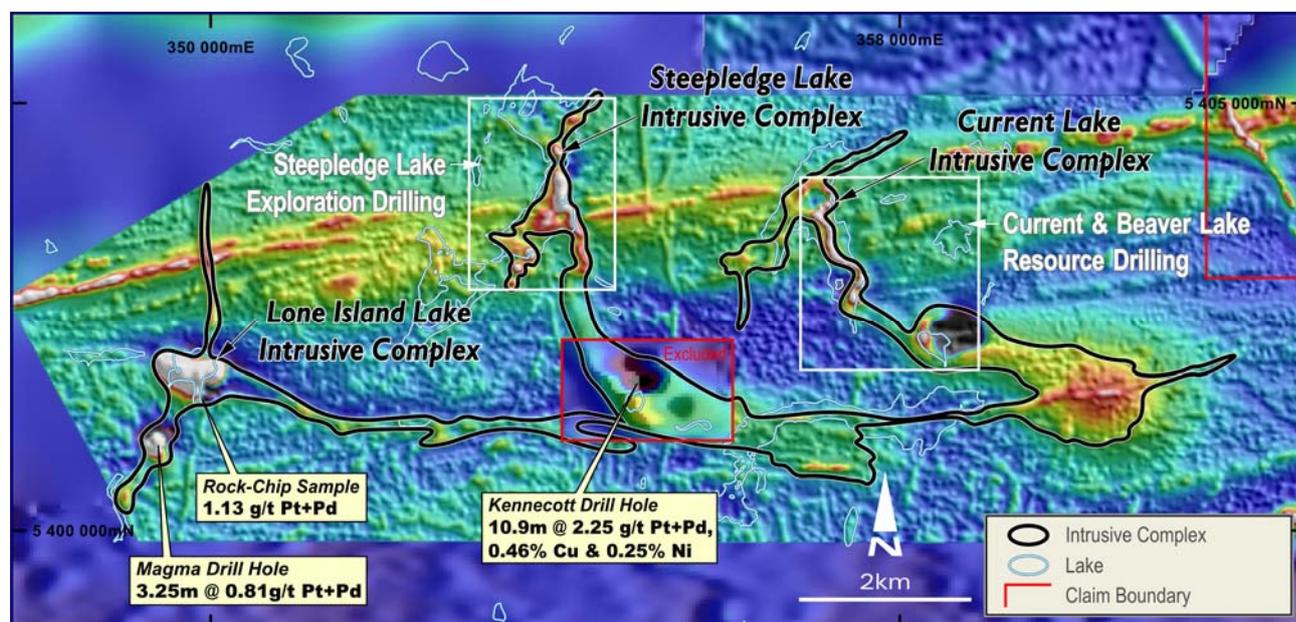


Figure 3. Regional Magnetic Image Showing Intrusive Complexes

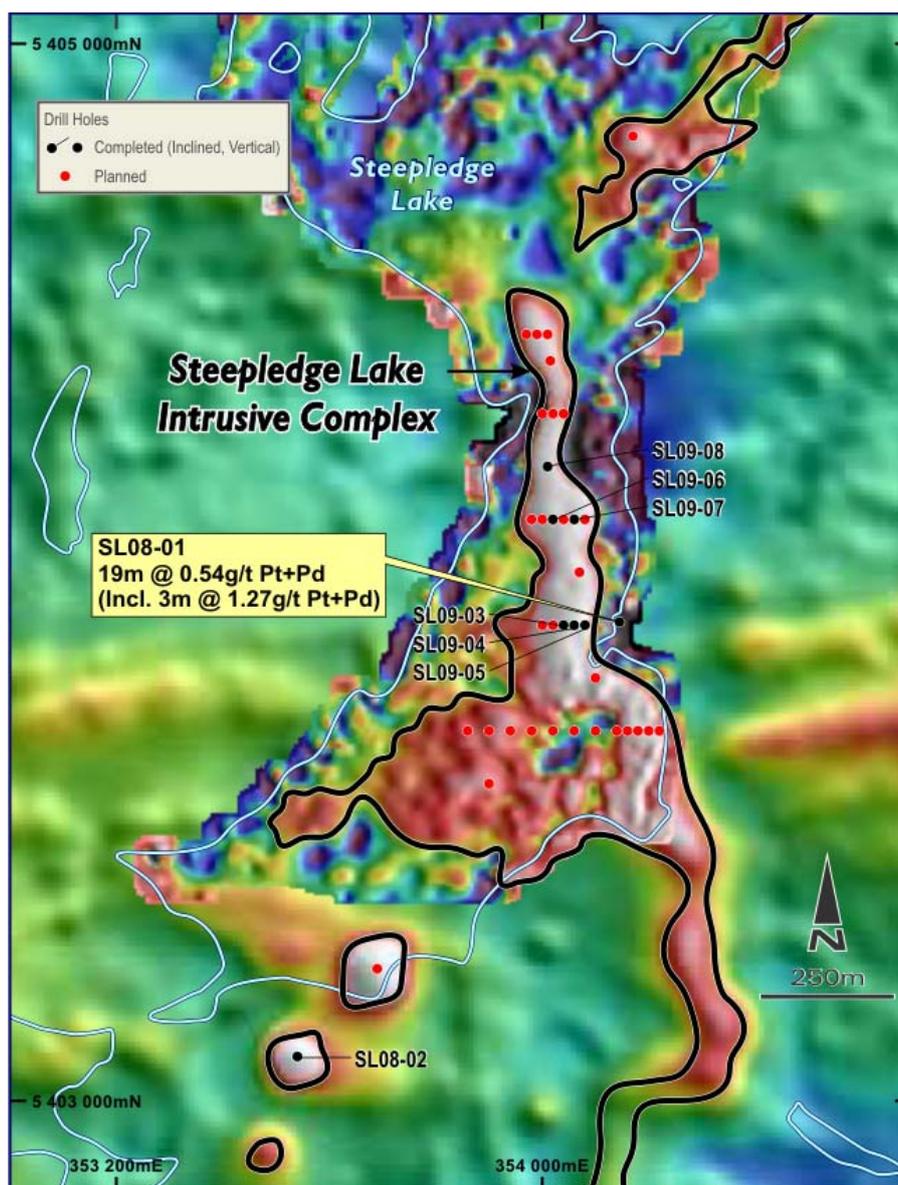


Figure 4. Magnetic Image Showing Steepledge Lake Drilling Program

WESTERN AUSTRALIAN PROJECTS

One drill-hole was completed at the Laverton Nickel Project during the quarter. No other exploration programs were conducted on the other Western Australian projects. Exploration programs have been designed for the Mt Jewell and Laura River Projects for the September Quarter which are described below. The Griffins Find Gold Project was optioned during the quarter. It has been decided to seek joint venture partners for the Eastman and Roe Projects.

Laverton Nickel Project (Magma earning 100% Ni-Cu-PGM rights)

A 392.5m drill-hole and down-hole EM survey were completed during the quarter to test potential extensions to the Cerberus nickel sulphide deposit at Laverton. This deposit, recently discovered by Poseidon Nickel Limited, is adjacent to Magma's tenement boundary and it was considered possible that it could extend into Magma's tenements. There was no significant mineralization in the drill hole.

Mt Jewell Nickel Project (Magma 80%)

A LANDTEM surface EM survey is planned for the September quarter over approximately 10km of strike of the nickel-prospective komatiite sequence between the GSP and Ringlock prospects. The survey is designed to detect EM conductors which could represent massive sulphide bodies to a depth of approximately 300m.

Laura River Project (Magma earning 70%)

An iron-oxide copper-gold target has been identified at the Amphitheatre prospect in the East Kimberley (Figures 5 and 6). An approximately 1,000m two-hole drilling program has been designed to test this target during the September quarter.

