



Magma Metals Limited

Level 3, 18 Richardson Street, West Perth WA 6005 Australia
PO Box 1221, West Perth WA 6872 Australia

Tel +61 (0)8 9324 1500 Fax +61 (0)8 9324 1700

Email: magma@magametals.com.au

Web: www.magmametals.com.au

22nd April 2009

ASX Announcement

ASX: MMB

MAGMA METALS RAISES \$16 MILLION IN OVERSUBSCRIBED SHARE PLACEMENT

KEY POINTS

- **Magma Metals Limited to raise \$16 million by placing 50 million shares at \$0.32 predominantly to domestic and international institutional clients of Hartleys.**
 - **The placement was substantially oversubscribed.**
 - **Anglo American will maintain its 12% interest by participating in the placement.**
 - **The funds will allow Magma to rapidly advance its Thunder Bay North Platinum – Palladium project in Canada.**
-

Magma Metals Limited (“Magma” or “the Company”) is pleased to advise that it has reached in-principle agreement with Hartleys Limited, Corporate Advisor and Lead Manager, to raise up to \$16 million through the issue of up to 50 million ordinary shares at an issue price of \$0.32 per share.

The shares will be issued predominantly to domestic and international institutional clients of Hartleys. The placement was substantially oversubscribed.

The funds raised by the placement will allow the Company to continue its aggressive exploration and development program at its Thunder Bay North Platinum-Palladium-Copper-Nickel project in Ontario, Canada. It is anticipated that the placement monies will predominantly be applied as specified below:

- ♦ Completion of resource definition drilling and initial resource estimates for the Current Lake – Beaver Lake area.
- ♦ Step-out drilling to extend the resource to the southeast.
- ♦ Drilling to test anomalies from recent EM surveys which could reflect massive sulphide mineralization.
- ♦ Exploration drilling and geophysical surveys in the Steepledge Lake and Lone Island Lake Intrusive Complexes to determine their resource potential.
- ♦ Metallurgical and mining concept studies.
- ♦ Environmental baseline work.

In addition a proportion of the funds will be allocated to:

- ◆ Geophysical surveys and exploration drilling on the Company's East Yilgarn nickel-sulphide projects.
- ◆ Ongoing administration costs, including costs associated with a planned TSX listing in late-2009, and working capital.

Anglo American will participate in the placement, maintaining its 12% interest in the Company.

The placement will be completed in two tranches, with an initial 15 million shares to raise \$4.8 million being issued using Magma's 15% placement capacity under ASX Listing Rule 7.1. This tranche is expected to be completed next week. The issue of the remaining 35 million shares is conditional on shareholder approval to be obtained at a General Meeting of Shareholders expected to be held in late May, 2009.

The Directors are appreciative of the support of Corporate Advisor and Lead Manager Hartleys Limited and Anglo American and the strong investor interest in the potential of the Company's projects demonstrated by the success of this placement in a difficult market for fund raising.

This is the announcement that was referred to in the Company's request for a trading halt on 20th April 2009.



Keith Watkins
Managing Director
Magma Metals Limited