



magma metals

Magma Metals Limited

ABN 72 114 581 047

Level 1, Hampden Park, 52-54 Monash Avenue,
Nedlands, WA 6009 Australia

PO Box 1176, Nedlands, WA 6909, Australia

Tel +61 (0)8 9287 7300 Fax +61 (0)8 9287 7370

Email: magma@magmametals.com.au

Web: www.magmametals.com.au

March 15, 2012

ASX & TSX: MMW

MAGMA SUPPLEMENTARY TARGET'S STATEMENT RELEASED

Directors advise shareholders to REJECT the Panoramic Offer

Perth, Western Australia – Magma Metals Limited (ASX & TSX: “MMW”) (“Magma” or the “Company”) today released its Supplementary Target’s Statement in response to the unsolicited takeover offer by Panoramic Resources Limited (“Panoramic”)

The Supplementary Target’s Statement identifies and corrects some minor errors in the Independent Expert’s Report prepared by BDO Corporate Finance (WA) Pty Ltd and in the Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd, which accompany Magma’s Target’s Statement dated 9 March 2012.

As previously advised in the Target’s Statement, the Directors of Magma continue to unanimously recommend that you **REJECT** Panoramic’s opportunistic offer.

The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, also maintains its conclusion that Panoramic’s offer is **NEITHER FAIR NOR REASONABLE**.

A full copy of the Supplementary Target’s Statement is annexed to this announcement.

Please direct enquiries or requests for further information to:

Keith Watkins
Managing Director & CEO
Magma Metals Limited

Tel: +61 (0)8 9287 7300 (Perth)
E: keith.watkins@magmametals.com.au

Justin Mannolini / Julian Mills
Gresham Advisory Partners

Tel: +61 (0)8 9486 7077 (Perth)

Greg Taylor
Investor Relations
Magma Metals Limited

Tel: +1-905-337-7673 (Toronto)
Mob: +1-416-605-5120
E: gtaylor@magmametals.ca



magma metals

Supplementary Target's Statement

This is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth) (**Supplementary Target's Statement**) issued by Magma Metals Limited ABN 72 114 581 047 (**Magma or Company**) in relation to an off-market takeover bid made by Panoramic Resources Limited ABN 47 095 792 288 (**Panoramic**), pursuant to which Panoramic proposes to acquire all shares it does not already own in Magma.

The Directors of Magma continue to unanimously recommend that you **REJECT** Panoramic's opportunistic Offer. The Independent Expert, BDO Corporate Finance (WA) Pty Ltd, also maintains its conclusion that Panoramic's Offer is **NEITHER FAIR NOR REASONABLE**.

This Supplementary Target's Statement supplements, and should be read together with, the Target's Statement dated 9 March 2012. Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning where used in this Supplementary Target's Statement.

This Supplementary Target's Statement is dated 15 March 2012, being the date on which this Supplementary Target's Statement was lodged with ASIC.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to its contents, please consult your professional adviser without delay.

Financial Adviser



Legal Adviser



1. Correction of errors in the Independent Expert's Report and in the Independent Valuation Report

It has come to the attention of Magma that the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (**BDO**) accompanying the Target's Statement as Annexure 1 and the Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd (**SRK**) accompanying the Target's Statement as Appendix 3 to the Independent Expert's Report contain some minor errors, which are identified and corrected below.

Both BDO and SRK have confirmed that the opinions formed and conclusions reached in their respective reports remain unchanged as a result of the correction of these errors.

On this basis, the Directors' unanimous recommendation that Magma Shareholders **REJECT** the Panoramic Offer and the reasons for this recommendation as set out in the Target's Statement remain unchanged.

2. Corrections to Independent Expert's Report

The following statements in this section 2 are statements made by BDO.

2.1 Correction to section 5.3

The second last line item of the table in section 5.3 on page 8 of the Independent Expert's Report refers to "*Retained earnings*". This heading should instead refer to "*Accumulated losses*" to be consistent with the terminology used in the accounts contained in Magma's Interim Financial Report for the period ended 31 December 2011.

2.2 Correction to section 6.2

There is a misalignment of the numbers contained in the first column of the table in section 6.2 on page 12 of the Independent Expert's Report entitled "Reviewed As at 31-Dec-11" regarding the non-current assets of Panoramic. The total value of the non-current assets remains unaffected. The table should read as follows (with relevant amendments noted in bold, underlined italics):