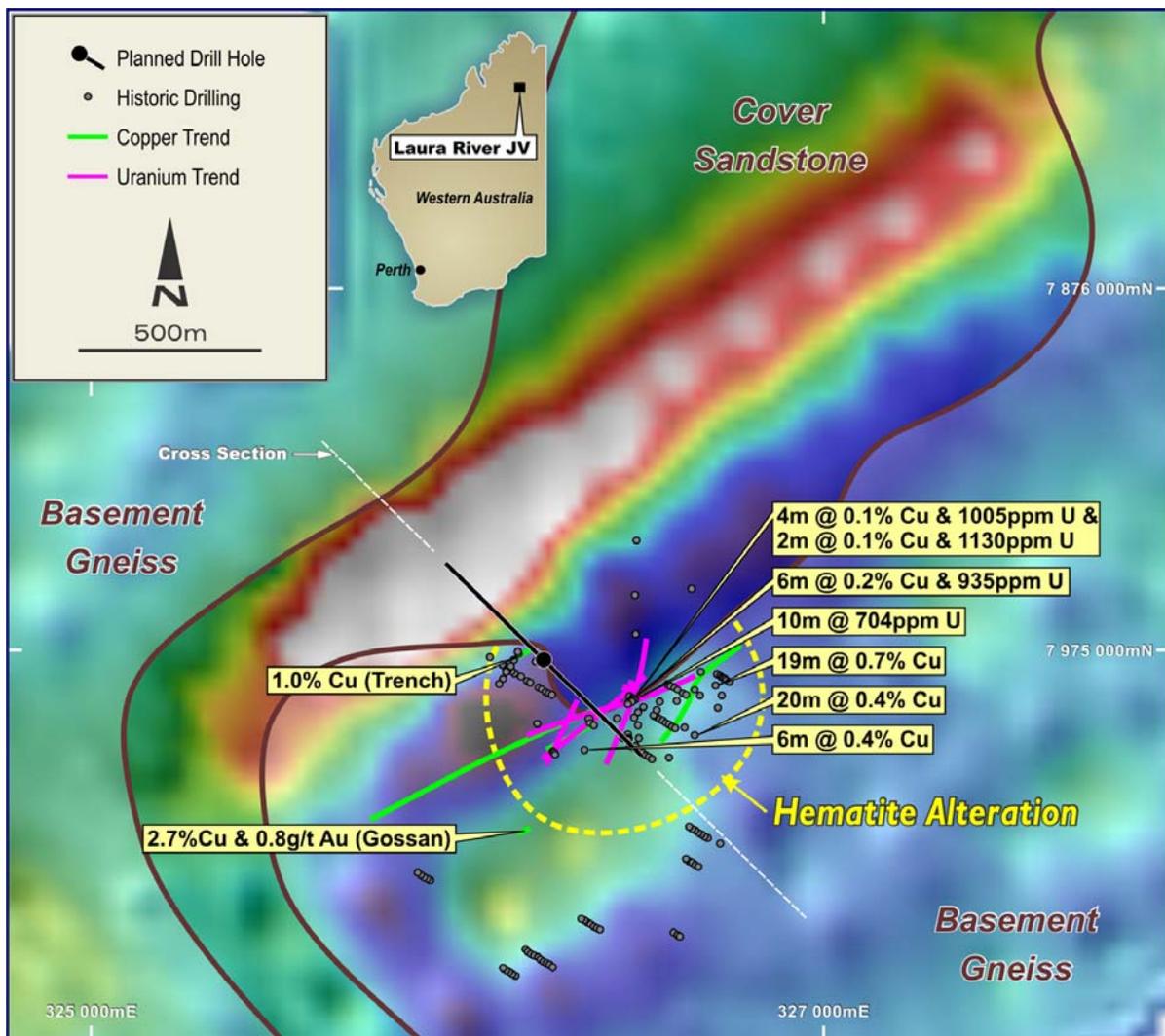


Figure 5. Amphitheatre Prospect Iron-Oxide Cu-Au Target on Aeromagnetics

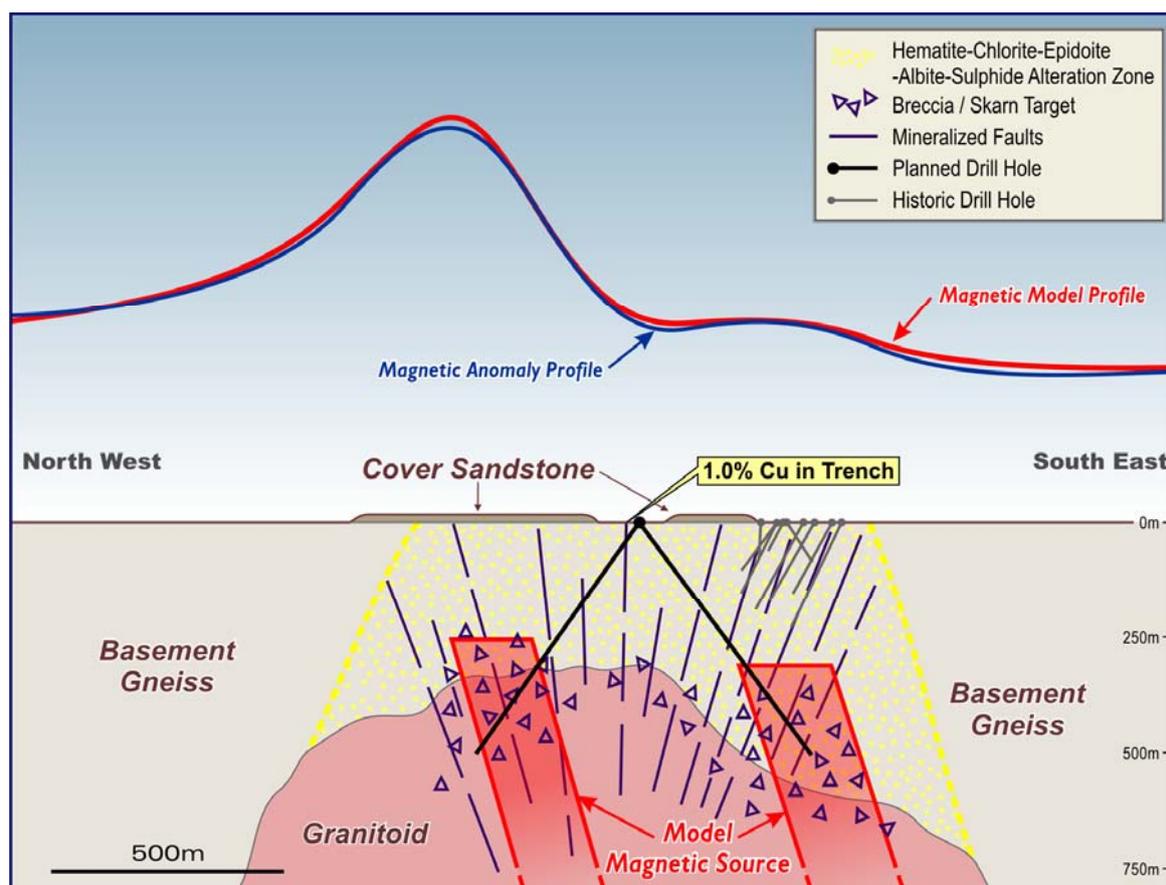


Figure 6. Amphitheatre Iron-Oxide Cu-Au Target - Schematic Cross-Section

Griffins Find Gold Project (Option to acquire 100%)

During the quarter Magma acquired an option to purchase a 100% interest in the Griffins Find gold exploration project, approximately 320km southeast of Perth, from a private individual (Figure 7).

Approximately 55,000 ounces of gold at a grade of 2.8g/t was mined from two shallow open-pit mines (approximately 55m & 20m deep) in the 1980's in the project area. There is a large gold-anomalous area around these open pits which forms a gold system "footprint" of at least 4km x 2km in size. Within this footprint anomalous gold values have been recorded in soil samples and shallow rotary air-blast and air-core drilling. There are very few drill-holes deeper than 100m outside of the immediate vicinity of the larger open-pit mine. The size of this footprint in relation to the small open-pit mines is encouraging and could indicate potential for a substantial gold system.

An analysis of historic exploration data and recent work conducted by the current tenement holder indicates that there are four immediate high-quality drilling targets (Figure 7).

