



magma metals

Magma Metals Limited

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ASX & TSX: MMW

MAGMA RECOMMENDS REJECTION OF PANORAMIC'S REVISED OFFER

Perth, Western Australia – Magma Metals Limited (ASX & TSX: “MMW”) (“Magma” or the “Company”) notes the announcement today by Panoramic Resources Limited (“Panoramic”) that Panoramic intends to increase the exchange ratio under its current takeover bid for the Company to **1 Panoramic share for every 7 Magma shares**, conditional upon achieving an interest¹ of more than 50% of Magma shares by 7:00pm (Sydney time) on 8 May 2012 (“**Revised Offer**”).

Magma’s Directors are unanimous in their view that Magma shareholders should **REJECT** the Revised Offer.

Based on the closing price of Panoramic shares on the ASX today of \$1.07, the Revised Offer equates to approximately 15.29 cents per Magma share. The Board notes that the value of the Revised Offer represents an increase of **only 0.35 cents or 2%** over the value of the original 2 for 17 offer at the date of that offer (3 February 2012), reflecting the sustained deterioration in the price of Panoramic shares of **15.8%** since that date.

In considering the Revised Offer, the Board also had regard to recent market evidence of the potential strategic value of platinum group metal deposits outside of South Africa, such as the recently announced acquisition by Mitsubishi of a 25% interest in the Marathon Project in Ontario, and the offer by Prophecy Platinum Corp for Ursa Major Minerals Inc, at a premium of 130% to the pre-announcement Ursa share price. Information on relative market transaction multiples was provided in Magma’s Target’s Statement and its ASX announcement of 11 April 2012.

Shareholders should also note that under the structure of the Revised Offer, Panoramic has the right to declare its offer unconditional at any time, including before the time at which there is an increase in the offer ratio to 1 for 7. Accordingly, **shareholders who accept the offer risk being bound to accept the original 2 for 17 offer terms for their shares**, if Panoramic does not achieve an interest in more than 50% of Magma shares by 7:00pm (Sydney time) on 8 May 2012 (refer to footnote 2 on the first page of Panoramic’s news release today).

The Revised Offer follows discussions held between representatives of Panoramic and Magma in which the potential for an enhancement to the offer to a level which could be recommended by the Magma Board was explored at some length without success.

¹ Including acceptances and commitments under the Institutional Acceptance Facility.

Magma Chairman Max Cozijn said:

“If Panoramic is to acquire Magma, it must be on fair and reasonable terms which recognise the value of its assets. Unfortunately, this is not the case under the Revised Offer.

Under the Revised Offer, Magma shareholders would emerge with only 14.3% of the enlarged Panoramic group compared to 12.1% under the original offer, **an increase of only 2.2%**. In the Board’s view, this is an insufficient share, given the potential of Magma’s suite of assets to deliver increased value over the short to medium term through further exploration and development activities.

In contrast, Panoramic’s two key nickel assets are relatively mature. In Magma’s opinion, notwithstanding Panoramic’s achievements as operator of those assets, they offer limited upside, unless there is an improvement in the Australian dollar nickel price or the discovery of higher grade extensions or new ore bodies.

Moreover, Panoramic’s other gold, nickel and base metals exploration and potential redevelopment projects appear to be at an even earlier stage of development than Magma’s Thunder Bay North project, and any upside is uncertain.”

To **REJECT** the Revised Offer, Magma shareholders need simply **TAKE NO ACTION** in relation to the documentation provided by Panoramic.

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Cautionary Statement

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that the expectations expressed in such forward-looking information disclosed herein are based on reasonable assumptions, these statements are not guarantees of future performance. A number of factors could cause actual results, performance or achievements to differ materially from those in the forward-looking information. Such factors include future metal prices, exploration and evaluation results, future availability of capital and general economic, market or business conditions, government regulation of mining operations, failure of equipment or processes to operate as anticipated, risks inherent in mineral exploration and development including unusual or unexpected geological formations. Descriptions of these risks can be found in the Company's various statutory reports, including its Annual Information Form available on its website at www.magmametals.com.au and on the SEDAR website at www.sedar.com. Magma Metals Limited makes no representation and can give no assurance, guarantee or warranty, express or implied, as to, and can take no responsibility and assume no liability for, the authenticity, validity, accuracy or completeness of, or any errors in or omission from, any information, statement or opinion contained in this announcement.