

29 June 2012

Wallis Hearn  
Senior Associate  
T +61 8 9269 7208

**By eLodgement**

Geoff Rogers  
Partner  
T +61 8 9269 7106

Company Announcements Platform  
ASX Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
Perth WA 6000

Dear Sir/Madam

**Panoramic Resources Limited's off-market takeover bid for Magma Metals Limited ("Offer") – Offer to buy-out convertible securityholders**

We act for Panoramic Resources Limited (ABN 47 095 792 288) ("**Panoramic**") in relation to its off-market takeover bid for all of the ordinary shares in Magma Metals Limited (ABN 72 114 581 047) ("**Magma**").

The Offer closed at 7.00pm (Sydney Time) on 6 June 2012. As at 6 June 2012, Panoramic had a relevant interest in 92.24% of the ordinary shares in Magma. Panoramic is therefore required to offer to buy out remaining holders of convertible securities in Magma pursuant to section 663A of the Corporations Act 2001 (Cth) ("**Corporations Act**").

Accordingly, we enclose:

- (a) ASIC form 6023 (Notice of right of buy-out to remaining holder of convertible securities following a takeover bid);
- (b) an expert's report prepared by Stantons International Securities dated 27 June 2012 pursuant to section 667A of the Corporations Act;
- (c) two accompanying covering letters; and
- (d) two notices to Panoramic requiring Panoramic to acquire the convertible securities,

to be sent to each convertible securityholder of Magma in accordance with section 663B(1) of the Corporations Act.

These documents were lodged with ASIC earlier today and will be sent by close of business today (29 June 2012) to the relevant Magma optionholder.

Yours faithfully



# Notice of right of buy out to holders of convertible securities following a takeover bid

If there is insufficient space in any section of the form, you may attach an annexure and submit as part of this lodgement

## Lodgement details

Who should ASIC contact if there is a query about this form?

Name

Wallis Hearn

ASIC registered agent number (if applicable)

621

Company/entity name

King & Wood Mallesons

ACN/ABN/ARBN/ARSN

Telephone number

+61 8 9269 7208

Postal address

Level 10, Central Park, 152 St Georges Terrace

Perth WA 6000

Email address (optional)

wallis.hearn@au.kwm.com

## Notice

Name and address of holder

To:

Name

Details of Magma Metals Limited option holder to be inserted in copy dispatched to option holder

ACN (if applicable)

At the office of, C/- (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

Name of target company

**Securities of:**

Name ('the Company')

Magma Metals Limited

ACN/ARBN/ARSN

ABN 72 114 581 047

## Continued... Notice

Tick one box

1. Under an

☒ Off Market Bid  
☐ Market Bid

offers were made by

Name of bidder.

Panoramic Resources Limited (ABN 47 095 792 288)

in respect of the acquisition of

Insert description of class of securities to which the bid related

ordinary shares

in the Company.

2. You are the holder of securities that are convertible into securities in the bid class.
3. The bidder hereby gives you notice under subsection 663B(1) of the Corporations Act 2001 ("the Act") that the bidder and their associates have relevant interests in at least 90% of the securities (by number) in the bid class.
4. Under subsection 663C(1) of the Act, within one month after this notice is given, you, (or anyone who acquires the securities after the day on which this notice is given) as the holder of securities that are convertible into bid class securities, may give the bidder a notice requiring the bidder to acquire your convertible securities.
5. If you serve a notice on the bidder under subsection 663C(1), the acquisition will be effected on such terms as are agreed, or as are ordered by the Court on your application.
6. The details of the consideration for which, and the other terms on which the bidder is now prepared to acquire the convertible securities are:

Insert the consideration and other terms on which the holder may be bought out

AUD 0.5 cents per option held for all option holders other than David Constable who will receive AUD 1 cent per option for each of the 500,000 Magma share options exercisable at CAN 78.0 cents each and expiring on 1 December 2015.

