

**NAVIGATOR RESOURCES LTD**

ACN 063 366 487

27 September 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange

By Electronic Lodgement

### **Magma Metals Ltd: Drilling at Eastman Project**

Please find attached a copy the above mentioned release.

Any resources or reserves referred to in the transcript have been previously released to the market.

Yours sincerely  
**NAVIGATOR RESOURCES LTD**

Tom Sanders  
Managing Directors

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Alan Downie and Mr Tom Sanders who are Members of the Australasian Institute of Mining and Metallurgy. Mr Alan Downie and Mr Tom Sanders are full time employees of Navigator Resources Limited and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Alan Downie and Mr Tom Sanders consent to the inclusion in this report of the matters based on information in the form and context in which it appears.

27 September 2006

Centralised Company Announcement Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

Dear Sir,

**DRILLING AT THE EASTMAN Cu-Zn-Pb-Au-Ag PROSPECT IN THE EAST  
KIMBERLEY DEFINES CONTINUOUS ZONES OF ZINC & COPPER  
MINERALISATION OVER A STRIKE LENGTH OF 250 METRES**

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Magma Metals Limited (Magma) completed a nine-hole 1,640m reverse circulation drilling program at the Eastman Prospect, within its Eastman Project (Figures 1 & 2), in the East Kimberley in August. The drilling program was designed to establish the grade, geometry and continuity of mineralisation at the prospect and test for immediate depth and strike extensions. Copper-zinc-lead-gold-silver mineralisation had been defined by relatively wide-spaced drilling over a strike length of 200m by previous explorers.

As previously announced on 14 September 2006, assay results from two of the first three drill holes, ERC 56 & 57\* intersected a wide zone of zinc mineralisation in the centre of the prospect (Figures 3 & 4):

**Drill Hole ERC 56: 52m @ 1.8% Zn from 125m  
Drill Hole ERC 57: 23m @ 1.8% Zn from 102m**

The broad zone of zinc mineralisation contained a number of higher-grade poly-metallic lodes, including:

**Drill Hole ERC 56:**

**5m @ 5.76g/t Au, 45.7g/t Ag, 0.9% Cu, 6.7% Pb & 5.8% Zn from 125m  
including 2m @ 13.50g/t Au, 99.5g/t Ag, 1.7% Cu, 13.8% Pb & 9.0% Zn from 127m**

**Drill Hole ERC 57:**

**7m @ 0.58g/t Au, 35.2g/t Ag, 1.2% Cu, 2.3% Pb & 3.4% Zn from 118m  
including 1m @ 2.48g/t Au, 87g/t Ag, 3.2% Cu, 7.5% Pb & 10.1% Zn from 123m**

There were no significant results from drill hole ERC 55, which intersected a mafic intrusion (Figure 3).

**\*Note that the drill holes have recently been re-numbered such that drill holes ERC 43, 44 & 45 in the 14 September 2006 announcement are now numbered ERC 55, 56 & 57.**

Results from the other holes drilled at Eastman, ERC 58 & ERC 60-64 have now been received, including:

**Drill Hole ERC 58: 13m @ 1.7% Cu**

**Drill Hole ERC 60: 14m @ 1.8% Zn**

**Drill Hole ERC 62: 4m @ 5.4% Cu**

These results, combined with those previously announced, indicate good continuity of mineralisation over a strike length of approximately 250m (Figures 3 & 5). Mineralisation remains open, particularly along strike to the southwest and at depth. Collar and depth information for these holes is provided in Table 1 and assay results are summarised in Table 2.

