

SEPTEMBER 2013

# Coringa – Brazil's largest undeveloped high grade gold project

2013 Precious Metals Summit Colorado  
18<sup>th</sup> - 20<sup>th</sup> September, 2013



**MAGELLAN**  
MINERALS LTD.

TSX-V: MNM | OTCQX: MAGNF | [www.magellanminerals.com](http://www.magellanminerals.com)

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# Summary

- Magellan owns 100% of the Coringa gold deposit in northern Brazil comprising;
  - **561,000oz M&I** (3.2Mt @ 5.5g/t gold) + **534,000oz of Inferred** (5.5Mt @ 3.0 g/t gold)
  - The PEA on Coringa completed in November 2012 resulted in an **IRR of 33%** and a **NPV of \$110M** at a gold price of \$1,350/oz on 51,000oz / yr ug mine. Initial capex is \$64.5M and LOM Capex is \$115M. Payback of 2.9 years. Average LOM grade 5.7g/t gold.
  - **Feasibility Study is 45% complete** (Ausenco - Snowden) and requires an additional 4-5 months
- Magellan also owns 100% of the Cuiu Cuiu gold deposit comprising **100,000oz M&I** (3.4Mt @ 1.0g/t gold) + **1,200,000oz of Inferred** (31Mt @ 1.2g/t gold)
- Kinross, Newmont and Sandstorm Gold are all shareholders. Sandstorm holds a 2.5% NSR on Coringa

# Management Team

## **Jim Stypula** **Chairman**

- Previously CEO of Chapleau Resources, financier with 20 years of experience in mineral exploration. Founding director of Far West Mining

## **Alan Carter** **President & CEO, Director**

- 20 years of experience. Former Exploration Manager for Rio Tinto and Business Dev. Manager at BHP Billiton. Director of Peregrine Diamonds and co-founder of Peregrine Metals (bought by Stillwater Mining in Oct 2011)

## **Dennis Moore** **VP Business Development, Director**

- Exploration geologist with 27 years of experience, half of it in Latin America. Responsible for discovery of the Tocantinzinho deposit, now owned by Eldorado Gold

## **Paul Hansed** **Chief Financial Officer**

- 25+ years of accounting and finance experience including 19 years with KPMG in Canada and Europe

## **Guillermo Hughes** **Chief Geologist**

- 26 years of experience in the mineral exploration industry including experience in Argentina, Peru and Brazil

## **John Kiernan** **VP Project Development**

- Mining Engineer with 25 +years experience including 10 working underground. Ex-Inco, AMEC, Wardrop and Quadra

## **Derek White** **Director**

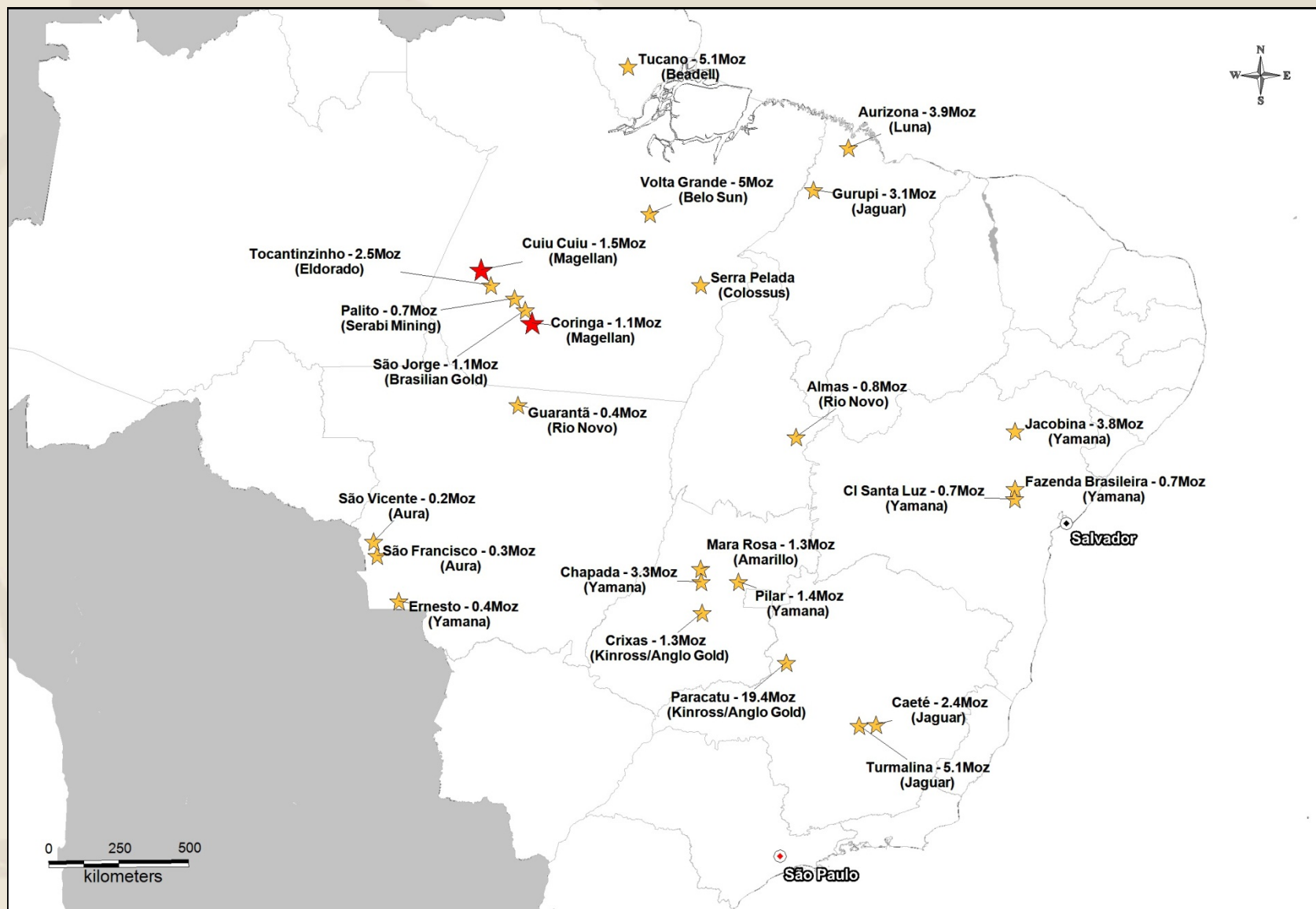
- President & CEO of KGHM International with 20+ years of financial experience in the mining and metals industry. Ex-Quadra, Impala Platinum Ltd, Gencor and BHP Billiton

