



18 December 2007

## **AMAZON BAY IRONSANDS EVALUATION WORK COMMENCING**

### **Highlights**

- **Titan Mines Limited ("Titan") - 25% owned by MIL with an earn-in up to 90% - is finalising arrangements to undertake an aeromagnetic survey of EL 1396. This survey is aimed to scope out the scale of the Amazon Bay iron sands exploration target beyond the 445 million tonnes of iron sands reported by AOG Minerals from previous work (non-JORC Code measurement).**
- **The Metallurgical testwork program has been developed and is commencing at Metcon Laboratories.**

### **Aeromagnetic Survey**

Titan is currently finalising arrangements to undertake an airborne magnetic geophysical survey of EL 1396 during early 2008. Interpretation of data will be calibrated against the ground surveys carried out by AOG Minerals Pty Ltd ("AOG") around Deba Village in 1970 which established the currently known iron sands mineralisation. The survey is to involve approximately 3,000 line kilometres.

The objective of the survey is to scope out the extent of the iron sands exploration target within the EL beyond the known mineralisation reported by AOG of 445 million tonnes of iron sands containing greater than 10% Fe (non-JORC Code measurement). AOG primarily focussed within the Magarida / Deba project areas of EL 1396 and air photo interpretation indicates that there are numerous additional strandlines that comprise targets for increasing the extent of the known mineralisation.

### **Possible Process Routes**

Titan proposes to evaluate a number of process routes for the development of the Amazon Bay iron sands. These range from production of iron sands concentrate through to production of pig iron.

### **Metallurgical Testwork**

A metallurgical testwork program has been developed and has commenced at Metcon Laboratories, Sydney. Initially this program is to establish of grinding work index and grind-grade curves to assess the "yield" of marketable grade product.

### **Background on Amazon Bay**

MIL has acquired a 25% interest in Titan Mines Limited, a private PNG registered company that owns 100% of EL 1396 which covers an area of 780 km<sup>2</sup> commencing 160km to the east of Port Moresby. The Amazon Bay ironsands deposit represents potentially one of the major undeveloped titaniferous magnetite resources in the Asia Pacific region. Under the agreement with Titan Mines, MIL can acquire up to 90% of the Amazon Bay project by funding evaluation work and completion of a bankable feasibility study.

The Amazon Bay ironsands project was first explored and evaluated by AOG Minerals Pty Ltd from 1969 to 1972. It focused on the coastal strandline deposits, which contain 10 to 13% magnetics to a depth of 9m based on 891 shallow drill holes. AOG reported that the potential of the area could contain up to 445 million tonnes of ironsands (non-JORC Code measurement).

The strandlines were formed in the Quaternary Period, the most recent geological period, through the weathering of intrusive and volcanic rock formations with the heavy minerals concentrated in strandlines on the coast by wave and current action. Up to 32 strandlines have been identified inland up to 20km from the present coastline as minor up-warping of the land surface has significantly extended the coastal plain platform.

Laboratory work carried out by AOG showed that a combination of screening, gravity and low intensity magnetic separation could produce a concentrate of plus 40% Fe, 10% TiO<sub>2</sub> and 0.4% vanadium. Pyrometallurgical testwork in the early 1970's also demonstrated that if the concentrate was reduced and melted, 95% of the iron could be recovered as metal.

With the strong demand for iron ore led by China and other developing countries, it is expected by mining companies that seaborne traded iron ore supply will remain tight for at least another five years despite the major expansions committed to by the majors (CVRD, BHP and RIO). Thus alternate sources of iron will be sought by Asian steel mills and iron ore traders.

A presentation of the Amazon Bay ironsands project was given at the Annual General Meeting on 24<sup>th</sup> October 2007. A copy of this presentation is available under Investor Relations/2007 Announcements on the company's website: [www.mqil.com.au](http://www.mqil.com.au).

### **For further information:**

**Pat Elliott**  
**Chairman and Managing Director**  
**Magnesium International Limited**  
**Tel: +61 (0) 2 9252 1505**  
**Mobile: +61 (0) 488 755655**

**James Beecher**  
**Company Secretary and Director**  
**Level 6, 210 George Street SYDNEY NSW 2000**  
**+61 (0) 2 9252 1505**  
**+61 (0) 411 013200**