**Table1. Drill Hole Collar & Depth Information**

| Drill Hole | Easting (m) | Northing (m) | Azimuth (degrees) | Dip (degrees) | Depth of hole (m) |
|------------|-------------|--------------|-------------------|---------------|-------------------|
| ERC 58     | 241040      | 7928160      | 360               | -60           | 174               |
| ERC 60     | 241080      | 7928180      | 360               | -60           | 162               |
| ERC 61     | 241120      | 7928160      | 360               | -60           | 156               |
| ERC 62     | 241320      | 7928250      | 360               | -60           | 162               |
| ERC 63     | 240920      | 7928100      | 360               | -60           | 210               |
| ERC 64     | 241280      | 7928250      | 360               | -60           | 162               |

**Table 2. Assay Results**

| Drill Hole    | Interval (m)   | Intercept (m) | Au (g/t)    | Ag (g/t)    | Cu (%)     | Pb (%)     | Zn (%)     |
|---------------|----------------|---------------|-------------|-------------|------------|------------|------------|
| <b>ERC 58</b> | 75-89          | 14            | -           | 9.2         | -          | -          | 1.7        |
| including:    | <b>75-77</b>   | <b>2</b>      | <b>0.11</b> | <b>10.0</b> | <b>0.6</b> | <b>1.3</b> | <b>5.7</b> |
|               | <b>89-102</b>  | <b>13</b>     | -           | <b>4.8</b>  | <b>1.7</b> | -          | -          |
|               | 103-112        | 9             | 0.51        | 15.0        | -          | 0.4        | 1.1        |
| including:    | <b>104-105</b> | <b>1</b>      | <b>3.07</b> | <b>8.5</b>  | <b>0.2</b> | <b>0.5</b> | <b>1.6</b> |
| <b>ERC 60</b> | 66-71          | 5             | -           | 18.1        | 0.1        | 0.8        | 2.4        |
|               | 71-77          | 6             | 0.26        | 3.9         | 1.1        | -          | 0.4        |
|               | 80-83          | 3             | -           | 7.0         | 1.7        | -          | -          |
|               | 91-105         | 14            | -           | 8.0         | 0.3        | 0.6        | 1.8        |
| <b>ERC 61</b> | 93-96          | 3             | -           | 22.8        | 0.9        | 0.3        | 2.3        |
| including:    | <b>94-95</b>   | <b>1</b>      | <b>0.11</b> | <b>48.5</b> | <b>2.3</b> | <b>0.5</b> | <b>3.2</b> |
| <b>ERC 62</b> | 18-20          | 2             | -           | 14.8        | 2.0        | -          | -          |
|               | <b>133-137</b> | <b>4</b>      | -           | <b>3.9</b>  | <b>5.4</b> | -          | -          |
| <b>ERC 63</b> | 98-99          | 1             | -           | 27.0        | 1.2        | -          | -          |
|               | 136-141        | 5             | -           | 7.0         | -          | 0.4        | 1.0        |
|               | 143-146        | 3             | -           | -           | -          | -          | 1.0        |
|               | 152-153        | 1             | -           | -           | -          | 0.4        | 2.1        |
|               | 161-169        | 8             | -           | -           | 1.1        | -          | -          |
|               | 176-184        | 8             | 0.10        | 8.6         | 0.7        | 0.4        | 0.8        |
| including:    | <b>178-179</b> | <b>1</b>      | <b>0.10</b> | <b>16.0</b> | <b>2.3</b> | <b>1.0</b> | <b>2.1</b> |
| <b>ERC 64</b> | 66-68          | 2             | -           | 5.8         | 0.4        | 0.3        | 3.7        |

(Significant results are reported at a lower-grade cut-off of 0.5% for Zn or Cu and 0.5g/t for Au, for the dominant metal in each intercept, with maximum 2m internal intervals below these grade cut-offs)

Further drilling is planned to follow-up these results to investigate the depth and strike potential of the mineralised zone. A deep diamond drill hole is planned on section 1 (Figure 4) to test the depth potential of the widest zone of mineralisation intersected in drill hole ERC 56 (52m @ 1.8% Zn) – this hole is scheduled to be drilled in October, 2006.