## Signature

Name of person signing

Trevor R. Eton

Capacity

Company Secretary, Panoramic Resources Limited

Signature

Date signed

2 9 / 0 6 / 1 2  
[D] [D] [M] [M] [Y] [Y]

## Lodgement

Send completed and signed forms to:  
Australian Securities and Investments Commission,  
PO Box 9827 in your capital city.

Or lodge the form in person at an ASIC Service Centre  
(see [www.asic.gov.au/servicecentres](http://www.asic.gov.au/servicecentres))

## For more information

Web [www.asic.gov.au](http://www.asic.gov.au)  
Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)  
Telephone 1300 300 630

27 June 2012

The Directors  
Panoramic Resources Limited  
Level 9, 553 Hay Street  
PERTH WA 6000

Dear Sirs,

**INDEPENDENT EXPERT'S REPORT ON THE PROPOSAL FOR PANORAMIC RESOURCES LIMITED ("PANORAMIC") TO BUY OUT THE SHARE OPTION HOLDERS IN MAGMA METALS LIMITED ("MAGMA") AT AUD 0.5 CENTS PER MAGMA SHARE OPTION (1 MAGMA OPTION HOLDER TO BE PAID AUD 1 CENT PER MAGMA OPTION) – REPORT PURSUANT TO SECTION 667A (1) (b) OF THE CORPORATIONS ACT 2001 ("CORPORATIONS ACT")**

**1. Introduction**

- 1.1 We have been requested to prepare an independent expert's report on whether the proposed terms being offered by Panoramic to acquire all of the outstanding share options in Magma held by the share option holders of Magma at a cash price of AUD 0.5 cents each as outlined below (except for 500,000 share options exercisable at CAN 78.0 cents each and expiring on 1 December 2015 in Magma where the cash offer price to David Constable is AUD 1 cent per share option) (together, the "Offers") are at a fair value from the perspective of the Magma share option holders. The share options the subject to the Offers are as follows:

Number	Expiry Date	Exercise Price per Option
75,000	1 September 2012	AUD 75.0 cents
100,000	1 September 2013	AUD \$1.00
500,000	1 May 2013	AUD \$1.00
1,000,000	31 July 2012	AUD 50.0 cents
2,050,000	31 October 2012	AUD 83.0 cents
300,000	5 January 2013	AUD 40.0 cents
450,000	5 January 2014	AUD 55.0 cents
75,000	5 April 2013	AUD 75.0 cents
100,000	5 April 2014	AUD \$1.00
6,250,000	26 November 2014	AUD \$1.02
580,000	1 December 2012	AUD 85.0 cents
250,000	1 December 2013	AUD \$1.00
250,000	1 December 2014	AUD \$1.35
75,000	1 June 2013	CAN 60.0 cents
75,000	1 June 2014	CAN 70.0 cents
100,000	1 June 2015	CAN 95.0 cents
75,000	1 October 2013	CAN 85.0 cents
75,000	1 October 2014	CAN \$1.00
100,000	1 October 2015	CAN \$1.30
50,000	5 November 2012	CAN 78.0 cents
50,000	5 November 2013	CAN 90.0 cents
500,000	1 December 2015	CAN 78.0 cents
125,000	31 December 2012	CAN 73.0 cents
<u>125,000</u>	30 June 2013	CAN 73.0 cents
<u>13,330,000</u>		

As noted above, the Offer price for all of the above share options (except the 500,000 share options held by David Constable and exercisable at CAN 78 cents each, on or before 1 December 2015) is AUD 0.5 cents each. The Offer price for the 500,000 share options held by David Constable and exercisable at CAN 78 cents each, on or before 1 December 2015 is AUD 1 cent each.