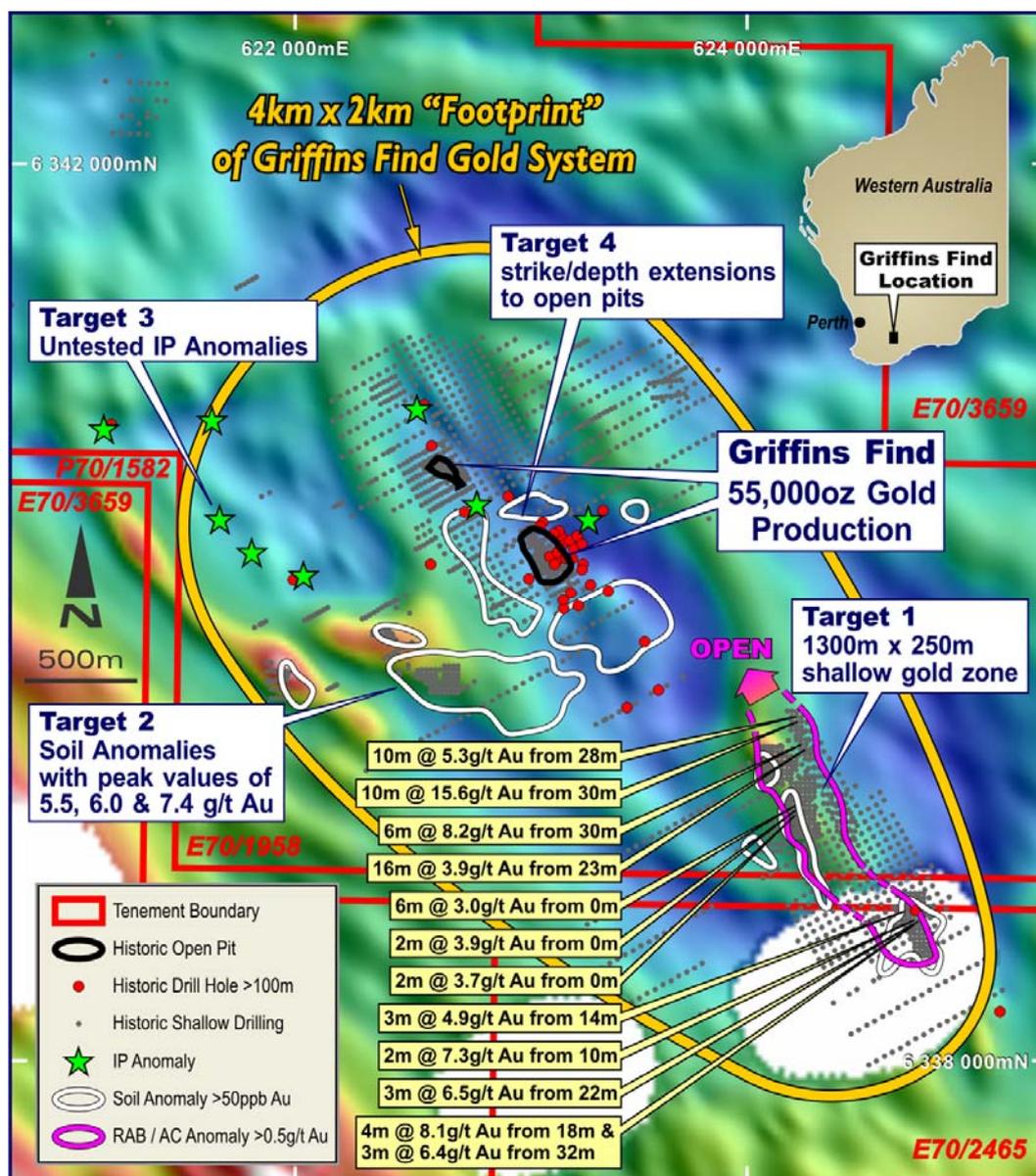


Figure 7. Griffins Find Project – Gold Targets on Aeromagnetics

CORPORATE

The Company completed a \$16 million capital raising during the quarter through the issue of 50 million shares at an issue price of \$0.32 per share. The shares were issued predominantly to domestic and international institutional clients of Hartleys Limited. The placement was substantially oversubscribed. Anglo American participated in the placement, maintaining its 12% interest in the Company.

As previously advised, Magma is pursuing a dual listing (compliance listing) on the Toronto Stock Exchange (TSX) and it is anticipated that this exercise will be completed early in the December quarter 2009.

The total issued capital of Magma Metals Limited at 30 June 2009 was 163,150,032 shares. Details of 22,785,390 unlisted options are provided below:

Unlisted Options:

- 1,340,750 Unlisted 20c Options expiring 30/6/11
- 4,000,000 Unlisted 20c Director Options expiring 31/10/11
- 1,000,000 Unlisted 50c Options expiring 31/7/12
- 2,625,000 Unlisted employee Options exercisable at prices ranging from 20c to \$1.00 and expiring over periods from 30/11/09 to 05/04/14.
- 2,050,000 Unlisted 83c Director and employee Options expiring 31/10/12.
- 11,769,640 Unlisted 50c Options expiring 9/05/10

Magma retained \$17 million in cash at the end of the quarter.

Additional information on the Company and its projects is available on the Company's website at www.magmametals.com.au.

For and on behalf of the Board



Keith Watkins
Managing Director
Magma Metals Limited

Competent Persons Statement:

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Dr Keith Watkins and/or Mr Ralph Porter, the Managing Director and Exploration Director of Magma Metals Limited, respectively, who are both Members of the Australasian Institute of Mining and Metallurgy. Both Dr Watkins and Mr Porter have sufficient experience, which is relevant to the style of mineralisation 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". Dr Watkins and Mr Porter consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Note: Drill-hole location and detailed assay data for all drill-holes mentioned in this report but not provided herein have been provided in previous announcements in the June quarter. These are available on the Company's website at www.magmametals.com.au.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MAGMA METALS LIMITED