There are several other Cu-Zn-Pb-Au-Ag prospects within the project area at an earlier stage of evaluation which have returned promising results from historic exploration (Figure 2 and as disclosed in the Company's Prospectus dated 3<sup>rd</sup> April, 2006). Magma also intends to investigate the resource potential of these prospects.

A high-resolution aeromagnetic and radiometric survey of the Eastman Project area is scheduled to commence in October. The aeromagnetic survey is designed to map in detail the principal target horizons for Cu-Zn and Ni-Cu-PGE deposits, and in particular, identify zones of alteration within these horizons which may reflect mineralisation. The radiometric survey is designed to detect anomalies that may be related to uranium mineralization, particularly in the eastern part of the project area.

More information on the Eastman Project is available on the Company's website at [www.magmametals.com.au](http://www.magmametals.com.au).

A Media Release in relation to this announcement is attached.

Yours sincerely



**Keith Watkins**  
**Managing Director**  
**Magma Metals Limited**

*The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr Ralph Porter, Technical Director Magma Metals Ltd who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Porter has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Porter consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

## MAGMA METALS CONFIRMS SIGNIFICANT ZONE OF COPPER-ZINC MINERALISATION IN EAST KIMBERLEY

*HIGH-GRADE POLYMETALLIC LODES RETURN INTERCEPTS UP TO 10.1% ZINC, 13.5g/t GOLD*

Magma Metals Limited (**ASX: MMB**) has confirmed a significant zone of zinc-copper mineralisation at its **Eastman Project** in the East Kimberley region of Western Australia after recent drilling defined a continuous zone of mineralisation over a 250-metre strike length and intersected a number of high-grade polymetallic lodes.

The Company has now received all results from a recently completed 1,640m Reverse Circulation (RC) drilling program to assess the grade, geometry and continuity of mineralisation at the Eastman Prospect, where previous explorers delineated polymetallic mineralisation over a 200m strike length.

Results announced from this program included:

- **5m @ 5.76g/t gold, 45.7g/t silver, 0.9% copper, 6.7% lead and 5.8% zinc** from 125m, including **2m @ 13.5g/t gold, 99.5g/t silver, 1.7% copper, 13.8% lead and 9.0% zinc** from 127m in drill hole ERC 56;
- **7m @ 0.58g/t gold, 35.2g/t silver, 1.2% copper, 2.3% lead and 3.4% zinc** from 118m including **1m @ 2.48g/t gold, 87g/t silver, 3.2% copper, 7.5% lead and 10.1% zinc** from 123m in drill hole ERC 57;
- **13m @ 1.7% copper** from 89m in drill hole ERC 58; and
- **4m @ 5.4% copper** from 133m in drill hole ERC 62.

Magma Metal's Managing Director, Dr Keith Watkins, said the latest results, combined with results from drilling by previous explorers, indicated good continuity of mineralisation over a strike length of at least 250 metres, with the mineralised zone remaining open particularly along strike to the south west and at depth.

The Company is planning follow-up drilling to test the depth and strike potential of the mineralised zone, including a deep diamond drill hole to test the depth potential of the widest zone of mineralisation intersected in drill hole ERC 56 of **52m @ 1.8% Zn** from 125m.

"These results – from our first drilling campaign at this project since listing on the ASX in June this year – have been most encouraging, confirming the potential to delineate a copper-zinc resource at the Eastman Prospect and reinforcing the broader exploration potential of this area – which contains numerous historic copper-lead-zinc-gold-silver prospects," Dr Watkins said.

"We are currently planning follow-up drilling, including a deep diamond drill hole to test depth extensions of the deposit which we are aiming to complete in October," he added. "This drilling will provide a good indication of the potential to extend the currently defined mineralised zone."

In addition, a high-resolution aeromagnetic and radiometric survey of the Eastman Project area is scheduled to commence in October 2006. This survey is designed to map in detail the principal target horizons for copper-zinc and nickel-copper-PGE deposits and, in particular, identify zones of alteration within these horizons which may reflect mineralisation.

