



**NOTICE OF GENERAL MEETING
OF SHAREHOLDERS**

**WEDNESDAY 27 MAY 2009
9.00 AM**

AT

**THE CELTIC CLUB,
48 ORD STREET, WEST PERTH
WESTERN AUSTRALIA**

NOTICE OF GENERAL MEETING

This Notice of Meeting should be read in conjunction with the attached Explanatory Memorandum.

NOTICE IS HEREBY GIVEN that a general meeting of shareholders of MAGMA METALS LIMITED ABN 72 114 581 047 ("**Company**") will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on **Wednesday 27 May 2009 at 9:00 am**, to conduct the following business:

ORDINARY BUSINESS - RESOLUTIONS

1. Ratification of previous issue of Shares

To consider and if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on or about 06 May 2009 of 15,000,000 Shares predominantly to institutional, sophisticated and professional investor clients of Hartleys, further details of which are set out in the Explanatory Memorandum."

2. Issue of Shares

To consider and if thought fit, to pass the following as an ordinary resolution:

"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 35,000,000 Shares predominantly to institutional, sophisticated and professional investor clients of Hartleys, on such terms and conditions as set out in the Explanatory Memorandum."

All members are invited to attend. An Explanatory Memorandum to Shareholders follows this Notice.

By Order of the Board



Graeme Scott
Company Secretary
28 April 2009

VOTING EXCLUSIONS

The Company will disregard any votes cast on Resolution 1 by the institutional, sophisticated and professional investor clients of Hartleys who participated in the issue and any associate of those persons. However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will disregard any votes cast on Resolution 2 by the institutional, sophisticated and professional investors who may participate in the proposed issue and any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the proposed resolution is passed, or any associate of any of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXIES

1. A Proxy Form is enclosed with this Notice of Meeting.
 2. A member may appoint not more than 2 proxies. A proxy need not be a member.
 3. Where a member appoints 2 proxies and does not specify the proportion or number of the member's votes each proxy may exercise half of the member's rights.
 4. An instrument appointing a proxy may not be treated as valid unless the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or proof of the power or authority to the satisfaction of the Directors is or are deposited at the Company's registered office or at the Company's share registry not less than 24 hours before the time for the holding of the particular meeting or adjourned meeting as the case may be at which the person named in the instrument proposes to vote.
 5. Proxy Forms (and the power of attorney, if any, under which the Proxy Form is signed) must be received at Level 3, 18 Richardson Street, West Perth, Western Australia, fax number (08) 9324 1700 no later than 24 hours before the time fixed for holding the meeting.
 6. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney duly authorised in writing or, if the appointor is a body corporate, either under its common seal if it has a common seal, or under the hand of an officer or duly authorised attorney or duly authorised representative.
 7. In accordance with regulation 7.11.37 of the *Corporations Regulations 2001*, the Company has determined that the shareholding of each person for the purposes of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's register as at 9.00 am WST on 26 May 2009. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.
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EXPLANATORY MEMORANDUM

This Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the general meeting of Shareholders to be held on Wednesday 27 May 2009 at 9.00am (**"the Meeting"**).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice.

ORDINARY BUSINESS - RESOLUTIONS

1. Ratification of previous issue of Shares

Background to Resolution 1

On or about 6 May 2009, the Company issued 15,000,000 Shares predominantly to institutional, sophisticated and professional investor clients of Hartleys, as part of an overall placement of up to 50,000,000 Shares subscribed for in cash for 32 cents per Share, further details of which are included in notes to Resolution 2 below. The allottees are not related parties.

Listing Rule 7.4

Listing Rule 7.1 broadly provides that a listed company may not issue securities in any 12 month period which, when aggregated with the number of the other securities issued within that 12 month period, exceed 15% of the number of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the company in general meeting is obtained.

It is possible under Listing Rule 7.4 to ratify previous issues that were made otherwise than under Listing Rule 7.1. The effect of such ratification is to restore the company's discretionary power to issue further shares up to 15% of the number of the company's issued Shares at the beginning of the relevant 12 month period without obtaining shareholder approval.

The Company experiences delays and incurs quite significant costs when obtaining Shareholder approval each time it wishes to issue securities which exceed the 15% limit and do not otherwise fall within one of the nominated Listing Rule exceptions. It is for this reason that the Company has chosen to take this opportunity to ratify the issue of securities in the last 12 months and thereby restore its discretionary limit to 15%.

For the purposes of Listing Rule 7.4, and in compliance with Listing Rule 7.5, Shareholders are advised as follows:

- (1) the number of securities issued and allotted was 15,000,000 Shares;
- (2) the Shares were issued at an issue price of 32 cents per Share;
- (3) the Shares issued are fully paid ordinary shares in the capital of the Company and rank *pari passu* in all respects with the Company's existing fully paid ordinary Shares;
- (4) the Shares have been issued predominantly to institutional, sophisticated and professional investor clients of Hartleys; and
- (5) the funds raised will be utilized as detailed in the notes to Resolution 2 below.

2. Issue of Shares

Background to Resolution 2

The Company seeks Shareholder approval to allot and issue up to 35,000,000 Shares at 32 cents per Share to institutional and sophisticated investors who will predominantly be clients of Hartleys, which, combined with the issue of 15,000,000 Shares ratified under Resolution 1, will raise gross funds of approximately A\$16 million. The proposed allottees are not related parties.

