Magma Metals Limited
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5 March 2012 **ASX & TSX: MMW**

INDEPENDENT EXPERT FINDS PANORAMIC OFFER "NOT FAIR AND NOT REASONABLE"

Directors reiterate advice that shareholders take no action

Perth, Western Australia – Magma Metals Limited (ASX & TSX: "MMW") ("Magma" or the "Company") commissioned BDO Corporate Finance (WA) Pty Ltd ("**BDO**") to prepare an independent expert's report in respect of the unsolicited takeover offer for the Company by Panoramic Resources Limited ("**Panoramic**").

Panoramic is offering 2 new shares for every 17 Magma shares held. This equates to approximately $0.155 per Magma share, based on the closing price of Panoramic shares on the ASX on 2 March 2012 of $1.315.

The BDO report assigns a value for each Magma share of between $0.265 and $0.475, with a preferred value of $0.370 per share, a 138% premium to the value of the Panoramic offer. BDO has concluded in its report that the Panoramic offer is "neither fair nor reasonable" to Magma shareholders.

A full copy of the report is annexed to this announcement.

Magma's Board of Directors reiterates its previous advice that shareholders **TAKE NO ACTION** in relation to the Panoramic offer, pending further advice from the Board.

Magma's Target's Statement will be released during the week commencing 12 March 2012.

Magma has established an information line for the assistance of shareholders, details of which are set out below.

Magma Shareholder Information Line
Toll Free: 1800 452 002 (within Australia)
Overseas: +61 2 8256 3379 (for callers from outside Australia)

Please direct enquiries or requests for further information to:

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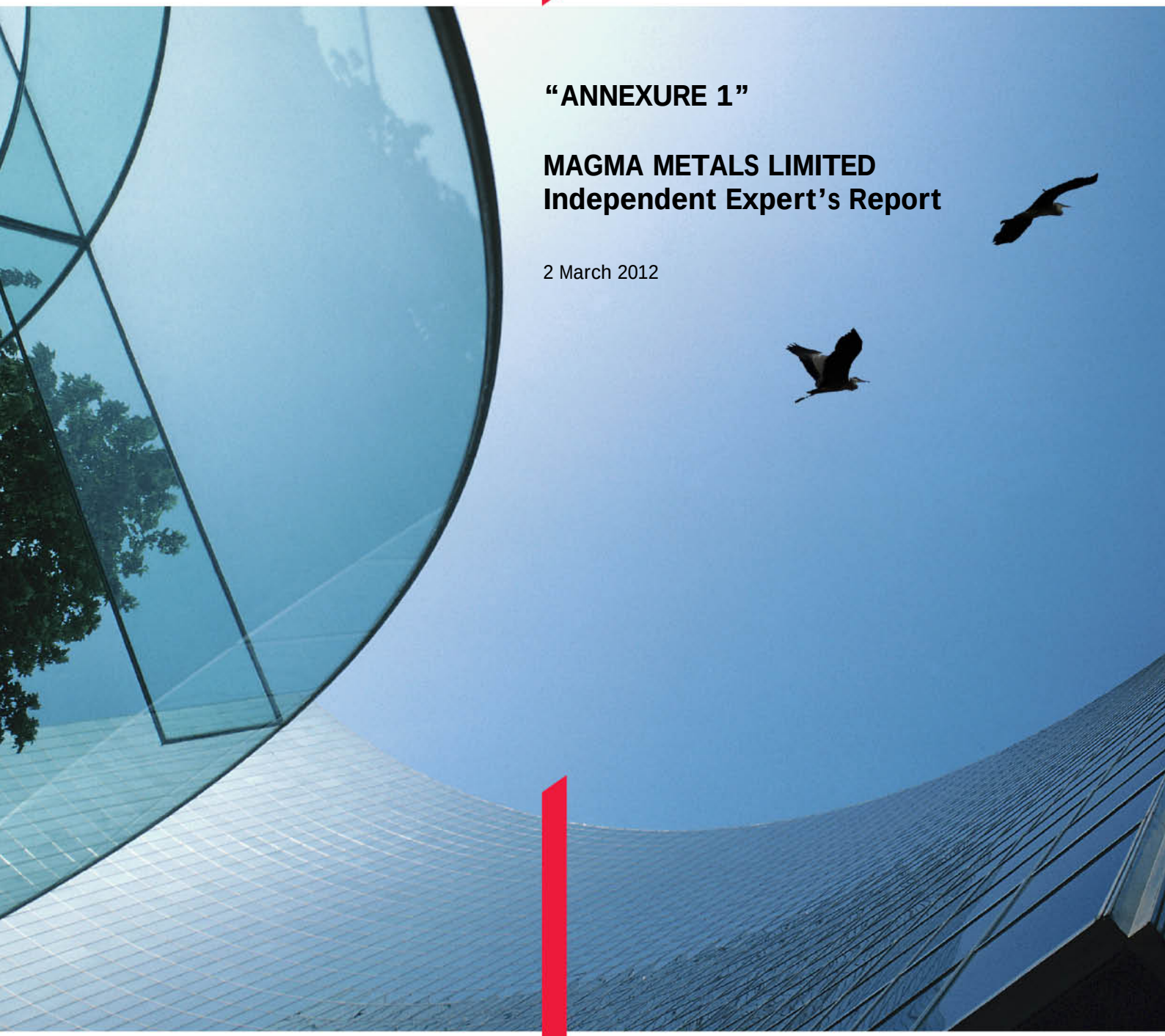
Cautionary Statement

Certain information contained in this announcement constitutes "forward-looking information" under Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" , "is expected", "estimates", "intends", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Although management believes 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.



"ANNEXURE 1"

MAGMA METALS LIMITED
Independent Expert's Report

2 March 2012

Financial Services Guide

2 March 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("**BDO**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged by Magma Metals Limited ("**Magma**") to provide an independent expert's report on the off market bid by Panoramic Resources Limited ("**Panoramic**") to purchase all of the shares it does not already own in Magma. You will be provided with a copy of our report as a retail client because you are a shareholder of Magma.

Financial Services Guide
In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.
You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Financial Services Guide

Fees, Commissions and Other Benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately $45,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.
We have received a fee from Magma for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("**FOS**"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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2 March 2012

Magma Metals Limited
Level 1, Hampden Park, 52-54 Monash Avenue
Nedlands WA 6009

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 3 February 2012 Panoramic Resources Limited ("**Panoramic**") announced a proposal to acquire all of the outstanding shares it did not already own in Magma Metals Limited ("**Magma**" or "**the Company**") by way of an off-market takeover bid. Panoramic will offer two Panoramic shares for every 17 Magma shares it does not currently own ("**the Offer**").

2. Summary and Opinion

2.1 Purpose of the report

The directors of Magma have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the Offer is fair and reasonable to the non associated shareholders of Magma ("**Shareholders**").

Our Report is to be included in the Target's Statement for Magma in order to assist the Shareholders in their decision whether to accept the Offer.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 111 ("**RG 111**"), 'Content of Expert's Reports' and Regulatory Guide 112 ("**RG 112**") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the Offer as outlined in the body of this report. We have considered:

- How the value of a Magma share compares to the value of the consideration offered by Panoramic;
- The likelihood of a superior alternative offer being available to Magma;
- Whether a premium for control is being offered in relation to the issue of Magma shares and whether this is appropriate;
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Offer; and
- The position of Shareholders should the Offer not proceed.

2.3 Opinion

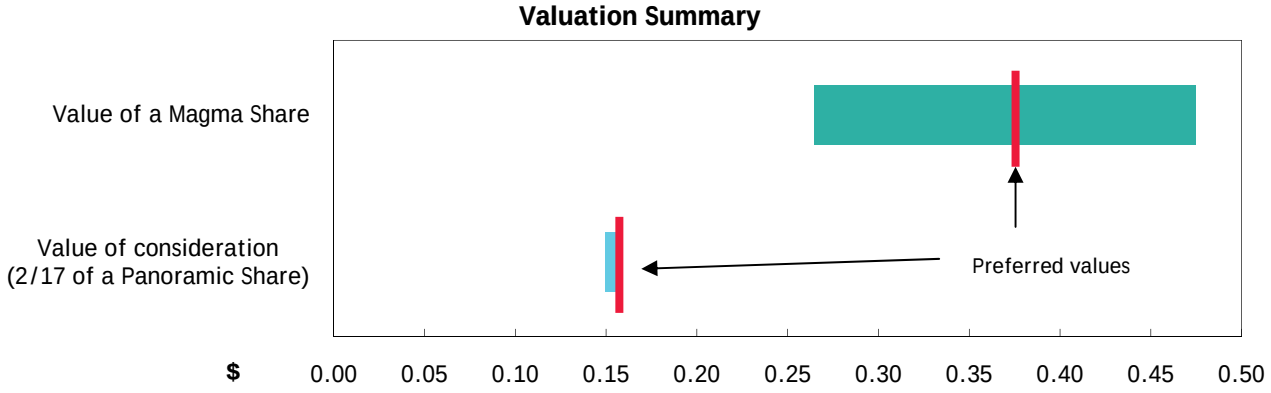
We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is neither fair nor reasonable to Shareholders.

2.4 Fairness

In Section 12 we determined that the value of a Magma Share compares to the consideration of 2/17 of a Panoramic Share (as per the Offer ratio), as detailed hereunder.

	Ref	Low $	Preferred $	High $
Value of a Magma Share	10.3	0.2650	0.3697	0.4750
Value of consideration per Magma Share (2/17 of a Panoramic Share)	11.2	0.1494	0.1553	0.1553

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Offer is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Sections 12 and 13 of this report, in terms of both

- advantages and disadvantages of the Offer; and
- alternatives, including the position of Shareholders if the Offer does not proceed.

In our opinion, the position of Shareholders if the Offer is successful is less advantageous than the position if the Offer is not successful. Accordingly, in the absence of any other relevant information we do not believe that the Offer is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.4	Diversification and exposure to producing assets	13.5	The Offer is not fair
13.4	Future funding potential of the combined Group	13.5	Dilution of shareholders
13.4	Stronger Balance Sheet of the Combined Group	13.5	Magma will have to share benefits of its assets with Panoramic
13.4	Cost synergies	13.5	Change of risk exposure
13.4	Management's expertise in bringing projects into production	13.5	Forgo opportunity to spin-off gold assets
		13.5	Availability of funding for the Thunder Bay North project
		13.5	Panoramic's lack of experience in PGM and Canada

Other key matters we have considered include:

Section	Description
13.1	Lack of an alternative Offer
13.2	The practical level of control
13.3	Post announcement movements in share price

3. Scope of the Report

3.1 Purpose of the Report

Panoramic has prepared a Bidder's Statement in accordance with Section 636 of the Act. Under Section 633 Item 10 of the Act, Magma is required to prepare a Target Statement in response to the Bidder's Statement.

Section 640 of the Act requires the Target Statement to include an independent expert's report to shareholders if:

- The bidder's voting power in the target is 30% or more; or
- The bidder and the target have a common director or directors.

As Panoramic's voting power in Magma is only 9.34%, and the companies do not have any common directors, there is no requirement under ASX Listing Rules or Corporations Act Regulations for Magma to engage an independent expert in relation to the Offer.

Notwithstanding the above, Magma engaged BDO to prepare this report for provision to Shareholders to assist them in deciding whether to accept or reject the Offer.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the Offer is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it.

In our opinion the Offer is a control transaction as defined by RG 111 and we have therefore assessed the Offer to consider whether in our opinion it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the consideration of 2 Panoramic Shares offered for every 17 Magma held (fairness – see Section 12 "Is the Offer fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to accepting the Offer, after reference to the value derived above (reasonableness – see Section 13 "Is the Offer reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Offer

On 3 February 2012 Panoramic announced a proposal to acquire all of the shares it did not already own in Magma by way of an off-market takeover bid. Panoramic will offer two Panoramic shares for every 17 Magma shares it does not currently own. The Offer does not extend to Magma Options.

Conditions

The Offer is subject to a number of conditions, summarised below:

(a) Minimum acceptance of 90% of the share offer;
(b) No prescribed occurrences;
(c) No material adverse change;
(d) No spin out of Magma's gold assets;
(e) No restraining orders or regulatory action;
(f) No acquisitions, disposals or new conditions;
(g) No persons exercising rights under certain agreements or instruments; and

(h) The Offer remains exempt from the formal bid requirements of the Securities Act (Ontario) ("**OSA**").

Further details of the conditions of the Offer can be found in the Bidder's Statement.

Capital structure

Panoramic will offer two Panoramic shares for every 17 Magma shares it does not currently own. The impact on the relative shareholdings of Magma and Panoramic, assuming 100% acceptance, are illustrated below.

Magma Shareholding	Current Shareholding		Acceptance of Offer	
	No. of Shares	%	No. of Shares	%
Panoramic	24,971,074	9.34%	267,380,923	100%
Other Magma Shareholders	242,409,849	90.66%	-	-
Total Shares on an undiluted basis	267,380,923	100%	267,380,923	100%

Panoramic Shareholding	Current Shareholding		Acceptance of Offer	
	No. of Shares	%	No. of Shares	%
Panoramic	207,050,710	100%	207,050,710	87.89%
Other Magma Shareholders	-	-	28,518,086	12.11%
Total Shares on an undiluted basis	207,050,710	100%	235,569,516	100%

If the Offer is successful, 28,518,086 Panoramic Shares will be issued to Magma Shareholders for their 242,409,849 Magma Shares, and other Magma shareholders will then hold an interest of approximately 12.11% in Panoramic.

5. Profile of Magma

5.1 History

Magma was incorporated in June 2005 to undertake exploration, discovery and development of precious and base metals mineral deposits in Australia and Canada. Magma listed on the Australian Stock Exchange ("**ASX**") on 2 June 2006 and on the Toronto Stock Exchange ("**TSX**") on 12 November 2009.

Since listing on the ASX, the Thunder Bay North project in Ontario has emerged as the Company's principal project. This is a greenfields discovery of a platinum-palladium-copper-nickel deposit near the city of Thunder Bay. Intensive resource definition and exploration drilling programs are in progress to establish the scale of this discovery.

Magma also has interests in precious and base metals exploration projects in the Western Australia.

The Company's principal base is in Perth, Western Australia. Magma also has an exploration office in Thunder Bay, Ontario.

5.2 Projects

A brief overview of the Company's projects is detailed below. We note that full details of the Company's projects are included in the Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd ("**SRK**") at Appendix 3.

Thunder Bay North Platinum-Palladium Project

The Thunder Bay North Project is located approximately 50km north-northeast of Thunder Bay, Ontario.

The platinum-palladium-copper-nickel deposit is the company's key asset. The Company owns, or has options to acquire 100% of about 1,100 square kilometres of claims in the Thunder Bay region.

AMEC Americas completed an independent Scoping Study (Preliminary Economic Assessment ("**PEA**")) on the project in February 2011. Following the Scoping Study, Magma has developed a two-part strategy to advance the project based on:

1. Ongoing exploration drilling focusing on increasing the size of the underground Resources
2. Further engineering studies to simplify the mineral process flow sheet and review underground mining methods with the aim of reducing estimated capital and operating costs for the project.

Significant recent activity includes:

- Drilling extended mineralization by approximately 450m along strike to the east from the current mineral resource. A subsequent resource estimate identified 71,000 platinum equivalent ounces in this area;
- A wide-spaced step-out drilling program established potential to extend resources a further approximately 550m along strike with additional infill drilling; and
- Two property transactions were completed:
  - An option to purchase the Beaver Lake claim was exercised; and
  - A farm-in joint venture agreement was reached to explore the Greenwich Lake property adjacent to the Thunder Bay North project.

Western Australian Projects

Magma also has interests in the following nickel and gold exploration projects in Western Australia:

- Lake Grace and Griffins Find Projects

  These projects are located approximately 320km southeast of Perth near the town of Lake Grace in the Yilgarn Craton of Western Australia. The Lake Grace Project comprises a 100% interest in a number of tenement applications covering approximately 11,500 square kilometres. Magma also has an option to purchase a 100% interest in the tenements comprising the Griffins Find project, which includes a historical gold mine.

- Roe Project

  Comprises a tenement group centred about 120km east of Kalgoorlie, in the eastern Yilgarn Craton of Western Australia. The tenements are held 100% by Magma.

- Mt Jewel Project

  The Mt Jewell Project is located 65km north of Kalgoorlie and contains a 20km strike length of a komatiite sequence which is prospective for nickel. This group of tenements is held 80% by Magma and 20% by Western Areas NL. The other part of the project, which contains tenements prospective for gold, is held 100% by Magma.

- Laura River Project

  The Laura River Project in the east Kimberley region comprises a joint venture in which Magma holds a 70% interest and an exploration licence application, held 100% by Magma.

- Laverton Project

  The Laverton Project tenements cover an extensive area around the town of Laverton in the north-eastern part of the Yilgarn Craton in Western Australia. Magma holds 100% of the Ni-Cu-PGM rights in the tenements. Under a Joint Venture Agreement executed on 20 December 2011, Poseidon Nickel Limited may earn an initial 60% interest in the project by spending $3 million within 3 years.

Significant recent activity with respect to the Western Australian Projects includes:

- On 22 November 2011 Magma announced it intends to spin-out its West Australian gold projects in a new gold focused exploration company to be named Greenstone Metals Limited in the first half of 2012.

Source: Magma Metals Ltd Management

5.3 Historical Consolidated Statement of Financial Position

Consolidated Statement of Financial Position	Reviewed As at 31-Dec-11 $	Audited As at 30-Jun-11 $	Audited As at 30-Jun-10 $
ASSETS			
Current assets			
Cash and cash equivalents	12,413,090	19,619,989	18,932,439
Trade and other receivables	388,381	526,404	583,528
Other current assets	508,487	358,266	24,259
Total current assets	13,309,958	20,504,659	19,540,226
Non-current assets			
Trade and other receivables	120,582	115,195	117,363
Property, plant and equipment	491,878	509,271	522,548
Capitalised exploration and evaluation expenditure	993,681	-	-
Total non-current assets	1,606,141	624,466	639,911
Total assets	14,916,099	21,129,125	20,180,137
LIABILITIES			
Current liabilities			
Trade and other payables	1,582,995	2,036,285	4,094,383
Financial liabilities	-	-	26,061
Provisions	313,394	514,418	278,585
Total current liabilities	1,896,389	2,550,703	4,399,029
Total liabilities	1,896,389	2,550,703	4,399,029
Net assets	**13,019,710**	**18,578,422**	**15,781,108**
EQUITY			
Contributed equity	80,492,949	80,466,949	61,530,288
Reserves	4,077,419	4,410,965	4,094,549
Retained earnings	(71,550,658)	(66,299,492)	(49,843,729)
Total equity	**13,019,710**	**18,578,422**	**15,781,108**

Source: Magma Metals Ltd Annual Report 2011 & Interim Financial Report 31 December 2011

Commentary

- Cash and cash equivalents is the most significant asset as at 31 December 2011, accounting for 83% of total assets. Cash and cash equivalents decreased $7.2 million to $12.4 million as at 31 December 2011 ($19.6 million at 30 June 2011).
- Capitalised exploration and evaluation expenditure of $993,681 is in relation to Beaver Lake claim acquisition costs, for which the option to purchase was exercised in October 2011. We note Magma only capitalise exploration and evaluation costs when they are the result of an acquisition from a third party. Exploration and evaluation costs incurred in the normal course of operations are written off immediately.
- A capital raising completed in April and May 2011 raised gross proceeds of $20 million.

5.4 Historical Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Reviewed Half-year ended 31-Dec-11 $	Audited Year ended 30-Jun-11 $	Audited Year ended 30-Jun-10 $
Revenue	335,651	574,218	510,915
Employee benefits expense	(1,448,293)	(3,468,059)	(2,859,474)
Depreciation expense	(70,151)	(214,430)	(165,535)
Finance costs	-	(33)	(1,535)
Administration costs	(610,687)	(1,425,875)	(1,506,991)
Exploration expenditure	(3,581,251)	(10,787,485)	(14,128,668)
Tenement holding costs	(189,649)	(585,077)	(401,175)
Share-based payments	81,820	(505,757)	(2,523,695)
Other expenses	(26,330)	(71,311)	(145,926)
Foreign exchange (loss) / gain	(20,226)	(61,737)	241,981
Loss before income tax	(5,529,116)	(16,545,546)	(20,980,103)
Income tax expense	-	(1,821)	(4,055)
Net Loss attributable to members of the parent entity	(5,529,116)	(16,547,367)	(20,984,158)
Other Comprehensive Income / (Loss)			
Exchange differences on translation of foreign controlled entities	26,224	(75,821)	(8,926)
Release from option reserve on expiry of unexercised options	-	91,604	-
Total Comprehensive Loss for the year	(5,502,892)	(16,531,584)	(20,993,084)

Source: Magma Metals Ltd Annual Report 2011 & Interim Financial Report 31 December 2011

Commentary

- Revenue relates primarily to the interest earned on the Company's significant cash balance.
- The Company's most significant expenditures for the half year ended 31 December 2011 were $3.6 million on exploration and evaluation expenditure and $1.4 million on employee benefits.

5.5 Capital Structure

The share structure of Magma as at 17 February 2012 is outlined below:

	Number
Total Ordinary Shares on Issue	267,380,923
Top 20 Shareholders	183,679,271
Top 20 Shareholders - % of shares on issue	68.70%

Source: Thompson Reuters Share Register Analysis

The ordinary shares held by the most significant shareholders as at 17 February 2012 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
Anglo Pacific Group Plc	42,255,570	15.80%
Panoramic Resources Limited	24,971,074	9.34%
Anglo American Investments (Australia) Limited	21,970,000	8.22%
Pala Investments AG	19,207,150	7.18%
Total Top 4	**108,403,794**	**40.54%**
Others	158,977,129	59.46%
Total Ordinary Shares on Issue	**267,380,923**	**100.00%**

Source: Thompson Reuters Share Register Analysis

The range of shares held in Magma on the ASX as at 10 February 2012 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	%Issued Capital
1-1,000	84	44,729	0.02%
1,001-5,000	261	819,927	0.36%
5,001-10,000	210	1851,072	0.80%
10,001-100,000	390	15,797,420	6.86%
100,001 – and over	128	211,690,620	91.96%
TOTAL	**1,073**	**230,203,768**	**100.00%**

Source: Computershare ASX Share Registry Report 10 February 2012

We note Magma has 13,705,000 options on issue as at the announcement date. All these options are currently 'out of the money' (the lowest exercise price is AUD $0.40) and no offer is being made by Panoramic for these Options.

6. Profile of Panoramic

6.1 History

Panoramic is a West Australian based mining company. It owns and operates the Savannah (East Kimberley) and Lanfranchi (Kambalda) underground nickel mines and has recently acquired the Gidgee Gold Project (Murchison). Panoramic listed on the ASX in September 2001, and was admitted to the S&P/ASX 200 Index in April 2007.

Panoramic is also engaged in exploration activities in Australia and Scandinavia, primarily focusing on nickel, copper and gold, and is also the operator of the Copernicus Nickel Project (60% interest), a satellite open pit nickel mine near Savannah that is currently on care and maintenance.

Panoramic has its administrative headquarters in Perth and mine site based offices at the Savannah Nickel Project, the Lanfranchi Nickel Project and the Gidgee Gold Project, employing more than 500 people.

Panoramic produced 17,027 tonnes of contained nickel and recorded a net profit after tax of $22.3 million for the year ended 30 June 2011.

A brief overview of the Company's major projects is detailed below:

Savannah Nickel Project

The Savannah Nickel Project is located approximately 240 kilometres south of Kununurra in the East Kimberly region of Western Australia, and consists of a nickel sulphide orebody, underground mine, process plant and associated infrastructure.

The Deposit contains an estimated Ore Reserve of 4.6 million tonnes at 1.28% nickel for 58,800 tonnes of contained nickel. It produced 6,921 tonnes of contained nickel for the year ended 30 June 2011. Since commissioning in August 2004, Savannah has produced 55,918 tonnes of contained nickel in concentrate.

Lanfranchi Nickel Project

The Lanfranchi Nickel Project is located approximately 42 kilometres south of Kambalda in the Goldfields region of Western Australia. Panoramic acquired a 75% interest in the Lanfranchi Nickel Project from BHP Billiton Nickel West (formerly WMC Resources) in June 2004, and in 2009 purchased the remaining 25% from its joint venture partner in the project, Brilliant Mining Corp.

The Deposit contains an estimated Ore Reserve of 2.2 million tonnes at 2.3% nickel for 51,300 tonnes of contained nickel. It produced 10,106 tonnes of contained nickel for the year ended 30 June 2011. Since recommencing mining in early 2005 following the acquisition in June 2004, Lanfranchi has produced 52,146 tonnes of contained nickel in concentrate.

Gidgee Gold Project

The Gidgee Gold Project is located approximately 130 kilometres west of Wiluna in the Murchison Region of Western Australia. Panoramic acquired 100% of the Gidgee Gold Project in February 2011 from Apex Minerals Limited. At the time of acquisition, Gidgee had existing Mineral Resources of 310,000 ounces of gold.

This project includes a 600,000 tonnes per annum process facility (not in operation), a 150 person camp. The Gidgee Project was mined almost continuously from 1987 to 2005 and produced over one million ounces of gold. In 2005, the project was placed on care and maintenance due to the low gold price.

Source: Panoramic Resources Ltd Annual Report 2011 & website

6.2 Historical Consolidated Statement of Financial Position

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	1,351	65,964	51,979
Exploration and evaluation	83,133	14,319	14,267
Development properties	19,590	96,833	85,933
Mine properties	96,473	73,923	68,555
Derivative financial instruments	68,946	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	23547	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

Source: Panoramic Resources Ltd Annual Report 2011 and Interim Financial Report for the half-year ended 31 December 2011

Commentary

- Panoramic had total assets of $412 million as at 31 December 2011, including cash and cash equivalents of $66 million. This represented an increase in total assets of $4 million and a decrease in cash and cash equivalents of $24.7 million from 30 June 2010.

- Retained earnings decreased by $8 million for the half year ended 31 December 2011 due to a loss of $3.9 million and dividends paid of $4.1 million. Retained earnings increased by $647,000 for the year ended 30 June 2011, as dividends of $21.645 million were paid out of $22.292 million profit for the year.
- Overall net asset position as at 31 December 2011 is similar to as at 30 June 2011.

6.3 Historical Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income	Reviewed Half year ended 31-Dec-11 $'000	Audited Year ended 30-Jun-11 $'000	Audited Year ended 30-Jun-10 $'000
Revenue from continuing operations	116,089	249,582	287,806
Other income	75	4,465	147
Cost of sales of goods	(105,524)	(195,104)	(191,574)
Other expenses	(6,144)	(14,118)	(11,563)
Reversal of impairment expenses	-	-	7,221
Exploration and evaluation expenditure	(3,611)	(6,303)	(7,113)
Mark to market of derivatives	(918)	(779)	(5,859)
Impairment of available-for-sale financial assets	(4,078)	(5,536)	-
Finance costs	(649)	(1,424)	(762)
Profit before income tax	(4,760)	30,783	78,303
Income tax expense	822	(8,491)	(22,108)
Profit from continuing operations	**(3,878)**	**22,292**	**56,195**
Other comprehensive income			
Revaluation of assets, net of tax	-	(4)	38
Changes in the fair value of available-for-sale financial assets, net of tax	224	(1,221)	1,417
Changes in the fair value of cash flow hedges, net of tax	(6,857)	468	(2,980)
Transfer from cash flow hedge reserve to net profit, net of tax	2,329	6,218	(27,457)
Exchange differences on translation of foreign operations	(263)	-	-
Other comprehensive income / (loss) for the year, net of tax	**(4,567)**	**5,461**	**(28,982)**
Total other comprehensive income for the year	**(8,445)**	**27,753**	**27,213**

Source: Panoramic Resources Ltd Annual Report 2011 and Interim Financial Report for the half-year ended 31 December 2011

- Revenue decreased by $38 million for the year ended 30 June 2011 compared to the prior year comparable, however costs of sales of goods increased by $3.5 million. The decrease in revenue was attributed to production being below budget and the impact of the strong Australian dollar adversely impacting Australian dollar earnings.
- Impairment of available-for-sale financial assets of $4 million was recognised in relation to the investment held in Magma for the half year ended 31 December 2011 ($5.5 million impairment charge for the year ended 30 June 2011).

6.4 Capital Structure

The share structure of Panoramic as at 20 September 2011 is outlined below:

	Number
Total Ordinary Shares on Issue	207,050,710
Top 20 Shareholders	163,644,086
Top 20 Shareholders - % of shares on issue	79.04%

Source: Panoramic Resources Ltd Annual Report 2011

The range of shares held in Panoramic as at 20 September 2011 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	%Issued Capital
1 - 1,000	1,739	1,012,719	0.49%
1,001 - 5,000	2,539	7,363,168	3.55%
5,001 - 10,000	960	7,764,716	3.75%
10,001 - 100,000	859	23,201,197	11.21%
100,001 – and over	47	167,708,910	81.00%
TOTAL	6,145	207,050,710	100.00%

Source: Panoramic Resources Ltd Annual Report 2011

The ordinary shares held by the most significant shareholders as at 20 September 2011 are detailed below:

Name	No. of Ordinary Shares Held	Percentage of Issued Shares (%)
JP Morgan Nominees Australia Limited	51,542,642	24.89%
HSBC Custody Nominees (Australia) Limited	42,534,688	20.54%
National Nominees Limited	23,571,977	11.39%
JP Morgan Nominees Australia Limited <Cash Income A/C>	15,051,812	7.27%
Total Top 4	**132,701,119**	**64.09%**
Others	74,349,591	35.91%
Total Ordinary Shares on Issue	**207,050,710**	**100.00%**

Source: Panoramic Resources Ltd Annual Report 2011

The most significant option holders of Panoramic as at 20 September 2011 are outlined below:

Name	Number of Options	Exercise Price ($)	Expiry Date
Brilliant Mining Corp.	3,000,000	1.50	31 Dec 2012
Total Number of Options	**3,000,000**		
Cash Raised if Options Exercised	**$4,500,000**		

Source: Panoramic Resources Ltd Annual Report 2011

7. Economic analysis

7.1 Current Economic Conditions

Current Economic Conditions are well covered by the Governor of the Reserve Bank of Australia, Glenn Stevens, as follows:

"Information becoming available since the December meeting confirms that economic conditions in Europe were weakening late last year, with risks still skewed to the downside. Reflecting this, most forecasters have lowered their forecasts for world GDP growth this year to a below trend pace. That said, recent data from the United States suggest a continuing moderate expansion after a soft patch in mid 2011. Growth in China has moderated as was intended, but on most indicators remained quite robust through the second half of last year. Conditions around other parts of Asia have softened. Commodity prices declined for some months to be noticeably off their peaks, but over the past couple of months have risen somewhat and remain at quite high levels.

The acute financial pressures on banks in Europe were alleviated considerably late in 2011 by the actions of policymakers. Much remains to be done to put European sovereigns and banks on a sound footing, but some progress has been made. Financial market sentiment, though remaining skittish, has generally improved since early December. Share markets have risen and term funding markets have re-opened, including for Australian banks, albeit at increased cost compared with the situation prevailing in mid 2011.

Information on the Australian economy continues to suggest growth close to trend, with differences between sectors. Labour market conditions softened during 2011 and the unemployment rate increased slightly in mid year, though it has been steady over recent months. CPI inflation has declined as expected, as the large rises in food prices resulting from the floods a year ago have been unwinding. Year-ended CPI inflation will fall further over the next quarter or two. In underlying terms, inflation is around 2½ per cent. Over the coming one to two years, and abstracting from the effects of the carbon price, the Bank expects inflation to be in the 2–3 per cent range.

Credit growth remains modest, though there has been a slight increase in demand for credit by businesses. Housing prices showed some sign of stabilising at the end of 2011, after having declined for most of the year. The exchange rate has risen further, even though the terms of trade have started to decline. This is largely a reflection of a decline in the euro against all currencies. Nonetheless, the Australian dollar in trade-weighted terms is somewhat higher than the Bank had previously assumed.

At today's meeting, the Board noted that interest rates for borrowers have declined to be close to their medium-term average, as a result of the actions at the Board's previous two meetings. With growth expected to be close to trend and inflation close to target, the Board judged that the setting of monetary policy was appropriate for the moment. Should demand conditions weaken materially, the inflation outlook would provide scope for easier monetary policy. The Board will continue to monitor information on economic and financial conditions and adjust the cash rate as necessary to foster sustainable growth and low inflation."

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 7 February 2012*

8. Industry analysis

8.1 Platinum and Palladium - overview

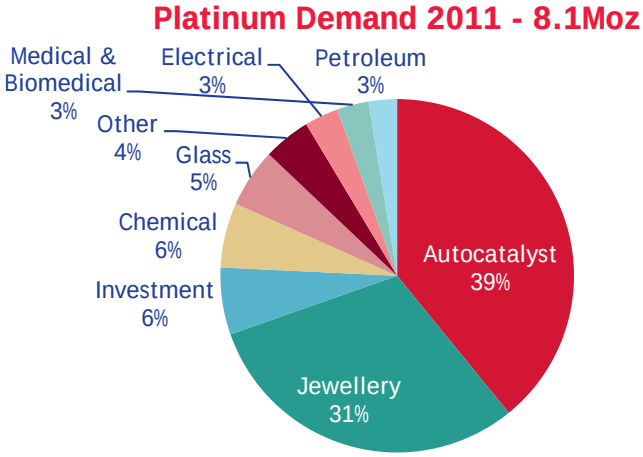
Platinum group metals ("**PGMs**") - platinum, palladium, ruthenium, rhodium, osmium and iridium - are found together in primary ore deposits mainly in Southern Africa, Russia and North America. They may also occur within other ore deposits elsewhere such as gold, nickel and silver.

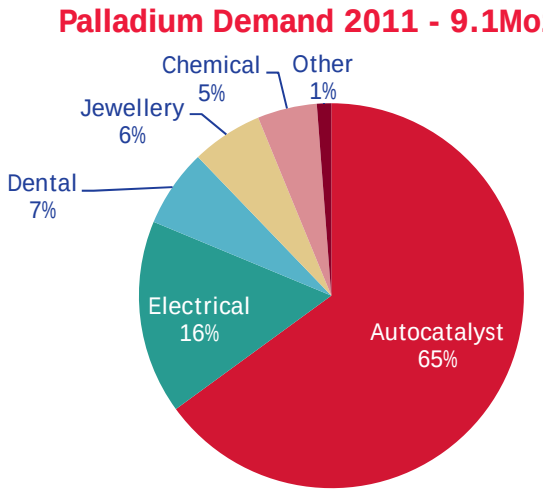
8.2 Supply and demand

South Africa is the world's largest producer of PGMs, producing 75% of the world's platinum, 85% of the world's rhodium and about 40% of the world's palladium. Russia is the second largest producer. With most of the PGMs being produced in these countries supply pressures have resulted, particularly in South Africa.