Dr Watkins said the survey was also designed to detect anomalies that may be related to uranium mineralisation, particularly in the eastern part of the project area.

The successful drilling program at the Eastman Project follows the recently announced results from Magma's Thunder Bay North Project in Canada, where drilling is scheduled to commence in November 2006 targeting a large magnetic anomaly believed to be the source of strongly PGE-mineralised ultramafic glacial boulders previously identified at the project.

- ENDS -

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**BACKGROUND - ADVANCED PROJECTS IN WORLD-CLASS MINERAL PROVINCES**

Magma Metals Limited has assembled a portfolio comprising the rights to earn majority interests in seven nickel-copper-PGE projects in the well-established mineral provinces of the East Yilgarn and East Kimberley in Western Australia and the Thunder Bay region of Ontario, Canada.

In the East Yilgarn, Australia's premier nickel production province, Magma has a 1,800km<sup>2</sup> ground position covering the Mt Jewell, Laverton and Roe Projects. Magma's initial focus in this region is on the Mt Jewell Project (Magma earning a 60% interest), which includes the GSP deposit (Inferred Mineral Resource of 86,000 tonnes at 2% nickel) as well as a number of other drill targets where previous ore-grade intersections have been recorded.

The Mt Jewell Project is located some 30km north-west of the Silver Swan and Black Swan Nickel mines (operated by LionOre Mining International Ltd). Magma is currently drilling the potential depth extension of the GSP resource as well as other targets in the project.

In the East Kimberley, Magma has a 550km<sup>2</sup> tenement holding in the emerging Halls Creek nickel-copper-PGE province which hosts the operating Sally Malay nickel-copper mine and the Panton Sill PGE deposit as well as the Koongie Park copper-zinc deposits. Its two East Kimberley projects, Eastman and Laura River, are prospective for nickel, copper, PGE's and zinc, while the Laura River Project is also prospective for gold and uranium, which will also be assessed as part of planned exploration activities.

The two Thunder Bay projects in Canada are located near the major Lac des Iles PGE mine and 5mtpa processing plant. At the more advanced Tib Lake project, where the geology is analogous to the 5 million ounce Lac des Iles deposit, intersections of up to 19.5 metres at 1.7g/t combined platinum, palladium and gold has been recorded in previous drilling – a grade similar to the open pit head grade at Lac des Iles.