- 1.2 Panoramic in February 2012 made a takeover bid for all of the shares in Magma on the basis of 2 Panoramic shares for every 17 Magma shares. On 27 April 2012, it was announced by Panoramic that the offer consideration under the off-market takeover bid would be increased to 1 Panoramic share for every 7 shares in Magma (approximately equivalent to around AUD 15.29 cents per share on 27 April 2012). On 23 May 2012, the offer consideration under the off-market takeover was formally amended. At close of the off-market takeover bid at 7.00 pm (Sydney Time) on 6 June 2012, Panoramic held a relevant interest of more than 90% of the ordinary shares on issue in Magana (92.4%) and has commenced the process to compulsorily acquire the remaining shares in Magma. Based on Panoramic's closing price on 6 June 2012, Panoramic's offer consideration under the off-market takeover bid of 1 Panoramic share for every 7 Magma shares held represented an implied value of AUD 9.86 cents for each Magma share.
- 1.3 Under Section 663A(1) of the Corporations Act "If the bidder and their associates have relevant interests in at least 90% of the securities (by number) in the bid class at the end of the offer period, the bidder must offer to buy out the holders of securities that are convertible into bid class securities in accordance with sections 663B and 663C".
- 1.4 Under Section 663B(1) the bidder must:
  - (a) prepare a notice in the prescribed form that:
    - (i) states that the bidder and their associates have relevant interests in at least 90% of the securities (by number) in the bid class; and
    - (ii) informs the holder of convertible securities about their right to be bought out under this Part; and
    - (iii) sets out the terms on which the holder may be bought out; and
  - (b) lodge the notice with ASIC; and
  - (c) give each other person who is a holder of convertible securities:
    - (i) the notice; and
    - (ii) a copy of the expert's report, or of all the experts' reports, under section 667A; and
  - (d) give a copy of those documents to each relevant market operator on the same day as it is lodged with ASIC if the target is listed.
- 1.5 This report is being made pursuant to section 667A of the Corporations Act to provide an opinion as to whether the terms of the Offers for the share options (convertible securities) in Magma give a fair value for the share options concerned from the perspective of the Magma share option holders.
- 1.6 Thus we have valued the above share options using a recognized option valuation methodology and compared the valuations with the Offer price of AUD 0.5 cents for all of the above share options (except that the Offer price for the 500,000 share options exercisable at CAN 78 cents on or before 1 December 2015 is AUD 1 cent each).

## **2. Valuation of the Share Options**

- 2.1 We have used the Black Scholes valuation methodology as an appropriate valuation methodology on the basis that most share option holders do not normally exercise share options until towards the end of the expiry period.



2.2 We have assumed the following assumptions:

- The date of the valuation is as at close of business on 21 June 2012, the last date that shares in Magma were traded. Magma was delisted from Australian Securities Exchange ("ASX") on 21 June 2012;
- The closing price of a fully paid Magma share at the close of business on 21 June 2012 was AUD 7.0 cents and we have used this price to determine the valuation of the share options;
- We have used a constant risk free interest rate of 2.54%. Technically different interest rates would be applied for each class of share options depending on the term to expiry but the affect on the valuations would be totally immaterial whilst interest rates are low;
- There are no market based vesting conditions applicable to any of the share options;
- The exercise prices and the terms to expiry of each class of share options is as noted in paragraph 1.1 above;
- A AUD/CAN exchange rate of CAN\$0.9635 = AUD\$1.00;
- A dividend yield of 0%; and
- A volatility factor of 65% to value the above share options. We note that the share price of a Magma share trading on ASX for the three months leading up to the takeover offer by Panoramic on 2 February 2012 was between AUD 7.3 cents and AUD 12.0 cents with a closing price on 1 February 2012 of AUD 8.0 cents for a simple volatility from the low of approximately 65.75%. The annualised volatility calculated with an option volatility calculator for the 12 months to 21 June 2012 was approximately 89%. Post the announcement of the takeover offer, the shares in Magma traded at between AUD 7.0 cents and AUD 16.5 cents (and between AUD 7.0 cents and AUD 14.0 cents between 1 May 2012 and 21 June 2012) that mainly reflected the underlying value of the takeover price by Panoramic. The last time the shares in Magma traded over AUD 16.5 cents was in October 2011. Prior to 1 October 2011, the share price of a Magma share traded in the high 10's to the low/mid AUD 20's but after 1 October 2011, the share price started to fall quite dramatically and the market re-rated the value of a Magma share (well below AUD 18.0 cents). The six month volatility using an option volatility calculator was approximately 63.5%.