PGMs are primarily used by the automotive industry to coat engine exhaust parts in order to reduce emissions from vehicles but are also used for jewellery, electrical and other products.

The estimated demand splits for both platinum and palladium in 2011 can be seen below:





Source: Johnson Matthey

The majority of demand for both platinum and palladium comes from the automotive industry. Post the global financial crisis ("**GFC**") and its effect on the automotive industry in the US, China and Europe remain the biggest producers of automotives, although the US is slowly growing back to pre-GFC levels. China, in particular, has driven demand for PGMs. Demand for platinum and palladium by the automotive industry is entirely reliant on the production of automotives so any change in production results in an immediate change in demand for PGMs.

Jewellery also drives demand for platinum and palladium, as platinum is often used in fine jewellery. Once again, China has been a primary driver of this demand.

8.3 Issues

Several key issues affecting the PGM industry, particularly in South Africa as the primary producer of PGMs, are set out below.

- South Africa's currency the Rand and its relationship to the US dollar is a key driver of profitability within the industry. A stronger Rand and a weaker US dollar means South African producers have been unable to achieve desired results.
- In South Africa the costs to produce platinum are rising. This has resulted in producers requiring a higher price for their platinum even in the face of flat demand.
- There is a very real risk of a shortage of electricity in South Africa, as the government cannot develop the required infrastructure in time. It plans to develop the infrastructure in 2012 and 2013 but, as a result, there will be power shortages over this period. This, effectively, means that expansion by South African PGM companies is not possible in the next few years. It has been widely reported that the South African government is considering plans for the nationalisation of the PGM industry.
- Another significant issue in South Africa is that of black economic empowerment ("**BEE**"), a program launched by the South Africa government to redress inequalities by giving previously disadvantaged groups economic opportunities previously not available to them. In 2010, the mining industry charter was revised from earlier versions and sets a target of 26% of South Africa's mining assets being BEE compliant by May 2014. The charters also details compliance with regards to black management control, employment equity, preferential procurement and a percentage of profits spent by companies on enterprise and socio-economic development and skills development.

  Under the charter, companies found to be non-compliant could face penalties including revoking of mining licenses.

  There has been some concern over the Revised Mineral Charter and Mining Codes issued by the Department of Minerals Resources ("**DMR**") in September 2010 which contains stringent compliance rules with regards to BEE and percentages of ownership and management control. This conflicts with more lenient rules within the BEE Act which was amended in late 2011 and open to comment until February 2012. Currently, the Chamber of Mines in South Africa is making a submission to the DMR on behalf of mining companies with regards to these amendments in order to clarify BEE requirements.

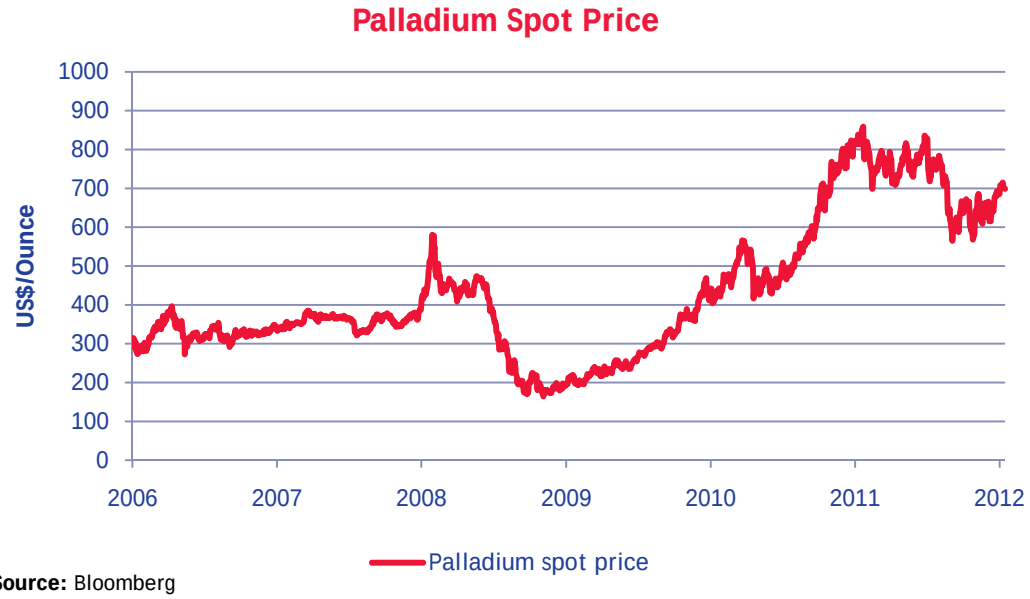
8.4 Prices

Following the GFC in 2009, PGM prices fell significantly as a result of a decline in automotive production and the resulting decline in demand for PGMs. This was particularly noticeable in the United States, with companies such as General Motors slashing production of their automotives. Automotive production has since recovered, particularly in China, though the US has also begun to approach pre-GFC levels.

Platinum prices peaked just before the GFC at over USD$2,000 and has since recovered peaking in 2011 at just under USD$2000.

Following the GFC, palladium has recovered the strongest, up over 400% since 2008 but rhodium and other PGMs are still weak compared to pre-2008 prices.

Source: Bloomberg



Source: Bloomberg

8.5 North America

Compared to South Africa the PGM industry in North America is very young. Most PGM companies in North America are still explorers, with the largest two PGM companies in North America, Stillwater and North American Palladium, being the only stand-alone producers. Vale and Rio Tinto also have PGM by-product producing operations in North America, but are not singularly focused on PGMs. As a result of continuing exploration the full potential of North America's PGM resources has yet to be realised.

In the US Stillwater Mining produces about 7% of the global palladium supply and in Canada North American Palladium produces about 2%.

Several projects in North America are palladium rather than platinum rich which could lead to North America becoming a much bigger supplier of palladium in the future, particularly due to supply pressures in South Africa.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ("**FME**");
- Discounted Cash Flow ("**DCF**");
- Quoted Market Price Basis ("**QMP**");
- Net Asset Value ("**NAV**"); and
- Market Based Assessment.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Magma shares we have chosen to employ the following methodologies:

- Net asset value as our primary method; and
- Quoted market price as our secondary method.

In our assessment of the value of Panoramic shares we have chosen to employ the following methodology:

- Quoted market price as our primary method.

We have chosen these methodologies for the following reasons set out below.

- As Magma is an exploration company, its core value is in the exploration assets that it holds. The value of these assets is not recorded in the statement of financial position, as Magma writes off expenditure as it is incurred. We have instructed SRK to provide us with an independent specialist report (Appendix 3) on the value of the assets held by Magma and have considered these in the context of Magma's other assets and liabilities.
- We are unable to value Panoramic on an NAV basis as we do not have access to the books and records of Panoramic, in particular information in relation to exploration and evaluation assets on which an independent specialist geologist valuation can be performed.
- Both Magma and Panoramic are listed on the ASX and this provides an indication of the market value where an observable market for the securities exists.
- We do not consider FME valuation is appropriate for mining and exploration companies.
- The application of DCF is not possible for Magma as they do not have JORC Reserves. Under RG111.99 an expert must have reasonable grounds for forward looking information. The JORC codes definition of a Resource is that the application of appropriate modifying factors (including economic considerations) is not currently possible to the required level for classification as a Reserve. Due to this definition ASIC has taken the view that reasonable grounds do not exist for a DCF on Resources unless these relate to an extension of the life of a current operation which has a history which has a history of conversion from Resources to Reserves.
- The application of DCF is also not possible for Panoramic, as we do not have access to the information required.

10. Valuation of Magma

10.1 Net Asset Valuation of Magma

The value of Magma's assets on a going concern basis is reflected in our valuation below:

	Notes	Reviewed as at 31-Dec-11 $	Low valuation $	Preferred valuation $	High valuation $
Assets					
Cash and cash equivalents	1	12,413,090	10,839,882	10,839,882	10,839,882
Trade and other receivables		508,963	508,963	508,963	508,963
Other current assets		508,487	508,487	508,487	508,487
Property, plant and equipment		491,878	491,878	491,878	491,878
Exploration and evaluation	2	993,681	60,400,000	88,400,000	116,560,000
Total Assets		14,916,099	72,749,210	100,749,210	128,909,210
Liabilities					
Trade and other payables		1,582,995	1,582,995	1,582,995	1,582,995
Provisions		313,394	313,394	313,394	313,394
Total Liabilities		1,896,389	1,896,389	1,896,389	1,896,389
Net Assets		**13,019,710**	**70,852,821**	**98,852,821**	**127,012,821**
Shares on issue		267,380,923	267,380,923	267,380,923	267,380,923
Value of a Magma share		$ 0.0487	$ 0.2650	$ 0.3697	$ 0.4750

We have been advised that there has not been a significant change in the net assets of Magma since 31 December 2011. The table above indicates the net asset value of a Magma share is between $0.2650 and $0.4750, with a preferred value of $0.3697.

The following adjustments were made to the net assets of Magma as at 31 December 2011 in arriving at our valuation.

1. Cash and cash equivalents

We have adjusted the cash and cash equivalents balance to account for cash used during the two month period from 31 December 2011 to 29 January 2012 of approximately $1.57 million.

2. Valuation of Magma's mineral assets

We instructed SRK Consulting (Australasia) Pty Ltd ("**SRK**") to provide an independent market valuation of the exploration assets held by Magma. SRK considered a number of different valuation methods when valuing the exploration assets of Magma. SRK applied the comparable market transaction methodology where mineral resources have been stated or could be reviewed. A discussion of the comparable market transaction methodology is attached as Appendix 2. SRK also applied the MEE method in conjunction with the comparable transaction method. The MEE method is discussed in Appendix 2. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the pre feasibility stage of development for Magma's primary exploration asset, Thunder Bay North.

The range of values for each of Magma's exploration assets as calculated by SRK is set out below:

Mineral Asset	Low Value AUD $m	Preferred Value AUD $m	High Value AUD $m
Thunder Bay North Open Pit Resources	25.90	43.81	61.71
Thunder Bay North Underground Resources	6.00	10.15	14.29
Thunder Bay North Resource Extension (Beaver Lake Zone)	3.70	3.755	3.81
Thunder Bay North Brownfields Target (SEA Zone)	4.62	4.685	4.75
Thunder Bay North Greenfields Target (Steepledge x 2, Lone Island, East)	8.20	8.32	8.44
Subtotal - Canadian Projects	**48.42**	**70.71**	**93.00**
Lake Grace	4.49	5.63	6.16
Griffins Find	4.85	7.33	9.17
Roe	0.16	0.22	1.00
Mt Jewel	0.37	1.14	1.92
Laura River	1.26	1.86	2.31
Laverton	0.85	1.50	3.00
Subtotal - Australian Projects	**11.98**	**17.69**	**23.56**
Total Magma Projects	**60.40**	**88.40**	**116.56**

The table above indicates a range of values between $60.4 million and $116.56 million, with a preferred value of $88.4 million.

10.2 Quoted Market Prices for Magma Securities

To provide a comparison to the valuation of Magma in Section 10.1, we have also assessed the quoted market price for a Magma share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

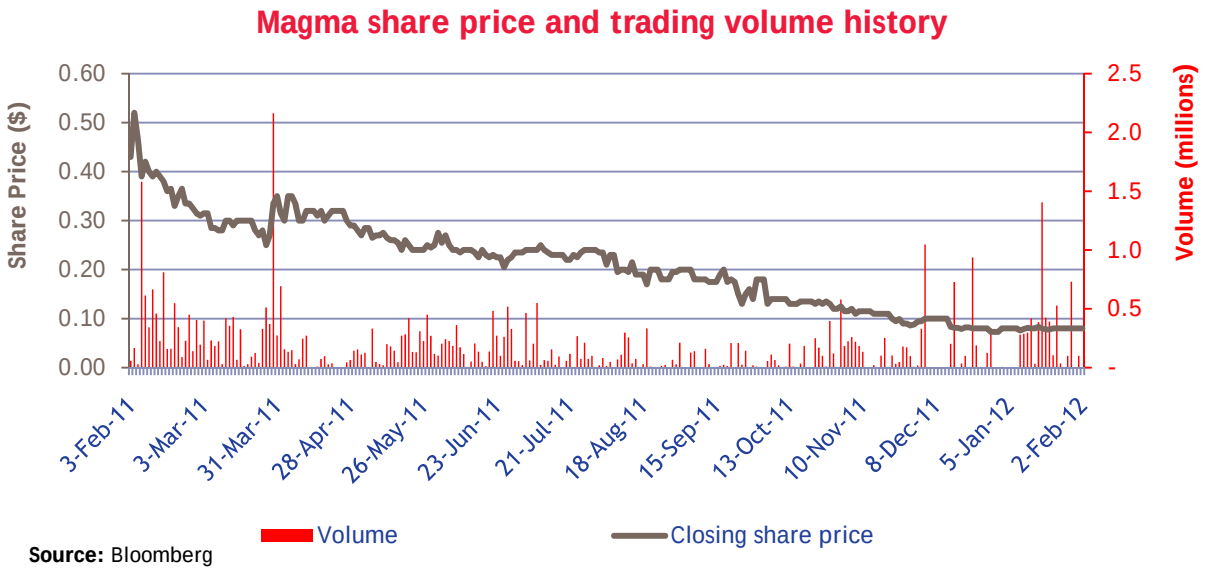
- control over decision making and strategic direction
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Therefore, our calculation of the quoted market price of a Magma share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

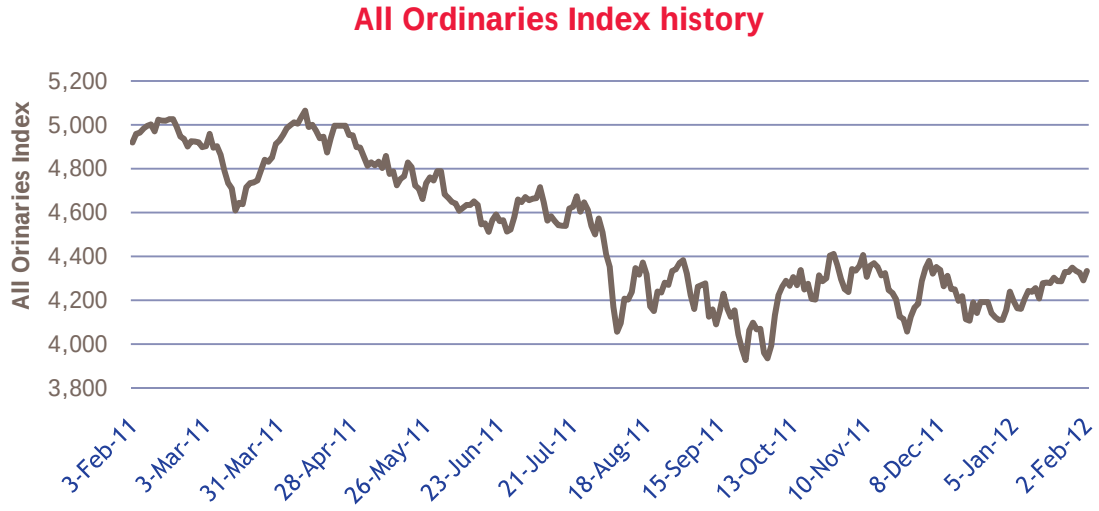
Minority interest value

Our analysis of the quoted market price of a Magma share is based on the pricing prior to the announcement of the Offer. This is because the value of a Magma share after the announcement may include the effects of any change in value as a result of the Offer. However, we have considered the value of a Magma share following the announcement when we have considered reasonableness in Section 13.3.

Information on the Offer was announced to the market on 3 February 2012. Therefore, the following chart provides a summary of the share price movement over the year to 2 February 2012, which was the last trading day prior to the announcement.



Source: Bloomberg



Source: Bloomberg

The daily price of Magma shares from 3 February 2011 to 2 February 2012 has ranged from a high of $0.520 on 4 Februrary 2011 to a low of $0.073 on 29 December 2011.

As evident in the above chart, there has been a significant and steady decline in the share price of Magma from 3 February 2011 to 2 February 2012. With 267,380,923 shares on issue as at 2 February 2012, the Magma chart also indicates minimal trading volume over a significant amount of the period analaysed, with a few trading spikes occuring following key announcements, as analysed below. We note the share price of Magma fell from $0.24 at the start of August 2011 to under $0.10 by 24 November 2011 with minimal trading occuring, indicating there is not a deep market for the Company's shares.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		$	/ movement	$	/ movement
30-Jan-12	December 11 Quarterly Activities and Cashflow report	0.080	-	n/a	n/a
22-Dec-11	ENCOURAGING RESULTS FROM STEP-OUT DRILLING AT TBN	0.080	▼ 2%	0.080	-
29-Nov-11	First Nations Comms Protocol Signed For Thunder Bay North	0.086	▼ 4%	0.095	▲ 10%
22-Nov-11	MAGMA TO SPIN-OUT ITS WEST AUSTRALIAN GOLD PROJECTS	0.100	-	0.090	▼ 10%
27-Oct-11	September Quarter Activities and Cashflow Report	0.135	▲ 4%	0.120	▼ 11%
26-Oct-11	MAGMA ENTERS JOINT VENTURE ON GREENWICH LAKE PROPERTY	0.130	▼ 4%	0.120	▼ 8%
6-Oct-11	MAGMA EXERCISES BEAVER LAKE OPTION	0.140	▲ 8%	0.140	-
5-Oct-11	LAKE GRACE GROUND POSITION EXTENDED	0.130	▼ 28%	0.140	▲ 8%
29-Sep-11	MAJOR STEP-OUT DRILLING PROGRAM COMMENCES AT TBN	0.140	▼ 13%	0.180	▲ 29%
28-Sep-11	POS: Poseidon Acquires New Tenement Rights	0.160	▲ 7%	0.180	▲ 13%
14-Sep-11	TSX Annual Information Form	0.175	-	0.200	▲ 14%
30-Aug-11	SUMMER DRILLING EXTENDS MINERALIZATION AT TBN BY 450M	0.195	▲ 8%	0.200	▲ 3%
26-Jul-11	June Quarter Activities And Cashflow Report	0.235	▲ 4%	0.240	▲ 2%
18-Jul-11	MAJOR GROUND POSITION STAKED AROUND GRIFFINS FIND	0.230	-	0.220	▼ 4%
8-Jul-11	SUMMER DRILLING EXTENDS TBN MINERALIZATION	0.240	-	0.250	▲ 4%
16-May-11	SUMMER DRILLING PROGRAM COMMENCES AT THUNDER BAY NORTH	0.260	-	0.260	-
6-May-11	THUNDER BAY NORTH - EXPLORATION UPDATE	0.265	▼ 7%	0.270	▲ 2%
27-Apr-11	March Quarter Activities And Cashflow Report	0.300	▼ 6%	0.280	▼ 7%
14-Apr-11	MAGMA COMPLETES A$20 MILLION PLACEMENT	0.320	-	0.320	-
13-Apr-11	Trading Halt	0.320	-	0.320	-
6-Apr-11	GRIFFINS FIND GOLD PROJECT - EXPLORATION UPDATE	0.350	-	0.300	▼ 14%
30-Mar-11	THUNDER BAY NORTH - EXPLORATION UPDATE	0.335	▲ 24%	0.300	▼ 10%
4-Mar-11	S&P Announces March SP/ASX Rebalance	0.315	-	0.285	▼ 10%
7-Feb-11	POSITIVE SCOPING STUDY FOR THUNDER BAY NORTH PROJECT	0.465	▼ 11%	0.400	▼ 14%

Source: www.asx.com.au

The release of the Scoping Study for the Thunder Bay North Project on 7 February 2011 was followed by a marked decline in Magma's share price, from a closing price of $0.52 on the last trading day before the annoucement, to $0.40 three days following the announcment, indicating the results were not as faourable as investors had been anticipating. This started a sell off in Magma shares with the price dropping to $0.285 by 7 March 2011, and active trading occuring in the Company's shares in the period following the announcement.

However, Magma's share price responded positively to the exploration update on its Thunder Bay North Project, announced on 30 March 2011, with the trading of 2,163,380 shares and a 24 per cent increase in the price from $0.27 to $0.335. However we see from the Magma chart this increase did not last long, with a consequential decline of 10 per cent in the following three days, indicating the increase may have been due more to general market sentiment, with a strong upward movement in the All Ordinaries Index over March and April 2011.

The share price of Magma flutuated significantly in percentage terms in the period following the announcement on 29 September 2011 that a major step-out drilling program at Thunder Bay North had commenced. An analysis of the All Ordinaries Index indicates that the market was experiencing downward pressures during this period, suggesting that the positive response of Magma's share price can be attributable to the announcement.

However, similarly this increase was not sustained, after Magma announced on 5 October 2011 it had entered into agreements on two tenement groups to extend the Lake Grace Project the share price fell 28% to $0.13. Again, significant fluctuations in the share price occuring with minimal trading activity would suggest that there is not a deep market for Magma shares.

An increase in trading of Magma shares from 10 January 2012 can be seen in the Magma chart. However this was not accompanied with any movement in the share price of Magma, remaining at $0.08, and as no key announcements were made to the market during this period, the trading is evidence of market support coming for Magma shares at $0.08.

We note one of Magma's larger shareholders Geologic Resource Partners LLC began selling down its holding of 6,044,279 ASX listed Shares and 6,803,500 TSX listed Shares held from 14 October 2011, exiting its holding entirely on 8 February 2012. They appeared to be price takers at anything around $0.08 and above, accounting for approximately 35% of trading volume on the ASX over the period from 14 October 2011 to 2 February 2012.

To provide further analysis of the market prices for a Magma shares, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 2 February 2012.

	2 February 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	$0.080				
Weighted Average		$0.0799	$0.0795	$0.0845	$0.0947

The above weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of Magma shares that has occurred since the offer was announced.

An analysis of the volume of trading in Magma shares for the year to 2 February 2012 is set out below:

	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 day	$0.080	$0.080	-	0.00%
10 days	$0.078	$0.082	1,989,936	0.74%
30 days	$0.073	$0.083	6,178,733	2.31%
60 days	$0.073	$0.115	10,599,866	3.96%
90 days	$0.073	$0.180	14,140,773	5.29%
180 days	$0.073	$0.275	24,772,524	9.26%
1 year	$0.073	$0.520	44,556,065	16.66%

This table indicates that Magma's shares display a low level of liquidity, with only 16.66% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Magma, we do not consider there to be a deep market for the Company's shares due to the low trading volumes experienced for the year to 2 February 2012, as indicated by the trading chart. This is reflected by only 16.66% of the Company's current issued capital being traded in the twelve month period to the announcment date. In particular we note the signifcant decline in price with minimal trading activity.

Our assessment is that a range of values for Magma shares based on market pricing, after disregarding post announcement pricing, is between $0.0795 and $0.0947, with a preferred value of $0.08. Our preferred value is based on the most recent trading, with the 10 day VWAP, 30 day VWAP and closing price on 2 February 2012 supporting our preferred value of $0.08. This is further supported by an increase in trading volume over the 30 day period prior to the announcement, occuring at the $0.08 level.

Control Premium

Given minimal transactions involving ASX listed platinum targets over the past 10 year period, we have expanded our control premium analysis to review control premiums paid by acquirers of

1. Global platinum targets; and
2. ASX listed mining targets.

We have summarised our findings below:

Criteria	Transaction Period	Number of Transactions	Average Deal Value (US$m)	Average Control Premium	Median Control Premium
Global platinum targets	2002-2011	23	89.9	37.5%	7.7%
ASX listed mining targets	2002-2011	190	423.9	30.1%	26.7%

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business
- Level of pre-announcement speculation of the transaction
- Level of liquidity in the trade of the acquiree's securities.

Analysis of the transactions showed that control premia varied widely. We noted that a slightly higher premia appeared to be paid in transactions involving only scrip consideration (average 32%) compared to transactions involving only cash consideration (average 27.25%). We also noted that higher premia appear to be paid in circumstances where production is in place or the path to production is more certain. We also noted that where clear strategic factors (such as neighbouring tenements) exist, control premia tended to be higher.

We note that there is a large discrepancy between the average control premium and median control premium based on global platinum targets, which we attribute to the realtively small number of transactions (23) in the sample and a considerable range of control premiums noted, including an announced premium of 278% in 2011 by Stillwater Mining Co for Peregrine Metals Ltd. We note the average control premium dropped to 26.5% excluding this transaction.

We have thus given more weighting to control premium paid by acquirers of ASX listed mining targets, in particular more weighting to recent transactions occuring in 2011, as we believe this to be more reflective of what current control premium may be paid given the current economic and industry cycle. We note the average control premium paid for ASX listed mining targets in 2011 was 30.7%.

Based on the results above, we have concluded that an appropriate control premium to use in our valuation for Magma is between 25% and 35%, with a preferred control premium of 30%.

Quoted market price including control premium

Applying a control premium to Magma's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Preferred $	High $
Quoted market price value	0.0795	0.08	0.0947
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	**0.099**	**0.104**	**0.128**

Therefore, our valuation of a Magma share based on the quoted market price method and including a premium for control is between $0.099 and $0.128, with a preferred value of $0.104.

10.3 Assessment of Magma Value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net asset value (Section 10.1)	0.2650	0.3697	0.4750
ASX market prices (Section 10.2)	0.099	0.104	0.128

We believe the net asset value to be the most appropriate methodology, as Magma is an exploration company, its value lies predominantly in the exploration assets it holds, which have been independently valued and incorporated into the net asset value. Further, the quoted market price analysis suggested that there is not a deep market for Magma shares, and as such it may not be a reliable representation of the value of a Magma share, which we believe explains the difference in value derived under each methodology.

Based on the results above we consider the value of a Magma share to be between $0.2650 and $0.4750, with a preferred value of $0.3697.

	Low $	Preferred $	High $
Value of a Magma Share based on net asset value	0.2650	0.3697	0.4750

11. Valuation of consideration

11.1 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and

(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider:

(a) the depth of the market for those securities;

(b) the volatility of the market price; and

(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore we have assessed the quoted market price for Panoramic share on a minority interest basis.

Perform QMP analysis on Panoramic shares offered as consideration and discuss:

(a) the depth of the market for those securities;

(b) the volatility of the market price; and

(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

11.2 Quoted Market Prices for Panoramic Securities

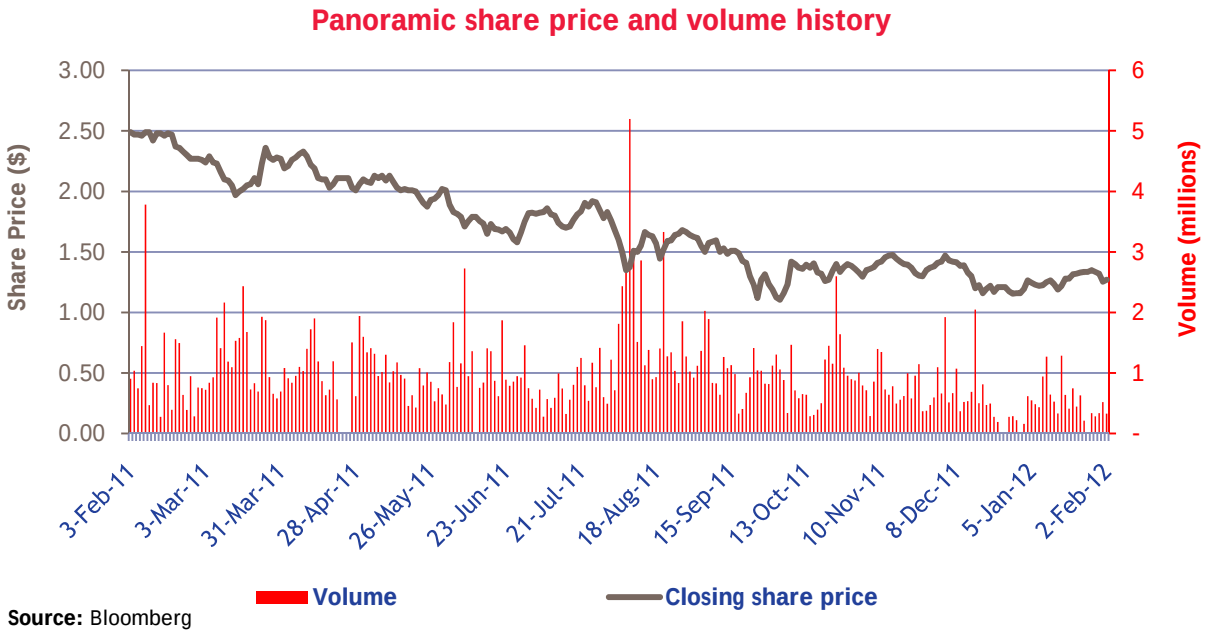
The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Therefore, our calculation of the quoted market price of a Magma share does not include a premium for control.

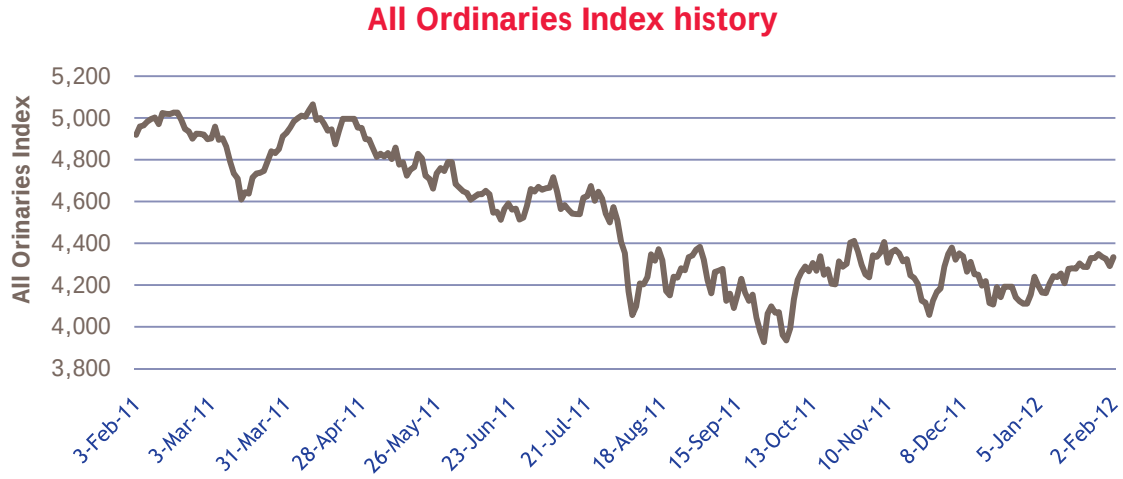
Minority interest value

Our analysis of the quoted market price of a Panoramic share is based on the pricing prior to the announcement of the Offer. This is because the value of a Panoramic share after the announcement may include the affects of any change in value as a result of the Offer. However, we have considered the value of a Panoramic share following the announcement when we have considered reasonableness in Section 13.3.

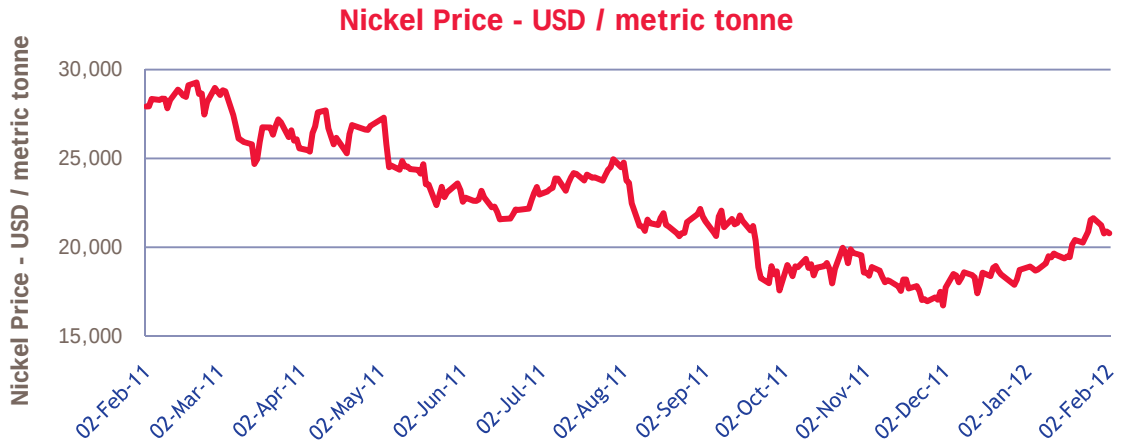
Information on the Offer was announced to the market on 3 February 2012. Therefore, the following chart provides a summary of the share price movement over the year to 2 February 2012, which was the last trading day prior to the announcement.



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

The daily price of Panoramic shares from 3 February 2011 to 2 February 2012 has ranged from a high of $2.53 on 4 February 2011 to a low of $1.065 on 4 October 2011.