## **Mario Szotlender** **Director**

- Former CEO of Rusoro Mining, Director of Endeavour Silver and Radius Gold. 20+ years of experience financing and managing companies in Latin America

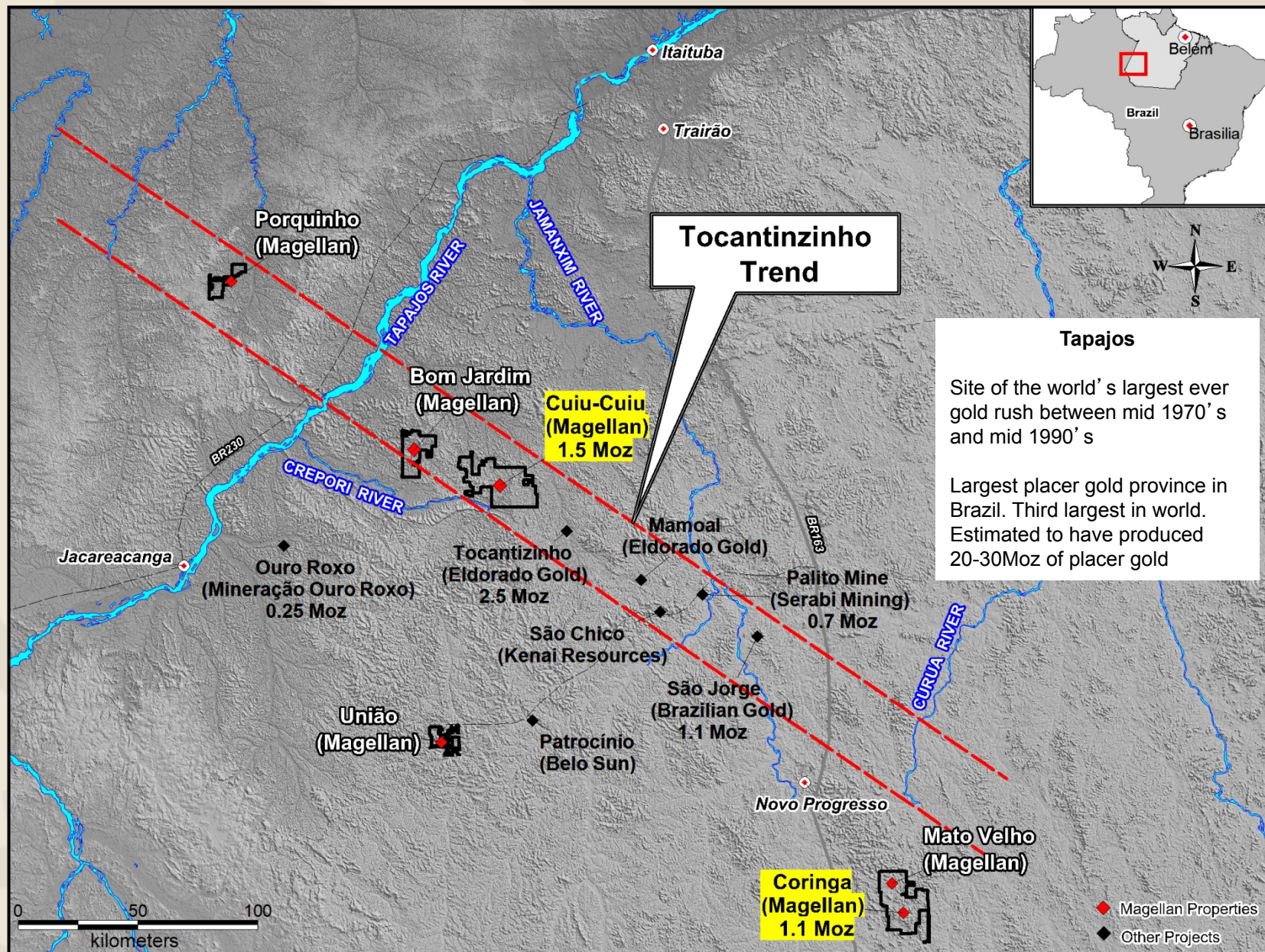


# Significant Gold Deposits in Brazil





# Key Land Position in Competitive Belt





# Coringa – location, grade, low capex

- Location - 20km east of main BR-163 paved highway and mains power
- Grade - Measured and Indicated Resource of 561,000oz averaging 5.5g/t gold + Inferred Resource of 534,000oz averaging 3.0g/t gold. Top-cut of 50g/t gold. **Life of Mine grade of 5.7g/t gold**
- Low capital cost – PEA of November 2012 estimates a **capital cost of US \$65M** including a 25% contingency
- Compelling economics – NPV<sub>5</sub> of \$110M and IRR of 33% (after tax basis) at \$1350/oz. Low operating costs of \$518/oz including 20% contingency