ABN

ABN 72 114 581 047

Quarter ended ("current quarter")

30 JUNE 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Full Year (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (net)	(2,143)	(11,888)
(b) development	-	-
(c) production	-	-
(d) administration (net)	(265)	(1,154)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	36	381
1.5 Interest and other costs of finance paid	(1)	(5)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,373)	(12,666)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(42)	(158)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material) - Bonds	(11)	(19)
Net investing cash flows	(53)	(177)
1.13 Total operating and investing cash flows (carried forward)	(2,426)	(12,843)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,426)	(12,843)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc. (Net)	15,065	23,202
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(5)	(17)
1.18	Dividends paid	-	-
1.19	Other – Trade Creditors/Debtors	-	-
	Net financing cash flows	15,060	23,185
	Net increase (decrease) in cash held	12,634	10,342
1.20	Cash at beginning of quarter/year to date	4,292	6,339
1.21	Exchange rate adjustments to item 1.20	127	372
1.22	Cash at end of quarter	17,053	17,053

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	166
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	-

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements/bonds	94	94

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,808
4.2 Development	-
Total	3,808

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	753	592
5.2 Deposits at call	16,300	3,700
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	17,053	4,292

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer Covering Quarterly Activity Report attached hereto		
6.2	Interests in mining tenements acquired or increased	Refer Covering Quarterly Activity Report attached hereto		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference +securities <i>(description)</i>	Nil	Nil	-	-
7.2 Changes during quarter	-	-	-	-
7.3 +Ordinary securities	163,150,032	163,150,032	Various	Fully Paid
7.4 Changes during quarter				
(a) Increases through Issue				
– placement	50,000,000	50,000,000	32¢	Fully Paid
- option exercise	434,750	434,750	20¢	Fully Paid
- tenements	-	-	-	-
(b) Decreases through return of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil	-	-
7.6 Changes during quarter	-	-	-	-
7.7 Options			<i>Exercise Price</i>	<i>Expiry Date</i>
<i>Unlisted Options 20¢</i>	1,340,750	-	20¢	30/06/2011
<i>Unlisted Options 20¢</i>	4,000,000	-	20¢	31/10/2011
<i>Unlisted Options 20¢</i>	125,000	-	20¢	30/11/2009
<i>Unlisted Options 50¢</i>	75,000	-	50¢	01/09/2011
<i>Unlisted Options 75¢</i>	75,000	-	75¢	01/09/2012
<i>Unlisted Options \$1</i>	100,000	-	\$1	01/09/2013
<i>Unlisted Options 50¢</i>	200,000	-	50¢	01/05/2011
<i>Unlisted Options 75¢</i>	300,000	-	75¢	01/05/2012
<i>Unlisted Options \$1</i>	500,000	-	\$1	01/05/2013
<i>Unlisted Options 50¢</i>	1,000,000	-	50¢	31/07/2012
<i>Unlisted Options 83¢</i>	2,050,000	-	83¢	31/10/2012
<i>Unlisted Options 50¢</i>	11,769,640	-	50¢	09/05/2010
<i>Unlisted Options 35¢</i>	250,000	-	35¢	05/01/2012
<i>Unlisted Options 40¢</i>	300,000	-	40¢	05/01/2013
<i>Unlisted Options 55¢</i>	450,000	-	55¢	05/01/2014
<i>Unlisted Options 75¢</i>	75,000	-	50¢	05/04/2012
<i>Unlisted Options 50¢</i>	75,000	-	75¢	05/04/2013
<i>Unlisted Options 75¢</i>	100,000	-	\$1	05/04/2014
7.8 Issued during quarter		-		
<i>Unlisted Options 50¢</i>	75,000	-	50¢	05/04/2012
<i>Unlisted Options 75¢</i>	75,000	-	75¢	05/04/2013
<i>Unlisted Options \$1</i>	100,000	-	\$1	05/04/2014
7.9 Exercised during quarter				
<i>Unlisted Options 20¢</i>	434,750	-	20¢	30/06/2011

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.10	Expired during quarter			
	<i>Unlisted Options 50¢</i>	75,000	-	50¢
	<i>Unlisted Options 75¢</i>	75,000	-	75¢
	<i>Unlisted Options \$1</i>	100,000	-	\$1
7.11	Debentures <i>(totals only)</i>	Nil	Nil	
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil	

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date:**20th July 2009**.....

Print name: **Graeme Scott**.....

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+ See chapter 19 for defined terms.