Evident in the above charts, the decline in the share price of Panoramic closely follows the decline in the All Ordinaries Index and Nickel price over the same period.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		$ (movement)		$ (movement)	
31-Jan-12	Quarterly Report to 31 December 2011	1.32	▼ 1%	n/a	n/a
11-Jan-12	New Mineralised Zone Discovered at Lanfranchi	1.25	▲ 2%	1.19	▼ 5%
9-Dec-11	DRK: Drake Resources Expands Copper Landholding in Norway	1.39	▼ 2%	1.39	-
8-Dec-11	Good progress on Gidgee Gold Project	1.42	-	1.39	▼ 2%
7-Dec-11	Presentation Sydney Roadshow 7 8 Dec 2011	1.42	▼ 1%	1.39	▼ 2%
5-Dec-11	New Highly Conductive EM anomaly at Lanfranchi	1.47	▲ 4%	1.42	▼ 4%
21-Oct-11	Quarterly Report to 30 September 2011	1.27	▲ 1%	1.35	▲ 6%
19-Oct-11	2011/12 Lanfranchi Forecast Tonnage Accepted by Customer	1.32	▼ 1%	1.35	▲ 2%
29-Aug-11	Panoramic Full Year Results 30 June 2011	1.68	▲ 2%	1.63	▼ 3%
24-Aug-11	Exciting Results Continue on the Deacon-Helmut Channel	1.60	-	1.68	▲ 5%
23-Aug-11	DRK: Electromagnetic surveys commenced at Norwegian permits	1.59	▲ 5%	1.65	▲ 4%
10-Aug-11	Strong EM Conductor Down-Plunge of Deacon	1.51	▲ 10%	1.67	▲ 10%
27-Jul-11	Quarterly Report to 30 June 2011	1.91	▼ 1%	1.83	▼ 4%
26-Jul-11	HCH: Completion of $8 Million Cornerstone Placement	1.92	▲ 2%	1.78	▼ 7%
18-Jul-11	Multiple Gold Targets Defined at Gidgee Project	1.71	▲ 1%	1.84	▲ 7%
23-Jun-11	Helmut South Extension Resource	1.69	▲ 1%	1.61	▼ 5%
26-May-11	DRK: Drake starts drilling program in Finland	1.93	▲ 3%	1.97	▲ 2%
29-Apr-11	Quarterly Report to 31 March 2011	2.06	▲ 2%	2.10	▲ 2%
28-Apr-11	Cruickshank Resource Upgraded 26% to 33,560t Ni	2.01	▼ 1%	2.10	▲ 4%
27-Apr-11	More Massive Hits at Lanfranchi	2.03	▼ 4%	2.10	▲ 3%
17-Mar-11	More Positive Results from Exploration Activities	2.02	▲ 1%	2.06	▲ 2%
24-Feb-11	App 4D and Dec 2010 Half Year Financial Report	2.30	▼ 1%	2.27	▼ 1%
17-Feb-11	DRK: Drake drill program to follow up high quality targets	2.48	▲ 1%	2.37	▼ 4%
16-Feb-11	Half Year Profit Guidance	2.46	▼ 1%	2.37	▼ 4%
3-Feb-11	Exploration update – Cuddingwarra & Lefroy	2.49	▲ 1%	2.47	▼ 1%

Source: www.asx.com.au

We note the significant increase following 10 August 2011 coincided with an increase in the All Ordinaries Index following a sharp plunge from 4,612 points on 27 July 2011 to 4,050 points on 8 August 2011. We thus consider the increase in share price is attributable to the rebound in the market rather than due to information contained in the 10 August 2011 announcement.

To provide further analysis of the market prices for a Panoramic share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 2 February 2012.

	2 February 2012	10 Days	30 Days	60 Days	90 Days
Closing price	$1.27				
Volume weighted average price		$1.3186	$1.2577	$1.3198	$1.3228

The above volume weighted average prices are prior to the date of the announcement of the Offer, to avoid the influence of any increase in price of Panoramic shares that has occurred since the Offer was announced.

An analysis of the volume of trading in Panoramic shares for the year to 2 February 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	$1.265	$1.290	329,883	0.16%
10 days	$1.255	$1.395	3,843,022	1.86%
30 days	$1.150	$1.395	13,117,907	6.34%
60 days	$1.150	$1.485	35,089,145	16.95%
90 days	$1.065	$1.485	63,638,954	30.74%
180 days	$1.065	$2.02	166,272,627	80.31%
1 year	$1.065	$2.53	251,998,925	121.71%

This table indicates that Panoramic's shares display a high level of liquidity, with 121.71% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Panoramic, we believe there is a deep market for the Company's shares as there is regular trading in the company's securities, as reflected by 121.71% of the Company's current issued capital being traded in the twelve month period to the announcment date, and no significant unexplained movements in share price. In addition the Company is covered by a number of Brokers with price targets at or above the current market traded price.

The historical market share price volatility exhibited by Panoramic shares over the year to 2 February 2012 was 51%. We consider this to be similar to the level of volatility exhibited by similar S&P ASX 200 mining companies over the same period. We consider this to be a moderate level of volatility and a level to be expected by a mining company of Panoramic's size. Consequently we do not consider the level of volatility exhibited by the Panoramic share price to be too great to consider that the share price may not be reflective of the market value.

Our assessment is that a range of values for Panoramic shares based on market pricing, after disregarding post announcement pricing, is between $1.27 and $1.32, with a preferred value of $1.32. Our preferred value is based on our analysis of the volume weighted average price over 10, 30, 60 and 90 day periods, which support our preferred value of $1.32. We believe the volume weighted average price is more reflective of the value over the recent trading period as opposed to the reference of the closing (last trade) price occuring on 2 February 2012.

11.3 Assessment of Value of consideration

We believe the quoted market price of Panoramic shares is likely to represent the value if the takeover bid is successful, due to the much larger market capitalisation and size and scale of operations of Panoramic compared to Magma.

The results of the valuation performed are summarised in the table below:

	Low $	Preferred $	High $
Quoted market price value of a Panoramic Share (Section 11.2)	1.27	1.32	1.32
Value of consideration per Magma Share (2/17 of a Panoramic Share)	0.1494	0.1553	0.1553

Based on the results above we consider the value of the consideration per Magma Share of 2/17 of a Panoramic Share (based on the Offer ratio), to be between $0.1494 and $0.1553, with a preferred value of $0.1553.

12. Is the Offer fair?

The value of the Panoramic Offer of 2 Panoramic Shares for every 17 Magma Shares it does not own is compared below:

	Ref	Low $	Preferred $	High $
Value of a Magma Share	10.3	0.2650	0.3697	0.4750
Value of consideration per Magma Share (2/17 of a Panoramic Share)	11.2	0.1494	0.1553	0.1553

We note from the table above that the value of a Magma Share is greater than the value of the consideration per Magma Share, being 2/17 of a Panoramic Share, in our low, preferred and high valuation ranges. Therefore, we consider that the Offer is not fair.

13. Is the Offer reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Magma a premium over the value ascribed to that resulting from the Offer. We have been informed that discussions are taking place between the Company and third parties but at the date of this report no alternative proposal has been made that might offer the Shareholders of Magma a premium over the value ascribed to that resulting from the Offer.

In addition we note that Panoramic currently held an initial stake of 9.3% which may make it difficult for alternate offers for 100% of Magma.

13.2 Practical Level of Control

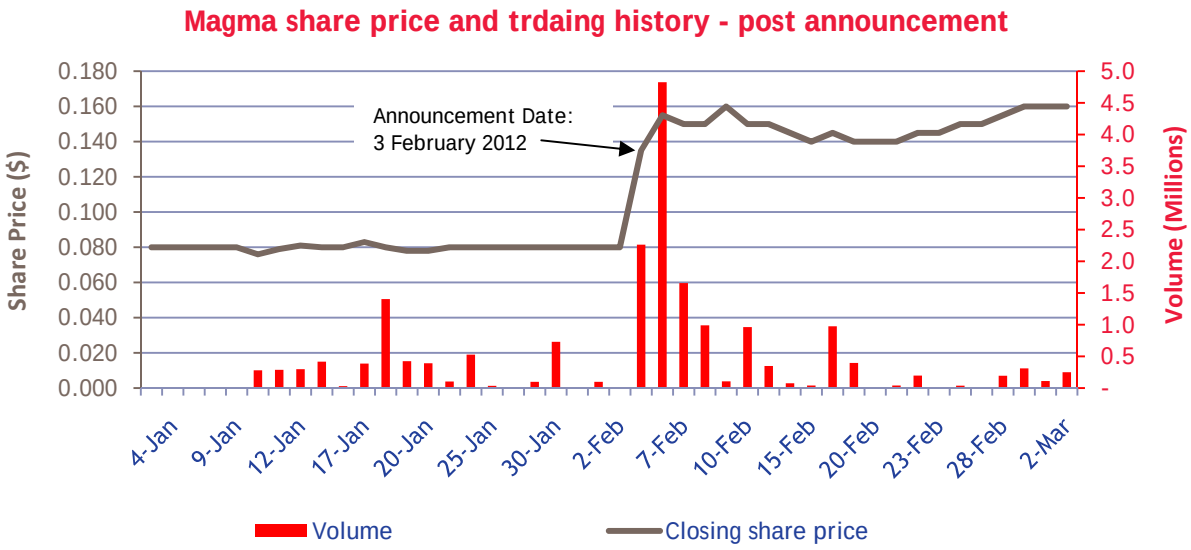
If the Offer is successful then Magma shareholders will hold an interest of approximately 12.11% in Panoramic.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Offer is successful then Magma shareholders will not be able to pass or block general and special resolutions.

13.3 Consequences of not Accepting the Offer

Potential decline in share price

We have analysed movements in Magma's share price since the Offer was announced. A graph of Magma's share price since the announcement is set out below.



As evident in the above chart, the share price of Magma exhibited a significant increase (75% – 100%) following the announcement of the Offer from Panoramic.

Given the above analysis, it is possible that if the Offer is not successful then Magma's share price may decline.

13.4 Advantages of Accepting the Offer

We have considered the following advantages when assessing whether the Offer is reasonable.

Advantage	Description
Diversification and increased exposure to producing assets and other development projects	If the Offer is successful Magma shareholders will be exposed to a more diversified portfolio of assets across a greater number of projects, including the producing Savannah (East Kimberly) and Lanfranchi (Kambalda) underground nickel mines. Shareholders will also be exposed to Gidgee Gold Project and potentially other projects, such as the Copernicus Nickel Project
Future funding potential	With the increase in diversification and an increased asset backing the opportunity for funding potential future developments could increase, particularly as Panoramic has operating cash flow. However this may be offset by having an expanded portfolio of assets which require funding or may result in some projects not being funded in the short to medium term.
Combined Group will have a stronger Balance Sheet	Upon acceptance of the Offer the combined Group will have cash reserves of approximately $78 million. We note that the cash balance will primarily result from the funds held by Panoramic ($66m).
Cost synergies	There is potential to realise certain cost synergies such as corporate overheads and rationalisation of management structures upon the acceptance of the Offer. Panoramic intends to consolidate head office functions (company secretarial, treasury, financial reporting, information technology) and believe it is likely integration will involve some redundancies, upon acquiring 90% or more of Magma Shares, as set out in the Bidder's Statement.
Management's expertise in bringing projects into production	Panoramic has a proven history of bringing projects into production which may be of benefit to the future development of Magma's assets.

13.5 Disadvantages of Accepting the Offer

If the Offer is accepted, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
The Offer is not fair	As set out in Section 12 the Offer is not fair.
Dilution of shareholders	Prior to the Offer Magma shareholders owned approximately 90.66% of the Company. If the Offer is successful Magma shareholders will hold approximately 12.11% of Panoramic. Panoramic will have effective control of Magma. Panoramic will have the power to control the financial and operational aspects of Magma. If the Offer is successful, Magma shareholders will have limited capacity to influence the operations of Panoramic and the Magma assets.
Magma will have to share benefits of its assets with Panoramic	If the Offer is successful Magma shareholders will hold a diluted interest in Magma assets and will have to share any development or exploration upside in the asset portfolio with the current shareholders of Panoramic.
Change of risk exposure	Magma shareholders will be exposed to different risk profiles if the Offer is accepted. Magma is an exploration company focused on Platinum Group Metals at its Thunder Bay North Project, whilst Panoramic is a production and exploration focused company with two producing nickel mines in Western Australia. Magma shareholders may not wish to be exposed to the risk profile of Panoramic's projects.
Forgo opportunity to spin-off gold assets	Magma announced its intentions to spin-out its West Australian gold projects in a new gold focused exploration company on 22 November 2011. If the Offer is successful, Magma shareholders may not have the opportunity to decide if they want to hold shares in a West Australian gold focused exploration company, as they would under the proposed spin-off.
Availability of funding for the Thunder Bay North project	If the Offer is successful, the Thunder Bay North Project will be one of several projects held by Panoramic, and may have to compete with other Panoramic projects for funding.
Panoramic's lack of experience in PGM and Canada	Panoramic's operations have historically been in nickel in Australian-based operations. They do not have experience in relation to PGM or Canadian assets.

14. Conclusion

We have considered the terms of the Offer as outlined in the body of this report and have concluded that the Offer is neither fair nor reasonable to the Shareholders of Magma.

15. Sources of information

This report has been based on the following information:

- Draft Target's Statement dated on or about the date of this report;
- Audited financial statements of Magma for the years ended 30 June 2011 and 30 June 2010
- Reviewed financial statements of Magma for the half-year ended 31 December 2011;
- Audited financial statements of Panoramic for the years ended 30 June 2011 and 30 June 2010;
- Reviewed financial statements of Panoramic for the half-year ended 31 December 2011;
- Independent Valuation Report of Magma's mineral assets dated 29 February 2012 performed by SRK;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Magma.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $45,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Magma in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Magma, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Magma and Panoramic and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Magma and Panoramic and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Magma, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Magma and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions. BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 13 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Magma for inclusion in the Target's Statement which will be sent to all Magma Shareholders. Magma engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the off market takeover bid made by Panoramic to purchase all the shares it does not already own in Magma.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Target's Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Target's Statement other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Magma or Panoramic in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Magma. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Magma, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Magma. The valuer engaged for the mineral asset valuation, SRK Perth, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Adam Myers

Director

Sherif Andrawes

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Announcement Date	3 February 2012
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
BEE	Black economic empowerment
The Company	Magma Metals Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
GFC	Global Financial Crisis
Moz	Million ounces
Magma	Magma Metals Limited
NAV	Net Asset Value
The Offer	The offer of two Panoramic shares for every 17 Magma shares that Panoramic does not already own
OSA	Securities Act (Ontario)
Panoramic	Panoramic Resources Limited
PEA	Preliminary Economic Assessment
PGMs	Platinum group metals - platinum, palladium, ruthenium, rhodium, osmium and ridium
QMP	Quoted Market Price
Our Report	This Independent Expert's Report prepared by BDO
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Magma not associated with Panoramic
SRK	SRK Consulting (Australasia) Pty Ltd
TSX	Toronto Stock Exchange
VWAP	Volume Weighted Average Price

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ("NAV")*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ("QMP")*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("**EBIT**") or earnings before interest, tax, depreciation and amortisation ("**EBITDA**"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 *Multiple of Exploration Expenditure ("MEE")*

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("**PEM**") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

Appendix 3 – Independent Valuation Report prepared by SRK Consulting (Australasia) Pty Ltd

Appendix 3

Valuation of Mineral Assets of Magma Metals

Report Prepared for

Magma Metals Limited

Report Prepared by

SRK Consulting (Australasia) Pty Ltd

Project Number: MAG003

2 March 2012

Executive Summary

SRK Consulting (Australasia) Pty Ltd (SRK) has undertaken a valuation of the mineral assets of Magma Metals Ltd (Magma) in relation to a proposed takeover by Panoramic Resources Ltd (Panoramic) announced to the Australian Securities Exchange (ASX) on 3 February 2012. The valuation date for this report is 2 March 2012.

Summary of principal objectives

BDO approached SRK to undertake a Valuation Report on a number of Magma's mineral exploration project areas in Canada and Australia. Specifically, the assets include the Thunder Bay North platinum-palladium-copper-nickel project (TBN Project or "the Project") and surrounding exploration assets in Ontario, Canada, as well as less advanced exploration properties in Western Australia, including the Lake Grace (Au), Griffins Find (Au), Roe (Ni-Cu and Au), Mt Jewell (Au and Ni) and Laura River (Au-Cu-Fe) projects. The VALMIN Code was used as the standard for the Report.

Outline of work programme

The work was completed over a two week period from 14 to 29 February 2012. The work programme comprised research into recent market transactions, a review of the status of the TBN Project, an assessment of the geology of the exploration tenements and the risks associated with each of them in converting successfully to the next stage of exploration. A valuation model to capture the market transaction, geological risk, and status of the projects to provide a market-based valuation of the tenements, was developed.

Results

The valuation of Magma's assets was divided into three categories:

- TBN Project assets –Preliminary Assessment with Optimisation work; no Reserve has been declared;
- TBN exploration assets, including pre-resource drilled areas, immediate exploration extensions, and regional targets, and
- Australian assets, including the Concurrent Rights Agreement (CRA) for Ni-Cu-PGE (platinum group elements) in the Laverton area, as well as Au, Cu, Fe and Ni exploration assets in several regions.

The TBN Project and associated exploration projects were valued using two main methods of valuation as follows:

- The comparative transactions method – modified by discounting comparable or more advanced project transactions by the geological risk and cost of exploration required to bring projects to comparability, and
- Assessment of previous relevant exploration expenditure and its effect on project value.

The Australian assets have been valued using a combination of methods – multiples of exploration expenditure, comparative transaction modified for risk and exploration stage, area-based assessment against other exploration property transactions, and joint venture terms. Preferred values have been determined from analysis of the market value data and the risk levels on a project by project basis. The results are shown in Table ES-1.

Table ES-1: Valuation of Magma Metals' TBN Project and exploration assets

Project Area	Low Value (A$ M)	Preferred Value (A$ M)	High Value (A$ M)
TBN Open Pit Resources	25.9	43.8	61.7
TBN Underground Resources	6.0	10.2	14.3
TBN Resource Extension (Beaver Lake Zone)	3.7	3.8	3.8
TBN Brownfields Target (SEA Zone)	4.6	4.7	4.8
TBN Greenfields Target (Steepledge x 2, Lone Island, Eastern ECW Complex)	8.2	8.3	8.4
Subtotal Canadian Projects	*48.4*	*70.7*	*93.0*
Lake Grace	4.5	5.6	6.2
Roe Au	0.2	0.2	1.0
Mt Jewell	0.4	1.1	1.9
Griffins Find	4.9	7.3	9.2
Laura River	1.3	1.9	2.3
Laverton (Poseidon JV)	0.9	1.5	3.0
Subtotal Australian Projects	*12.0*	*17.7*	*23.6*
Total All Magma Projects	**60.6**	**88.4**	**116.6**

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Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Magma Metals Limited (Magma). The opinions in this Report are provided in response to a specific request from Magma to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

1 Introduction and Scope of Report

Magma Metals Ltd (Magma; ASX: MMW, TSX: MMW) contracted SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an independent technical valuation on Magma's assets in Australia and Canada in relation to a proposed takeover by Panoramic Resources Ltd (Panoramic) announced to the Australian Securities Exchange (ASX) on 3 February 2012. SRK provides this valuation directly to BDO Australia, in their role as Independent Expert for Magma. The valuation date is effective at 2 March 2012.

SRK provided this opinion as to the value of Magma's assets based on information supplied by Magma and available in the public domain. SRK has undertaken its valuation considering the technical aspects of the projects in relation to recent market activity in the gold and platinum group metals (PGM) sectors as well as utilising comparative transaction information from SRK's subscription databases. The assets are located in Canada and Australia.

2 Background and Brief

2.1 Background of the Project

BDO approached SRK to undertake a Valuation Report on a number of Magma's mineral exploration project areas located in Canada and Australia. Specifically, the assets include the Thunder Bay North platinum-palladium-copper-nickel project (TBN or "the Project") in Ontario, Canada, as well as less advanced exploration properties in Western Australia, including the Lake Grace (Au), Griffins Find (Au), Roe (Ni-Cu-Au), Mt Jewell (Au-Ni) and Laura River (Au-Cu-Fe) projects.

Panoramic announced on 3 February 2012 that it intends to make an unsolicited takeover of Magma via the acquisition of outstanding shares in Magma by way of an off-market takeover bid. Panoramic currently owns 9.34% of Magma, and has received initial acceptances under its conditional offer of a further 3.7% of Magma shares on issue. Panoramic issued a Bidders Statement on 8 February 2012.

2.2 Nature of the brief

SRK understands that the Report will be relied on by BDO and will be released to shareholders in relation to the proposed merger. As it is intended for public release, the Report has been completed under the guidelines of the VALMIN Code, which incorporates the JORC Code.

In 2009, SRK Consulting (Canada) Inc (SRK Canada) prepared an initial Mineral Resource Estimate on the TBN Project, which involved a number of site visits to the project area. As part of this work programme, an SRK geologist currently working for SRK in Australia visited the project and is involved in the current valuation work. SRK proposes to rely on the previous work by SRK Canada and the associated site visit.

SRK understands that there is an Inferred Mineral Resource Estimate associated with the Mt Jewell Joint Venture Project, but the other mineral assets in Western Australia are all at an earlier exploration stage. SRK does not consider that a site visit to the Mt Jewell Project is required, as no additional material information will be gained from a site visit.

SRK has selected the most appropriate valuation technique for the assets, based on the development stage of the project and the amount of available information.

3 Programme Objectives and Work Programme

3.1 Programme objectives

The objective of the programme is to undertake a Valuation Report on the previously described mineral exploration assets in Canada and Western Australia for BDO Corporate Finance (WA) Pty Ltd to incorporate into their Independent Expert Report for inclusion in the material to be issued to shareholders in relation to the proposed takeover by Panoramic.

3.2 Purpose of the Report

The purpose of this Report is to provide an independent technical assessment and valuation of the mineral assets in relation to the proposed acquisition of Magma by Panoramic. This Report is to comply with the technical property information required under various securities laws of Australia and may be included in Magma's Target Statement to be prepared in connection with the acquisition and business combination.

This Report does not provide any comment on the fairness and reasonableness of any transactions related to the proposed takeover.

SRK understands that the objective of this study is to provide an independent technical assessment and valuation report.

SRK will select the most appropriate valuation technique for the assets, based on the development stage of the project and the amount of available information. SRK expects that a market-based valuation method, based on comparative transactions and discounted for the developmental stage of the project will be most appropriate. However, SRK understands that a scoping study on the TBN Project has been released to the market, and this scoping study could also be considered as part of the valuation.

This proposal assumes that all data, reports and personnel are available to SRK to enable the scope to be undertaken in accordance with the VALMIN Code.

SRK has previously undertaken a Mineral Resource Estimate on the TBN Project and proposes to rely on this work and the associated site visit.

3.3 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code.

The VALMIN Code is the code adopted by The Australasian Institute of Mining and Metallurgy (AusIMM) and the standard is binding upon all AusIMM members. The VALMIN Code incorporates the JORC Code for the Reporting of Mineral Resources and Ore Reserves.

In this Report, identified Mineral Resources and Ore Reserves are quoted using categorisation in accordance with the JORC Code (2004). However, it should not be assumed that these Mineral Resource and Ore Reserve Estimates have necessarily been carried out in accordance with the guidelines and recommendations laid out in the JORC Code (2004), at least until further documentation can be obtained on the estimates and they have been formally endorsed by a 'Competent Person' in accordance with the JORC Code (2004).

SRK has relied on published Mineral Resource Estimates for its valuation, and has not undertaken an audit of the resources. The TBN Project has resources reported under CIM, and also compliant with JORC, published in an NI43-101 report. Resources generated by Magma were released on ASX, for which SRK has quoted the Competent Person and obtained their consent to do so.

3.4 Work programme

The work programme comprised the following tasks:

- Compilation of geology and project status of the TBN Project in Canada.
- Compilation of geology and project status of other mineral exploration assets located in Western Australia.
- Comparative transaction research for Pt-Pd, Au, Ni and Cu.
- Development of valuation model for Canada and Australian assets using comparative transactions and geological risk-based analysis.
- Review of the TBN Project scoping study.
- Delivery of the first draft of the report, with SRK's internal peer review, to Magma by 27 February 2012.
- Report finalisation, dependent on receipt of Magma's comments, anticipated by early March 2012.

Site visits have not been carried out specifically for this project. In 2009, Lars Weiershäuser, then of SRK Canada undertook a number of site visits to the TBN project area, and his knowledge as geology CP is relied on in this report. Matthew Greentree has visited adjacent properties in the SW Yilgarn Craton to the Magma properties, which have similar geological style and setting, and these visits are relied upon. Smaller, early stage projects have not been visited.

3.5 Project team

The project team is led by Peter Williams. Given the short timeframe, a number of consultants have worked concurrently on the various assets. The following SRK consultants have been involved in the project:

- Matthew Greentree: Principal Consultant (Geology).
- Deborah Lord: Principal Consultant (Geology).
- Lars Weiershäuser: Senior Consultant (Geology).
- Anthony Stepcich: Principal Consultant (Project Evaluation).

3.6 Statement of SRK independence

Neither SRK nor any of the authors of this Report have any material present or contingent interest in the outcome of this Report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

In 2009, SRK Canada prepared an initial Mineral Resource Estimate on the TBN Project.

SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

SRK's fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The payment of that professional fee is not contingent upon the outcome of the Report.

3.7 Representation

Magma has represented in writing to SRK that full disclosure of all material information has been made, and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

3.8 Indemnities

As recommended by the VALMIN Code, Magma has provided SRK with an indemnity under which SRK is to be compensated for any liability and/ or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Magma or to Magma not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

3.9 Consents

SRK consents to this Report being included, in full, in the Magma Target Statement, in the form and context in which the technical assessment is provided, and not for any other purpose.

SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this Report are considered with, and not independently of, the information set out in the complete Report and the Cover Letter.

4 Project Summary

SRK has undertaken a Valuation Report on a number of Magma's mineral exploration project areas in Canada and Australia. Specifically, the assets include the TBN Project in Ontario, Canada, as well as a number of mineral exploration properties in Western Australia, including the Lake Grace (Au), Griffins Find (Au), Roe (Ni-Cu-Au), Mt Jewell (Au-Ni) and Laura River (Au-Cu-Fe) projects. Magma also has Joint Venture (JV) interests in some properties in the Laverton District of Western Australia.

Magma's principal project in the portfolio is the TBN Project which is a greenfields discovery. Intensive exploration and resource definition drilling continue, as Magma assesses the size and economic potential of this project.

The Western Australian exploration properties are less advanced, but Magma had commenced work with the intention to spin-off these assets into a new gold-focused exploration company, to be named Greenstone Metals Limited (Greenstone). Greenstone is proposed to be listed on the ASX in the middle of 2012 via issue of a Prospectus.

In 2009, SRK Canada prepared an initial Mineral Resource Estimate on the TBN Project, which involved a number of site visits to the project area. This report draws heavily on the previous SRK Canada work (SRK, 2009), particularly for discussion of the project geology.

5 Thunder Bay North Project

5.1 Tenement details

The Thunder Bay North (TBN) Project is located approximately 50 km northeast of Thunder Bay on the shores of Lake Superior in Ontario, Canada, and comprises 220 Exploration Licences. These are listed in Appendix 1 and shown in Figure 5-1. The tenements form a contiguous package covering approximately 408.8 km^2 with a combined annual covenant of C$1,027,200.

In addition to the TBN Project, Magma holds a number of tenements that comprise 11 satellite project areas as shown in Figure 5-1. The project areas do not form a single contiguous area; the combined tenement area of all satellite project areas is 552.9 km^2.

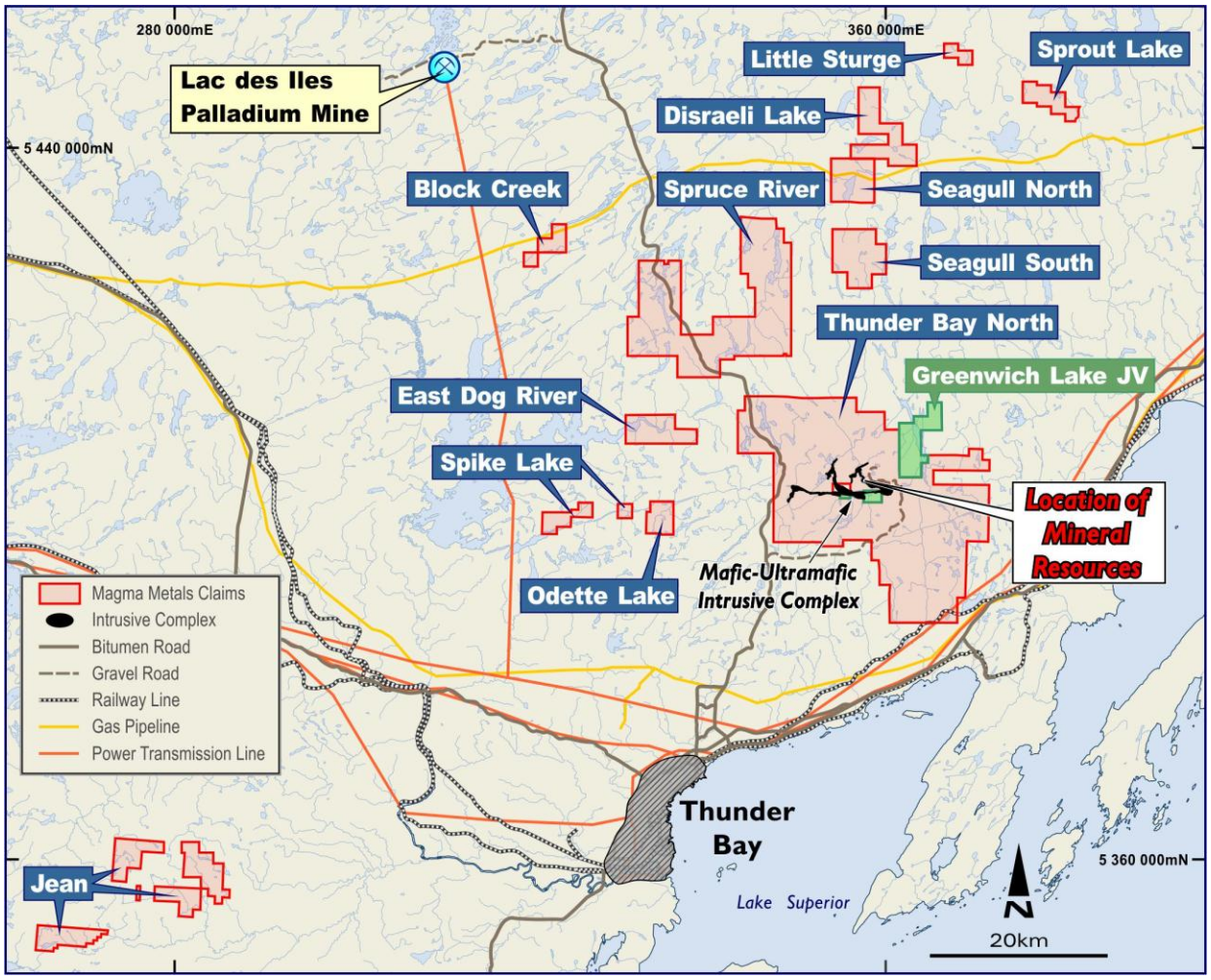


Figure 5-1: Location of TBN Project and Magma's other land holdings in Ontario

SRK has not independently verified ownership and current standing of the tenements that are subject of the Report. SRK has prepared the Report on the understanding that all the above tenements are currently in good standing. SRK has not attempted to establish the legal status of tenements within the project area with respect to Native Title or potential environmental and access restrictions.

5.2 Geological setting

5.2.1 Regional Geology

The TBN Project is located in the Quetico Subprovince (Quetico), which is part of the Superior Province of the Canadian Precambrian Shield. The Archean-age rocks have been interpreted as a fore-arc accretionary prism that was deposited during and after peak volcanic activity within the adjacent Wawa, Wabigoon, and Abitibi Subprovinces between 2,698 and 2,688 Ma (Percival and Sullivan, 1988). The Quetico is approximately 70 km wide and comprises strongly metamorphosed and deformed clastic metasedimentary rocks and their melt derivatives (Williams, 1991).

Metasedimentary rocks of the Quetico that have been identified consist mainly of turbiditic wacke and siltstone with rare iron formation, pelite, and conglomerate deposited within a large submarine basin. Primary sedimentary features are preserved locally. Volcanic rocks are rare and their setting and genesis are poorly understood. Williams (1991) states that igneous intrusive rocks are very common and include I-type biotite-hornblende-magnetite granitoid bodies of mixed felsic and mafic composition with volumetrically minor ultramafic units; and metaluminous to peraluminous one- and two-mica granitoids of S-type affinity. The igneous activity is interpreted to have occurred some 5 to 20 million years after the accumulation of the sedimentary pile.

In the Thunder Bay area, the Quetico rocks are overlain unconformably by the Paleoproterozoic Animikie Group. In this area, the Group forms a sedimentary sequence comprising the Gunflint and Rove Formations. The former consists of chemical sediments and argillites, while the latter is composed of shales and wackes (Sutcliffe, 1991).

Two intrusive events occurred within the Nipigon Basin around 1,590 Ma when the Mesoproterozoic Badwater Intrusion was emplaced at approximately 1,537 Ma with the emplacement of the anorogenic English Bay Igneous complex (Davis and Sutcliffe, 1985). The Sibley Group was deposited subsequently south of Lake Nipigon; it is largely composed of quartz arenite, argillaceous dolomite, and mudstones and exhibits a range of detrital U/Pb zircon ages of 1,670 Ma to 1,450 Ma (Heaman et al., 2005). The Sibley Group unconformably overlies the Animikie Group.

The third distinct event was the deposition of the Mesoproterozoic Keweenawan Supergroup within and marginal to the Midcontinent Rift (Cannon et al., 1989) between 1,110 and 1,090 Ma (VanSchmus et al., 1982). Sutcliffe (1991) suggests that the dominantly volcanic Supergroup was deposited within grabens and consisted of mainly subaerial, tholeiitic basalt flows, minor felsic volcanic rocks, and minor fluvial sedimentary rocks. The entire Supergroup forms a 30 km-thick pile beneath Lake Superior. Miller (2007) interpreted from geophysical data that large amounts of magma underplated the rift zone; this amount has been estimated at slightly less than the entire rift fill. Considering the rift fill, the volume of underplated material and the unknown amount of eroded material, the Mid-continent Rift is one of the world's largest Large Igneous Provinces, and is an important emerging Ni–Cu–PGE province. Mafic to ultramafic intrusive rocks in Ontario, related to the formation of the Keweenawan Supergroup, include:

- Voluminous, laterally extensive diabase sills and associated dykes (Nipigon, Logan, and Pigeon River Sills).
- Moderate to very large-sized composite and layered mafic intrusions (Duluth Complex, Crystal Lake Gabbro).
- Layered and differentiated ultramafic intrusions (Seagull, Hele, Kitto, and Disraeli Intrusions)
- Volumetrically minor ultramafic conduit-like intrusive complexes such as the Current Lake Intrusive Complex.

Prior to the work by Magma on the TBN Project, four distinct ultramafic intrusive bodies had been identified within and adjacent to the Nipigon Basin. These were the Seagull, Disraeli, Hele, and Kitto intrusions. Hart and McDonald (2007) describe these ultramafic intrusive bodies as consisting of pyroxene peridotite, wehrlite, lherzolite, olivine websterite to minor dunite, and olivine gabbro to olivine melagabbro, with irregular patches of monzogabbro along the margins, and ubiquitous phlogopite. The intrusions appear to be primarily sill-like, with the exception of the Seagull Intrusion, which, based on significant drilling, has a well-defined lopolithic form. Intrusion emplacement appears to have been fault-controlled (Hart and McDonald, 2007), but no distinct magma feeder zones to the intrusions have been identified. Nickel, copper and PGE sulphide mineralisation has been identified within these bodies, with the most significant present within the Seagull intrusion (e.g. Heggie, 2005).

