



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

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ASX & TSX: MMW

CLARIFICATION OF UNCERTAINTY OVER PANORAMIC'S OFFER

Panoramic Resources Limited ("**Panoramic**") announced on 27 April 2012 an intention to increase the exchange ratio under its takeover bid for Magma Metals Limited ("**Magma**" or the "**Company**") to **1 Panoramic share for every 7 Magma shares** from the original offer of 2 Panoramic shares for every 17 Magma shares.

This increase in the exchange ratio is, however, conditional upon Panoramic achieving an interest¹ of more than 50% in Magma shares by 7:00pm (Sydney time) on 8 May 2012.

The bid remains subject to a 90% minimum acceptance condition. However, shareholders should be aware that Panoramic has the right to waive this condition at any time. Thus the consideration that shareholders will receive if they accept Panoramic's offer remains uncertain.

For example, if Panoramic achieved a 45% interest in Magma by the 8 May deadline, it could waive the 90% minimum acceptance condition, provided it did so before 10 May. In these circumstances, any shareholders who had accepted the Panoramic offer **would only receive the original offer consideration of 2 Panoramic shares for every 17 Magma shares**. Based on the closing price of Panoramic shares on 1 May 2012, this values the consideration at just 12.8 cents per Magma share.

Shareholders are further reminded that Panoramic has offered to pay handling fees to participating ASX stockbrokers in respect of acceptances received from Retail Magma Shareholders. Retail Magma Shareholders should therefore be aware that brokers who contact them in relation to the offer may be financially incentivised to procure their acceptances.

Magma Directors maintain their recommendation that Shareholders **REJECT** the Panoramic offer. To do so, Magma shareholders need simply **TAKE NO ACTION** in relation to the documentation provided by Panoramic.

Magma Shareholder Information Line	
Australia:	1800 452 002 (Toll Free)
North America:	1 866 921 3145
Elsewhere:	+61 2 8256 3379

¹ Including acceptances and commitments under the Institutional Acceptance Facility.

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

Cautionary Statement

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