The funds raised will be utilised in progressing the Company's activities, which may include:

- (1) exploration and development activities at the Thunder Bay North PGM Project in Canada;
- (2) exploration activities on the company's East Yilgarn nickel and East Kimberley nickel-copper-PGM Projects in Australia; and
- (3) administration activities in support of the Company's field exploration programs and a planned TSX listing.

In addition to progressing the Company's exploration activities, the Company will also use some of the funds raised to provide additional working capital.

In summary, it is anticipated that the funds raised will be broadly applied in the following areas:

Exploration	75%
Administration	15%
Working Capital	10%

Listing Rule 7.1

The issue of up to 35,000,000 Shares as contemplated by Resolution 2 will exceed the Company's 15% capacity and accordingly Shareholder approval is sought pursuant to Listing Rule 7.1.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining shareholder approval pursuant to ASX Listing Rule 7.1:

- (1) the maximum number of securities to be issued by the Company under Resolution 2 is up to 35,000,000 Shares;
 - (2) the Shares will be issued as soon as practicable after the Meeting but in any event no later than 3 months after the date of the Meeting (or such later date as is permitted by ASX waiver or modification of the Listing Rules) and it is anticipated that allotment will occur on one date rather than on a progressive basis;
 - (3) the issue price of the Shares will be 32 cents per Share;
 - (4) the allottees of the up to 35,000,000 Shares will be professional and sophisticated investors who will predominately be clients of Hartleys;
 - (5) the Shares will rank pari passu in all respects with the Company's existing fully paid ordinary Shares.
 - (6) the funds raised by the issue of the up to 35,000,000 Shares will be applied in accordance with the proposed use of funds as set out above as well as for paying the costs associated with the proposed issue the subject of this resolution.
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Glossary

ASX means the Australian Stock Exchange operated by ASX Limited trading as the Australian Securities Exchange.

Hartleys means Hartleys Limited ABN 33 104 195 057

Company or Magma means Magma Metals Limited ABN 72 114 581 047.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company from time to time.

Explanatory Memorandum means this explanatory memorandum, which is accompanying the Notice of Meeting.

Listing Rules means the listing rules of the ASX.

Meeting means the general meeting of Shareholders to be held on 27 May 2009 at 9.00am.

Notice or Notice of Meeting means this notice of general meeting dated 28 April 2009.

Proxy Form means the proxy form accompanying this Notice.

Shares means fully paid ordinary shares in the Company.

Shareholder means the holder of one or more Shares.



GENERAL MEETING PROXY FORM

To: The Secretary
 Magma Metals Limited
 PO Box 1221
 WEST PERTH WA 6872
 By Fax (08) 9324 1700

I/We _____ of _____
Full name in block letters address

being a member/members of Magma Metals Limited, hereby appoint

_____ of _____

or failing him/her _____

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me on my/our behalf in accordance with the directions indicated below or in the absence of indication, as he/she/they think fit at the General Meeting of the Company to be held at **The Celtic Club, 48 Ord Street, Perth, Western Australia on Wednesday 27 May 2009 at 9:00 am** and at any adjournment thereof.

Instructions as to voting:

IMPORTANT NOTICE

The Chairman intends to vote all undirected proxies in favour of the resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxyholder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

BUSINESS

As Ordinary Resolutions

	FOR	AGAINST	ABSTAIN
1. Ratification of previous issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If the member is a company, then it shall affix its Common Seal below or sign by a duly authorised officer:

EXECUTED by _____
 ACN/ABN _____ in accordance with section 127 of the Corporations Act 2001

 Director/Company Secretary

 Director:

Date / /09

 Name of Director/Company Secretary
 (BLOCK LETTERS)

 Name of Director
 (BLOCK LETTERS)

OR

Signature

Date / /09

(insert capacity in which duly authorized
officer is signing for a member which is a company)

If the member is an individual or joint holders:

Date / /09

Signature

Signature

PROXIES

1. A member may appoint not more than 2 Proxies. A proxy need not be a member.
2. Where a member appoints 2 proxies and does not specify the proportion or number of the member's votes each proxy may exercise half of the member's rights.
3. An instrument appointing a proxy may not be treated as valid unless the instrument, and the power of attorney or other authority (if any) under which the instrument is signed or proof of the power or authority to the satisfaction of the directors is or are deposited at the Company's registered office or at the Company's share registry not less than 24 hours before the time for the holding of the particular meeting or adjourned meeting as the case may be at which the person named in the instrument proposes to vote.
4. Proxy forms (and the power of attorney, if any under which the proxy form is signed) must be received at 3rd Floor, 18 Richardson Street, West Perth, Western Australia or on fax number (08) 9324 1700 no later than 24 hours before the time fixed for holding the meeting.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney duly authorised in writing or, if the appointor is a body corporate, either under its common seal if it has a common seal, or under the hand of an officer or duly authorised attorney or duly authorised representative.
6. As permitted by the Corporations Act and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that the shareholding of each person for the purposes of determining entitlements to attend and vote at the meeting will be the entitlement of that person set out in the Company's register as at 9.00 am WST on 26 May 2009. Accordingly, transactions registered after this time will be disregarded in determining entitlements to attend and vote at the meeting.