- ENDS -

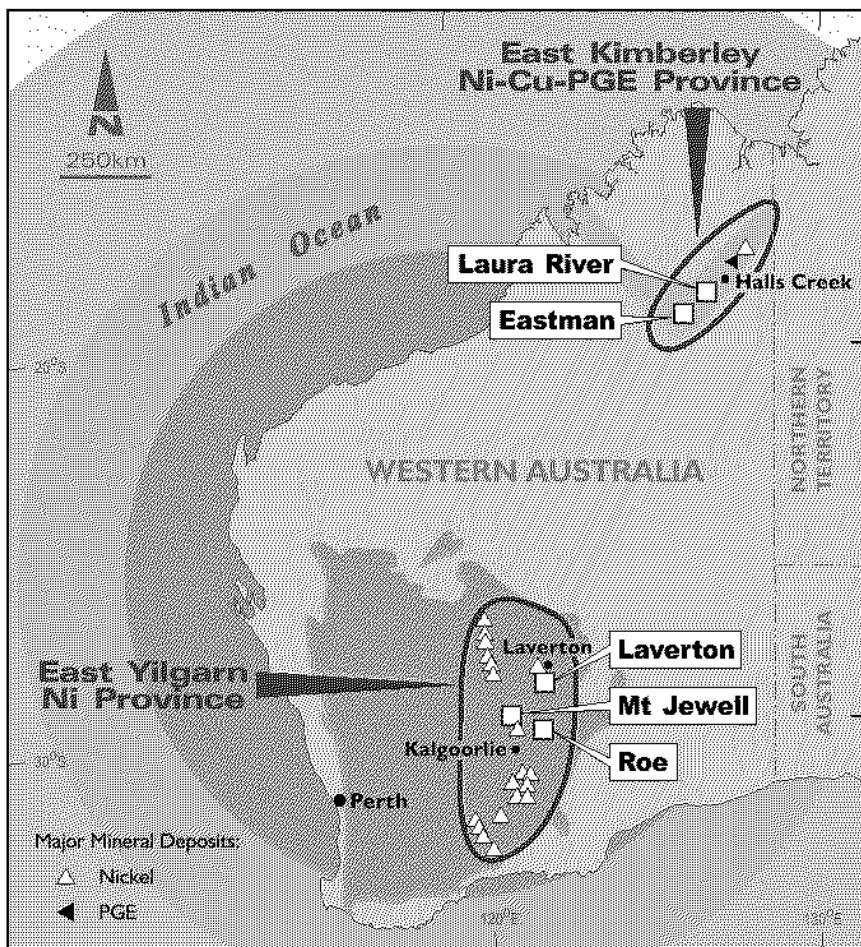


Figure 1. Magma's Western Australia Projects

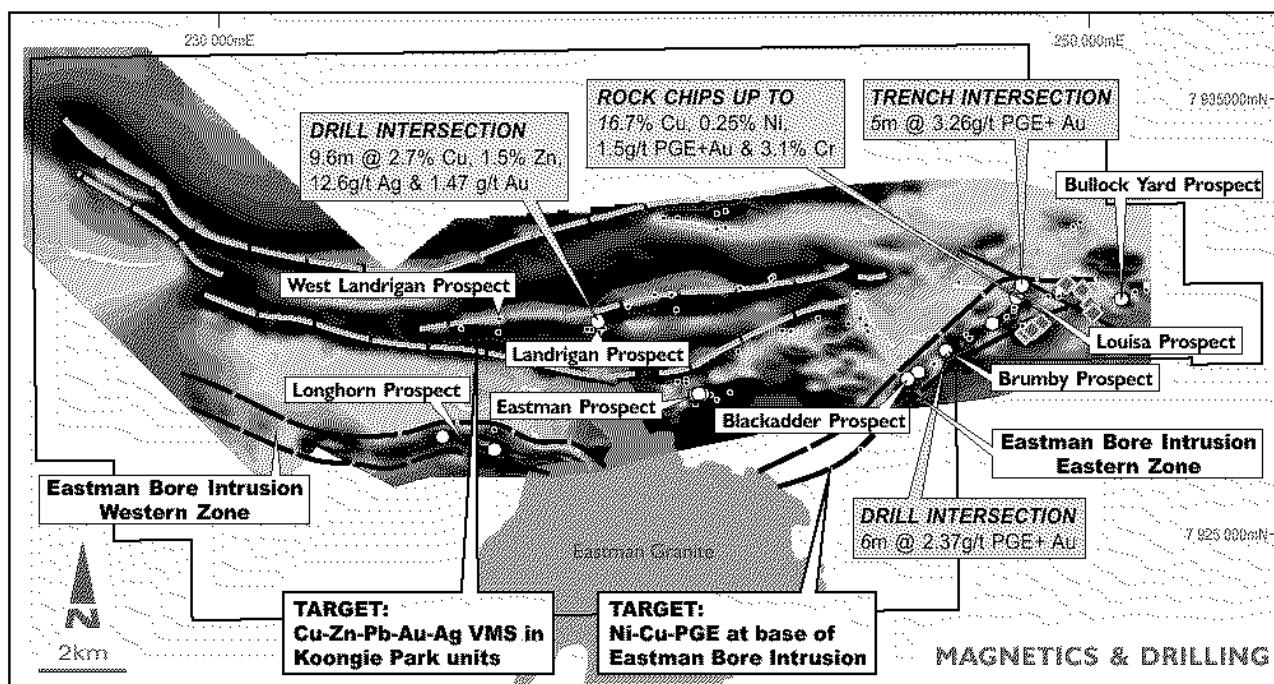
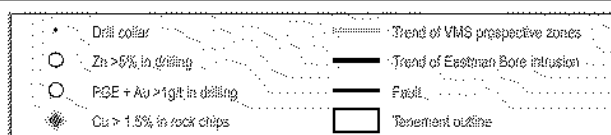