- Short time frame to production - feasibility study requires an additional 4-5 months work. Permitting and construction likely to take 12-18 months
- Upside potential - All zones are open at depth. Recent drilling returned **3m @ 12.58 g/t gold at Mae de Leite and 1.7m @ 12.05 g/t gold at Serra**. Approx. 80% of gold-in-soil anomalies remain untested. +20km of mineralized structures mapped to date. Mato Velho project 15km to north, returned results of **8m @ 8.32 g/t gold** in early stage drilling

# Location and Infrastructure

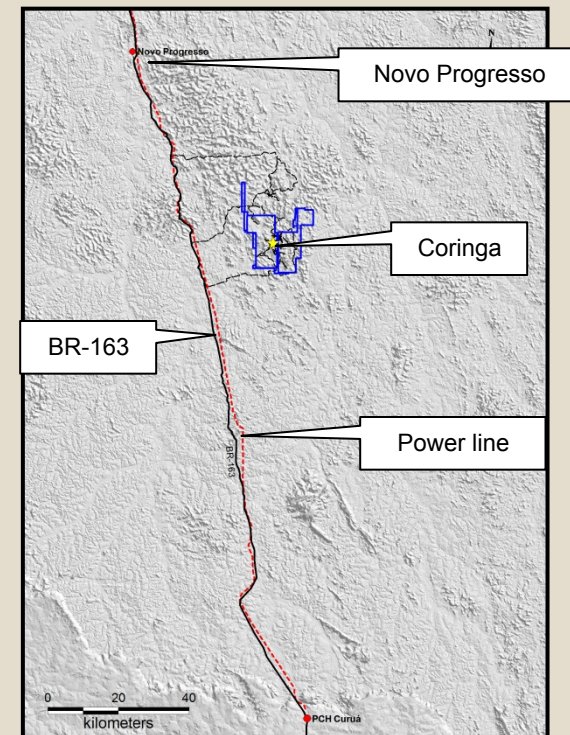
- Good infrastructure: 20km east of main BR-163 paved highway and mains power
- 65km SE of Novo Progresso, town of 10,000 people with scheduled flights to Sao Paulo via Cuiaba
- Airport at Novo Progresso recently upgraded with daily scheduled flights



