Magmatic Resources Ltd signs $300k Pre-Production Works Agreement and $3m Funding Agreement with Blue Cap Mining Pty Ltd in relation to the North Iron Cap Gold project near Marvel Loch, WA

Magmatic Resources Limited ("Magmatic" or the "Company") (ASX: MAG) is pleased to announce that further to the announcement dated 26 August 2019, it has signed a $300k Pre-Production Works Agreement and a $3m Funding Agreement with Blue Cap Mining Pty Ltd (Blue Cap) to expedite development of the North Iron Cap Gold project, located near Marvel Loch in Western Australia.

This follows on from Magmatic and Blue Cap’s 50/50 partnership and Framework Agreement announced to ASX on 26 August 2019. These agreements are major steps in transforming Magmatic into a Western Australian gold mining company.

Under the Pre-Production Works Agreement, Blue Cap in conjunction with Magmatic, will complete a number of advanced assessments and optimisations of the project, including further QA / QC drilling and a range of other pre-production works (Pre-Production Works). Blue Cap will fund the Pre-Production Works up to $300,000.

Pending a decision to mine after the Pre-Production Works are completed, Blue Cap will provide a $3m funding facility to Magmatic as working capital for operations until the North Iron Cap project is cash flow positive from gold receipts. The key terms of the $3m Funding Agreement are:

1. 50/50 Profit Share. The Project Profit must be calculated within 30 days of the final sale of the Ore and a detailed working paper shared with both Parties. The Contractor will issue an invoice for its entitlement in the Profit Share within 7 days of the Project Profit being calculated and payment must be made within 7 days after the invoice is received.

2. A Mining Services Agreement will be signed upon a decision to mine.

As previously announced to ASX, the Company has previously entered into an agreement to acquire the North Ironcap project from North Iron Cap Pty Ltd, who hold the gold rights in respect of M77/544, a tenement held by Western Areas Nickel Pty Ltd. The proposed acquisition is conditional upon the Company receiving shareholder approval of both the transaction and the demerger of its East Lachlan, N.S.W Exploration Projects by way of an in-specie distribution to existing Magmatic shareholders (refer to ASX release on the 7 June 2019).

The North Ironcap Project is an advanced stage gold exploration asset located south of Southern Cross within the Forrestania Greenstone Belt, approximately 400km east of Perth (Figure 1). The project has seen extensive drill definition of near surface gold mineralisation and lies between the Bounty Gold Mine and the Forrestania Nickel Mine, and ~100km from Marvel Loch (refer to ASX release on the 7 June 2019).

Following completion of the Pre-Production Works which the Company and Blue Cap intend on completing by the end of 2019, Magmatic and Blue Cap will agree a Mining Services Agreement to bring the operation into production over the next 6-12 months.

Magmatic’s Managing Director David Richardson said "We are excited to be working with Blue Cap in moving the North Iron Cap Project towards production in the favorable current gold environment. We look forward to updating shareholders as the Pre-Production Works progress."
Please direct all enquiries to:

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