2.3 We note that Panoramic used a risk free interest rate of 3.20% (10 year Government Bond rate); a volatility of 70% (as used by Magma in its 2010/11 annual report to value the options granted during the 2011 financial year); a dividend yield of 0% and a closing share price of a Magma share of 7.0 cents.

2.4 Using our assumptions, the value (in cents) of each class of share options is as follows:

Number	Expiry Date	Exercise Price per Option	Value per Option (AUD cents)
75,000	1 September 2012	AUD 75.0 cents	0.000 cents
100,000	1 September 2013	AUD \$1.00	0.000 cents
500,000	1 May 2013	AUD \$1.00	0.000 cents
1,000,000	31 July 2012	AUD 50.0 cents	0.000 cents
2,050,000	31 October 2012	AUD 83.0 cents	0.000 cents
300,000	5 January 2013	AUD 40.0 cents	0.000 cents
450,000	5 January 2014	AUD 55.0 cents	0.002 cents
75,000	5 April 2013	AUD 75.0 cents	0.000 cents
100,000	5 April 2014	AUD \$1.00	0.007 cents
6,250,000	26 November 2014	AUD \$1.02	0.031 cents
580,000	1 December 2012	AUD 85.0 cents	0.000 cents
250,000	1 December 2013	AUD \$1.00	0.001 cents
250,000	1 December 2014	AUD \$1.35	0.019 cents
75,000	1 June 2013	CAN 60.0 cents	0.000 cents
75,000	1 June 2014	CAN 70.0 cents	0.003 cents
100,000	1 June 2015	CAN 95.0 cents	0.091 cents
75,000	1 October 2013	CAN 85.0 cents	0.001 cents
75,000	1 October 2014	CAN \$1.00	0.025 cents

100,000	1 October 2015	CAN \$1.30	0.072 cents
50,000	5 November 2012	CAN 78.0 cents	0.000 cents
50,000	5 November 2013	CAN 90.0 cents	0.001 cents
500,000	1 December 2015	CAN 78.0 cents	0.226 cents
125,000	31 December 2012	CAN 73.0 cents	0.00 cents
125,000	30 June 2013	CAN 73.0 cents	0.00 cents

- 2.5 The assessed fair value of the share options are less than the Offer price of AUD 0.5 cents for all share options (excluding the 500,000 share options (i) above). The assessed fair value of the 500,000 share options exercisable at CAN 78 cents is calculated at approximately 0.226 cents and thus is less than the Offer price for such share options of AUD 1 cent per option.
- 2.6 It is noted that the valuations of the share options (including the 500,000 share options exercisable at CAN 78.0 cents on or before 1 December 2015) based on the assumptions made by Panoramic are also less than the Offer price of AUD 0.5 cents (and AUD 1.0 cent for the 500,000 share options noted above).

### **3. Conclusion**

- 3.1 **In our opinion, the Offer price of AUD 0.5 cent per share option for all of the share options (excluding the 500,000 share options exercisable at CAN 78.0 cents each, on or before 1 December 2015) is fair to those Magma share option holders.**
- 3.2 **In our opinion, the Offer price of AUD 1 cent per share option for all of the 500,000 share options exercisable at CAN 78.0 cents each, on or before 1 December 2015 is fair to that Magma share option holder.**

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International Securities)**



**John P Van Dieren - FCA**  
**Director and Authorised Representative**

## **APPENDIX A**

### **AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 27 June 2012, relating to the fairness of the terms offered to the share option holders of Magma Metals Limited ("Magma") by Panoramic Resources Limited ("Panoramic").