6.2 Consolidated Statement of Financial Position

| | Reviewed As at 31-Dec-11 \$'000 | Audited As at 30-Jun-11 \$'000 | Audited As at 30-Jun-10 \$'000 |
|--------------------------------------|--|---|---|
| Current assets | | | |
| Cash and cash equivalents | 66,133 | 90,864 | 49,779 |
| Term deposits | 12 | 989 | 87,601 |
| Trade and other receivables | 30,379 | 34,530 | 20,942 |
| Inventories | 18,052 | 12,322 | 12,286 |
| Derivative financial instruments | 14,855 | 6,997 | 3,769 |
| Current tax receivables | 4,347 | 966 | - |
| Prepayments | 2,473 | 1,348 | 3,222 |
| Total current assets | 136,251 | 148,016 | 177,599 |
| Non-current assets | | | |
| Receivables | - | - | 1,876 |
| Available-for-sale financial assets | 6,222 | 6,621 | 9,229 |
| Property, plant and equipment | 83,133 | 65,964 | 51,979 |
| Exploration and evaluation | 19,590 | 14,319 | 14,267 |
| Development properties | 96,473 | 96,833 | 85,933 |
| Mine properties | 68,946 | 73,923 | 68,555 |
| Derivative financial instruments | 1,351 | 2,720 | 6,858 |
| Other non-current assets | 333 | 314 | 523 |
| Total non-current assets | 276,048 | 260,694 | 239,220 |
| Total assets | 412,299 | 408,710 | 416,819 |
| Current liabilities | | | |
| Trade and other payables | 23,547 | 23,956 | 23,914 |
| Borrowings | 2,790 | 834 | 3,295 |
| Derivative financial instruments | 392 | 417 | 11,189 |
| Provisions | 6,967 | 6,378 | 8,270 |
| Current tax liabilities | - | - | 18,496 |
| Total current liabilities | 33,696 | 31,585 | 65,164 |
| Non-current liabilities | | | |
| Borrowings | 3,158 | 589 | 1,422 |
| Deferred tax liabilities | 45,704 | 44,382 | 35,672 |
| Provisions | 28,430 | 29,018 | 23,331 |
| Derivative financial instruments | - | - | 106 |
| Total non-current liabilities | 77,292 | 73,989 | 60,531 |
| Total liabilities | 110,988 | 105,574 | 125,695 |
| Net assets | 301,311 | 303,136 | 291,124 |
| Equity | | | |
| Contributed equity | 104,675 | 104,675 | 101,953 |
| Reserves | 59,042 | 52,846 | 44,203 |
| Retained earnings | 137,594 | 145,615 | 144,968 |
| Total equity | 301,311 | 303,136 | 291,124 |

2.3 Correction to section 10.1

The first note to the table in section 10.1 on page 21 of the Independent Expert's Report refers to "the two month period from 31 December 2011 to 29 January 2012 of approximately \$1.57 million." This note is incorrect and should instead read "the two month period from 31 December 2011 to 29 February 2012 of approximately \$1.57 million."

3. Corrections to Independent Valuation Report

The following statements in this section 3 are statements made by SRK.

3.1 Correction to section 8.4

The heading to Table 8-2 in section 8.4 on page 18 of the Independent Valuation Report currently reads “*Open Pit Mineral Resource Statement, Thunder Bay North Project, Effective Date 11 January 2011, David Thomas, P.Geo*”. This heading is incorrect as the table is referring to an underground mineral resource, not an open pit mineral resource. The heading to Table 8-2 should instead read “*Underground Mineral Resource Statement, Thunder Bay North Project, Effective Date 31 May 2010, David Thomas, P.Geo*”.

3.2 Correction to section 8.6

The headings to Tables 8-3 and 8-4 on page 19 of the Independent Valuation Report are transposed. The heading to Table 8-3 should read “*LoM Capital costs*”. The heading to Table 8-4 should read “*LoM Operating costs*”.

3.3 Correction to section 8.12

In order to further clarify the information in Table 8-7 on page 23 of the Independent Valuation Report, the following assumptions should be read as footnotes to that table:

- “1. *Base Case: P & E Metal Price assumptions are as follows:
US\$/oz: Pt 1,580, Pd 535, Rh 2,300, Au 1,231, Ag 22.84
US\$/lb: Cu 3.49, Ni 9.84, Co 20.00.*
2. *Upside Case: Current Metal Prices are from PEA upside case, being spot prices on 21 January 2011.*
3. *Discount rates are real.”*

3.4 Correction to section 10.1.1

The first paragraph of this section reads:

“A total of 11 transactions involving PGE resource projects globally were reviewed and displayed a considerable range of values, reflecting geographic location, stage of project development and various other factors. These transactions are detailed in Appendix B.”

This paragraph should be deleted in its entirety on the basis that 7 of these 11 transactions related to South African assets which are not considered to be comparable due to their higher risk location and resulting lower transaction values. As a result SRK chose not to go into further detail regarding those transactions. Reference to Appendix B (where that further detail was to be contained) was mistakenly included in section 10.1.1.

The remaining four transactions located outside South Africa are detailed in Table 10-1 on page 44 of the Independent Valuation Report.

4. Consent of BDO and SRK

BDO and SRK have each given, and have not, before the time of lodgement of this Supplementary Target's Statement with ASIC, withdrawn their written consent to the inclusion of each statement made by them in the form and context in which they appear in this Supplementary Target's Statement.

5. Further information

Magma Shareholders requiring additional information should call the Magma Shareholder Information Line on 1800 452 002 (toll free in Australia), 1 866 921 3145 (toll free in North America), or +61 2 8256 3379 if calling from elsewhere, or should consult their stockbroker or other professional adviser.

Announcements relating to Magma and the Panoramic Offer can be obtained from Magma's website at www.magmametals.com.au.

6. Approval of Supplementary Target's Statement

This Supplementary Target's Statement is dated 15 March 2012 (being the date on which this Supplementary Target's Statement was lodged with ASIC) and has been approved by a resolution passed by all Directors.

A copy of this Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes any responsibility for the content of this Supplementary Target's Statement.

Signed for and on behalf of
Magma Metals Limited



Max Cozijn
Chairman

15 March 2012