Recently paved BR-163



Town of Novo Progresso



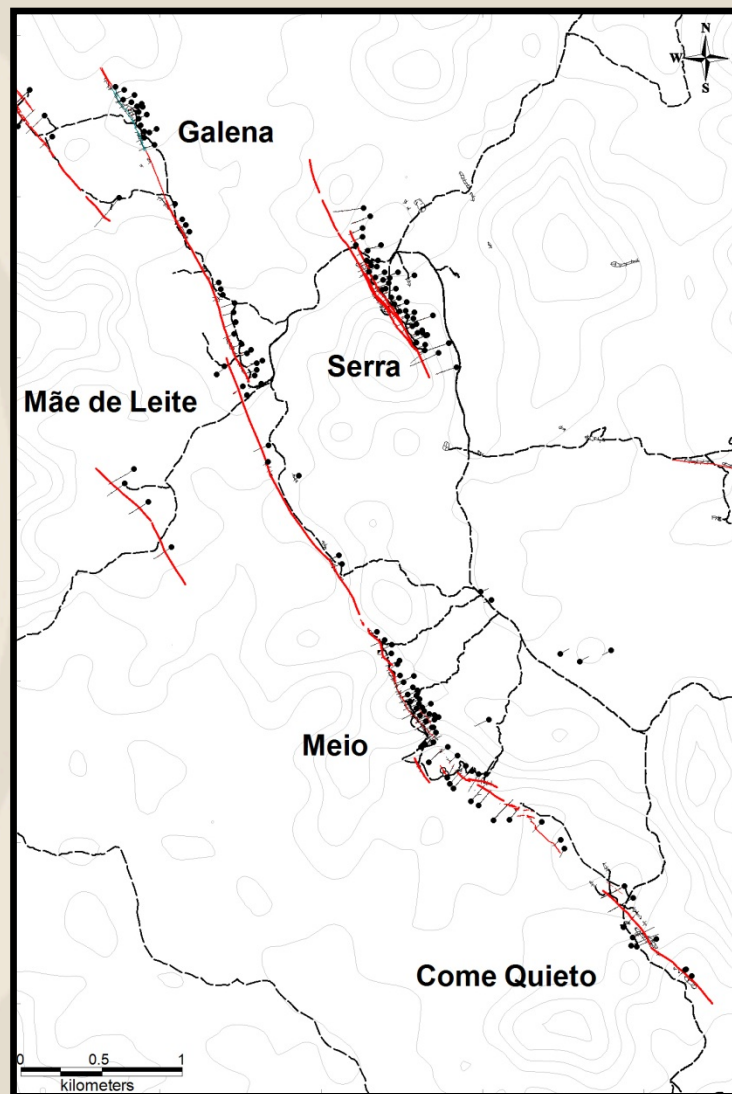


# Distribution of mineralized zones

- Proterozoic mesothermal quartz veins, sub-vertical dipping and 0.5 - 3.5m in width.
- Drilled to a maximum depth of 300m but on average 180m.
- **All resource zones are open at depth.**



Mineralized drill core: Serra zone



Map showing access, distribution of main mineralized zones and drill holes completed to date

# Resource

- Resources are contained within five areas which include Serra (42% of Measured and Indicated, 19% of Inferred), Valdetete (2% of Measured and Indicated, 13% of Inferred), Meio – Come Quietto (42% of Measured and Indicated, 35% of Inferred), Galena – Mae de Leite (15% of Measured and Indicated, 14% of Inferred) and Demetrio (18% of Inferred). **Bulk of M&I resources are contained within Serra and Meio – Come Quietto**
- Using a 2g/t gold cut-off, resources total 516,000 ounces of gold in the Measured and Indicated category representing 2.26Mt @ 7.22 g/t gold and 409,000 ounces of gold in the Inferred category representing 2.72Mt @ 4.68 g/t gold

Resource Area	Tonnes	Au (gpt)	Au (grams)	Au (oz)
<b>Measured</b>				
Serra	520,000	7.29	3,793,000	122,000
Valdetete	18,000	1.22	22,000	1,000
Meio – Come Quietto	335,000	7.15	2,395,000	77,000
Galena – Mae de Leite	278,000	5.85	1,625,000	52,000
Demetrio				
<b>Total</b>	<b>1,151,000</b>	<b>6.81</b>	<b>7,835,000</b>	<b>252,000</b>
<b>Indicated</b>				
Serra	383,000	9.23	3,534,000	114,000
Valdetete	227,000	1.33	303,000	10,000
Meio – Come Quietto	1,196,000	4.06	4,859,000	156,000
Galena – Mae de Leite	217,000	4.23	917,000	29,000
Demetrio				
<b>Total</b>	<b>2,023,000</b>	<b>4.75</b>	<b>9,613,000</b>	<b>309,000</b>
<b>Measured &amp; Indicated</b>				
<b>All Areas</b>	<b>3,174,000</b>	<b>5.50</b>	<b>17,448,000</b>	<b>561,000</b>
<b>Inferred</b>				
Serra	482,000	6.55	3,156,000	101,000
Valdetete	1,661,000	1.33	2,216,000	71,000
Meio – Come Quietto	1,948,000	3.01	5,865,000	189,000
Galena – Mae de Leite	564,000	4.20	2,367,000	76,000
Demetrio	856,000	3.52	3,010,000	97,000
<b>Total</b>	<b>5,511,000</b>	<b>3.01</b>	<b>16,614,000</b>	<b>534,000</b>

1 g/t Gold Cut-Off Grade (Undiluted)