Figure 2. Eastman Project



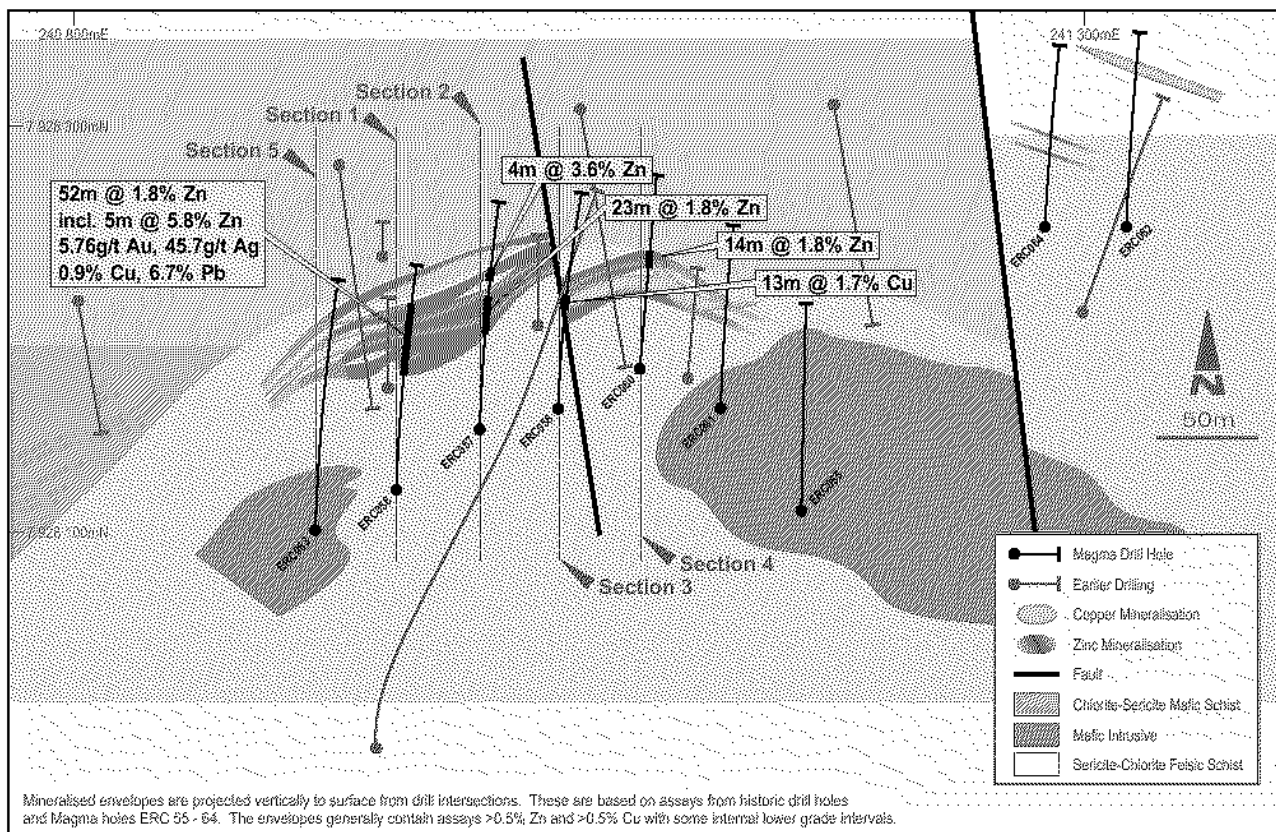


Figure 3. Eastman Prospect - Zinc & Copper Mineralisation in Drilling