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Panoramic and Magma other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$3,750. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Panoramic or Magma. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

### **QUALIFICATIONS**

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 418019) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Pty Ltd are the directors of Stantons International Securities. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

### **DECLARATION**

This report has been prepared at the request of the Directors of Panoramic following the nomination by the Australian Investments and Securities Commission in order to assist them to assess the fairness to the Magma share option holders of the Offers made to the Magma share option holders to which this report relates. This report has been prepared for the benefit of Magma's share option holders. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Panoramic or Magma. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears. However we do



provide consent for Panoramic to provide a copy of our report to each Magma share option holder and lodge the report with ASIC and up load it to ASX.

#### **DISCLAIMER**

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Audit and Consulting Pty Ltd, (trading as Stantons International Securities), their directors, employees or consultants for the preparation of this report.

#### **DECLARATION AND INDEMNITY**

Recognising that Stantons International Securities may rely on information provided by Panoramic and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Panoramic has agreed:

- (a) To make no claim by it or its officers against Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) to recover any loss or damage which Panoramic may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Panoramic; and
- (b) To indemnify Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) against any claim arising (wholly or in part) from Panoramic or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Panoramic or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the Panoramic directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD  
(Trading as Stantons International Securities)  
Dated 27 June 2012**

1. Stantons International Securities ABN 84 144 581 519 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial

product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

**5. Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

**6. Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

**7. Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**8. Associations and relationships**

SIS is ultimately a wholly division of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd also trades as Stantons International that provides audit, internal audit, accounting, management consulting and probity services and charges.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

**9. Complaints resolution**

**9.1 Internal complaints resolution process**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

**9.2 Referral to External Dispute Resolution Scheme**

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188  
Fax 08 9321 1204  
Email [jvdieren@stantons.com.au](mailto:jvdieren@stantons.com.au)

**[To be personalised and sent to all option holders EXCEPT David Constable]**

29 June 2012

Mr Sam SAMPLE  
1 Sample Street  
SAMPLETOWN WA 6000

Dear Option Holder

**Offer to buy-out Magma Options**

As you are aware, Panoramic Resources Limited ("**Panoramic**") made an off-market takeover offer ("**Offer**") to acquire all of the ordinary shares ("**Magma Shares**") in Magma Metals Limited ("**Magma**"). The Offer closed at 7.00pm (Sydney Time) on 6 June 2012. At the end of the Offer, Panoramic had a relevant interest in approximately 92.24% of all Magma Shares.

Panoramic is now required to offer to buy out remaining option holders of Magma pursuant to section 663A of the Corporations Act 2001 (Cth) ("**Corporations Act**").

Panoramic is offering to buy-out all of your Magma share options **for the Offer price of AUD 0.5 cent per share option.**

**Enclosed is:**

- (a) an ASIC Form 6023: *Notice of right of buy-out to remaining holder of convertible securities following a takeover bid* (**Notice**), which Panoramic is required to give you under the Corporations Act to offer to buy-out your Magma Options;
- (b) a copy of an expert report prepared by Stantons International Securities dated 27 June 2012 (**Expert Report**) pursuant to section 667A of the Corporations Act stating that the Offer price of AUD 0.5 cent per share option is **fair** to Magma share option holders; and
- (c) an acceptance notice accepting the offer to buy-out on the terms outlined and requiring Panoramic to acquire your Magma share options (**Acceptance Notice**).

We encourage you to accept the offer to buy-out your Magma options. The assessed fair value of the share options are less than the Offer price of AUD 0.5 cent per share option.

You may accept the offer to buy-out your Magma options by completing and returning the Acceptance Notice to Panoramic so that Panoramic receives the Acceptance Notice by 2 August 2012. You may use the reply paid envelope enclosed.

If you have any questions about this letter or the enclosed Notice, or the buy-out procedure generally, you should call the Panoramic Offer Information Line on 1300 559 021 (toll-free within Australia) or on +61 3 9946 4432 (normal charges apply) between 9.00 am and 5.00 pm (Sydney Time) Monday to Friday.