The Duluth Complex and Crystal Lake gabbro also host low-grade Ni–Cu mineralisation. The Duluth Complex consists of a large composite intrusion of troctolite and gabbro derived from periodic tapping of an evolving magma source. The complex formed from up to 40 separate sheet-like and cone-shaped sub-intrusions. Low to medium grade copper–nickel sulphide mineralisation that locally contains anomalous PGE concentrations were identified in the basal zones of the Partridge River and South Kawishiwi intrusions. At least nine deposits have been delineated in the basal 100 to 300 m of both intrusions. At Crystal Lake, sulphide nickel mineralisation is associated with taxitic textures in a medium- to coarse-grained gabbro.

The conduit-like intrusions hosting nickel, copper and PGE sulphide mineralisation at Current Lake and Beaver Lake are the first of that type recognised in the province. The complex has been termed the Current Lake Intrusive Complex (CLIC), and is part of a network of magma conduits or chonoliths formed in association with the Mid-continent Rift.

5.3 Geology of the TBN Project

Within the project area, the main rock types are Archean granites and metasediments of the Quetico Subprovince, as well as Keweenawan Supergroup mafic to ultramafic intrusive rocks and related intermediate to mafic hybrid intrusive rocks of the Mid-continent Rift. The relationship of the project area to the Mid-continent Rift is illustrated in Figure 5-2. Rock types within the project area consist of:

- A variety of felsic to intermediate granitoid rocks identified as granodiorite, tonalite, and pegmatitic leucogranite.
- Strongly deformed and metamorphosed clastic metasedimentary rocks identified as wacke, siltstone, and rarely pelite.
- Relatively undeformed, practically unmetamorphosed mafic to ultramafic intrusive rocks of the main phase of the CLIC have been identified as olivine melagabbro, feldspathic peridotite, and lherzolite. These rocks are closely associated with a variety of related intermediate to mafic intrusive rocks that comprise the initial intrusive phase of the CLIC. These early phase rocks are locally fragment/ inclusion-rich, strongly contaminated, hybrid rock that has strong hematite alteration.

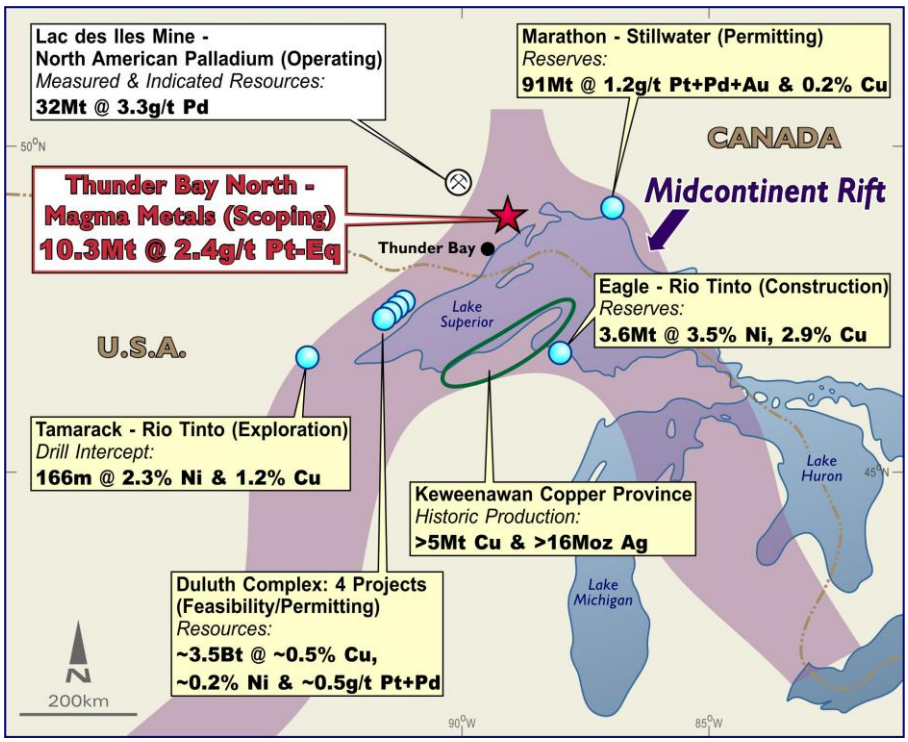


Figure 5-2: Regional Geological setting of the TBN Project in relation to other known Ni-Cu-PGM deposits

5.3.1 Lithology

Quetico Subprovince Rocks (Archean age)

The primary granitoid rocks are granodiorite and tonalite with minor amounts of granite and pegmatitic leucogranite. Units are typically medium-grained with localised, narrow intervals of pegmatitic and aplitic material. Shearing can be intense on a local scale, forming narrow, discrete fault zones; however, the rocks are more typically massive or only weakly foliated.

A hematitic alteration zone, 2 to 5 m in thickness, can develop where the granitoid is in contact with olivine melagabbro. A molten appearance can develop immediately adjacent the olivine melagabbro contact and small granite fragments may occur within the olivine melagabbro.

Metasedimentary rocks are typically derived from a muddy, silty or fine sandy precursor sediment, and range from massive to moderately foliated rocks. Foliation orientations are typically vertical to sub-vertical. Rocks can be mica-rich, with quartz ± carbonate veinlets, and are variably sheared and altered. Shearing and faulting occurs on a local scale, and can be intense. Alteration consists of chlorite, sericite, and epidote, and is primarily associated with fractures.

Dykes of granitoid composition cut the metasedimentary rocks. Along the contacts with the olivine melagabbro, the metasediments are hornfelsed, and hematitic alteration may develop.

CLIC rocks (Keweenawan age)

Structurally, the Archean rocks were reactivated along pre-existing structures and new Keweenawan structures occurred that permeate the rocks. Numerous northeast and northwest striking structures provided the ground preparation for the intrusion of the CLIC. Initially, a leucotroctolite to leucogabbro to diorite was intruded rather forcefully along flat-lying structures and up-dip along the east-trending granite/ metasediment contact (Figure 5-3 and Figure 5-4). It is termed 'Hybrid' by the staff geologists, since it has incorporates country rock and quartz fragments. Various phases are associated with this event, and some of the Hybrid appears so contaminated that it contains quartz and is dominantly plagioclase and amphibole, essentially forming a diorite.

The Hybrid can also contain black pyroxene and serpentine or iddingsite after olivine, as well as significant ilmenite and magnetite (Figure 5-6 A). The Hybrid rarely contains rock fragments where in contact with the olivine melagabbro, and is usually a few to tens of metres thick and grades into the olivine melagabbro with 0.5 to 2 cm patches of olivine melagabbro appearing in the Hybrid grading into olivine melagabbro over a distance of 1 to 2 m; however sharp contacts exist where the olivine melagabbro has eroded into the Hybrid (Figure 5-6 B). The Hybrid rock was still hot as the interface between the olivine melagabbro and the Hybrid has been deformed in a plastic manner.

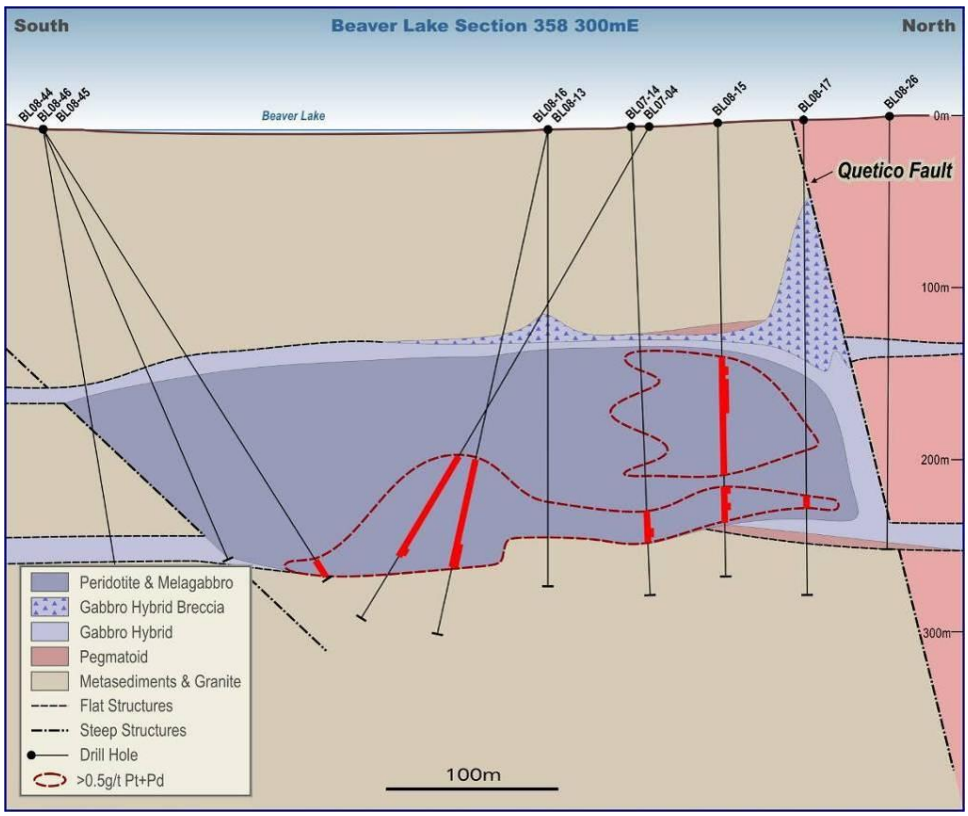


Figure 5-3: Cross-section of CLIC in Beaver Lake area

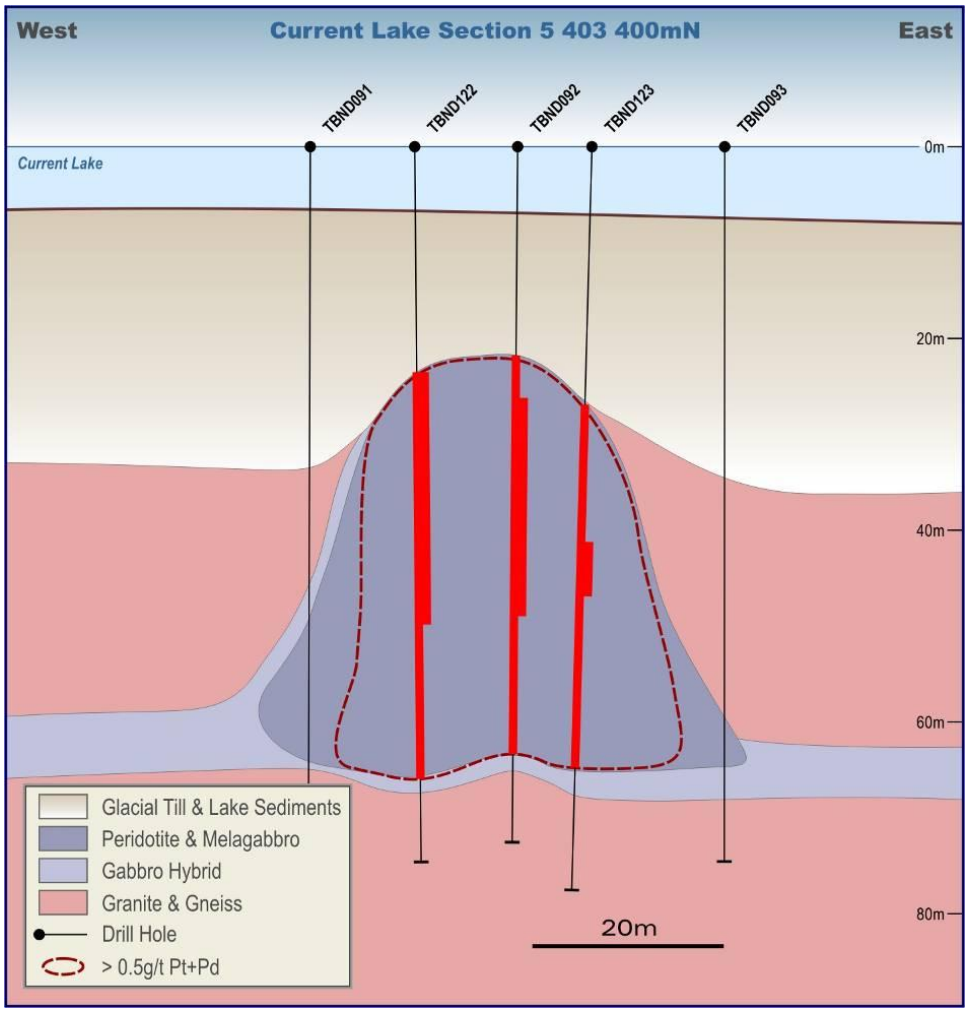


Figure 5-4: Cross-section of CLIC in Current Lake area

The contacts of the Hybrid, where observable with surrounding metasedimentary rock, are chilled against the metasedimentary rocks and are very fine-grained with glassy chill margins indicating that the rocks that were intruded into were quite cool (Figure 5-6 C). The chill zone occurs where the Hybrid is present on the lower contact of the main body on the northern margin of the Beaver Lake intrusion, throughout the CLIC and where the Hybrid often extends as wings away from the main intrusive bodies where the Hybrid has intruded along the flat structures. Chill margins are rare above the main olivine melagabbro/ lherzolite body at Beaver Lake due to the large amount of alteration in these rocks.

The Hybrid is often oxidised with significant iron oxide staining of the Hybrid and the surrounding metasediments indicating the substantial amount of fluids being given off by the Hybrid upon cooling, as well as the later olivine melagabbro and lherzolite. In general, the fluids driven off by the intrusion appear to have mostly migrated upwards with significant hematite and pyrite alteration occurring above the body for metres to tens of metres, whereas the footwall contact has hematite alteration generally confined to only a few metres at most.

The CLIC in the Current Lake Area is a rounded conduit up to 50 m wide confined by a flat fracture-joint set as well as northeast, northwest and north-striking Keweenawan structures (Figure 5-4). Olivine melagabbro occupies the conduit and can be mineralised in its entirety.

The Beaver Lake intrusion is a flattened pipe-like body with an irregular-shaped floor; the deepest portion is on the southeast side and is as yet untested and open. The olivine melagabbro is often in contact with the footwall sediments and is often mineralised on the contact. The olivine melagabbro appears to have thermally eroded through the basal Hybrid in most cases, and is in direct contact with the sedimentary rocks and does not display chill margins, indicating that this may be due to turbulent flow (i.e. heat is transferred all the way to the contact) or that the surrounding rocks have become increasingly hot from the long-term flow of magma in the conduit. Often sulphide blebs and ocelli of previously molten sediment, from 5 to 10 mm in size, occur in the olivine melagabbro near the contact, and the contact is often irregular (Figure 5-6 D).

At Beaver Lake, the olivine melagabbro grades into a feldspathic lherzolite to lherzolite both from the bottom of the intrusion up, and from the top down, and this appears symmetrical. The distinction between olivine melagabbro and the lherzolite is gradational and occurs at 10% plagioclase content. The grain size of the olivine melagabbro and lherzolite is quite small with the olivines averaging 1 to 1.5 mm surrounded by chlorite, clinopyroxene, orthopyroxene, plagioclase and oxide phases and occasionally with oikocrysts of clinopyroxene to 1 cm, especially near the contacts (Figure 5-6 F). Overall, the intrusion is very fresh with increased serpentinisation towards the contacts. Serpentine, chlorite, iddingsite, talc and carbonate are common alteration products.

There are narrow (10 cm to several metres) variably textured taxitic zones at the top of the olivine melagabbro near the contact with the Hybrid. These zones contain large 1 to 2 cm plagioclase and pyroxenes ranging in size from 1 to 10 cm in an olivine melagabbro matrix, and/ or sometimes with what appear to be fragments of mafic intrusive material (Figure 5-6 E). The plagioclase is altered extensively and pyroxene is altered to amphibole. Substantial fluid and contamination appears to have been involved in this process. These taxitic rocks appear very similar to those at Noril'sk.

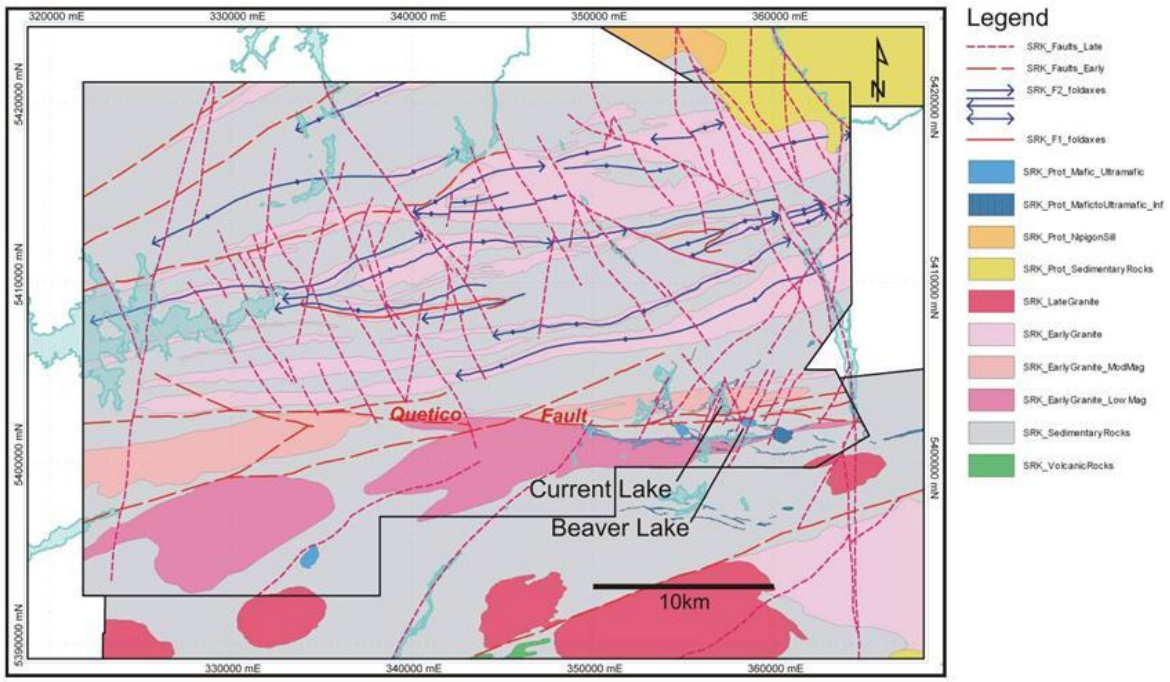


Figure 5-5: Geological map interpreted from detailed aeromagnetic survey

Note: Beaver Lake and Current Lake are at a locus of Archean faults and the geometry of Current Lake mimics the pre-existing fault network.

Figure 5-6: Photographs depicting main rock types found in the TBN Project area

5.3.2 Structural Geology

Quetico Subprovince rocks record a progressive Archean orogeny. Early isoclinal folding, with layer parallel shearing and regional axial planar fabrics, is overprinted by upright, open to tight, shallowly plunging folding with an associated axial planar fabric and culminates with transpressional faulting, shear zone development, minor folding and localised east-west extension (Williams, 1991; Percival et al., 2006). The transpressional deformation event includes dextral movement on east- and east northeast-striking faults including the Quetico Fault (Figure 5-5) that cut through the deposit area. Small-scale but numerous, conjugate northeast-striking sinistral separation and northwest-striking faults offset at least the Archean units. In addition, three prominent fault sets striking north, northwest and east- to northeast cut the Proterozoic Nipigon Embayment, in places reactivating Archean faults (Hart and McDonald, 2007).

In the project area, the dominant regional foliation in Archean metasedimentary and felsic intrusive rocks strikes approximately 085° and dips vertical to 85° south. Asymmetric minor folds are associated with the regional foliation are observed in Quetico metasedimentary rocks and suggest steeply dipping, shallowly plunging, isoclinal folds are present through the Current Lake-Beaver Lake area (Figure 5-7A). Protomylonitic fabrics with weak dextral sigma (σ)-structure of feldspar phenocrysts were observed in what is interpreted as a splay of the Quetico Fault cutting the peraluminous muscovite granite that bounds the Beaver Lake intrusion to the north (Figure 5-7 B).

The Proterozoic mafic to ultramafic intrusions hosting the Current Lake and Beaver Lake deposits post-date the Archean deformation events, but their geometry mimics the strike of earlier fault sets, including relatively flat faults, which the intrusions are interpreted to have exploited as they intruded the Archean country rocks (Figure 5-7 C).

Post-intrusion deformation of the Proterozoic host rocks is limited. Extreme fracturing in the immediate hanging wall is accompanied by brittle fine-grained to coarse-grained fault gouge. This is irregularly distributed over the intrusion with the thickest section coincident with the intersection of the east-striking dextral fault at the north edge of Beaver Lake intrusion, a north-northeast-striking sinistral fault and a north-northwest-striking dextral fault. In contrast to the roof of the intrusion, the base of the intrusion is largely undeformed with good example of cooled margins preserved. Minor shear zones developed only locally at the base of the intrusion. In addition, magnetic patterns on both regional and deposit scale indicate minor post-intrusion fault offsets including dextral offsets along reactivated Archean faults. Observations in core confirm the limited degree of post-intrusion faulting, consisting of narrow, discrete serpentinised slip surfaces with good slickenstriae (Figure 5-7 D), oblique extension fibres and minor zones of clay gouge.

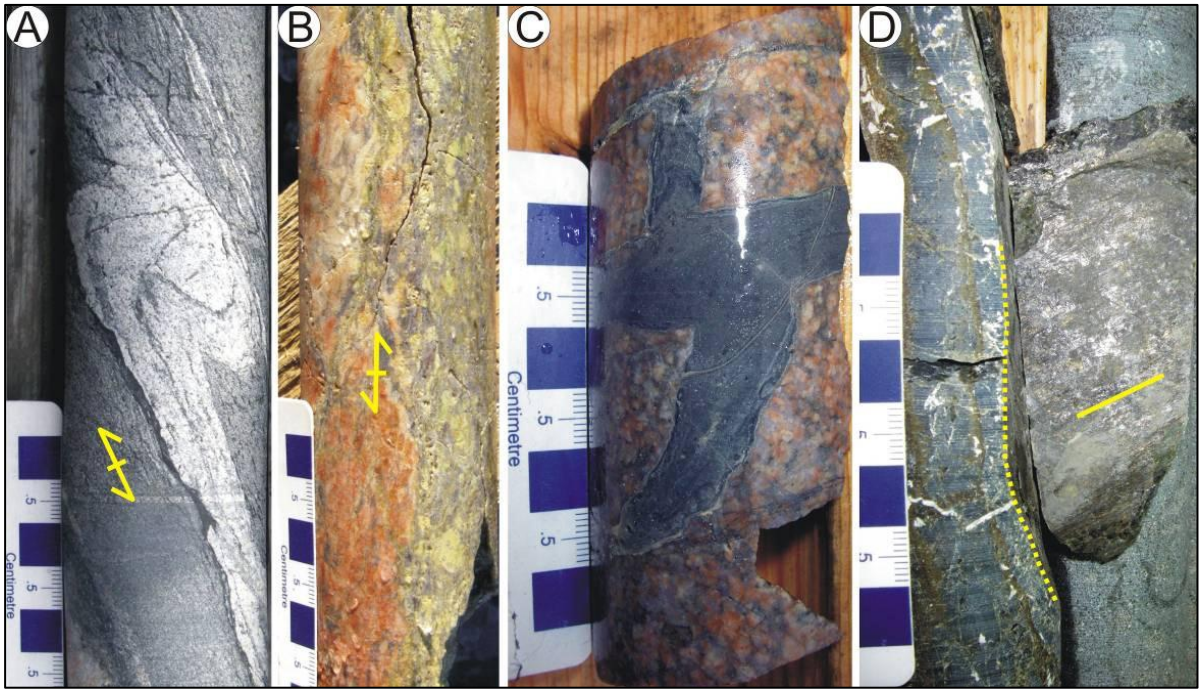


Figure 5-7: Selected structural textures within the TBN Project area

A Quetico metasedimentary country rock with strong regional foliation (symbol) and shallowly plunging parasitic fold – BLD08-26, 230.5 m.

B Epidote-altered, peraluminous muscovite granite at north margin of Beaver Lake intrusion with steeply dipping protomylonitic fabric (symbol) – BLD08-15, 12.3 m.

C Mafic dyke intruding granite along flat and steeply dipping fractures, mimicking the interpreted exploitation of pre-existing faults – TBND002, 92.5 m.

D Discrete, serpentinised fault (dotted line) through ultramafic peridotite with shallowly pitching slickenstriae (solid line) on fault surface – BLD08-76, 201.4 m.

6 Mineralisation

The Current Lake, Bridge and Beaver Lake Zones collectively form the Ni–Cu–PGE deposit at Current Lake. However, the different zones display different morphologies, are disproportionately mineralised, and have slight differences in mineralisation tenors. The Bridge Zone is, for the purposes of this Report, the last drilled of the mineralised zones and links the Beaver Lake and Current Lake Zones. An artificial deposit boundary between the Current Lake and Beaver Lake Zones is placed at the Quetico sedimentary rock–granite structural contact, since the morphology of the conduit changes at this point.

The conduit is completely composed of olivine melagabbro within the Current Lake and Bridge Zone portions; the mineralisation within these zones always occurs within the olivine melagabbro but mineralisation distribution can be variable. Locally, the disseminated mineralisation dominant in those areas can completely fill the conduit and conversely, can locally only partially fill the conduit. The Hybrid forms a marginal phase in the hanging wall and footwall portions of the conduit, and sometimes occurs as a thin skin along the walls of the conduit. The Hybrid is best envisaged as an earlier preparatory phase of the magmatic episode(s) that lead to the formation of the conduit and its mineralisation. Rarely, mineralisation has been noted to occur within the basal Hybrid as pods and veinlets, but this is not typical of the deposit mineralising phase.

The Current and Bridge Zones form a sinuous sub-horizontal tube. The mineralisation within the tabular, sub-horizontal Beaver Lake portion of the deposit forms a variable mesh, usually at, or near, the base of the Beaver Lake portion of the intrusion. Strong positive correlations between Pt, Pd, Cu and Ni and very limited post-crystallisation alteration indicate preservation of a pristine magmatic system. The occurrence of mineralisation throughout the chonolith in the Current Lake Zone indicates that the sulphides were entrained in the host magma. Conversely, in the Beaver Lake Zone, sulphides were deposited mainly at the lowest levels of the intrusion.

Depths to the top of the mineralisation vary from under 20 m in the northwest, to as much as 450 m in the southeast. The mineralisation, the conduit, and the host gabbro do not crop out at surface.

A schematic model that outlines the locations of the deposits, and the projected conduit morphology is shown in Figure 6-1.

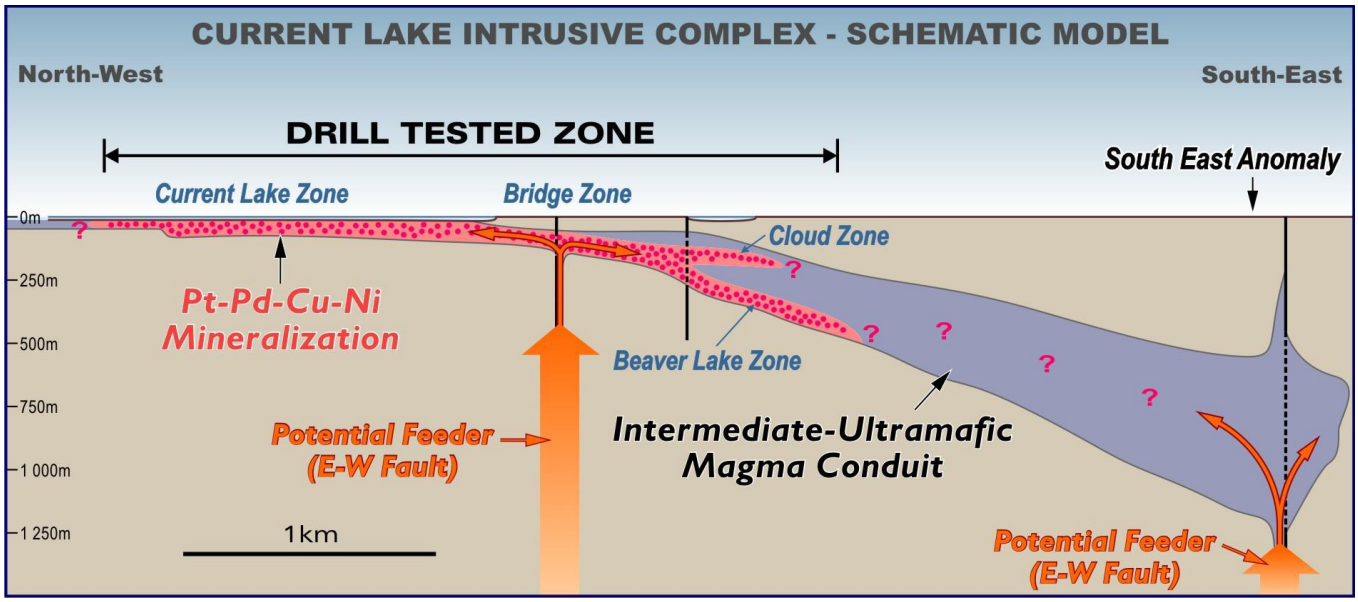


Figure 6-1: Schematic Model of CLIC

6.1 Current Lake and Bridge Zone

The Current Lake and Bridge Zone portions of the deposit form a narrow, almost flat-lying conduit ranging from 30 m x 30–50 m wide and 70 m tall. The olivine melagabbro in the conduit is variably mineralised. Sulphide mineralogy includes pyrrhotite, pentlandite, chalcopyrite, pyrite, and rare cubanite and violarite.

The Current Lake zone lies beneath Current Lake and is sub-horizontal, narrow, sinuous, and tube-like in its morphology. The width, thickness, and orientation of the host body, and its contained mineralisation, changes along its length as it follows intersecting, pre-existing, sub-vertical and sub-horizontal fractures and faults. The system exhibits a slight southerly plunge with the base of the mineralised body at 45-50 m depth in the north and 90–95 m depth in the south where it joins with the Bridge Zone. For much of its length, the upper portions of the Current Lake Zone have been eroded away; however, due to the shallow southerly plunge, its preserved thicknesses gradually increase and the conduit eventually becomes completely preserved at the point just prior to where the Bridge Zone is demarcated.

The Bridge Zone is hosted by granitoid rocks and is completely preserved and tube-like in form; however, it exhibits a steeper east–southeasterly plunge, when compared to the Current Lake Zone, and has a relatively well-defined strike. The top of the conduit in the Bridge Zone is 60 m below surface in the west and 125 m below surface in the east, whereas the thickness of the conduit averages 50 m and ranges from 35 m to 65 m in width. Mineralisation is continuous and relatively high-grade throughout the zone.

In general, within the Current Lake and Bridge Zones, sulphide mineralisation is disseminated, ranging from a few percent to >25% sulphides, and is interstitial to the silicate gangue.

Disseminations can range in size from 0.5 mm to as much as 1 cm in size, and comprise pyrrhotite, chalcopyrite, pentlandite, minor pyrite, and rare cubanite and violarite.

Basal net-textured (25–50%) sulphide and massive sulphide intervals have occasionally been intersected in core drilling and are more common within the Bridge Zone than the Current Lake Zone. Within both of these zones, the main concentrations of mineralisation occur as elongated high-grade pods connected by narrower medium to low-grade zones.

Significant massive sulphide veining, generally 1–2 cm wide, occurs within the Current Lake Zone. These veins are typically either sub-horizontal or near-vertical, and are interpreted by Magma Metals geologists to be the result of segregation of molten massive sulphide during the cooling of the intrusion. Plagioclase often occurs in these veins, indicating that plagioclase had also not yet crystallised completely and was still partially molten.

6.2 Beaver Lake

Beaver Lake exhibits a shallow (15°) east-southeasterly plunge and has a tabular form. The morphology of the CLIC system switches from tube-like to tabular when it crosses the contact between the granitoid rocks, located north of the contact, and the fine, clastic metasedimentary rocks located south of the contact. Figure 6-2 and Figure 6-3 display the changing orientations of the conduit, and typical mineralisation thicknesses and orientations. The figures illustrate that at the Beaver Lake zone, mineralisation is typically more likely to be developed in basal depressions.

The tabular Beaver Lake zone host intrusion increases from 100 m width and 15 m thickness to 550 m width and 200 m thickness towards the east. Beaver Lake sulphide mineralisation is largely hosted by olivine melagabbro; however, there can be significant mineralisation within lherzolite, which forms the core of the body. The sulphide mineralogy is similar to Current Lake and includes pyrrhotite, pentlandite, chalcopyrite, pyrite, and, more rarely, cubanite.

The morphology of the sulphide mineralisation at Beaver Lake differs from Current Lake in that the entire conduit is not mineralised. The sulphide mineralisation is typically located around the margins of the conduit within the olivine melagabbro and may wrap around the northern margin of the intrusion. Basal mineralisation is the most dominant and appears to have thermally eroded into the Quetico Subprovince metasediments and typically mineralisation is thickest and highest grade in depressions in the floor of the intrusion. This basal mineralisation generally forms a complex mesh of mineralised depressions within the floor of the intrusion and varies in thickness from 2 m to as much as 30 m, with widths ranging from 20 m to in excess of 50 m. The term “Spine Zone” is used by Magma Metals geologists for basal mineralisation present within the central Beaver Lake portion of the CLIC.

The tenors of the sulphides are, in general, consistent between the mineralisation along the upper and lower contacts; however, some higher-grade “cloud” mineralisation has been identified along the upper contact. This style of mineralisation, referred to as the Cloud Zone, occurs in places near the top of the intrusion and consists of very finely-disseminated chalcopyrite.

Mineralisation within the lherzolite occurs where the upper and lower contact mineralisation are thickest and therefore continue into the lherzolite. Additional mineralisation is developed in chromium-rich horizons within the core of the Beaver Lake intrusion. Typically, the olivine melagabbro and lherzolite contains 2,000–3,000 ppm chromium; however, two zones of continuous 4,000–5,000 ppm chromium with thicknesses of generally 2–5 m contain significant sulphide mineralisation. No chromite has been directly observed in the horizons; however, bright green chlorite is present in these areas and may be hosting the chromium.

The Beaver Lake sulphide mineralisation is disseminated, ranging from a few percent to >25% sulphides, and is also interstitial to the silicate gangue. Disseminations can range in size from 0.5 mm to as much as 1 cm in size. Blebby sulphides are common and classic net-textured and massive sulphide mineralisation has been intersected regularly in core drilling within the western portions of the Beaver Lake Zone where it merges with the Bridge Zone.

In the Beaver Lake Zone, sulphide grades are generally consistent between the mineralisation along the upper and lower contacts. However, the Cloud Zone generally has higher-grade mineralisation. The basal mineralisation within the Beaver Lake Zone, particularly the western and Spine areas, forms a complex mesh of mineralised subzones that concentrate within hollows or depressions in the floor of the intrusion. These intersecting depressions appear to coincide with conjugate fracture sets within the underlying Archean metasedimentary rocks and may have formed by thermal erosion along the structurally-weakened fracture zones.