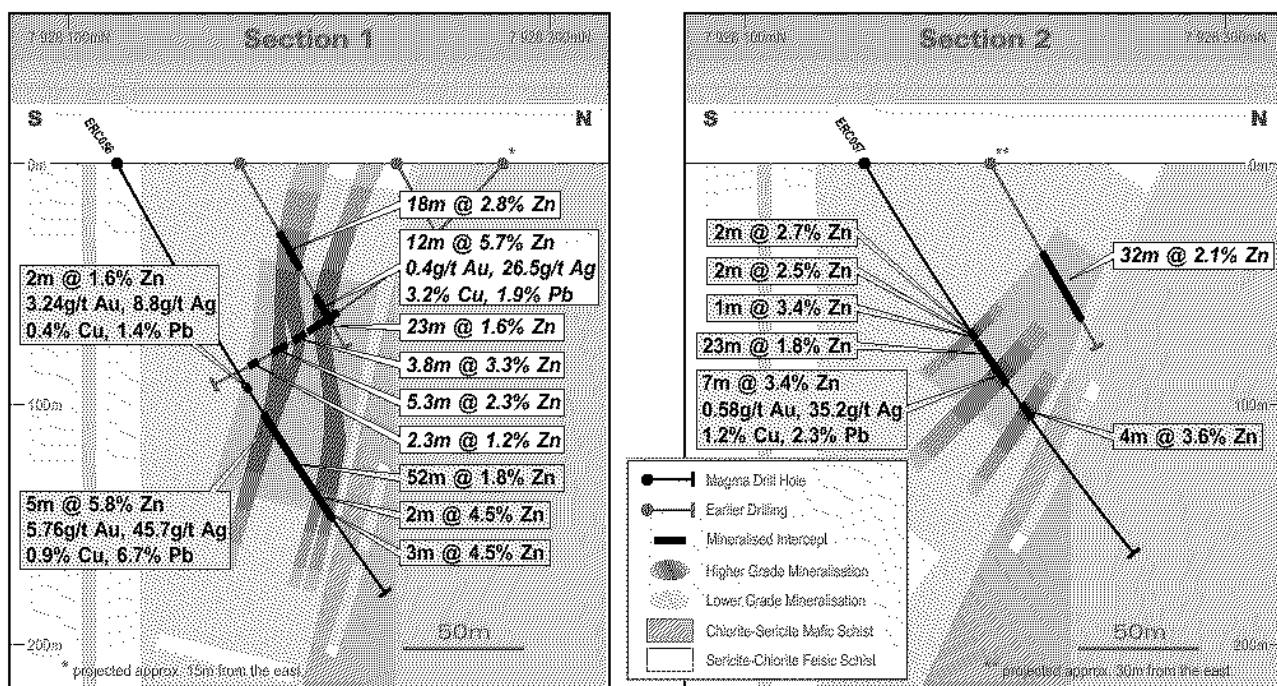
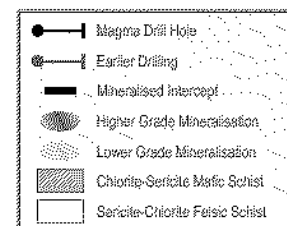
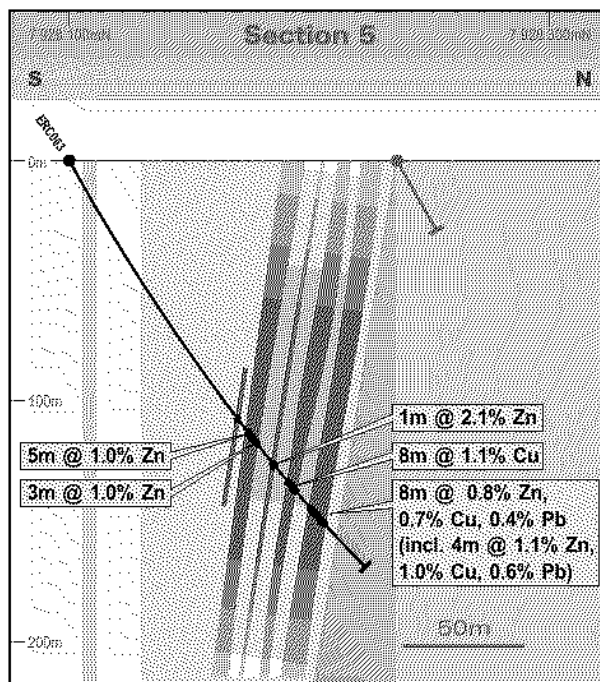
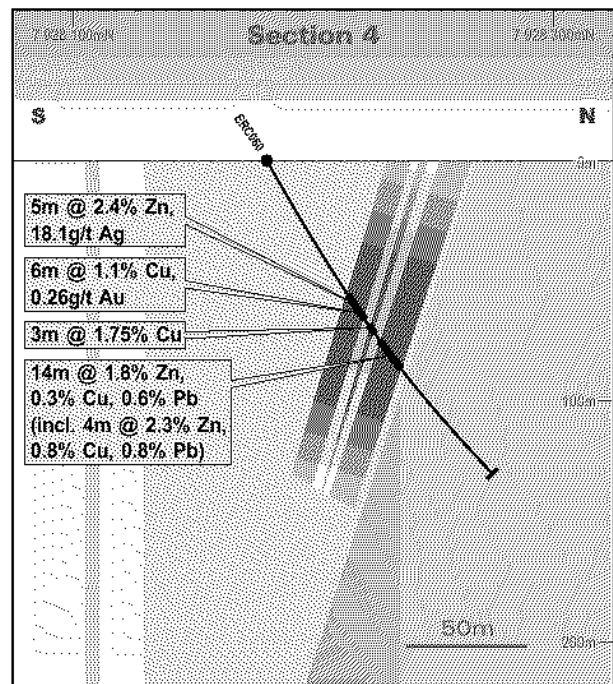