## MAGELLAN MINERALS LTD.

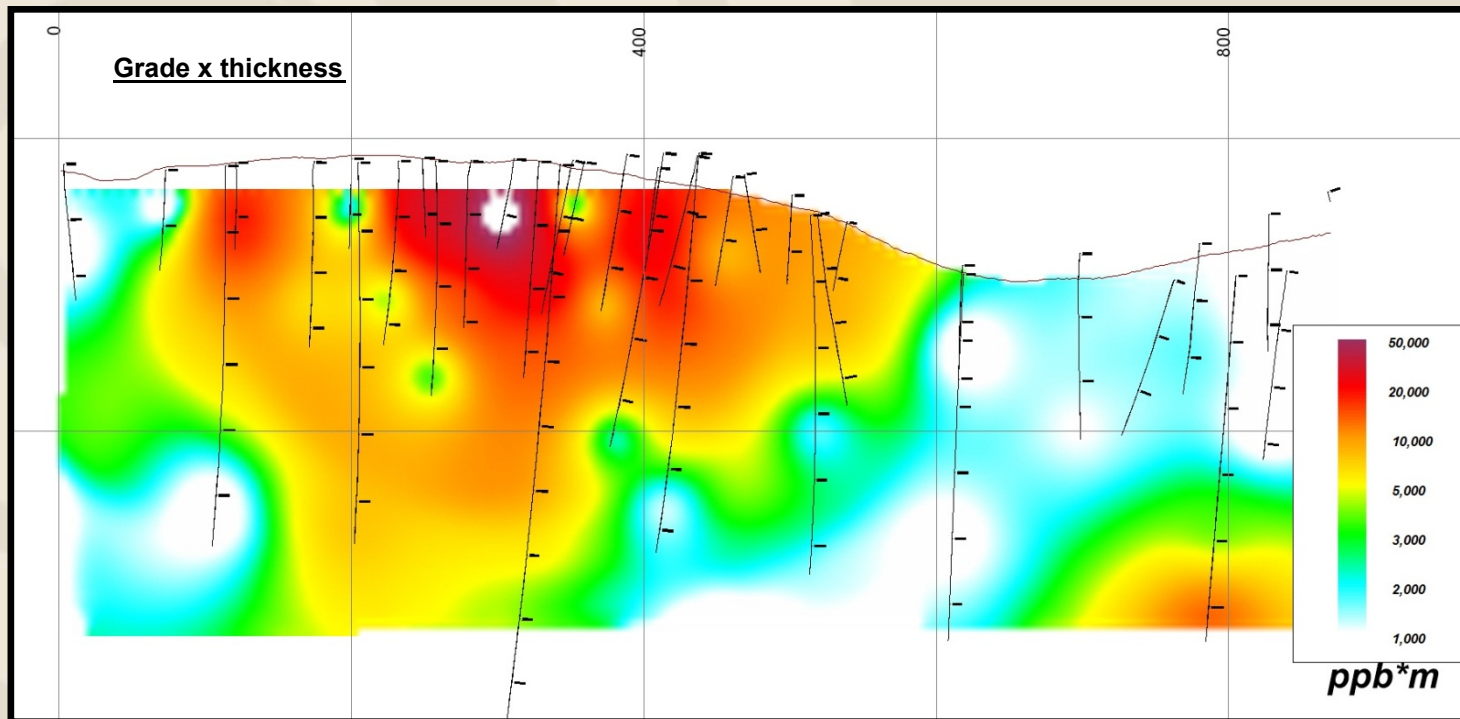
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# Meio zone - Long section

excluding Come Quieto

- Comprises 42% of the M&I resource and currently extends 600m in length.
- Drilled to a maximum depth of 300m but on average 180m. **Zone is open at depth**
- Higher grade zones appear to plunge to south



Meio long section with drill holes



# Updated PEA (Nov 2012)

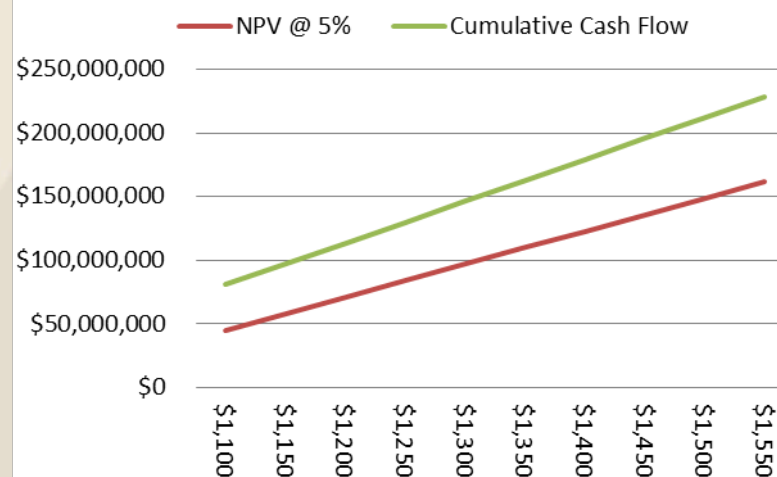
IRR	33%
NPV	\$110M
Gold Price	\$1350/oz
Mining Rate	750 tpd/ug mine
Annual Production	51,000oz / yr
Initial CAPEX	US\$64.5M
OPEX	US\$531/oz
Gold Recovery	93.5%
Payback Period	2.9 years
LOM Grade	5.7g/t gold

Feasibility study is being undertaken by Ausenco / Snowden. An estimated 4-5 months of additional work is required to complete the study