Unless the context requires otherwise, terms defined in Panoramic's replacement bidder's statement dated 23 February 2012 (as supplemented) have the same meaning in this letter.

Yours sincerely



Peter J Harold, Managing Director  
Panoramic Resources Limited

**[To be personalised and sent to David Constable only]**

29 June 2012

Mr David CONSTABLE  
1 Sample Street  
SAMPLETOWN WA 6000

Dear Mr David Constable

**Offer to buy-out Magma Options**

As you are aware, Panoramic Resources Limited ("**Panoramic**") made an off-market takeover offer ("**Offer**") to acquire all of the ordinary shares ("**Magma Shares**") in Magma Metals Limited ("**Magma**"). The Offer closed at 7.00pm (Sydney Time) on 6 June 2012. At the end of the Offer, Panoramic had a relevant interest in approximately 92.24% of all Magma Shares.

Panoramic is now required to offer to buy out remaining option holders of Magma pursuant to section 663A of the Corporations Act 2001 (Cth) ("**Corporations Act**").

Panoramic is offering to buy-out your 500,000 Magma share options exercisable at CAN 78.0 cents each, on or before 1 December 2015, **for the Offer price of AUD 1.0 cent per share option.**

**Enclosed is:**

- (a) an ASIC Form 6023: *Notice of right of buy-out to remaining holder of convertible securities following a takeover bid* (**Notice**), which Panoramic is required to give you under the Corporations Act to offer to buy-out your Magma Options;
- (b) a copy of an expert report prepared by Stantons International Securities dated 27 June 2012 (**Expert Report**) pursuant to section 667A of the Corporations Act stating that the Offer price of AUD 1.0 cent per share option is **fair**; and
- (c) an acceptance notice accepting the offer to buy-out on the terms outlined and requiring Panoramic to acquire your Magma share options (**Acceptance Notice**).

We encourage you to accept the offer to buy-out your Magma options as soon as possible. The assessed fair value of the share options are less than the Offer price of AUD 1.0 cent per share option.

You may accept the offer to buy-out your Magma options by completing and returning the Acceptance Notice to Panoramic so that Panoramic receives the Acceptance Notice by 2 August 2012. You may use the reply paid envelope enclosed.

If you have any questions about this letter or the enclosed Notice, or the buy-out procedure generally, you should call the Panoramic Offer Information Line on 1300 559 021 (toll-free within Australia) or on +61 3 9946 4432 (normal charges apply) between 9.00 am and 5.00 pm (Sydney Time) Monday to Friday.

Unless the context requires otherwise, terms defined in Panoramic's replacement bidder's statement dated 23 February 2012 (as supplemented) have the same meaning in this letter.

Yours sincerely



Peter J Harold, Managing Director  
Panoramic Resources Limited



**NOTICE REQUIRING PANORAMIC TO ACQUIRE SECURITIES  
SECTION 663(C)(1) CORPORATIONS ACT 2001 (CTH)**

**OPTIONS IN MAGMA METALS LIMITED**

I \_\_\_\_\_ [name],

of \_\_\_\_\_ [address],

being the holder of \_\_\_\_\_ [number]

options of Magma Metals Limited, accept your offer to acquire my  
options

at the price of AUD 0.5 cent per share option.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (please print)

**NOTICE REQUIRING PANORAMIC TO ACQUIRE SECURITIES  
SECTION 663(C)(1) CORPORATIONS ACT 2001 (CTH)**

**OPTIONS IN MAGMA METALS LIMITED**

I David Constable [name],

of  [address],

being the holder of 500,000 [number]

options of Magma Metals Limited, accept your offer to acquire my  
options

at the price of AUD 1.0 cent per share option.

\_\_\_\_\_  
Signature

DAVID CONSTABLE

\_\_\_\_\_  
Name (please print)