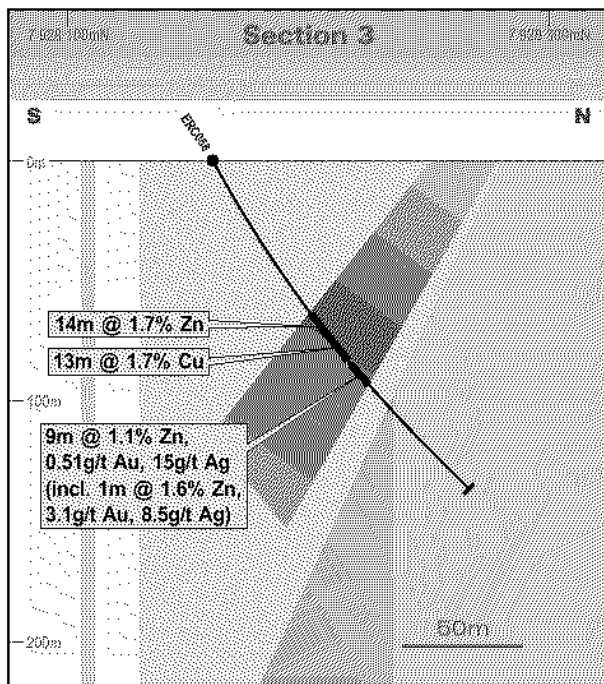


Figure 4. Eastman Prospect - Cross Sections 1 & 2



**Figure 5. Eastman Prospect - Cross Sections 3, 4 & 5**