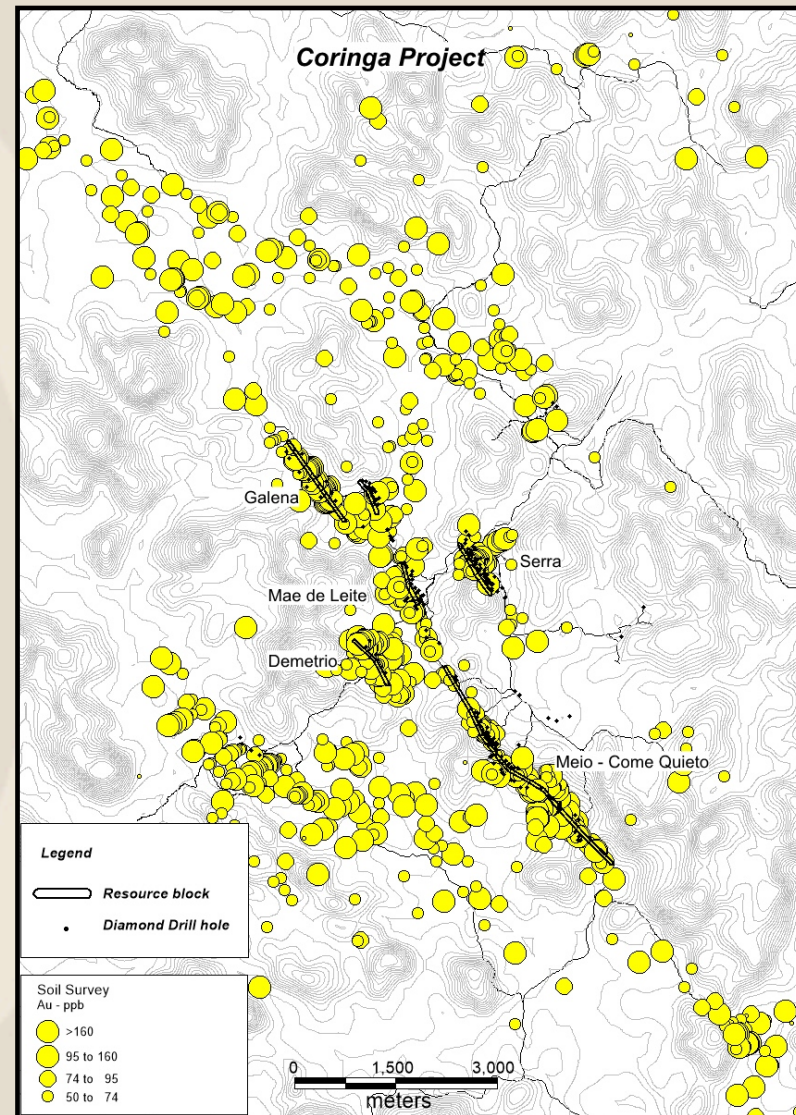
Coringa exploration camp

## Coringa Underground Mine Sensitivity to Gold Price



# Upside

- +20km of mineralized structures mapped to date, most of which are untested by drilling (approx 75%)
- Several of known zones are open along strike including Serra, Come Quietto, Mae de Leite and Meio-Onca
- Structures tested down to a maximum depth of 300m. All bodies are open at depth
- Numerous large untested gold anomalies beyond current resources indicate significant potential for resources to grow
- Mato Velho project (located 15km to north has excellent potential from preliminary drilling 8m @ 8.32g/t gold and 1m @ 18g/t Au



Map of Coringa showing distribution of resource blocks, drill holes and gold in soils



# Status of Feasibility Study

- **Resources** (65% complete) - resource model constructed to Snowden standards – pending inclusion of recent infill drilling
- **Reserves** (15% complete) - some preliminary work done but pending completion of revised resource model. Indications are that most of reserves will be Probable
- **Mining** (15% complete) – majority will be cut and fill and resuing with minor amount of longholing in wider areas. Rock mechanics investigation completed indicating good ground conditions. Hydrogeological work completed.
- **Processing** (70% complete) – metallurgical testing confirmed high 90's (%) recoveries from grind and conventional CIL on 750t/d. Crushing/screening to be done with mobile plant providing early benefits; low capex, road material, concrete aggregate
- **Tailings / backfill** (40% complete) – preliminary tailings and backfill plan completed. Thickened tailings / paste approach has been proposed. Paste backfill will be done through use of mobile mixers with material reclaimed from tailings area
- **Infrastructure** (50% complete) – road study completed. Electrical / power study partially completed. Water study completed.
- **Environmental** (75% complete) – water balance report complete. Most of base line data collected

# Permitting

- **Application for trial mining license in process** - allows for the extraction of up to 50,000t/yr
- Licenses currently in place include **Outorga de direito de uso dos recursos hídricos** (Water rights for Tailings Dam) and the **Outorga previa de uso dos recursos hídricos** (Water License for Operation)
- Next step is **LP - Licença Previa** - this is a key step in the process through the permitting process – we are currently collecting base line data and expect to submit the application late 2013 / early 2014
- Once we have the LP in place we will apply for the **LI - Licença de Instalação**
- The LI is followed by the Operating License or **LO (Licença de Operação)**
- **Terra Consulting** (based in Belem) is assisting with all aspects of the permitting process