6.3 Petrography

Preliminary assessments of the PGE mineralogy were undertaken by SGS Lakefield, who analysed the mineralogy of boulder samples found at the surface. From this analysis, the dominant PGE minerals are moncheite (PtTe2) and michenerite (PdBiTe) with lesser platarsite (PtAsS). The size of the platinum group mineral grains in the SGS Lakefield review ranged from 2–112 µm, with the majority being 2–5 µm in size. The PGEs were noted to be largely contained within other sulphide phase minerals. Petrographic analyses performed on metallurgical samples have indicated the presence of sperrylite (PtAs2).

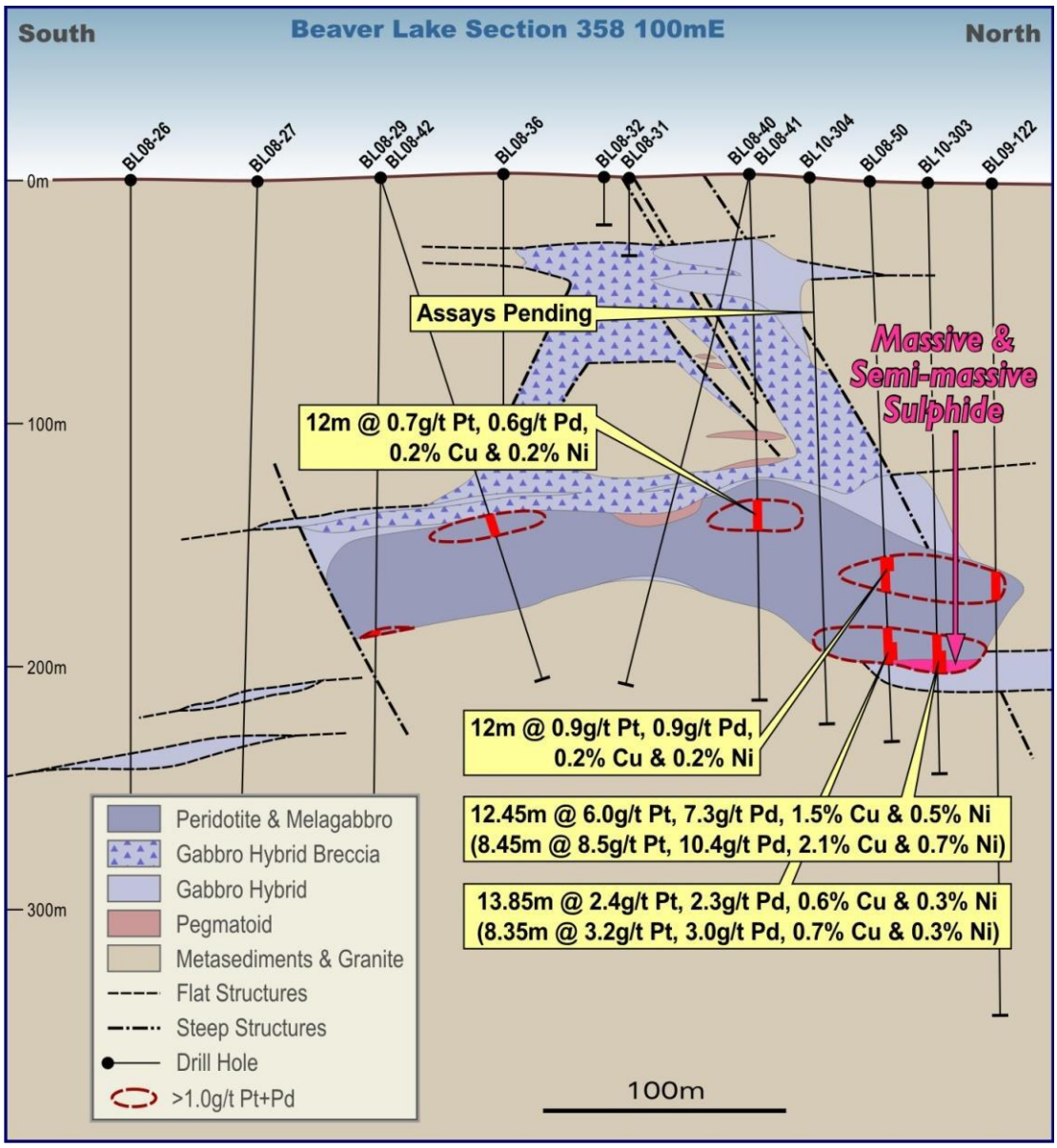


Figure 6-2: Example drill section, Beaver Lake (358100 mE)

6.4 Minor PGEs

SGS Lakefield has also undertaken PGE analyses to test for the PGEs Pt, Pd, ruthenium (Ru), rhodium (Rh), iridium (Ir), and osmium (Os), in the sulphide mineralisation (collectively, the 6-PGE group). Initial 6-PGE analyses indicated there was potential for concentrations of Ru, Rh, Ir, and Os in the sulphide mineralisation (collectively referred to in this Report as the minor PGEs). Subsequently, analyses, currently totalling 1,035 determinations, were performed on a broader range of samples. These analyses confirmed the presence of the minor PGEs in both Current Lake and Beaver Lake zones.

6.5 Metal ratios

Work completed by Dr Roland Goodgame in 2010, in association with Magma Metals' geological staff, indicated that copper to nickel ratios are typically 1.4:1 to 2.0:1, and vary depending on the proportion of sulphide nickel present. Platinum to palladium ratios are typically of the order of 1.07:1 (Goodgame, 2010).

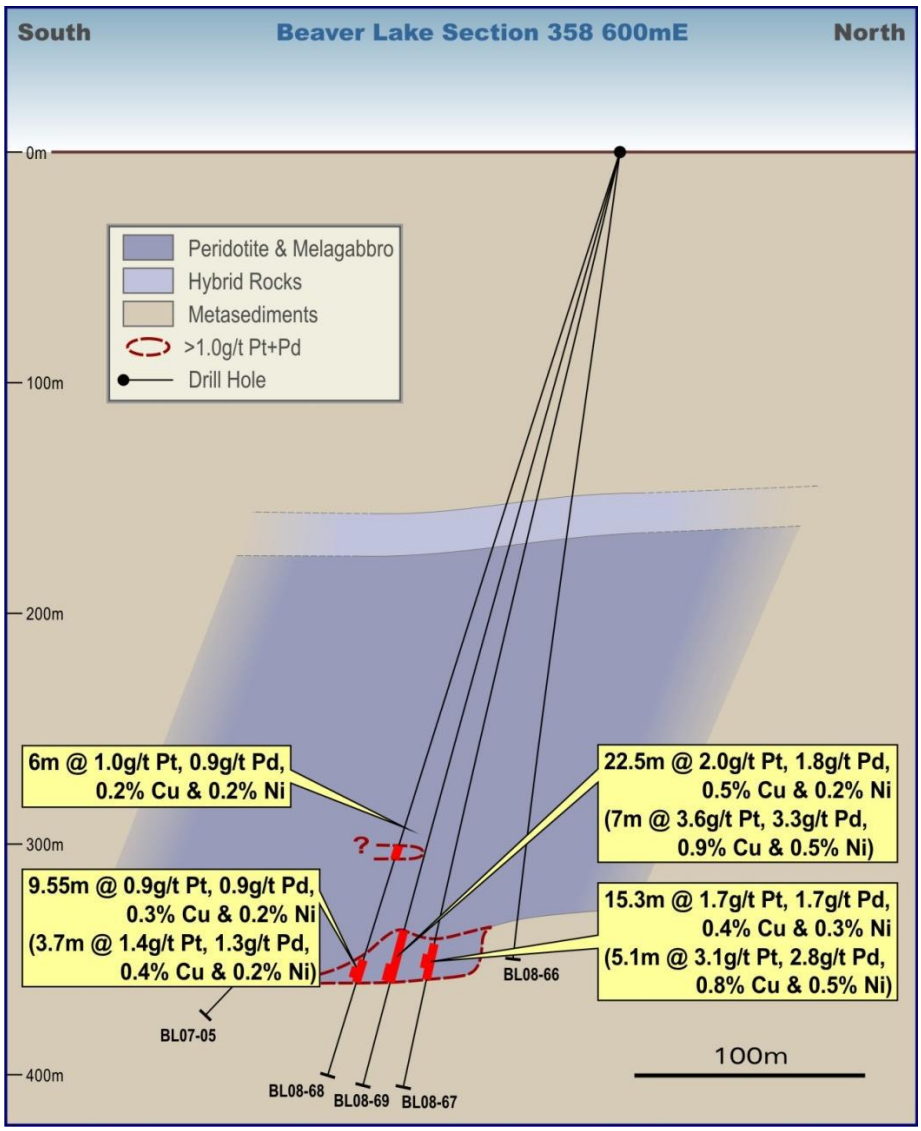


Figure 6-3: Example drill section, Beaver Lake (358100 mE)

7 Deposit Types

Magmatic sulphide deposits form in a wide variety of settings over the span of geological time. There are active and dynamic systems that generally produce nickel-copper enriched mineralisation often with substantial amounts of massive sulphide with examples being Noril'sk, Voisey's Bay, Jinchuan and Kambalda. PGE enriched systems generally form in more docile and larger layered systems like the Bushveld Complex, Stillwater Complex, and the Great Dyke. The best dynamic systems tend to form in magmatic conduits and or channelised flows. Generally, but not always, a source of sulphur within the host rocks is required to saturate the mafic to ultramafic magma in sulphide which then collect in traps and depressions and/or are injected along structures along the conduit.

Significant Keweenawan aged mineralisation occurs within the region including the Duluth Complex in Minnesota, the Eagle deposit in Michigan, and mineralisation at Seagull NE of the CLIC.

The Duluth Complex is a 1,098 Ma group of intrusions composed of layered anorthosite, troctolite and minor peridotites. Sulphide mineralisation is copper and PGE rich and occurs as minor disseminations within the troctolitic rocks. It is estimated that over four billion tonnes of sulphide mineralisation averaging 0.66% copper are contained within the Duluth Complex (Miller et al., 2002). Overall, the copper to nickel ratio averages 3.3 to one while the PGE concentrations average about 0.4 to 1.1 parts per million ("ppm") platinum plus palladium.

In 2002, Kennecott Minerals Company (a subsidiary of Rio Tinto plc) discovered the Eagle deposit hosted by the Yellow Dog Peridotite in Michigan. The Yellow Dog Peridotite is mainly comprised of coarse-grained, variably serpentinised peridotite and feldspathic peridotite. A fine-grained, olivine poor phase is found along the margins of the intrusions and as xenoliths within the peridotite. Calcite-quartz xenoliths are observed in the intrusion and are likely derived from the assimilation of the Chert Carbonate and Goodrich Quartzite units (Ware, 2007). The mineralisation is massive, net-texture and blebby sulphide. Reserves at Eagle were 3.2 million tonnes at 3.89% nickel and 3.04% copper as of December, 2007 (Rio Tinto website).

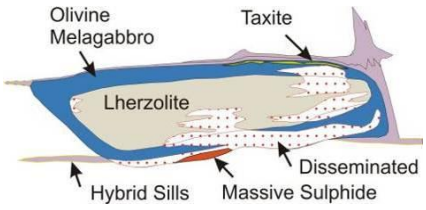
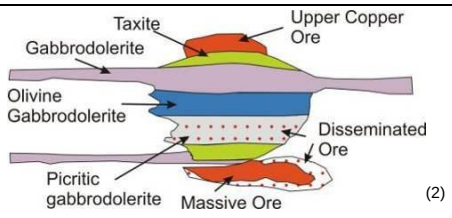
The Seagull deposit, located near the southwest margin of Lake Nipigon, contains three horizons of disseminated sulphides enriched in PGE emplaced at the base of the Seagull Intrusion. The intrusion is up to 800 m thick and is composed of gabbro, pyroxene gabbro and lherzolite.

The Noril'sk deposit is a large nickel-copper-PGE magmatic sulphide deposit, Permian in age, hosted by olivine gabbros picrites and taxite. The sulphide mineralisation at the Talnakh Ore junction is predominately massive, brecciated and disseminated in nature. Large disseminated to blebby sulphide deposits of similar grade to those at TBN Project are currently being mined by open pit at the Medvezhy Creek mine in Noril'sk. The current reserve for the Medvezky Creek mine is about 40 Mt @ 0.49% Cu, 0.34% Ni, 1.75 g/t Pt, 4.27 g/t Pd and 0.19 g/t Au (MMC Noril'sk Nickel website, August 2009). The sulphide mineralisation has formed in what are described as chonoliths which are flattened conduits that channelised the magmatic liquids.

The CLIC is a series of magmatic conduits of Keweenawan age that have formed along a failed rift related to the Nipigon Embayment and are part of the Mid-continent rift system. The magma has intruded Archean aged granite and Quetico metasedimentary rock that contains up to 5 percent sulphide in places. The host rocks are olivine melagabbro to lherzolite and are derived from mafic magmas emanating from depth. The overall shapes of the conduits are flattened tubes or chonoliths much like Noril'sk. The sulphide mineralisation is largely disseminated with several occurrences of net-textured and massive sulphide material. The deposits are classic dynamic conduit hosted magmatic sulphide deposits that are particularly enriched in PGE.

The closest analogue for the TBN Project sulphide deposits are the voluminous magmatic sulphide deposits at Noril'sk, Siberia. There are many similarities between the deposits including: the chonolithic shapes of the conduits, parental magma composition with 6% MgO, relationship with a Large Igneous Province, tenors of the sulphides, and other criteria summarised in Table 7-1. Comparative tenors of the sulphides are estimated by back calculating the metal grades to 100% sulphide (Table 7-2).

Table 7-1: Comparison between CLIC with Noril'sk magmatic sulphide deposit in Siberia, Russia

Criteria	CLIC	Noril'sk
Large Igneous Province	North American Mid-continent Rift flood basalts	Siberian trappes
Parental Magma	6% MgO	6% MgO
Host Rocks	Olivine Melagabbro to Lherzolite Ol+CPX+OPX+PL+sulphide 10-33% MgO	Picrite Taxitic Gabbro Olivine Gabbro Ol+Pl+Aug+sulphide 18-29% MgO (1)
Conduit Morphology		 (2)

Arndt, 2003

(2) After Naldrett, 1996

Table 7-2: General grade tenor* comparison between CLIC with Noril'sk magmatic sulphide deposit in Siberia, Russia

		Ni (%)	Cu (%)	Pt (ppm)	Pd (ppm)	Au (ppm)	Rh (ppm)	Ir (ppm)
Noril'sk (1)	Picrite	6.95	10.98	11.19	34.41	1.83	1.60	0.190
	Picrite	2.90	6.94	3.12	11.99	0.86	0.25	0.038
	Taxitic Gabbro	5.55	10.5	7.90	28.37	1.45	1.12	0.096
	Taxitic Gabbro	2.76	6.37	2.98	13.64	0.91	0.31	0.031
	Massive Sulphide	5.44	6.27	2.31	10.77	0.23	1.19	0.110
	Massive Sulphide	3.55	5.27	2.33	9.00	0.35	0.52	0.042
Current Lake	Beaver Lake	3.39	5.66	22.93	21.57	1.48	1.37 (2)	2.650(2)
Igneous Complex	Current Lake	4.37	8.10	33.95	31.92	2.11	2.03 (2)	3.920(2)
	Cloud BL08-15	6.42	16.96	62.24	61.18	3.95	3.72 (2)	7.190(2)

* Calculated grades at 100% sulphide

(1) Naldrett et al. 1996

(2) Extrapolated from 6 PGE assay data

8 Preliminary Economic Assessment of the TBN Project

An NI43-101 Technical Report on Preliminary Assessment of the TBN Project (PEA) was completed for Magma Metals by AMEC Americas on 17 March 2011. Under CIM guidelines and TSX listing rules, the outcomes of a PEA are required to be published, and as such form the basis of future assessments and other NI 43-101 Technical Reports. The PEA has a material bearing on the value of the TBN Project, and outcomes from the PEA are included here as background information on the project. As this assessment does not result in declaration of Reserves, SRK has not used these assessments as a basis of its valuation.

SRK has not undertaken a separate validation of the TBN Project Resource, and has relied on the AMEC PEA report. This review looks at areas of risk and opportunity related to the current TBN Project Resource model.

Magma Metals released the results of this scoping study in a press release to ASX dated 7 February 2011, entitled, “Positive Scoping Study for Thunder Bay North Project: Considerable upside potential to further enhance the economics of the project”.

8.1 Principal outcomes of the AMEC PEA

- An open pit Mineral Resource estimate of 8.46 Mt at 2.13 g/t Pt-Eq of Indicated Mineral Resources, and 0.053 Mt at 2.00 g/t Pt-Eq of Inferred Mineral Resources.
- An underground Mineral Resource estimate of 1.03 Mt at 3.48 g/t Pt-Eq of Indicated Mineral Resources, and additional 0.2 Mt grading 3 g/t Pt-Eq of Inferred Mineral Resources.
- The conceptual mine plan was developed using only open pit methods. Mining would be at a rate of 1.5 Mt/a over a 7-year mine life.
- The conceptual process design uses Platsol technology to produce precious metals in a powder form, copper metal and nickel/cobalt alloy.
- Operating costs over the life-of-mine total C$41.73/t milled. Total life-of-mine capital costs estimated at C$207 M.
- Pre-tax cumulative cash flow is C$164.4 M with an IRR of 12.8%. The cash flow analysis shows that the Project will generate a positive cash flow in all years except Year 1 on a pre-tax basis.
- The annual positive cash flow results in a payback period of approximately 4.6 years.
- At an 8% discount rate, the net present value (NPV) of the project is C$40.75 M on a pre-tax basis.

8.2 Permits

SRK notes that the project is still in an exploration stage, and that although work completed to date has been under the appropriate local, Provincial and Federal laws required for exploration-level activities, additional permits would be required to support any Project development. Similarly, current environmental liabilities are restricted to exploration site activities and access trails constructed to service exploration programs.

Environmental baseline studies in the vicinity of the Current and Escape Lake drainage areas to determine current environmental conditions and monitor levels prior to any potential disturbance from advanced exploration or possible mining operations have been underway since 2007. In 2009, monitoring was extended to include the areas of Steepledge, Ray, Lone Island, and Fitzpatrick Lakes.

8.3 Metallurgical testwork

Testwork completed and reported during the AMEC study included mineralogy, comminution, concentration (principally flotation with some gravity and magnetic work), and concentrate chemical processing using pressure oxidation (Platsol™) technology. Testwork established an appropriate process route, likely reagent usage, and recovery factors.

Several methods were considered at the conceptual level for the recovery of revenue metals from the Platsol™ pregnant leach solution (PLS) within the constraint of keeping the hydrometallurgical operation simple and economical but providing upgraded products which would improve project revenue due to reduced impact of smelter deductions. The selected route involved PGM and copper recovery by cementation with nickel (cobalt) recovery by ElectrometalsR electrowinning (EMEWR).

The three-stage process selected as the preferred process route was as follows:

1 Crushing, grinding and flotation to extract the sulphides from the ore to produce an initial bulk concentrate. A gravity circuit would extract a significant proportion of the gold, output to the bulk concentrate.

2 The bulk concentrate treatment by Platsol™ pressure oxidation to produce a pregnant leach solution (PLS), containing the dissolved metals.

3 Treatment of the PLS via relatively simple and commercial process routes (reduction with metal (cementation) to produce both precious metals bullion and copper, followed by electrowinning of nickel and cobalt).

AMEC noted that no testwork had been done on Platsol™ PLS solution from the TBN Project concentrates to confirm performance of the options considered.

8.4 Mineral Resources

Two block models were created: one for the resource estimate for mineralisation that was to be considered as able to support extraction via open pit methods, and one for the mineralisation that was to be considered as able to support extraction via underground mining methods. The block models are regular block models without sub-blocks or percent models.

Classification of mineral resources was based on a combination of grade and geological continuity, and distances to the nearest drill hole. Reasonable prospects of economic extraction were applied by constraining classified blocks within an open pit shell or underground mining shapes. Cut-off grades were determined after consideration of appropriate economic, technical, and cost assumptions, for the cases of platinum revenue only, to be applied to a platinum grade-equivalent (Pt-Eq). For the open pit scenario, a Pt-Eq grade of 0.59 g/t was used, and for the underground scenario, the grade was 1.94 g/t Pt-Eq.

Mineralisation within the TBN Project at the Current Lake, Bridge and Beaver Lake Zones that demonstrates grade and geological continuity, and is either constrained by a pit shell that was based on reasonable extraction assumptions, or constrained within underground mineable shapes, is considered to be classified in accordance with the 2005 CIM Definition Standards for Mineral Resources and Mineral Reserves. Mineral Resources are also compliant with the Australasian Joint Ore Reserves Committee (JORC) 2004 Code, but have been reported using the CIM terminology.

AMEC notes that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Table 8-1: Open Pit Mineral Resource Statement, Thunder Bay North Project, Effective Date 11 January 2011, David Thomas, P.Geo

Category	Quantity Tonnage (t x 1,000)	Grade									Contained Metal								
		Pt (g/t)	Pd (g/t)	Rh (ppm)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co (g/t)	Pt-Eq (g/t)	Pt (oz x 1,000)	Pd (oz x 1,000)	Rh (oz x 1,000)	Au (oz x 1,000)	Ag (oz x 1,000)	Cu (t x 1,000)	Ni (t x 1,000)	Co (t x 1,000)	Pt-Eq (t x 1,000)
Indicated	8,460	1.04	0.98	0.04	0.07	1.5	0.25	0.18	140	2.13	282	266	12	18	411	21	15	1	580
Inferred	53	0.96	0.89	0.04	0.07	1.6	0.22	0.18	142	2.00	2	2	-	-	36	-	-	-	3

Notes to accompany Open Pit Mineral Resource Table

1. The mineral resource categories under JORC Code (2004) are the same as the equivalent categories under CIM Definition Standards for Mineral Resources and Mineral Reserves (2010).
2. The portion of the Mineral Resource underlying Current Lake is assumed to be accessible and that necessary permission and permitting will be acquired.
3. Strip ratio (waste to ore) of 9: 1.
4. The open pit Mineral Resource is reported at a cut-off grade of 0.59 g/t Pt-Eq within a Lerchs-Grossman resource pit shell optimised on Pt-Eq.
5. The contained metal figures shown are in situ.
6. No assurance can be given that the estimated quantities will be produced.
7. The platinum-equivalency formula is based on assumed metal prices and overall recoveries.
8. All figures have been rounded; summations within the tables may not agree due to rounding. Tonnages and contained metal values are rounded to the nearest 1,000 tonnes; grades are rounded to two decimal places.
9. Tonnage and grade measurements are in metric units; contained ounces are reported as troy ounces.

Table 8-2: Open Pit Mineral Resource Statement, Thunder Bay North Project, Effective Date 11 January 2011, David Thomas, P.Geo

Category	Quantity Tonnage (t x 1,000)	Grade									Contained Metal								
		Pt (g/t)	Pd (g/t)	Rh (ppm)	Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co (g/t)	Pt-Eq (g/t)	Pt (oz x 1,000)	Pd (oz x 1,000)	Rh (oz x 1,000)	Au (oz x 1,000)	Ag (oz x 1,000)	Cu (t x 1,000)	Ni (t x 1,000)	Co (t x 1,000)	Pt-Eq (t x 1,000)
Indicated	1,030	1.63	1.51	0.08	0.11	2.4	0.39	0.24	172	3.48	54	50	2	4	80	4	3	-	115
Inferred	212	1.40	1.29	0.06	0.09	1.9	0.34	0.23	158	3.00	10	9	-	1	13	1	-	-	20

Notes to accompany Underground Mineral Resource Table

1. Mineral resources are reported to commodity prices of US$875/oz Au, US$14.30/oz Ag, US$13/lb Co, US$2.10/lb Cu, US$7.30/lb Ni, US$400/oz Pd, US$1.470/oz Pt and US$4,000/oz Rh.
2. Mineral resources are defined within mineable underground shapes.
3. Underground mineral resources are reported to a Pt-Eq value of 1.94 g/t.
4. Tonnages and contained metal values are rounded to the nearest 1,000 tonnes; grades are rounded to two decimal places.
5. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content.
6. Tonnage and grade measurements a are in metric units; ounces are reported as troy ounces.

8.5 Proposed Mine Plan

Following review of several options, including a combined open pit and underground scenario, the AMEC PEA was based on a stand-alone open pit with an annual production of 1.5 Mt/a.

The Resource model for mine planning purposes was modified to include a metal-equivalent (Pt-Eq) column, and dilution factors were added. The effect of the dilution is a 17% increase in mill feed, and a 12% reduction in Pt-Eq grade for the 1.5 Mt/a case.

The mine plan features approximately 9.7 Mt of indicated material at a grade of 1.9 g/t Pt-Eq and 0.3 Mt of inferred material at a grade of 0.4 g/t Pt-Eq being extracted over a seven-year mine life. The overall strip ratio would be approximately 8.3:1. The development direction would be from north to south, deferring the high-strip ratio Bridge Zone area toward the later years of the mine life. Contract mining is assumed due to the short life-of-mine (LOM) as well as the need for two sets of open pit mining equipment dictated by the TBN deposit geometry and extent. The open pit operation employs a selective mining method due to the irregularity of the geometry and grade variability, and the need to minimise ore losses. A bulk mining approach is also employed in the regions with significant barren waste stripping requirements.

8.6 Cost estimates

Capital cost estimates are summarised in Table 8-3. Operating cost estimates are summarised in Table 8-4.

Table 8-3: LoM Operating costs

Item	Cost estimate
Pre-production	C$174 million
Sustaining & closure	C$32 million
Total capital	**C$207 million**

Table 8-4: LoM Capital costs

Item	Cost estimate
Open pit mining	C$1.78/t mined
	C$16.72/t milled
Site processing	C$20.31/t milled
Transport, Refining & Royalty	C$2.03/t milled
Site General & Administration	C$2.67/t milled
Total Operating costs	**C$41.73/t milled**

8.7 Financial analysis

The following section is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as Mineral Reserves, and there is no certainty that the preliminary assessment based on these Mineral Resources will be realised. In addition, a number of issues preclude the definition of Reserves at this stage, including permitting, waste management analysis, environmental permitting and certainty regarding the processing route and testwork outcomes.

The results of the economic analyses discussed in this section represent forward-looking information as defined under Canadian securities law. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here.

Long-term average consensus prices were used for the TBN financial model base case. These long-term prices were compiled from price forecasts from a number of respected financial institutions. The exchange rate used for this case was C$:$US 0.90.

The pre-tax cumulative cash flow for the base case financial analysis is C$164.4 M with an IRR of 12.8% was determined as part of the PEA. The PEA cash flow analysis shows that the Project will generate a positive cash flow in all years except Year 1 on a pre-tax basis. The annual positive cash flow results in a payback period of approximately 4.6 years. At an 8% discount rate, the net present value (NPV) of the project was estimated to be C$40.75 M. SRK estimates that this is equivalent to a post-tax NPV of about C$27 M.

8.8 Recent project assessment following the AMEC study

Magma has continued to review the TBN Project economics during the 11 month period following publication of the NI 43-101 Technical Report on Preliminary Assessment.

Critical issues identified by Magma following an independent review of the AMEC PEA included:

- Increasing the resource base;
- Including the underground resources in a proposed mine plan; and
- Simplifying the mineral processing flowsheet.

In response to this, a Project Optimisation Study was initiated to simplify the mineral processing flowsheet, assess how large the underground mineral resource would have to be to be economical and address other issues highlighted in the PEA.

Two areas have been addressed in detail, firstly a revised underground mining scenario, and secondly a review and assessment of alternative ore treatment options.

8.9 TBN Project Resource extensions - 2011 drilling

As a key outcome of the AMEC PEA, one of Magma's prime objectives was to undertake additional drilling to define extensions to the 2011 AMEC Mineral Resource. In the Canadian summer of 2011, a program of drilling was carried out immediately to the east of Beaver Lake (termed the East Beaver Lake Zone) which extended mineralisation for approximately 450 m. This was followed up with wider spaced drilling further to the SE in the Canadian autumn 2011 covering a strike extension of approximately 550 m (termed the SEA Zone). Mineralisation remains open to the SE.

The location of these drilling programs with respect to the TBN Project Mineral Resource is shown in Figure 8-1.

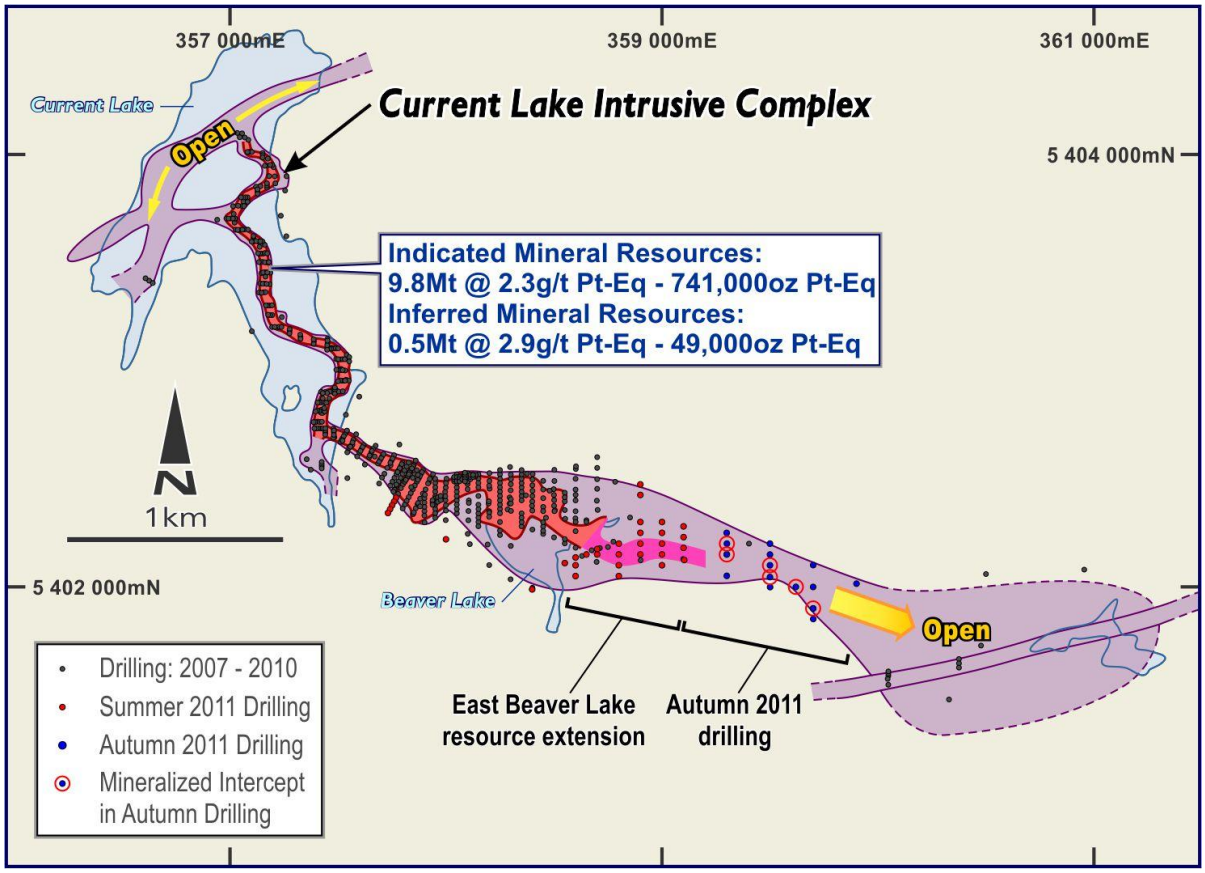


Figure 8-1: Resource extension drilling carried out by Magma during 2011

In a recent announcement to the ASX on 23 February 2012, Magma reported the results of this drilling with an increase to their Mineral Resource Estimate based on drilling completed during the 2011 summer field season over 450 m strike length (holes shown in red in above).

Magma informed the market that drilling in this area has added 71,000 Pt-Eq oz to its underground mineral resources at the TBN Project. The Mineral Resource Estimate summary for the Beaver Lake Zone extension is provided in Figure 8-1.

Table 8-5: Mineral Resource Estimate Summary for the 450 m East Beaver Lake Zone extension

East Beaver Lake Mineral Resources (1.94 g/t Pt-Eq cut-off)	Tonnage (000's t)	Grade								
		Pt-Eq	Pt	Pd	Rh	Au	Ag	Cu	Ni	Co
		(g/t)						(%)		
Indicated	339	4.25	1.71	1.64	0.08	0.11	3.3	0.55	0.26	0.011
Inferred	260	2.95	1.26	1.22	0.06	0.09	2.2	0.38	0.15	0.007
		Contained Metal								
		Pt-Eq	Pt	Pd	Rh	Au	Ag	Cu	Ni	Co
		Ounces (000's)						Tonnes (000's)		
Indicated		46	19	18	1	1	36	2	1	-
Inferred		25	11	10	-	1	19	1	-	-

Notes: Underground Mineral Resource Estimates: The internal mineral resource estimate for the East Beaver Lake extension was made by ordinary kriging methods using the same technical and financial parameters as those used by AMEC Americas Limited for the underground mineral resource estimate reported by the Company on September 6, 2010. The underground mineral resource is reported at a cut-off grade of 1.94 g/t Pt-Eq. The contained metal figures shown are in situ. The platinum equivalency formula is based on assumed metal prices and recoveries and therefore represents Pt-Eq metal in situ. The Pt-Eq formula is: Pt-Eq g/t = Pt g/t + Pd g/t x 0.2721 + Au g/t x 0.3968 + Ag g/t x 0.0084 + Cu g/t x 0.000118 + Sulphide Ni g/t x 0.000433 + Sulphide Co g/t x 0.000428 + Rh g/t x 2.7211. The assumed metal prices used in the Pt-Eq formula are: Pt US$1,470/oz, Pd US$400/oz, Rh US$4,000/oz, Au US$875/oz, Ag US$14.30/oz, Cu US$2.10/lb, Ni US$7.30/lb and Co US$13.00/lb. The assumed process recoveries used in the Pt-Eq formula are: Pt 75%, Pd 75%, Rh 75%, Au 50%, Ag 50%, Cu 90%, and Ni and Co in sulphide 90%. The assumed smelter recoveries used in the Pt-Eq formula are Pt 85%, Pd 85%, Rh 85%, Au 85%, Ag 85%, Cu 85%, Ni 90% and Co 50%. To account for a portion of the Ni and Co-occurring as silicate minerals, Ni and Co in sulphide were estimated by linear regression of MgO to total Ni and total Co respectively. The regression formula for Ni in sulphide (NiSx) is: NiSx = Ni - (MgO% x 60.35 - 551.43). The regression formula for Co in sulphide (CoSx) is: CoSx = Co - (MgO% x 4.45 - 9.25). All figures have been rounded. Summations within the tables may not agree due to rounding. Magma undertook quality assurance and quality control studies on the mineral resource data and concluded that the collar, assay and lithology data are adequate to support resource estimation. The mineral resource categories under JORC are the same as the equivalent categories under CIM Definition Standards (2005). The mineral resource has been estimated in conformity with both generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" (2003) guidelines and the JORC Code (2004). Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Competent & Qualified Person Statement

The information in this report that relates to Mineral Resources compiled internally by Magma was prepared by Mr Guoliang Leon Ma P.Geo and Mr Allan MacTavish P.Geo, both full time employees of Magma Metals (Canada) Limited, a wholly owned subsidiary of Magma Metals Limited. Both Mr Ma and Mr MacTavish have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code) and qualified persons as this term is defined in National Instrument 43-101. Mr Ma and Mr MacTavish consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

8.10 Mining review

Mining of the underground resource has the potential to add significantly to the economics of the project as a whole. In addition to the Underground Resource reported in the NI 43-101 report, an additional 450 m of strike extension has been drilled to a density allowing resource wireframes to be developed. This has been estimated internally to increase the underground resources to 2.2 Mt @ 2.9 g/t Pt-Eq.

