



Fortescue's NSW copper punt with Magmatic; Metals

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Body

Fortescue has pumped more money into its decade-long search for copper and gold in NSW by taking a 19.9 per cent stake in ASX-listed minnow Magmatic Resources.

Pre-revenue Magmatic has been drilling for copper, gold and silver near Narromine, a geological district made famous by big copper and gold mines such as Newmont's Cadia and Evolution Mining's Northparkes operation.

Fortescue has been trying to find the extension of Cadia's rich gold and copper geology for the best part of a decade, after previously helping to fund exploration in the district through a privately held explorer called Gold and Copper Resources.

The iron ore miner will pay \$3.7 million for a 19.9 per cent stake in Magmatic, which also has exploration projects near Parkes and Wellington.

Fortescue will spend at least a further \$3 million on drilling at Magmatic's Myall prospect near Narromine.

"Myall has many of the signatures of a tier 1 copper-gold deposit and Magmatic has recognised the need to partner with a major to further advance the project following the maiden resource," Magmatic executive chairman David Richardson said.

The iron ore miner could spend a total of \$17.7 million over six years on drilling Magmatic's targets and buying shares. Under that scenario, **Fortescue** would emerge with 19.9 per cent of Magmatic and 75 per cent ownership of the Myall project. The partnership illustrates the effort **Fortescue** is making to diversify into other minerals, as well as its highly publicised pivot into clean energy products.

Fortescue has explored extensively across Western Australia and South America for minerals such as lithium and copper and has also stated an interest in rare earth elements.

Magmatic shares rose by more than 37 per cent after **Fortescue**'s interest was revealed on Friday, earning it a market capitalisation of \$19 million. **Fortescue** will pay 4.884¢ for each of the shares it subscribes for.

Fortescue's NSW copper punt with Magmatic Metals

As long as its shareholding remains below the 20 per cent threshold, **Fortescue** will have the right to one Magmatic board seat. If its ownership increases, **Fortescue** gets the right to another seat provided its grip on the register is sustained at 20 per cent or higher.

Magmatic shares raced ahead of **Fortescue**'s subscription price, fetching the highest level since December.

Magmatic shares rose 38 per cent.

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