# Cuiu Cuiu

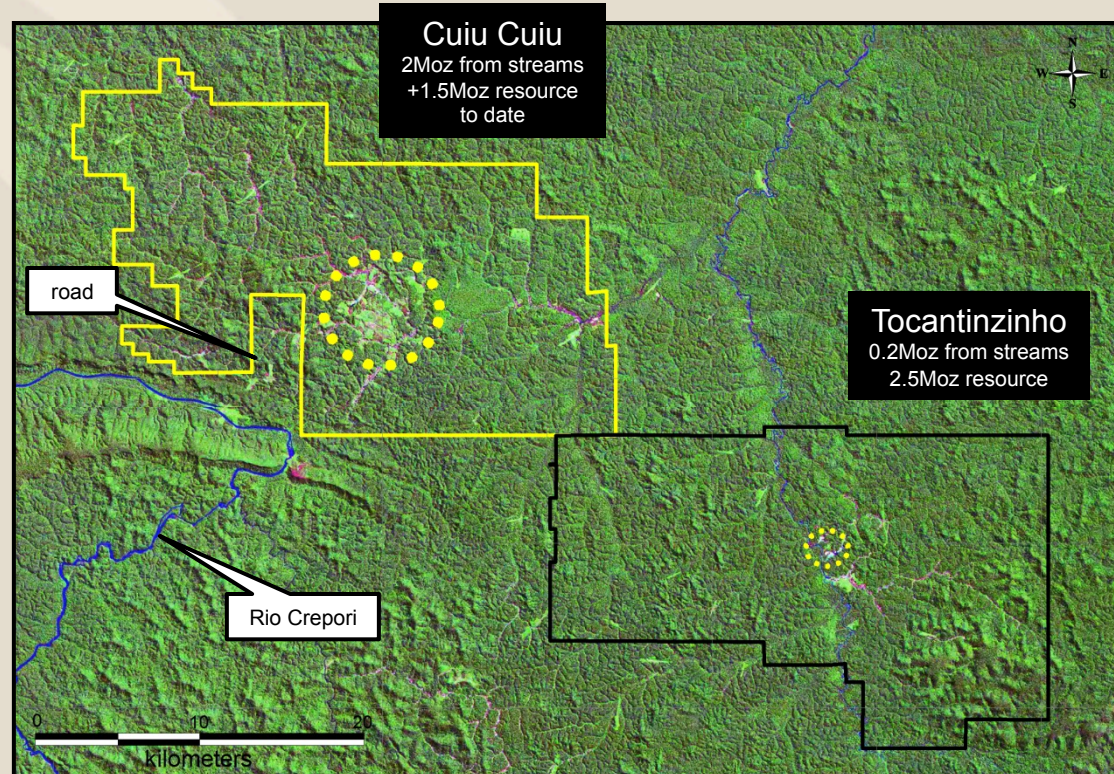
- Proximity to Eldorado – claims are contiguous with Eldorado's Tocantinzinho project (2.5Moz @ av. grade of 1.2g/t gold) which is currently on hold. Exploration at Toca is aimed at expanding resource
- Size – largest garimpo in Tapajos with estimated historic production of 1.5 – 2Moz of placer gold. Gold-in-soil anomaly so far defined by Magellan is +20km in length.
- Resources - Two deposits identified to date with total M&I resources of 0.1Moz and Inferred resources of 1.2Moz based on 25,000m of drilling. 20,000m of drilling since resource estimate. Av. grade of 1.2g/t gold
- Upside potential - All mineralized zones are open at depth.

Jerimum de Baixo	105m @ 0.6 g/t gold
Jerimum de Cima	39m @ 5.13 g/t gold
Central South	27m @ 6.94 g/t, 8m @ 8.40 g/t gold
Central North	39m @ 1.25 g/t gold
Pau da Merenda	47m @ 1.76 g/t, 9m @ 5.07 g/t gold
Ivo	8m @ 2.78 g/t, 9m @ 1.47 g/t gold



# Cuiu Cuiu and Tocantinzinho

- Tocantinzinho (2.5Moz) produced an est. 200,000oz of placer gold from artisanal surface workings\*. Cuiu Cuiu produced 1.5 – 2Moz of placer gold
- Eldorado's announced PFS in May 2011 on 160,000oz/yr OP mine, Capital costs of \$383M, Cash costs of \$559/oz and 11.8% IRR (14.4% with tax breaks)
- Road construction to Tocantinzinho site in progress
- January 2013 - Eldorado placed Tocantinzinho project on hold pending a review of costs and further exploration



\* Source: Melho, R. 2007. A preliminary assesment of the Tocantinzinho gold project, Tapajos gold province, Para Brazil. NCL Brazil 43-101 report

# Cuiu Cuiu - a growing resource

- Maiden resource estimate released in April 2011 of 1.3Moz (in pit), 1.5Moz (geological) – two deposits; Central & Moreira Gomes
- Resource based on approx. 25,000m of drilling to end 2010. During 2011 an additional 20,000m of drilling was completed
- Recent metallurgical work returned gold recoveries of 94-97% from conventional grind and CIL cyanidation
- Two new deposits discovered in 2011; Central North and Jerimum de Baixo – both of which are still open
- Numerous partially tested and untested exploration targets. Gold in soil anomaly +20km in length

	Tonnage	Au	Contained Au
	Tonne x 1000	gpt	oz.
Central	3,400	1.0	100,000
<b>Total Indicated Resources</b>	<b>3,400</b>	<b>1.0</b>	<b>100,000</b>
Central	17,000	0.9	500,000
Moreira Gomes	14,000	1.5	700,000
<b>Inferred Resources</b>	<b>31,000</b>	<b>1.2</b>	<b>1,200,000</b>