Using this new resource, and changing the mining method to include 80% longhole stoping and only 20% drift and slash, has added to the project economics and extended the potential mine life to 8.5 yrs.

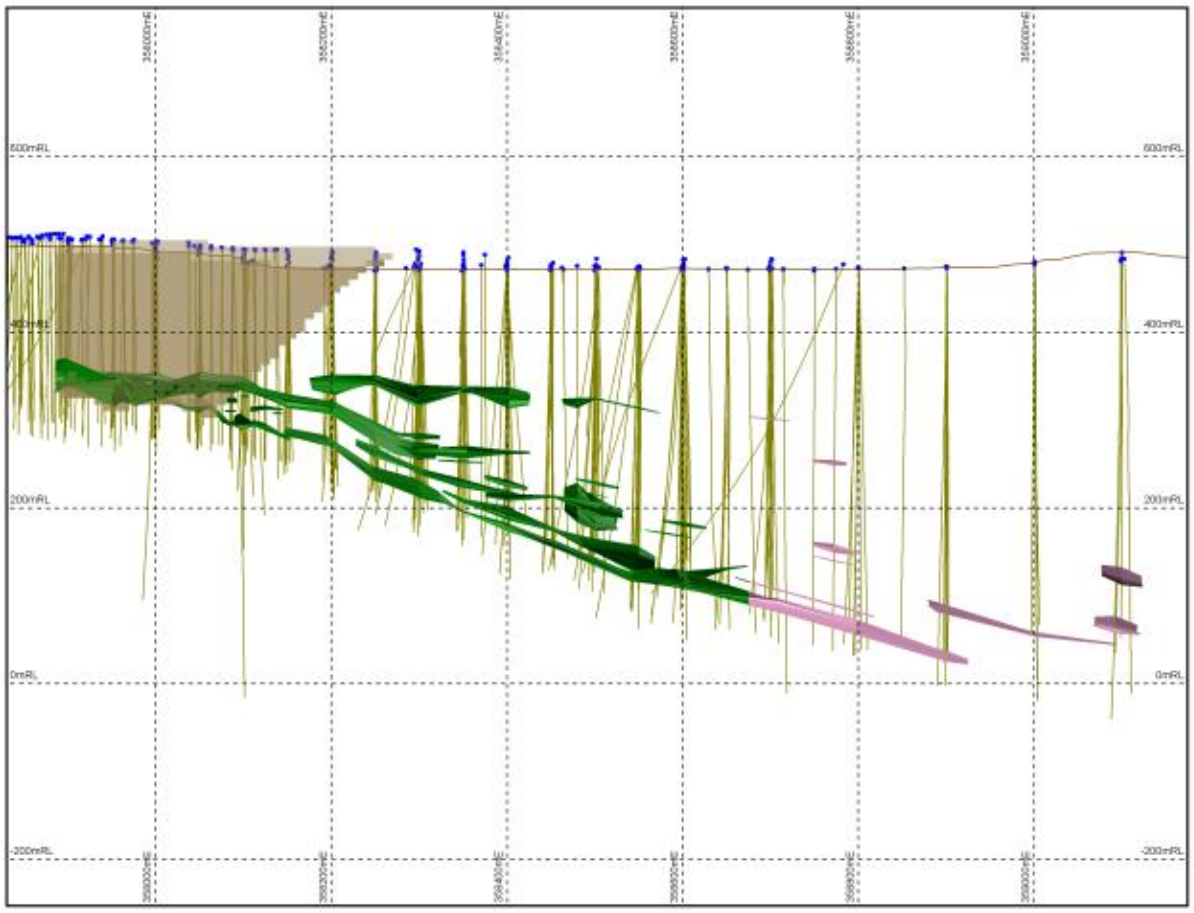


Figure 8-2: Underground resource blocks

Note: Pink area shows underground resource blocks added from 2011 drilling

8.11 Processing review

The major outcomes from the AMEC PEA were:

- The TBN Project ore is quite complex – there is a high percentage of sulphides, and PGMs are associated with base metal and iron sulphides. In addition, there is a high floatable gangue content.
- Although a saleable concentrate can be recovered via flotation, this recovery is at a high mass pull (4.6%).
- As a result, the high transport combined with treatment charges for 3rd party smelting/refining of the (low grade) concentrate option is not economical.
- The Platsol™ hydrometallurgical treatment option was investigated in the PEA as an alternative. However, although the outcome was shown to be economical, this is an unproven technology and therefore carries a high technical risk.

To address this issue, Magma has investigated the Kell Process and an Outotec hydrometallurgical Process as alternatives to Platsol™. The Kell Process uses separate base metal and PGM processing streams using conventional technologies. The process has lower capital costs and higher metal recoveries, but also suffers in having no commercial scale sites operating, potentially higher operating costs and a substantial royalty for use.

Other factors also considered in the Optimisation study include a detailed mineralogical study identifying the location of valuable species, allowing optimisation of grind size and potential savings by utilisation of a 2-stage flotation option. This will result in a 2-product flowsheet, with a saleable high grade copper concentrate and a low grade but high recovery bulk concentrate.

8.12 Implications to the PEA Financial Model

A revised costing estimate is shown in Table 8-6. Although the capital has increased, the revenue has increased significantly, and the life-of-mine has increased marginally.

Table 8-6: Revised cost estimates

	Item	Cost Estimate
Capital Expenditure	Pre-Production	C$191 million
	Sustaining & Closure (including salvage)	C$47 million
	Total Capital	C$238 million
Operating Costs:	Open Pit Mining	C$1.76/tonne mined C$16.42/tonne milled
	Underground Mining	C$44.42/tonne milled
	Site Processing	C$19.44/tonne milled
	3rd Party Royalties	C$3.93/tonne milled
	Site General & Administration	C$2.95/tonne milled
	Total Operating Costs	C$47.75/tonne milled

As a result, the financial model has improved significantly, as shown in Table 8-7.

Table 8-7: Revised cost and production estimated based on the Optimisation study

Parameter	Base Case: P & E Metal Price Assumptions	Upside Case: Current Metal Prices from PEA
NSR	C$1,127M	C$1,333M
Undiscounted pre-tax cash flow	C$322 million	C$506 million
LOM Cash Cost	US$750/oz	US$726/oz
IRR	21%	33%
Pre-tax NPV (8%)	C$141 million	C$278 million
Post-tax NPV (8%)	C$92 million	C$189 million

9 Western Australian Projects

Total project area covers over 12,777 km^2 with six main project areas including Griffins Find, Lake Grace, Mt Jewell, Roe, Laura River and Laverton (Figure 9-1).

The largest of the project areas is the Lake Grace Project (11,542 km^2), which is contiguous with the Griffins Find Project (138 km^2). These projects are located within the SW Terrain of the Yilgarn Craton, the Lake Grace Project has a strike length of 240 km of a gneiss belt. These projects are primarily targeting gold mineralisation and the area is known to contain gold mineralisation including the Griffins Find gold deposits (approx. 55,000oz Au mined) and the Ausgold Ltd (Ausgold) Katanning gold project.

The Roe Project is located 130 km east of Kalgoorlie and consists of two ELs covering 179 km^2, the project has already defined several early stage Au, Ni –Cu and Mo prospects. The Mt Jewell Project is located 65 km NNE from Kalgoorlie and consists of two ELs 186 km^2 and 14 PLs covering at total area of 14 km^2. The project is considered prospective for both Au and Ni.

Laverton Project is located 250 km NNE of the Perth and covers and is a mixture of EL, ML and PL covering an area of 404 km^2. The project is under a Concurrent Rights Agreement with Crescent Gold Ltd and only covers the Ni-Cu-PGM rights.

Laura River is located 3,000 km NE of Perth in the Kimberley region. The project covers two granted ELs covering 137 km^2 and one ELA covering an area of 190 km^2. The project is targeting Au, Fe, U, Ag and Cu.

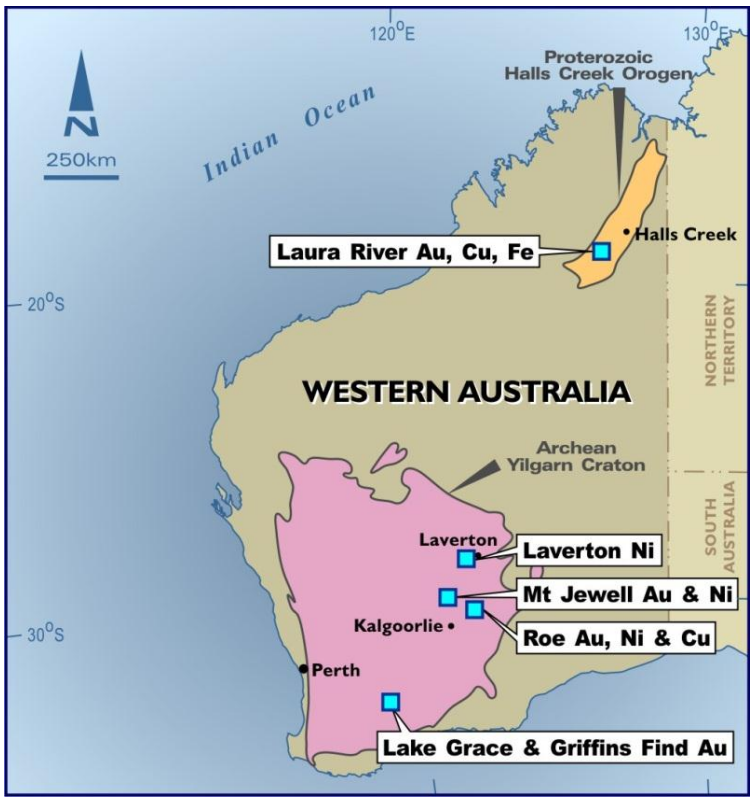


Figure 9-1: Location of Magma's Western Australian projects

9.1 Griffins Find

Griffins find consists of 3 granted ELs covering 138 km^2 (E70/1958. E70/2465, E70/3659) and are 100% owned by B McNab. The project is under a 5 year option expiring 4 July 2014, in which the option can be exercised by A$1.25 M cash or equivalent shares in Magma. The two central ELs must be renewed annually and the total project area has an expenditure commitment of A$153,000 per year.

9.1.1 Geology

The Griffins Find deposits lie within the Southwest Terrane, which forms the southwestern portion of the Western Australian Yilgarn Craton. The terrane is dominated by recrystallised granitoid gneiss of quartz monzonite composition with enclaves of metamorphosed mafic gneiss and associated sedimentary rocks that have a complex structural and metamorphic history.

Mineral assemblages in the Griffins Find area indicate upper amphibolite to granulite peak metamorphic conditions. Elsewhere in the region, similar metamorphic grades are documented. The Griffins Find gold deposit is hosted by interlayered mafic and sedimentary rocks metamorphosed in upper amphibolite-lower granulite facies metamorphism.

The Griffins Find mineralisation has been interpreted as a sigmoidal body with currently defined mineralisation pinching out to the northwest and southeast. Magma interprets mineralisation the ore body as being tube-like in shape and open to the south-east and is located within a synformal fold with the mineralised rock sequence bounded by garnet-biotite granulite units.

9.1.2 Structure and metamorphism

The most prominent structure of the area is a partial structural basin with a long axis oriented NNW-SSE, parallel to the regional structural grain. Magnetic images show the hinge of the fold, which is defined by a magnetite-bearing mafic granulite rock unit, located southwest of the Griffins Find pit, plunging shallowly to the southeast. This fold hinge extends and connects with the magnetic mafic granulite rock unit on the southeast end of the structural basin. West of the pit the magnetic mafic granulite unit is offset by faulting.

Structural measurements from around the Griffins Find pit showed that the mineralisation shallow-plunging fold with a "Z" asymmetry. This is consistent with the position of the pit on the north-eastern limb of a larger southeast closing fold whose fold axis is located 800 m west of the pit. The geometry is further complicated by the interference of a second fold axis that produced the enclosing structural basin. Gold mineralisation is deformed, and forms a linear body parallel to the main fold axis. The occurrence of gold mineralisation in metasedimentary units at Griffins Find and Griffins North compared with the mafic granulite-hosted mineralisation at Griffins West shows that gold mineralisation is not restricted to a specific geological unit.

9.1.3 Mineralisation

Mineralisation at Griffins Find and Griffins North is characterised by tabular zones of intense silicification accompanied by pyrrhotite, arsenopyrite, löllingite and subordinate pyrite, galena and sphalerite. Native gold occurs in the disseminated ore and is particularly associated with composite löllingite-arsenopyrite-pyrrhotite grains. Microcline and massive green clinopyroxene occur as part of the ore assemblage.

Mineralisation is strongly deformed and recrystallised with the metamorphic remobilisation of quartz into irregular, discontinuous veins is common throughout the ore zone. Visually, the highest Au grades appear to be in quartz veins.

Gold mineralisation at other prospects in the project area is similar to Griffins Find deposit, but may occurs without associated sulphides, with native gold hosted within pyroxenes or hornblende.

Although the timing of Au mineralisation is controversial, some authors have interpreted Au mineralisation to be coeval with peak metamorphism and granite magmatism at ca 2635Ma, and that the Au mineralisation and felsic magmatism reflect a regional tectonic event.

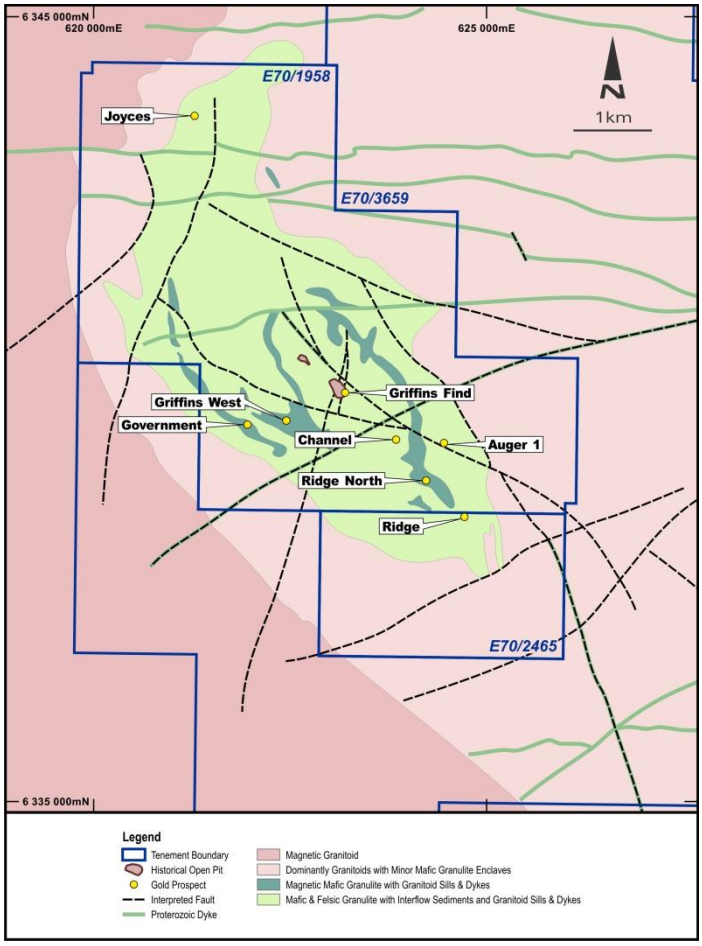


Figure 9-2: Geological map of the Griffins Find Project

9.1.4 Previous exploration

Past exploration in the Griffins Find Project area has been undertaken by several companies. Magma has explored the area since 2009. Details of the historical exploration data are available from the company.

9.1.5 Exploration targets

Griffins Find has had a historical gold production of approximately 55,000oz @ 2.8 g/t Au, Magma have stated a target resource size of between 50,000 to 150,000oz, but a much larger deposit may be present analogous to Ausgold's Katanning Project. Significant drill intercepts are shown on Figure 9-4.

There are three principal targets with potential for significant gold mineralisation which have near term potential to increase gold resources for the project area. These are the Griffins Pit (down plunge), Ridge and Griffins West prospects. RC drilling in 2010 and 2011 produced anomalous results at Ridge and Griffins West Prospect.

In addition to the near mine targets, additional greenfields targets have been defined and require further drilling to determine their resource potential. These are Ridge North, Government, Joyces, Channel, Auger and McDougalls (Figure 9-3).

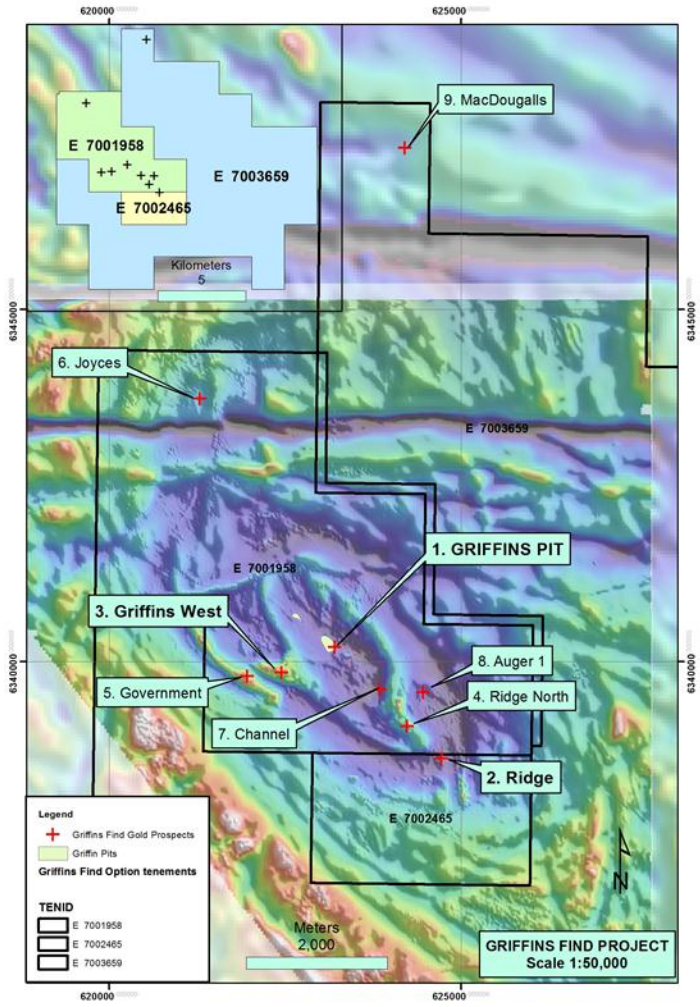


Figure 9-3: Prospect areas in the Griffins Find Project

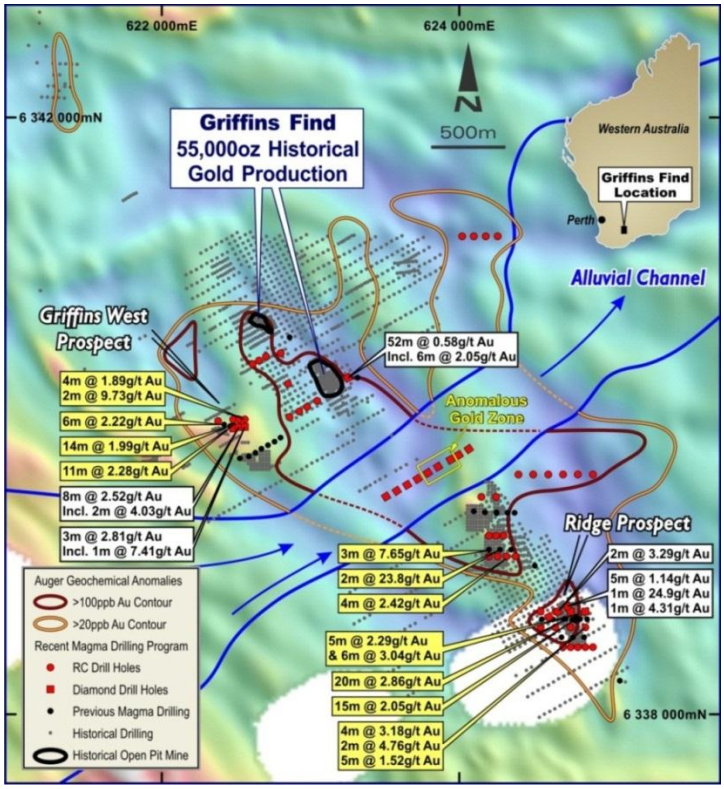


Figure 9-4: Significant results for the Griffins Find Project

9.2 Lake Grace

Lake Grace covers a large area of 11,542 km^2 (22 ELAs and one granted EL for Lake Magenta), with the tenements being contiguous with the Griffins Find Project. This is a large area which has been relatively unexplored for gold mineralisation. Many of the prospective mafic belts occur as enclaves in areas mapped as granite.

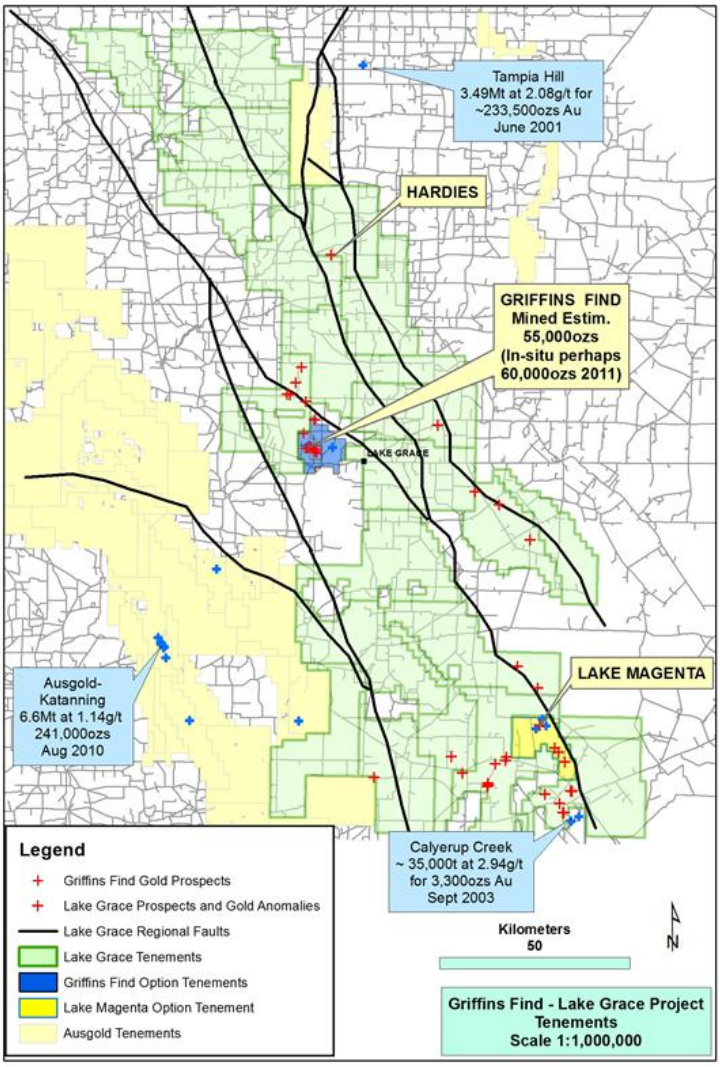


Figure 9-5: Magma's Lake Grace tenements

9.2.1 Regional Geology

The Project is located within the Southwest Terrane in the southwest part of the Yilgarn Craton. In comparison to other parts of the Yilgarn, the geology of this region is relatively poorly understood. Outcrop of rocks other than granites or felsic gneisses is sparse. The main lithologies are poly-deformed and metamorphosed banded gneisses, including quartz rich metasedimentary units, pelitic rocks and banded iron formation, with enclaves of varying size of mafic to intermediate rocks (equivalent to the greenstone belts of the remainder of the Yilgarn). Metamorphic grade (amphibolite to granulite facies) is generally higher than most other parts of the Yilgarn.

The Southwest Terrane is composite and comprises rocks of three main age ranges and compositions:

1 Gneiss complexes older than 3.0Ga;

2 Gneiss complexes broadly contemporaneous with some greenstone belts at about 2.9 to 2.7Ga; and

3 Granite intrusions with ages about 2.75 to 2.55Ga.

Large numbers of Proterozoic mafic to intermediate dykes have intruded the region. There are two prominent trends, a major group with east-west trends and a minor group with a north-northwest trend. The composition of the dykes varies from dolerite, through leucocratic dolerite, to diorite.

Locally mafic rocks form northwesterly trending belts which have been intruded by, granites. These have been intruded by late stage pegmatites and leucogranites.

9.2.2 Previous exploration

Past gold exploration has focused on several areas but in general the project area has not has any significant exploration. The main regional explorer was Dominion Mining Ltd (Dominion), with lesser exploration undertaken by several other companies such as North Ltd and Australian Gold Fields NL. The main prospects identified in the project area include Lake Magenta, Hardies, Bushby Hill, McDougalls, Columbia and Panhandle.

Lake Magenta Prospect

The Lake Magenta area was explored by Quadrio Resources Pty Ltd, a wholly owned subsidiary of Dominion, from 2000 to 2009. Exploration was targeted on the basis of the old Calyerup Creek gold workings hosted in mafic granulite. Dominion's exploration included broad spaced regional soil or auger geochemical sampling. Gold anomalies >3 ppb Au were followed up with broad spaced systematic auger and/or soil sampling. Soil anomalies were followed-up by blade refusal RAB or Aircore with more detailed drilling either RAB or Aircore and rarely RC or diamond drilling.

Dominion completed 718 drill holes RAB and Aircore (698), diamond (2) and RC (18); the. Only 51 holes were drilled deeper than 100 m. A large surface gold anomaly of >20 ppb Au over a strike length of about 7 km was identified at Lake Magenta.

Follow-up drilling intersected numerous shallow low grade gold zones, of which only a small number were followed up by RC or diamond drilling Figure 9-6. The best intercept was from a vertical RC hole (05GJRC001) which intersected 3 m at 3.37 g/t Au from 223 m (end of hole). A follow-up drillhole collared 10 m to the northeast intersected broad zones of >0.1 g/t Au (including 1 m intervals at >0.25 g/t Au), ending in 12 m at 0.16 g/t Au at the end of hole.

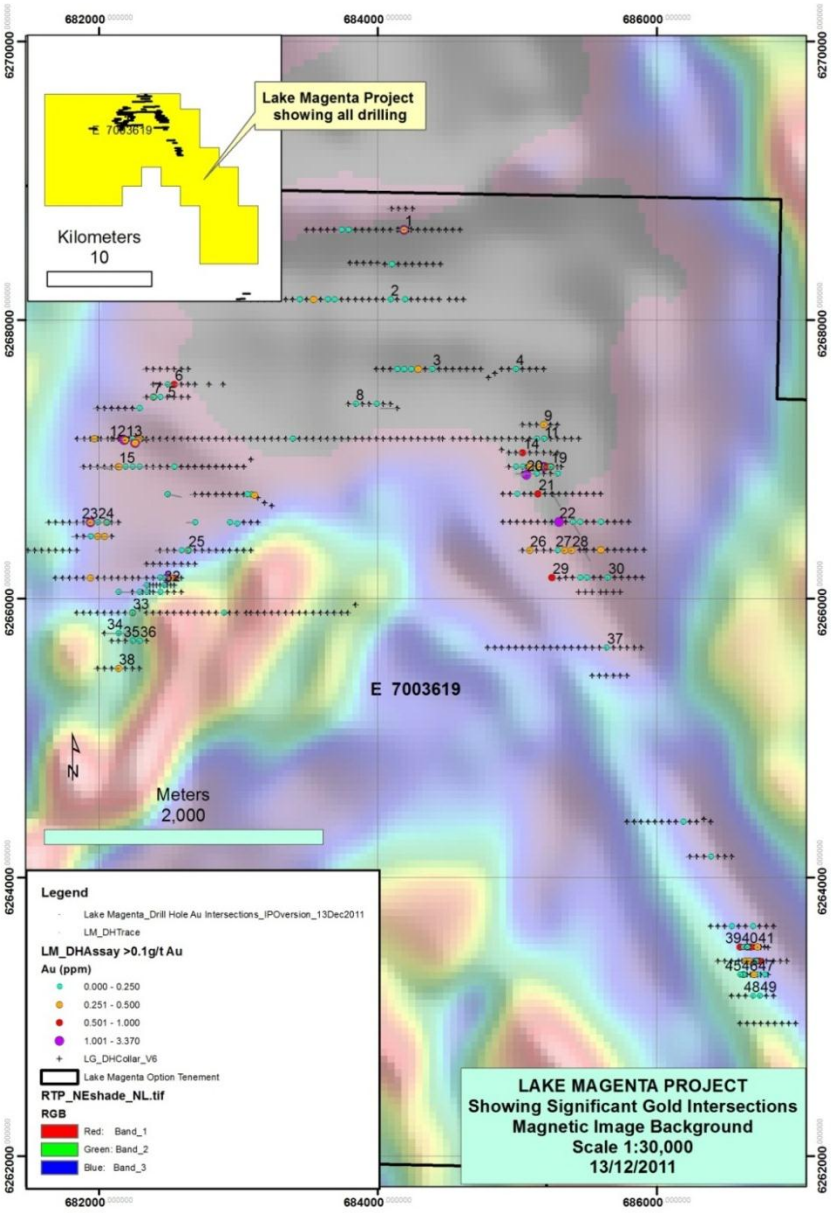


Figure 9-6: Lake Magenta - Geochemical anomalies

Hardies Prospect

During 1997 to 1998, North Ltd collected 1,204 - soil samples on a 100 m by 500 m grid in EL70/1705. Samples were collected from 30 cm depth. A further 23 infill samples were collected from east of the Hardies anomaly to bring sampling down to 100 m by 250 m. Another 50 samples were collected to the south-southeast of Hardies, however only weak gold anomalism was detected. Follow-up Aircore drilling (65 holes for 2,259 m) was carried out on a 250 m by 50 m grid. Drilling intersected >0.1 g/t Au anomalism over several hundreds of metres across strike. Mineralisation is to be related to a north-westerly striking zone with a higher magnetic intensity, this includes felsic and mafic rocks and pegmatite dykes. Drilling of >4 ppb Au soil anomalies elsewhere on the tenement did not intersect any bedrock anomalism.

Follow-up RC drilling (8 holes for 718 m) was carried out in 1998, testing anomalous gold in Aircore drilling, with the best anomalies being interpreted as a zone of supergene enrichment at the base of weathering with no significant primary mineralisation being intersected. In 1998, North collected 1,372 soil samples on EL70/1555. The sampling defined a 20 km-long north-northwest trending zone at >4 ppb Au coincident with a belt of lower magnetic intensity interpreted to be granulites and gneissic rocks of 'greenstone' affinity. Within this belt, closer spaced soil sampling defined Hardies Anomaly. Follow-up Aircore drilling (226 holes for 6,399 m) on a 250 m by 50 m grid intersected >0.1 g/t Au anomalism over several hundred metres across strike within a zone of higher magnetic intensity. RC drilling (10 holes for 972 m) and three short diamond tails (for 30 m) to provide structural information were carried out to test the gold anomalies intersected in Aircore drilling.

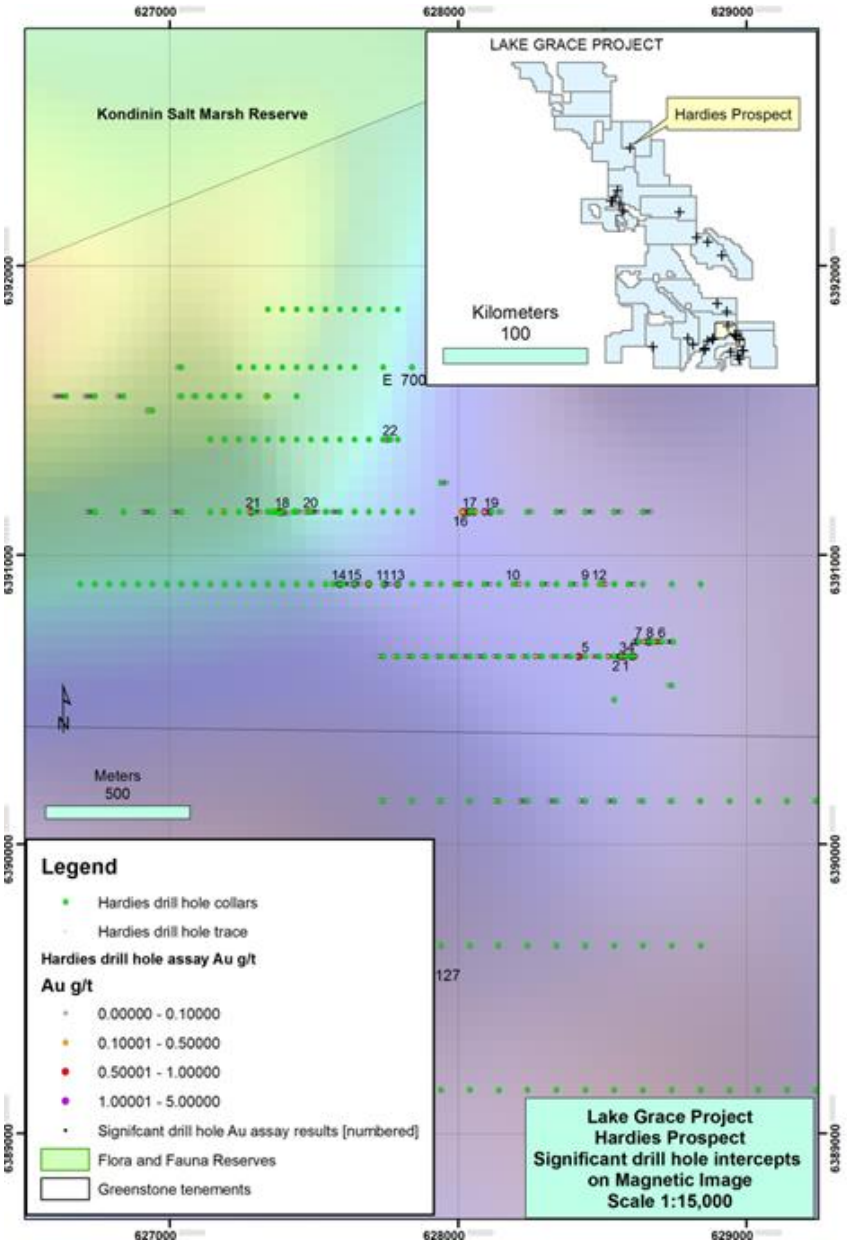


Figure 9-7: Hardies Prospect – Maximum downhole gold values from drilling

Bushby Hill

Regional exploration was carried out by Otter in the Bushby Hill area, north of Griffins Find Geological mapping located a 'gossan' comprising massive iron oxides and granular quartz, with rock chip assays of up to 0.26% As and 0.07 g/t Au, hosted by mafic and felsic granulites.