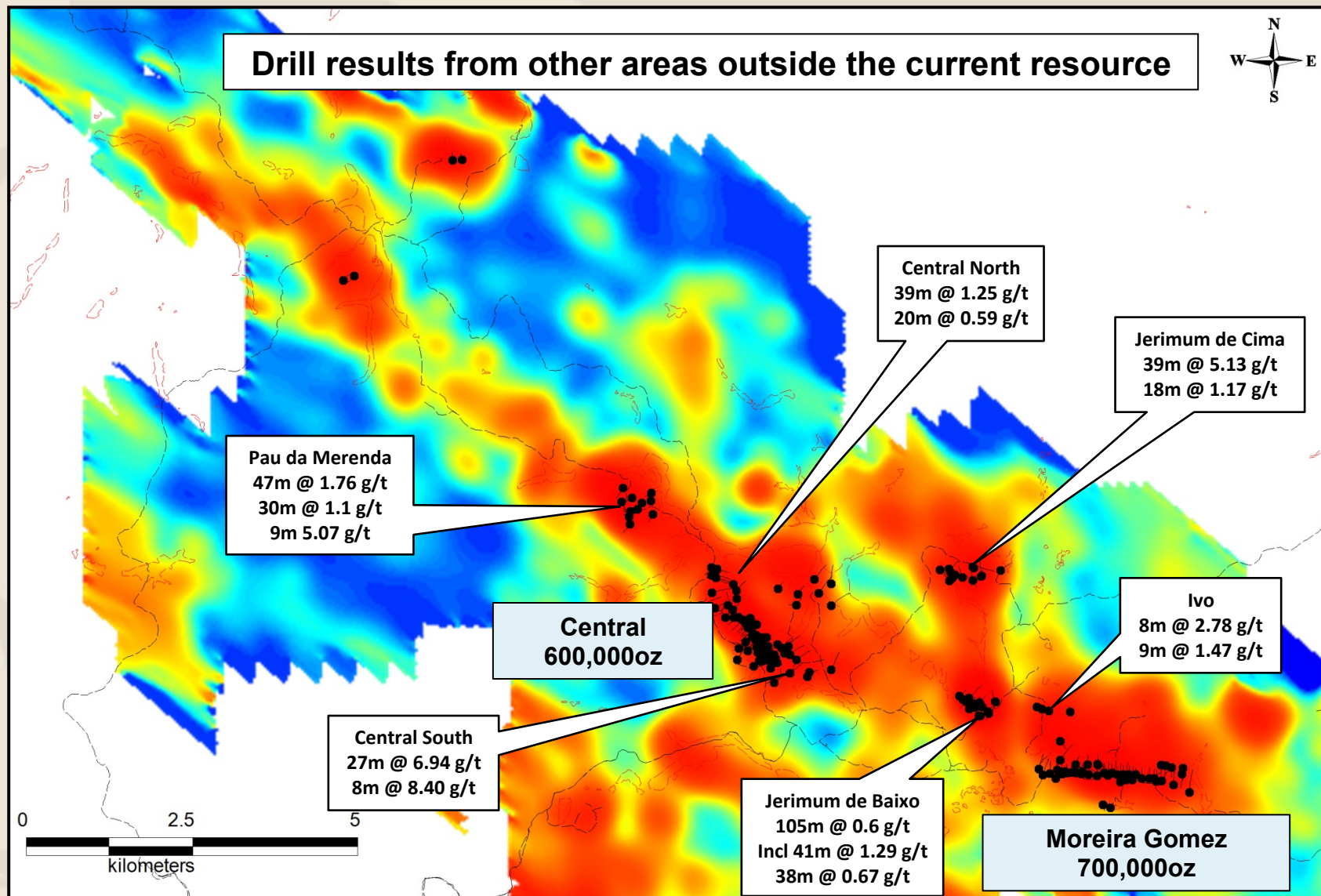
\*0.3 g/t Au cut-off grade



Cuiu Cuiu village



# Cuiú Cuiú – potential





# Summary

- Coringa is an advanced high grade gold project located close to a major highway and mains power, with a current Measured and Indicated Resource of **561,000oz averaging 5.5g/t gold** + Inferred Resource of **534,000oz averaging 3.0g/t gold** .
- A scoping study on Coringa completed in late 2012 returned an IRR of 33% and NPV<sub>5</sub> of US\$110M on a 750t/d underground mine with an initial capital cost of **US \$65M** averaging 51,000 oz/yr
- The feasibility study on Coringa is being led by Ausenco and Snowden and is currently 45% complete. Permitting and project financing are also in progress
- All of the key resource blocks at Coringa are **open at depth** (ie below 180m). Many zones are open along strike. Major gold-in-soil anomalies remain untested. The adjacent Mato Velho project located 15km to the north, has excellent early stage drill results (8m @8.32g/t gold)
- The Cuiu Cuiu project is located adjacent to Eldorado's Tocantinzinho project and has a resource of **100,000oz M&I** (3.4Mt @ 1.0g/t gold) + **1,200,000oz of Inferred** (31Mt @ 1.2g/t gold). Resources are located within a gold-in-soil anomaly that is 20km long. Ore grade intercepts occur within at least 6 different areas outside the current resources.

# Corporate Information

## Capital Structure

<b>Shares Issued and Outstanding</b>	<b>117.2 M</b>
<b>Fully Diluted</b>	<b>128.8 M</b>
<b>Cash (Jun 30, 2013)</b>	<b>\$0.5 M</b>

## Analyst Coverage

Share Price (August 31, 2013)	\$0.09
Market Cap (August 31, 2013)	11 M
Avg. Daily Volume (3 months)	68,700

## Analyst Coverage

<b>Mackie Research</b>
<b>National Bank</b>

## Shareholders

<b>Management</b>	<b>8.4%</b>
<b>Institutions</b>	<b>~35%</b>
<b>Newmont</b>	<b>2.2%</b>
<b>Kinross</b>	<b>1.1%</b>
<b>Sandstorm</b>	<b>0.9%</b>