Composite soil sampling outlined three anomalous areas:

1 Bushby Hill - maximum 7.2 ppb Au; extends for 700 m along strike and 300 m to 400 m in width; open to the southeast;

2 Bushby Hill North - a single line of composite soils with a maximum of 4.2 ppb Au; 200 m wide and open to the north and south; and

3 Bushby Hill South (later renamed McDougalls) - two anomalies (3.8 ppb maximum) 400 m apart and each 300 m long.

During 1980 to1981, a CRAE-Spargos-Valiant joint venture investigated the As anomaly at Bushby Hill with RAB drilling. However, no records of this exploration seem to exist. It appears that no significant gold values were intersected.

McDougalls

In 1985, Samedan Oil Corporation carried out bulk cyanide leach stream sediment sampling at 42 sites, which resulted in five Au anomalies. Follow up shallow RAB drilling of a 7 km by 1 km area coincident with two of the stream sediment anomalies comprised 308 holes for 961 m on a 100 m by 500 m grid. Only one hole (RABM253) returned significant Au values (0.12 g/t at 0 m to 3 m, 0.32 g/t Au at 3 m to 5 m, and 0.03 g/t at 5 m to 8 m). The laterite profile intersected was 3 m to 5 m thick and thought to be developed over mafic rocks.

Otter investigated the McDougalls gold-in-laterite anomaly in 1988 by RAB drilling to bedrock on a 40 m by 100 m grid. The prospect was located during regional exploration of the Bushby Hill area. Stream sediment bulk cyanide leach sampling in the area returned low level Au values. A single point 3.8 ppb Au soil anomaly on laterite ridge was located by Otter. In all, 84 holes (for 2,525 m) were drilled, producing a maximum bottom-of-hole assay of 0.36 g/t Au in mafic granulite adjacent to a lithological transition from mafic to intermediate granulite. A maximum assay of 0.8 g/t Au was returned from pisolitic laterite. The programme did not provide complete coverage of the laterite anomaly, which was left open to the southwest. In addition, the drilling failed to find a primary gold source.

Columbia

North Ltd acquired these tenements to explore for granulite hosted gold mineralisation. North Ltd carried out soil sampling (3,815 samples) on a 400 m by 100 m grid, RAB drilling (89 holes for 3,236 m), aircore drilling (183 holes for 3,647 m), diamond drilling (2 holes for 338.9 m), and 4,773 line-km of airborne magnetics. A series of north-northwest trending Au anomalies were defined, including 73 ppb Au at Columbia, 17 ppb at Apollo, 34 ppb at Gemini and 54 ppb at Panhandle.

RAB drilling over the Columbia soil anomaly returned best results of 4 m at 0.205 g/t Au from 44 m in LGR33, and 4 m at 0.11 g/t Au from 32 m in LGR55. These intersections occur in a thin (<100 m thick) of mafic granulite unit with a leucogranite.

Results from the Challenger Prospect (located outside Magma's tenements) returned RAB drilling values of up to 2.15 g/t Au (from 107 m to 108 m) and confirm the presence of gold-bearing granulites in this belt.

Panhandle

Soil sampling over a 400 m by 100 m grid covering an interpreted mafic granulite belt 4 km long outlined a northwest trending low order soil anomaly extending over 2 km with a peak value of 54 ppb Au. Follow-up aircore drilling returned a maximum result of 4 m at 63 ppb Au from 32 m in LGA134. This intersection is within a traverse of five aircore holes over a zone 500 m wide returning anomalous bottom-of-hole Au, with a peak value of 42 ppb, in intermediate to mafic granulite.

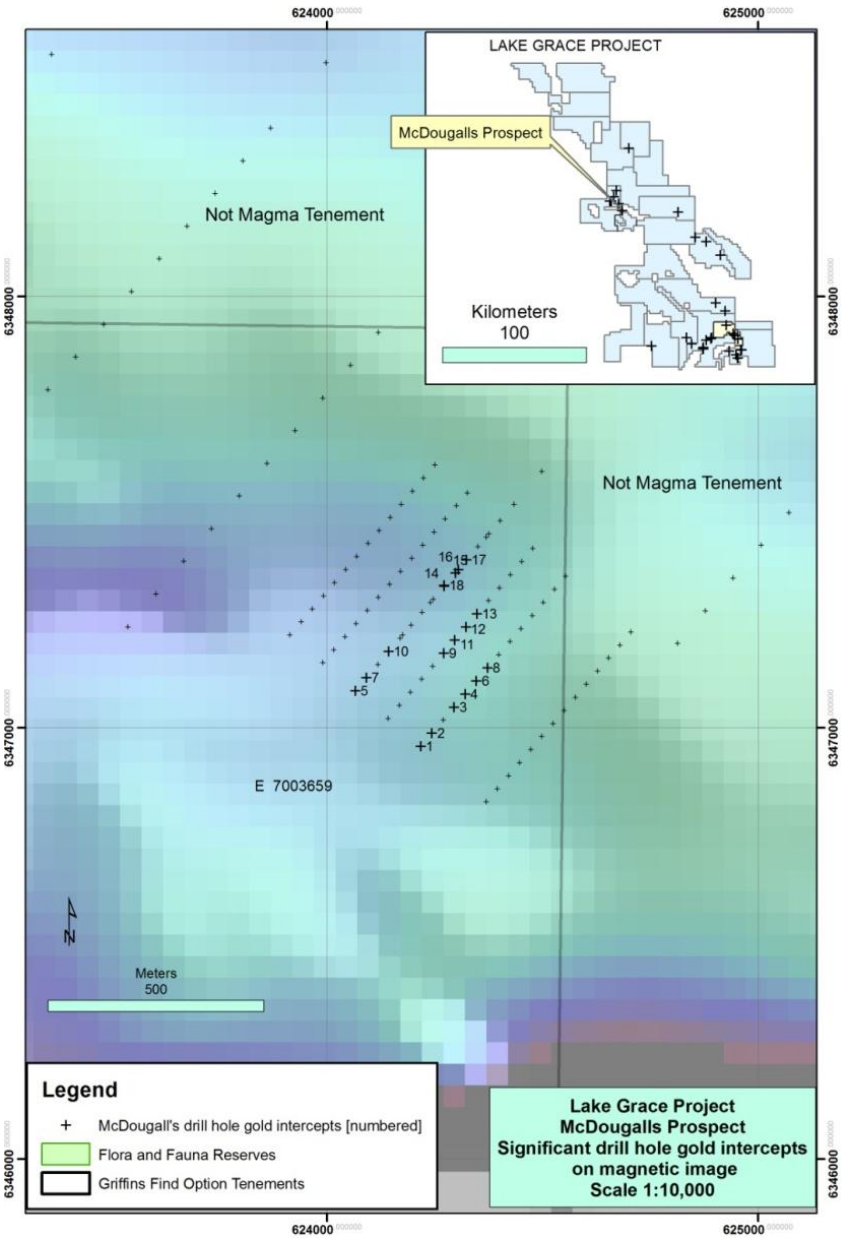


Figure 9-8: McDougalls Prospect - Geochemical anomalies

9.2.3 Exploration potential

DMP data bases indicate that some 60% of the Lake Grace Project area has not had any recorded tenure and/or gold exploration. Magma intends to conduct first pass geochemical exploration guided by known geology and interpretation of the magnetic data with work focussed on areas likely to contain felsic and/or mafic granulites reflecting former greenstone belt rocks, which are prospective for gold mineralisation.

Previous regional exploration work by Dominion has located several areas of anomalous gold geochemistry either in soil, auger or shallow RAB drilling. Magma intends to follow up all the known gold anomalies, many of which are open and to extend the regional geochemical sample coverage. Several historical gold occurrences, drill intersections and anomalies in the tenement package.

Many areas of unexplored greenstone belts which occur along major structures require first-pass exploration will be required to develop exploration targets. At least 240 km strike length of the gneiss belt which hosts Griffins Find gold deposits remains largely unexplored and has a generally a low level of understanding of geology and gold mineralisation styles and its controls. At present the main target areas are Lake Magenta, Hardies, Bushby Hill, McDougalls, Columbia and Panhandle.

Of these targets, Lake Magenta and Hardies are regarded as being the most advanced and will be the first to be followed-up based on current drilling information. Lake Magenta is based on 7 x 2 km soil and auger anomaly and historic RAB drilling and 40% of tenement unexplored. Hardies Prospect represents two NW-trending zones of gold anomalism up to 1,200 m.

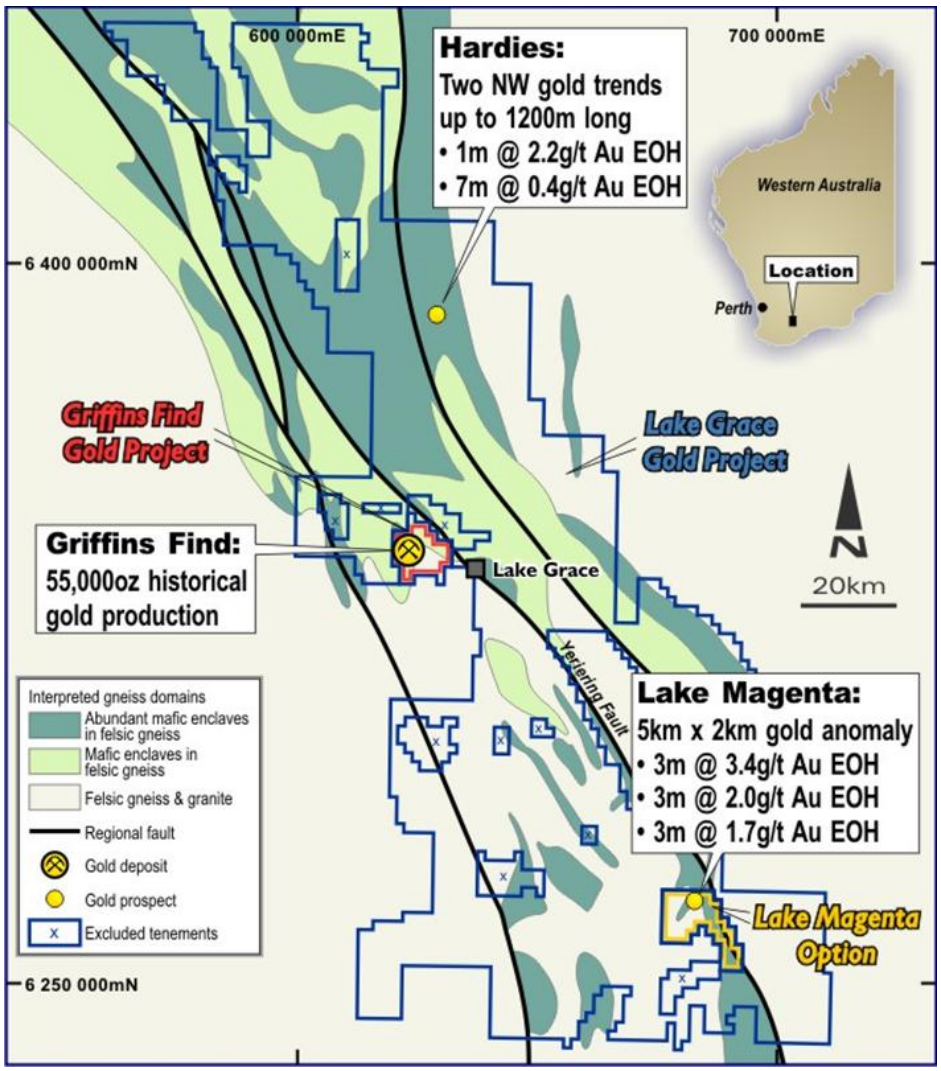


Figure 9-9: Lake Grace geological map

9.3 Roe

The Roe Project is situated approximately 130 km east of Kalgoorlie in the Eastern Goldfields Province of Western Australia. The various prospects can be accessed east from the Karonie Road via a series of station tracks and fence lines. It consists of two ELs (E38/1659 and 1416) which cover 179 km^2, the project is owned 100% by Magma

The main prospects are Goat Dam Au, Claypan Au and Green Dam Ni-Cu, Mo (Figure 9-10).

9.3.1 Geology

The Roe Project is located along the eastern margin of the north-south trending Norseman-Wiluna Greenstone Belt within the Mulgabbie Terrain, bounded to the east and west by the Edjudina and Kurnalpi terrains respectively. The project lies within close proximity to where the Laverton Tectonic Zone (LTZ) and Keith-Kilkenny Lineament (KKL) effectively merge from the north. Splay structures emanating from these two fundamental primary crustal features commonly provide the locus of gold mineralisation within the province.

The rocks of this area are deeply weathered and are dominated by mafic and ultramafic volcanic rocks that are intercalated with, and overlain by, felsic volcanic rocks and epiclastic sedimentary units, collectively metamorphosed to greenschist facies assemblages. The Mulgabbie succession is separated from adjacent terrains by the Yilgangi and Claypan faults and dissected by numerous transcurrent shear zones, splays structures and late oblique faults. All greenstone units are intruded by syn-tectonic granitites and late Proterozoic dolerite dykes.

The main tenement group, which is prospective for nickel, copper and gold, incorporates a succession of basalts, dolerites and komatiites that are overlain by felsic volcanic rocks, greywackes, shales and minor banded iron formation (BIF). This succession, which incorporates two discrete komatiite horizons termed the Yindi ultramafic belt, lies along the western margin of the Goat Dam Monzogranite. Although doleritic and gabbroic textures have been logged within this stratigraphic package, these are interpreted to represent the coarser bases to thicker flow units rather than intrusive phases.

Nickel-copper mineralisation has been identified along the steeply west dipping eastern komatiite horizon, located immediately north of Green Dam. Massive and disseminated sulphides (>0.5% Ni) have been intersected in drilling at the Green Dam Prospect over a 1,200 m strike length along the basal contact of the flow unit where it appears to thicken into an embayment indicative of channelised flow. Intersections include 0.3 m at 4.8% Ni from 131 m, 1.5 m at 1.35% Ni from 26 m and 1.5 m at 1.50% Ni from 70 m. To the immediate north of Green Dam itself and south along strike from the Green Dam Prospect, recent RAB drilling for gold by Newcrest Limited (Newcrest) encountered strongly anomalous nickel and copper results with values up to 1,780 ppm Ni and 456 ppm Cu.

The Round Hill Prospect is defined by broad zones of anomalous nickel and copper values variously encountered in soil, rock chip and RAB sampling within a poorly exposed area in the northern portion of the main tenement group. The anomalous results coincide with two discrete high intensity magnetic anomalies several kilometres across that are interpreted to represent a mafic-ultramafic intrusive complex. Limited soil, rock chip and auger sampling identified a broad area of anomalous nickel, copper, platinum and palladium values. Subsequent broadly spaced RAB and diamond drilling within the anomaly encountered variably serpentinised orthocumulate rocks with trace chalcopyrite, pyrrhotite, pyrite and violarite assaying up to 2 m at 0.36% Ni.

Bedrock gold mineralisation has been identified at the Goat Dam Prospect associated with silicified sulphidic alteration zones within a dolerite rock unit. Elsewhere, several auger and RAB gold anomalies require follow-up exploration.

9.3.2 Exploration potential

Nickel Prospects

The Yindi ultramafic belt is regarded as highly prospective for nickel-copper mineralisation, particularly within the vicinity of Green Dam. At the Green Dam Prospect disseminated to semi-massive sulphide mineralisation is defined over a strike length of 1,200 m along the basal contact of one of two komatiite horizons. While mineralised widths encountered are limited, the strike extent and setting of sulphide development is extremely encouraging.

Only the eastern ultramafic horizon has been assessed in any detail. This unit overlies relatively sulphur-poor mafic volcanic rocks, which affords little opportunity for sulphide development and precipitation within the komatiite. The poorly exposed western komatiite, however, appears to overlie more prospective sulphur rich sediments, although it is possible that the basal contact is in fact structural, rather than stratigraphic, in the immediate vicinity of the Green Dam Prospect.

Two gold prospects are identified within the Roe Project area – Claypan (E28/1416) and Goat Dam (E28/1659).

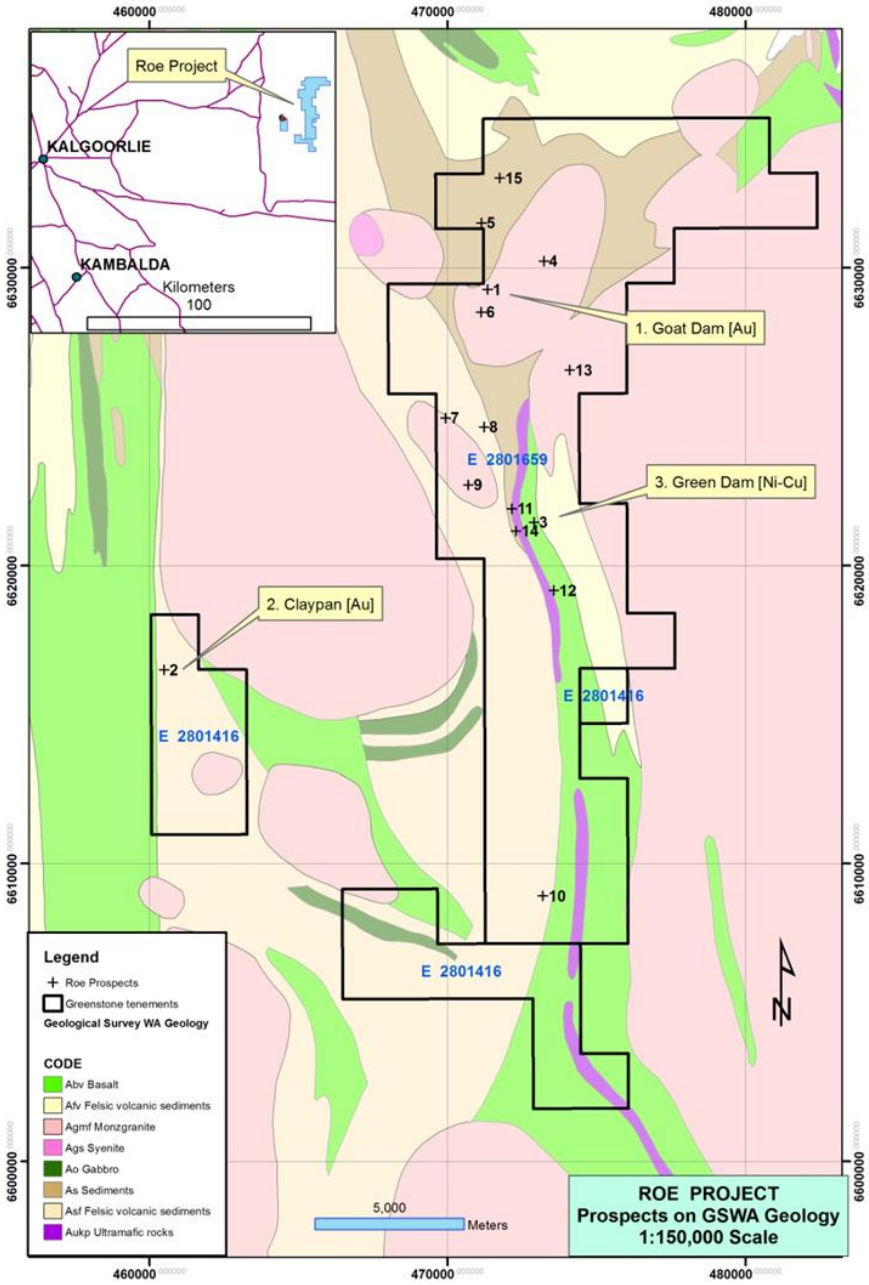


Figure 9-10: Roe Project - Geological map with main prospect areas

The Claypan was explored regionally by Paladin and Aberfoyle Resources with reconnaissance RAB and aircore drilling, with a best intercept of 4 m at 0.22 g/t Au in hole ACSL14. The Claypan prospect is located in the NW portion of E28/1416. It was previously explored by Metex and Newcrest (in JV with Metex) from 2003 to 2008. Their work involved RAB and aircore drilling on a 200 m x 100 m grid.

Magma completed a programme of aircore drilling comprising 26 holes for 2,385 m to infill around the better Newcrest RAB/ aircore results. This drill programme intersected gold mineralisation hosted by thin quartz sulphide veins (MRAC0013 – 2 m @ 8.39 g/t Au and 759 ppm Cu), located some 100 m northwest of the earlier intersection (RORB402 – 5 m @ 13 g/t Au). This result confirmed the north-westerly trend of gold anomalism which extends for at least 400 m, with a second trend to the northeast. The Au-Cu association may relate to a weakly gold anomalous granitic intrusion intersected in drilling some 400 m further north.

At Goat Dam, Metex drilled eight inclined RC holes (for 993 m) on three sections to test below shallow Au anomalous RAB drilling, including 4 m at 1.06 g/t Au, 8 m at 0.26 g/t Au and 24 m at 0.17 g/t Au. With the wide-spaced RC drilling intersected 14 m @ 0.43 g/t Au and 3 m @ 1.06 g/t Au. However, significant gold depletion down to 60 m depth with limited development of enriched supergene gold and the presence of a significant hydrothermal alteration system suggests potential for a larger mineralised system.

9.4 Mt Jewell

The Mt Jewell Project consists of three contiguous project areas previously referred to as Ringlock, Red Dam and Mt Jewell. The combined project area is situated 65 km north of Kalgoorlie in the Eastern Goldfields Province of Western Australia. This project area consists of 14 PLs covering 27 km^2, one granted EL covering 66 km^2 and one ELA covering 93 km^2; a total area of 186 km^2

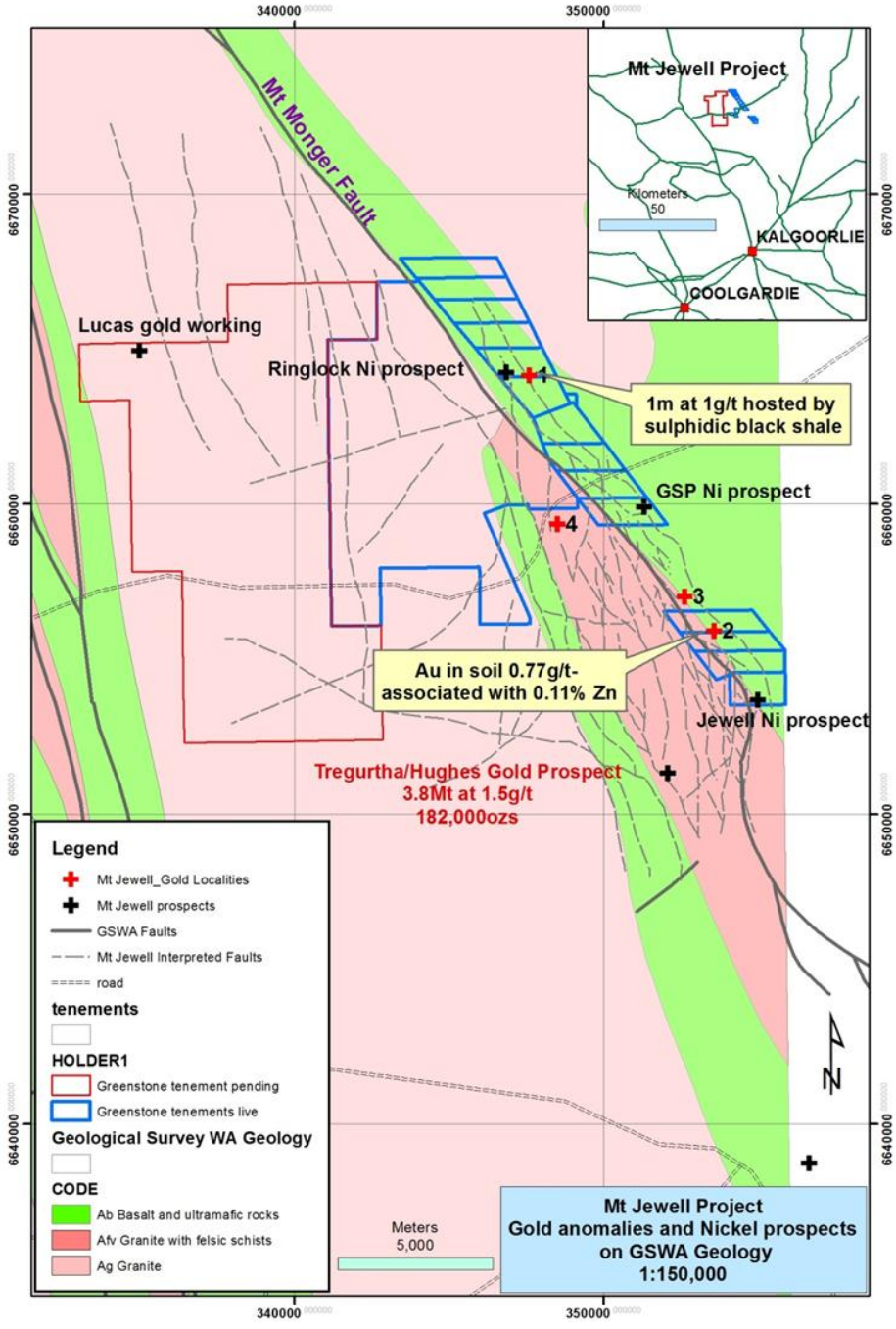


Figure 9-11: Mt Jewell Project area - Geology

9.4.1 Geology

The project lies toward the northern extremity of the north-northwest trending Archean Kanowna Greenstone Belt, to the west of the southeast plunging Bulong Anticline. The stratigraphy of the narrow greenstone belt would appear to young towards the east, with basal units dominated by intermediate volcanic rocks and a semi continuous sequence of komatiitic basalt flows within which cumulate channelised ultramafic rocks are sporadically developed. These units are intercalated with, and overlain by, progressive cycles of thin komatiitic basalt, tholeiitic basalts, dolerites, gabbros, high MgO basalts, and further intermediate volcanic rocks, volcaniclastic rocks, and interflow sedimentary units. The entire sequence is intruded by granitoids to both the east and west.

9.4.2 Exploration history

Nickel exploration

There is a long history of exploration in the area from 1967, and ore grade nickel intersections have been reasonably consistent over the years. Details are available in the company prospectus and in other company literature. The main Ni targets are the GSP and Ringlock prospects, and these have been drilled by previous explorers.

During 2008 to 2009, previous electromagnetic surveys were reviewed by Newexco and Southern Geoscience Consultants with a view to establishing the effectiveness of the technique. The general conclusion was that further EM work would be useful to target deeper conductors below 120 m.

During 2009 to 2010, Magma contracted Outer Rim Exploration to conduct a LANDTEM (high temperature SQUID) electromagnetic survey over an area extending from Red Dam to Ringlock. The survey did not locate any conductors interpreted to be due to the presence of massive sulphides. One conductor (MJ4) was interpreted to indicate the presence of disseminated sulphides. Much of the survey area was affected by a large stratigraphic conductor, which is likely to have masked any localised responses due to the presence of massive sulphides. Shallow conductors were interpreted to reflect either disseminated sulphides or regolith responses, both already adequately tested by drilling.

During 2010 to 2011, Magma drill one diamond hole (MJD020) for 204 m in the northern part of the project area to test a LANDTEM conductor (MJ4), which was interpreted to indicate the presence of nickel sulphides. The drillhole intersected disseminated pyrite, the likely source of the anomaly, and no significant nickel mineralisation was intersected. However, the hole intersected highly altered granite hosting anomalous Cu values associated with chlorite-magnetite alteration ± quartz veins indicating some potential for gold mineralisation.

Gold exploration

Gold exploration was undertaken initially by Pancontinental in 1985 and 1986. Pancontinental conducted an extensive programme of soil sampling; however, no significant gold or arsenic response was identified.

Due the nature of the regolith in the Mt Jewell area, most of the previous gold exploration work is likely to be ineffective for locating gold mineralisation. 309 soil samples were collected across three tenements in the southern Claypan area in 2007. The samples were collected from approximately 20 cm depth and screened through a ⅛ inch sieve, with the coarse fraction discarded. All samples were sent to ALS Laboratory in Perth and analysed for Au, Co, Cr, Cu, Ni, Mg, Mn, Pd, Pt and Zn. A single line returned highly anomalous in Zn, Au and Cu, with a best result of 1.14% Zn, 0.77 g/t Au and 142 ppm Cu. This anomaly needs to be field-checked and validated.

9.4.3 Exploration potential

The Mt Jewell Project lies in an area which is prospective for nickel sulphide mineralisation. This is reinforced by the proximity of primary nickel mines at Scotia to the west, Carr Boyd to the east, and the Silver Swan deposit located 25 km along strike to the southeast.

Within the project itself, a sulphide nickel resource has been defined at the GSP Prospect and numerous massive to semi-massive nickel sulphide intersections have been reported from drilling elsewhere within the tenements, including 1.9 m at 2.6% Ni and 1.1 m at 4.6% Ni from the Ringlock area in the north. Disseminated nickel sulphide mineralisation has been defined in at least three separate areas to date, associated with olivine rich cumulate rocks representing channelised ultramafic rocks within the lower komatiite flow unit.

Additional channels are thought to exist in the Ringlock area in the northern portion of the project. Systematic exploration by Fodina, using modern concepts of sulphide nickel genesis, has resulted in the development of a comprehensive geological interpretation of the poorly exposed Mt Jewell trend, including a sound stratigraphic framework and identification of channelised cumulate rocks within the lower komatiite. This information presents a number of specific conceptual targets and other areas of higher priority.

The Ringlock Prospect remains the least explored and, along with the GSP Prospect, is considered to provide the greatest potential for a substantial nickel sulphide discovery. This is primarily due to the wide distribution of cumulate ultramafic rocks, the relative complexity of the geology, and the proximity of porphyries and granitoids, which have partially assimilated the greenstone belt margins.

Although the limited gold exploration to date has been disappointing, it is considered that the previous soil sampling programmes were largely ineffective due to the transported cover in the area.

The gold potential of the Mt Jewell Project is considered to have been inadequately tested. Three targets have been defined for further investigation:

1 JP2 6664158 mN, 347604 mE – Drilling to test Sirotem anomaly – 1 m at 1 g/t Au in sulphidic sedimentary rock;

2 Claypan Zn 6655904 mN, 353578 mE – Anomalous Au (0.772 g/t) and Zn (1.14%) in soils; and

3 Dechow Gold Anomaly 6659360 mN, 348512 mE – Regolith Au anomaly trends into Magma's tenement.

9.5 Laura River

The Laura River Project is located in the East Kimberley region of Western Australia, approximately 35 km southwest of Halls Creek (Figure 9-1). The Great Northern Highway to the west of Halls Creek passes along the eastern margin of the project, which is accessed via three main tracks from the Great Northern Highway. The southern portion of the project may be accessed on reasonable quality gravel roads via the Nicholson Find gold mine, while alternative access may be gained to the northern portion of the project on a station track that departs the Great Northern Highway opposite Koongie Park homestead. The project area is characterised by subdued topography, reflecting extensive preservation of laterite residuum and alluvial cover.

9.5.1 Tenure

The Laura River Project consists of two contiguous granted ELs (E80/2523 and E80/2552) covering an aggregate area of approximately 137.2 km² (Table 9-1 and Figure 9-13). The tenements are owned 70% by Magma and 30% by Navigator Resources Limited (Navigator). Magma also has one contiguous exploration license application (100% owned) covering approximately 190 km^2 to the north of the granted licenses.

Magma has earned a 70% interest in the Laura River Project by sole funding exploration (>A$1M over a 3-year period). Navigator's 30% interest in the two granted exploration licences is free carried through to a decision to mine, based on a bankable feasibility study. Following a decision to mine, Navigator can either elect to contribute to expenditure on a pro-rata equity basis or convert its 30% free carried interest into a 2% net smelter return (NSR) royalty.

Magma reports that native title access agreements are in place.

Table 9-1: Laura River Project tenement schedule

Tenement no.	Owner	Grant date	Expiry date	Area (km²)	Rent (A$)	Expenditure commitment (A$)
E80/2523	Magma Metals Ltd (70%), Navigator Resources Ltd (30%)	28/06/2002	27/06/2012*	25.2	4,081.50	70,000
E80/2552	Magma Metals Ltd (70%), Navigator Resources Ltd (30%)	22/08/2002	21/08/2012	112	18,140	120,000
E80/4645	Magma Metals Ltd (100%)	Under Application		190.4		
Total				**327.6**	**22,221.50**	**190,000**

Source: Coffey

9.5.2 Geology

The following description of the geology of the Laura River Project is derived from the Coffey Independent Geologist's Report (Coffey Mining, 2011).

Regional Geology - Halls Creek Orogen

The Halls Creek Orogen is considered to be contiguous with the King Leopold Orogen, and rocks of the two orogens form a V-shaped strip of rocks along the southern margin of the Kimberley Basin (Figure 9-12).

The orogens have three components:

1 Structurally complex areas of metamorphic rocks together with both extrusive and intrusive rocks, ranging significantly in type and age; these zones are referred to as the Hooper and Lamboo Complexes;

2 Locally restricted sedimentary successions associated with the complexes, and which probably owe their existence to the tectonic activity of the orogens; such successions include the Oscar Range succession, Carr Boyd Group, Glidden Group, and Osmond Range succession; and

3 The folded margins of the Kimberley Basin succession, similarly due to tectonism associated with the orogens.

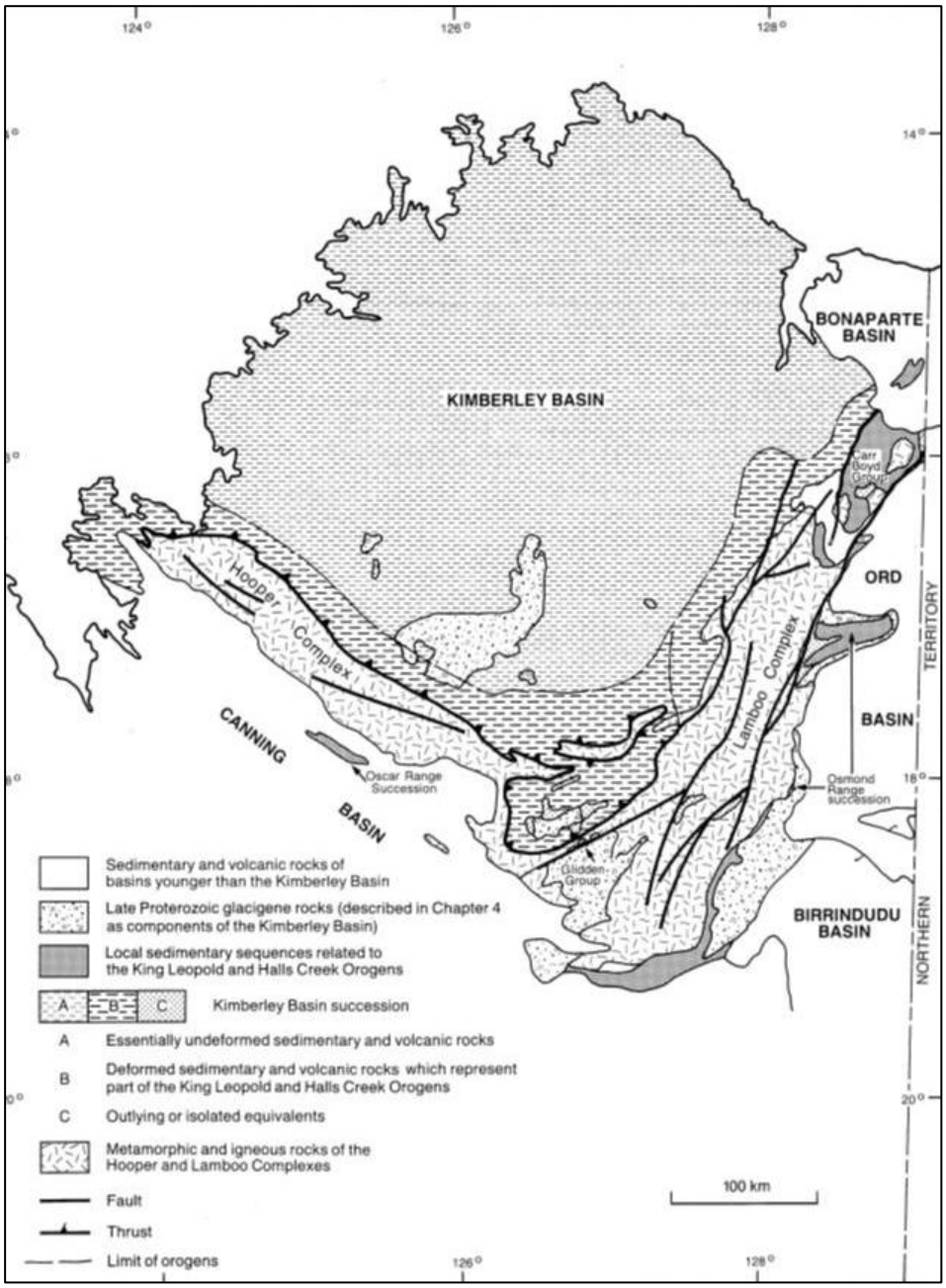


Figure 9-12: Principal tectonic elements of the Kimberley Region (GSWA)

The Hooper and Lamboo Complexes form broad linear zones around the southwest and southeast margins of the Kimberley Basin. They contain metamorphosed sedimentary rocks, mafic and felsic volcanic rocks, mafic and felsic intrusive rocks, and high grade metamorphic rocks. There are many similarities between the two complexes, and direct correlations have been attempted.

Pre-tectonic mafic sills and dykes are locally prominent. The sills are extensive and generally long and thin. Amphibolitised dolerite and gabbro predominate, and porphyritic varieties, which locally define large scale banding, are abundant. Significant mafic-ultramafic intrusions occur in the Lamboo Complex.

Major strike faults are a prominent feature of the Lamboo and Hooper Complexes. Many of these faults have complex histories and the total displacement is unknown.

Local Geology – Laura River Project

The Laura River Project lies within the Central Zone of the Lamboo Complex, dominated by poorly exposed Koongie Park Formation (Figure 9-13). The Koongie Park Formation consists of felsic volcanic and volcaniclastic rocks, sandstone, mafic volcanics, laminated siltstone and mudstone, carbonate units and banded iron formation. The sequence was intruded by the Lamboo Complex and isoclinal folding prior to intrusion of granitoid and gabbros of the Sally Downs supersuite. The regional metamorphic grade of the Koongie Park Formation is dominantly greenschist facies, but is locally higher adjacent to intrusive bodies.

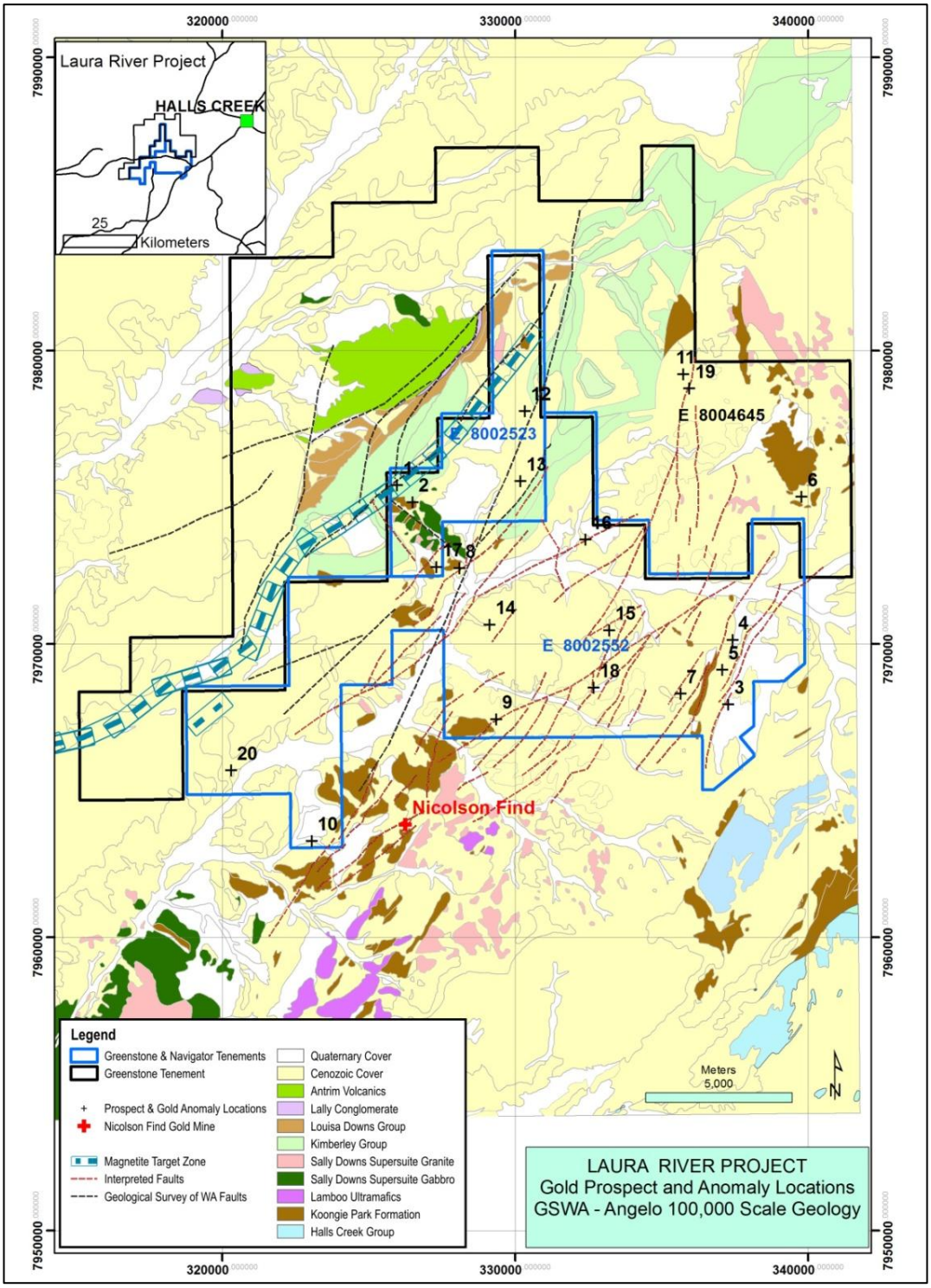


Figure 9-13: Laura River Project - Tenement and geology (Coffey)

Mafic-ultramafic intrusions of the Lamboo Complex are exposed along the western margin of the Project area and to the south. The Lamboo intrusives are represented in the project area by limited exposures of indurated mafic-ultramafic rocks to the northeast of the White Horse gold prospect. Neoproterozoic metasedimentary rocks of the Louisa Downs Group and basalt of the Cambrian Antrim Plateau unconformably overlie a folded outlier of Kimberley Group sedimentary and volcanic rocks within the northwest portion of the Project.

The regional deformation is characterised by early tight to isoclinal folding and subsequent sinistral transpressional wrench faulting and folding. Within the project area, the structural fabric is dominated by the northeast-trending Laura River, Mary River (Springvale) and Lamboo Faults and associated east-west-trending link structures.

Although the limited exposure of Koongie Park Formation within the project tenements makes correlation difficult, it has been suggested that isoclinal folding may have replicated the stratigraphy which hosts the volcanogenic massive sulphide (VMS) deposits at Koongie Park and Emull, located immediately adjacent to the southeast and southwest margins of the project respectively.

9.5.3 Exploration history

Previous exploration within the Laura River Project is limited to investigation of uranium-vanadium-copper mineralisation in the vicinity of the Amphitheatre Prospect by several companies, reconnaissance gold and base metal exploration completed by Money Mining NL, and more recently Navigator focusing on nickel and gold. Further details, including the prospectus are available from the company if required.

Work conducted by Magma

In late 2005, Magma, as a precursor to a formal joint venture with Navigator, carried out a brief field reconnaissance programme within the Laura River Project to confirm the presence of anomalous nickel-copper values at the Argonaut Prospect, and visit and sample the Amphitheatre Prospect. In addition, regional traverses were completed to investigate whether mafic rocks associated with the Lamboo Complex showed any visual evidence of magma mixing, a positive sign for PGM mineralisation, and to investigate if an obvious source is apparent for a number of stream sediment nickel anomalies.

The visit confirmed the presence of anomalous nickel-copper within the regolith profile at the Argonaut Prospect and the presence of anomalous uranium values at the Amphitheatre Prospect. The visit also confirmed that magma mixing is apparent within the Lamboo Complex intrusive units, including evidence of magmatic hydrothermal events. Although no visible sulphides were identified and the limited number of samples collected failed to return any significant results, there was sufficient encouragement to undertake more extensive sampling.

A more prominent nickel stream sediment anomaly (values to 238 ppm Ni) located in the north-western portion of the project area may relate to as yet unidentified ultramafic rocks at the base of the Emull Gabbro. A gossan sample from the contact of the gabbro returned 1,050 ppm Cu and 160 ppm Ni.

Magma entered into a joint venture with Navigator Resources Ltd in February 2006. During 2005 to 2006, Magma completed a review of previous work, a partial compilation of historic non-digital data into digital data, geological mapping, rock chip sampling and RC drilling at the Amphitheatre and Argonaut prospects and RC drill tested a magnetic feature.

During 2006 to 2007, Magma carried out further work at the Amphitheatre prospect to assess the potential for uranium-copper mineralisation, and within tenement E80/2552 completed a 72 line-km helicopter borne Versatile Time Electromagnetic (VTEM) survey over the Argonaut prospect. Magma also carried out a soil sampling programme over the Argonaut prospect targeting Ni-Cu-PGM mineralisation and reconnaissance soil sampling programmes over two areas named Koongie West and Tickalara, considered to be prospective for base metal mineralisation.

During 2007 to 2008, Magma completed the following work:

- A ground electromagnetic survey over the Argonaut prospect;
- Received and interpreted the assay results for soil sampling undertaken within the Tickalara and Koongie West areas during 2006 to 2007;
- Collected and assayed seven rock samples; and
- Completed six RC drillholes for 798 m at the Argonaut prospect.

During 2008 to 2009, Magma undertook preparations to drill test an iron-oxide copper-gold (IOCG) target located at the Amphitheatre prospect. Drilling of this target with two diamond drillholes comprised 1,112.7 m of HQ and NQ core drilling and 24 m of rock roller drilling for a total of 1,136.7 m. This drilling intersected a 90 m downhole length of magnetite with potential as a source of iron ore.

During 2009 to 2010, Magma assayed portions of the diamond drillholes, carried out initial testwork on the magnetite intersected in AMPDDH001 and completed a 2,000 km airborne magnetic-radiometric survey over portions of E80/2523 and E80/2552.

During 2010, Magma conducted internal reviews of the iron ore potential and evaluated the potential for gold mineralisation.

9.5.4 Exploration potential

The project is prospective for a number of commodities and styles of mineralisation, including structurally controlled high-grade gold, copper-zinc-lead-gold of volcanogenic massive sulphide and magnetite-hematite iron. Polymetallic hydrothermal deposits associated with granitic intrusions (skarn, IOCG) and deposits associated with alkaline intrusions (kimberlites, lamproites) are also considered possible.

The shear zone hosting 248,000 oz of gold at Nicholson Find may trend NE into Laura River (Figure 9-14). At Nicholson Find, gold hosted in quartz veins occurs over a 2 km strike within NE-trending shear zones up to 400 m wide.

Within Laura River tenements, several sub-cropping gold veins and numerous gold geochemical anomalies identified.

Other Laura River targets include Amphitheatre (Cu-Au-U (IOCG) + iron) and Dim Whiddy (Cu-Au-Ag).

Only cursory exploration has been conducted to test these targets and future exploration will entail mapping, surface geochemical sampling and drilling.

Other targets include IOCG, direct shipping iron ore (DSO) or base metal-Au.

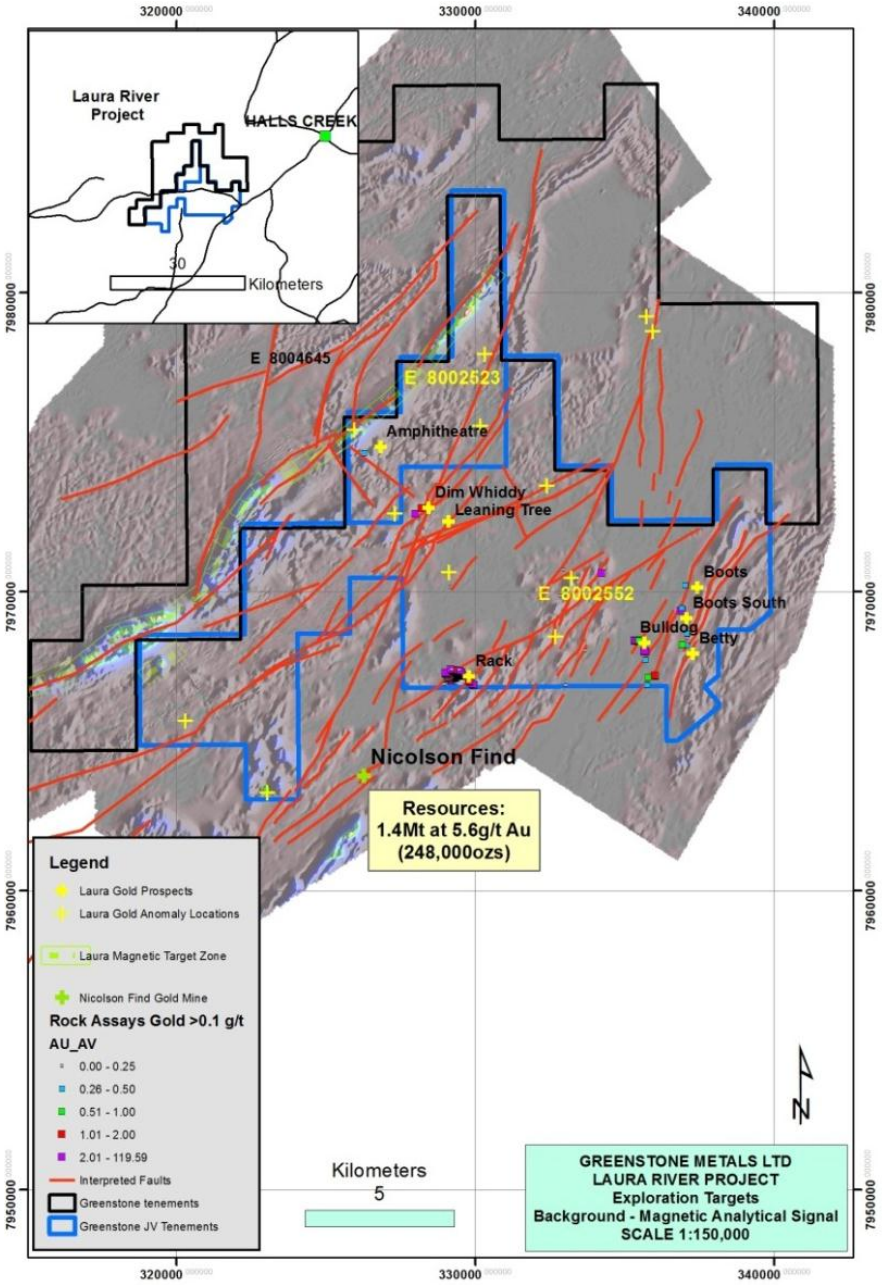


Figure 9-14: Exploration targets (Coffey)

9.6 Other regional exploration projects

9.6.1 Laverton Project

The Laverton Project tenements cover an extensive area around the town of Laverton in the north-eastern part of the Archean Yilgarn Craton in Western Australia.

Magma owns 100% of the Ni-Cu-PGM rights to a number of tenements under a Concurrent Rights Agreement (CRA) originally with Metex, and now with Crescent Gold Ltd. These comprise a mix of ELs, MLs and PLs covering an area of 404 km^2. Under Joint Venture Agreement dated 20 December 2011, Poseidon Nickel Limited may is earning into Magma's CRA rights on a number of these tenements covering an area of 272 km^2 (tenement area shown on Figure 9-15) by a staged earn-in process with an initial 60% by spending $3 m in three years. Magma can then elect to contribute to expenditure or Poseidon is deemed to have earned an additional 20%. Magma will then be free carried at 20% to decision to mine. Magma can elect to contribute on a mine-by-mine basis or reduce to a 2.5% Net Smelter Royalty (NSR).

The Laverton Tenements are the subject of a legal dispute between Crescent and Indago Resources Ltd in relation to the validity of a Royalty Deed executed by these parties. The Royalty Deed contains some provisions which appear to be in conflict with the provisions of the earlier CRA and in Magma's view Crescent is in breach of its obligations under the CRA. Magma has taken legal advice and is considering its options in enforcing its rights under the CRA.

Although, no direct expenditure is required by Magma to comply with tenement conditions, Magma is reliant on other parties to maintain appropriate expenditure levels.

Geology

The project contains a number of strike-extensive ultramafic units, many of which are interpreted to be komatiites, prospective for nickel sulphide mineralisation. The historic Windarra and South Windarra nickel mines occur immediately adjacent and to the northwest of the project area at the base of the Windarra Ultramafic Unit. At least two of the main komatiite units within the project, the Red Flag Ultramafic Unit and Lancefield Ultramafic Unit, are adjacent to, and within the same part of the greenstone sequence as the Windarra Ultramafic Unit. These prospective komatiites, which have a combined strike length of approximately 60 km are mostly covered by transported regolith and have not been systematically explored for nickel; they are the main focus of the exploration program on this project.

Exploration history

The Mount Windarra nickel deposit was discovered by Poseidon NL in 1969 by surface prospecting during a boom in nickel exploration in Australia in the late 1960s and early 1970s. The South Windarra deposit was discovered in 1971 beneath transported overburden by a consortium of Union Oil, Australian Hanna and Homestake by drill testing a magnetic anomaly. Western Mining Corporation Ltd subsequently mined the deposits between 1974-78 and 1981-91 and extracted approximately 7.2 Mt at 1.6% Ni for 85,000 t of nickel recovered. Poseidon Nickel Limited is currently re-developing the Windarra nickel mine.

Most of the previous exploration for nickel on the tenements was undertaken in the nickel boom of the late 1960s and early 1970s which identified several promising prospects. The effectiveness of much of this work was constrained by relatively primitive exploration technology, limited knowledge of komatiite-hosted nickel sulphide mineralisation and regolith geology combined with poor rock exposure and deep weathering. The opportunity in this project is to apply modern exploration knowledge and technology to the known prospects and the large strike extents of these ultramafic units, about which little is known.

The Red Flag and Lancefield units have a combined strike length of approximately 60 km within the project area, most of which lies beneath sand plain and salt lake sediment cover. The units have been interpreted as thrust-fault repeated equivalents of the Windarra Ultramafic Unit or alternatively different flows within the same stratigraphic sequence. Whichever interpretation is correct, the prospectivity of the units for discovery of nickel sulphide deposits is based on their komatiite lithology and the presence of a favourable sulphidic sedimentary substrate over parts of their strike extents.

A major LANDTEM geophysical survey has been completed by Magma to map the distribution of electro-magnetic conductors, potentially reflecting nickel-sulphide mineralisation, over some 80% of the 60 km cumulative strike length of the Red Flag and Lancefield ultramafic units. Many conductors were identified from this survey; several of these remain to be tested by drilling.

Exploration potential

Project tenements cover a large portion of the Red Flag ultramafic belt and a portion of the Windarra ultramafic belt. The Cerberus and Windarra South deposits may extend into CRA tenements (Figure 9-15 and Figure 9-16).

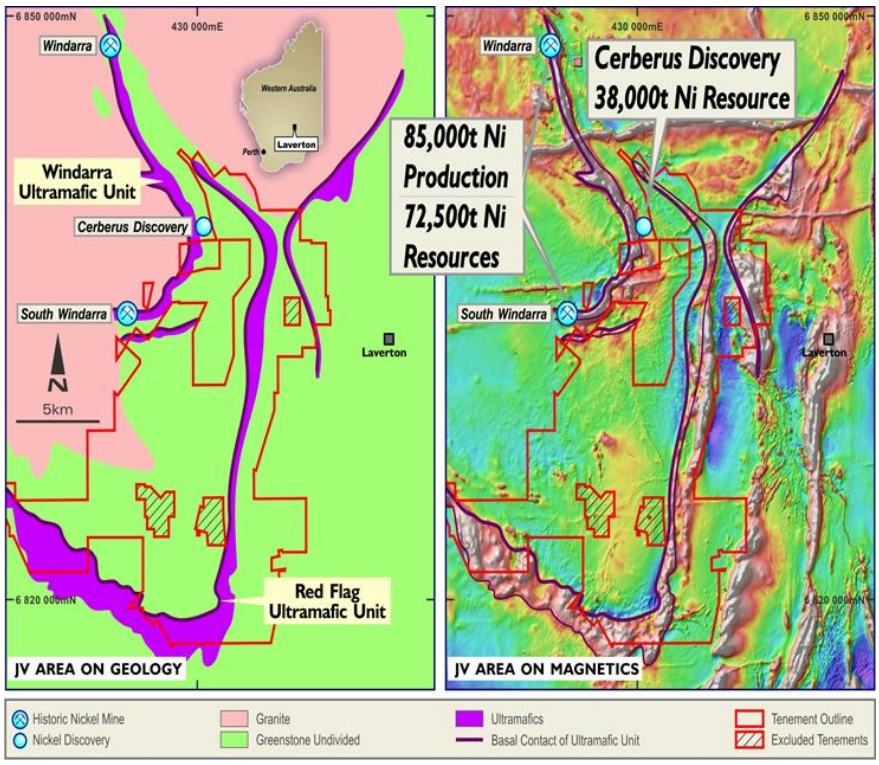


Figure 9-15: Laverton Project area

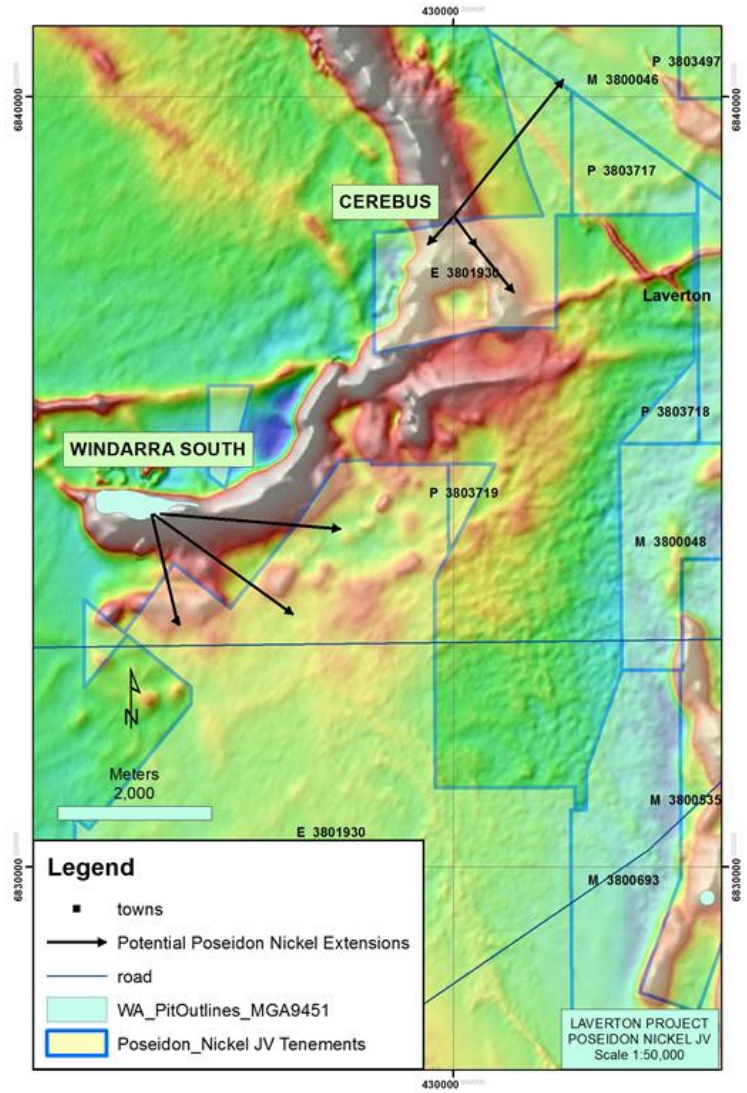


Figure 9-16: Magnetic image showing the relative position of Magma's tenement location

10 Valuation

The valuation of assets of Magma is divided into three categories:

1 The TBN Project Resources areas – this has reached the stage of a Preliminary Assessment with Optimisation work; no Reserve has been declared;

2 Thunder Bay exploration assets, including pre-resource drilled areas, immediate exploration extensions, and regional targets; and

3 Australian assets, primarily gold and including nickel rights tenements in the Laverton area.

These projects are all prospective for a range of commodities and are at various stages of the exploration cycle. The VALMIN Code states that decisions as to which valuation methodology is used are the responsibility of the Expert or Specialist. Where possible, SRK considers a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

Lawrence (1994) provides an overview of a number of methods traditionally used to value exploration properties. For the valuation of the Magma licences, SRK has used the geological risk method to value early stage exploration assets. SRK has used comparable market transactions to link this method to current market conditions. The details of the method used are discussed in Appendix E.

Where Mineral Resources have been stated and could be reviewed and confirmed by SRK, comparative transactions have been used to estimate a value for these based on recent market activity in the particular commodity. Where Exploration Targets have been declared, SRK used this comparative transaction approach and discounted the value by determining the probability this target will be reached and the cost to achieve the stated target, being the geological risk method.

For projects with neither Mineral Resources nor Exploration Targets, a comparative transaction approach was also utilised, by comparing the assets to similar exploration packages at early exploration stage using an area-based method.

An evaluation of the previous exploration expenditure has also been utilised to provide a valuation of the project areas compared to other methods.

10.1 Valuation of the TBN Project

10.1.1 Geological risk and comparative transactions method

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.

In general, projects located in South Africa were of lower implied value than those located outside South Africa, therefore these were not considered comparable. Four transactions related to projects in Finland, Canada and Australia were considered more directly comparable, but again displayed a range of values as summarised in Table 10-1.

The contained platinum equivalency in these projects has been calculated by SRK using the platinum equivalent calculation method used by Magma for the recent resource estimates (both AMEC and internal estimates). This method ensures that the contained Pt-Eq figures are comparable across projects.

Table 10-1: PGE comparative transactions for projects in Finland, Canada and Australia (in US$)

Project name, location	Transaction Date	Parties	Commodities	Transaction value (100%) (US$)	Contained metal (Pt Eq oz)	Implied transaction value (US$/oz Pt Eq)
Lantinen Koillismaa, Finland	July 2011	Otterburn / Nortec	Pd, Pt, Au, Cu, Ni	20.9M	1,004,343	20.78
Marathon, Canada	September 2010	Stillwater / Marathon	Pd, Pt, Au, Cu, Ag	118.0M	2,613,953	45.14
River Valley, Canada	January 2011	Pacific Northwest / Anglo Platinum	Pd, Pt, Au, Ni, Cu	3.2M	878,139	3.64
Yarawindah Brook, Australia	October 2010	Northern Uranium / Ferrum Crescent	Pt	0.6M	78,126	7.04

The Latinen Koillismaa transaction was staged agreement, and SRK applied an 80% probability that the second stage of the transaction will be completed. This project is currently at an earlier developmental stage to the TBN Project, with 95% Inferred Resources, 17km of drilling and no engineering studies compared to the TBN Project with 95% Indicated Resources, 150km of drilling and a completed PEA.

The Marathon transaction involves a larger deposit at a more advanced stage of exploration and this could be considered to represent the upper value range.

The River Valley property in Canada was at an earlier exploration stage than the TBN Project at the time of the transaction, while the Yarawindah Project is significantly smaller in terms of contained metal and is single commodity.

TBN Project valuation

The Latinen Koillismaa Project is the most closely comparable to the TBN Project in terms of project stage. However, the average grade of the Latinen Koillismaa project (1.28 g/t) is below that of the TBN Project (2.13 to 3.48 g/t). The higher grade is critical to establishing project economics, and therefore SRK has factored the value of 2 to the Latinen Koillismaa valuation to determine a probably market value for the TBN Project. The resultant value used is a median value of A$38.66 per ounce Pt-Eq to derive our valuation of the TBN Project, converted to Australia Dollars using an exchange rate of 0.93 as at early February 2012.

As a check on this assessment, the same analysis was applied to the Marathon Project, which is in the same region of Canada and was transacted in September 2010. Stillwater Mining announced an agreement to acquire Marathon PGM's PGM-copper-nickel assets for US$118 million in cash and Stillwater shares. Marathon's gold assets were to be spun-out to a new company, Marathon Gold, whose shares were to be distributed to current Marathon PGM shareholders. This transaction values the PGE assets at US$45.14/oz based on the same Pt-Eq calculation assumptions as used by AMEC for the TBN Project and for the other transactions. The Marathon asset at the time of the transaction had CIM Reserves and so should have a higher valuation than Magma, which is reflected in the comparative transaction data in Table 10-2, and suggests the factored comparative transaction is of the correct order.

This value (A$38.66) was applied to the AMEC (2011) Mineral Resource estimate at the TBN Project as described in Section 8.4. The valuation range was determined by allowing a 15% variation around this value, reflecting the uncertainty considered appropriate to Indicated Resources.

East Beaver Lake Zone valuation

The value was also applied to Magma's recently announced (ASX release, 23/2/12) Mineral Resource Estimate of the East Beaver Lake Zone of the TBN Project as included at the end of Section 8.4. The valuation range was determined by allowing a 35% range around this value, reflecting the uncertainty considered appropriate to Inferred Resources.

Valuation of extension drilling - TBN Project

During 2011, Magma also undertook wide-spaced drilling further to the SE of the Beaver Lake Zone covering an additional strike extension of approximately 550 m (termed the SEA Zone). Mineralisation remains open to the SE. This area is illustrated in Figure 8-1 as 'Autumn 2011' drilling (holes shown in blue).

Whilst this adjacent SEA Zone has yet to be drilled with sufficient density to allow a Mineral Resource to be estimated, mineralised intersections have been defined and the zone remains open to the SE. Based on early results and indications of the continuity of mineralisation, it is reasonable to expect that a similar quantum of mineralisation could be defined in this zone as at the East Beaver Lake area. SRK has scaled-up the target according to a potential 700 m strike length target at similar size and grade to the Beaver Lake zone for the SEA Zone.

Given the earlier stage of exploration at the SEA Zone and uncertainties relating to the grade and continuity, SRK has applied the same comparative transaction approach but has discounted the value of the SEA Zone mineralisation by estimating the probability this target will be reached and the cost to achieve the stated target, being the geological risk method.

SRK has applied an 80% probability that this mineralisation will be defined and has assumed an additional exploration budget of approximately $500,000 to drill the SEA area to Inferred Resource Stage, and applied a 50% uncertainty around this value to estimate a valuation range.

Valuation of regional exploration areas

In terms of regional exploration potential, Magma has identified two 500 m strike length zones in the Steepledge Lake Intrusive Complex, as well as two interpreted intrusive centres along the Escape Lake Fault that represent high-priority regional Exploration Targets (Figure 10-1).

These areas are at a much earlier exploration stage than the East Beaver Lake and SEA Zone and therefore have a lower probability that mineralisation will be outline and a higher cost of exploration to get to an Inferred Resource stage. It is uncertain if future exploration will be successful in defining a Mineral Resource for any of these areas.

However, to account for their exploration potential and translate this to a current market value, SRK has assumed there could be four 500 m strike length targets within the TBN Magma Conduit Complex. These assumptions were included in the risk model according to exploration stage, and discounted for exploration costs.

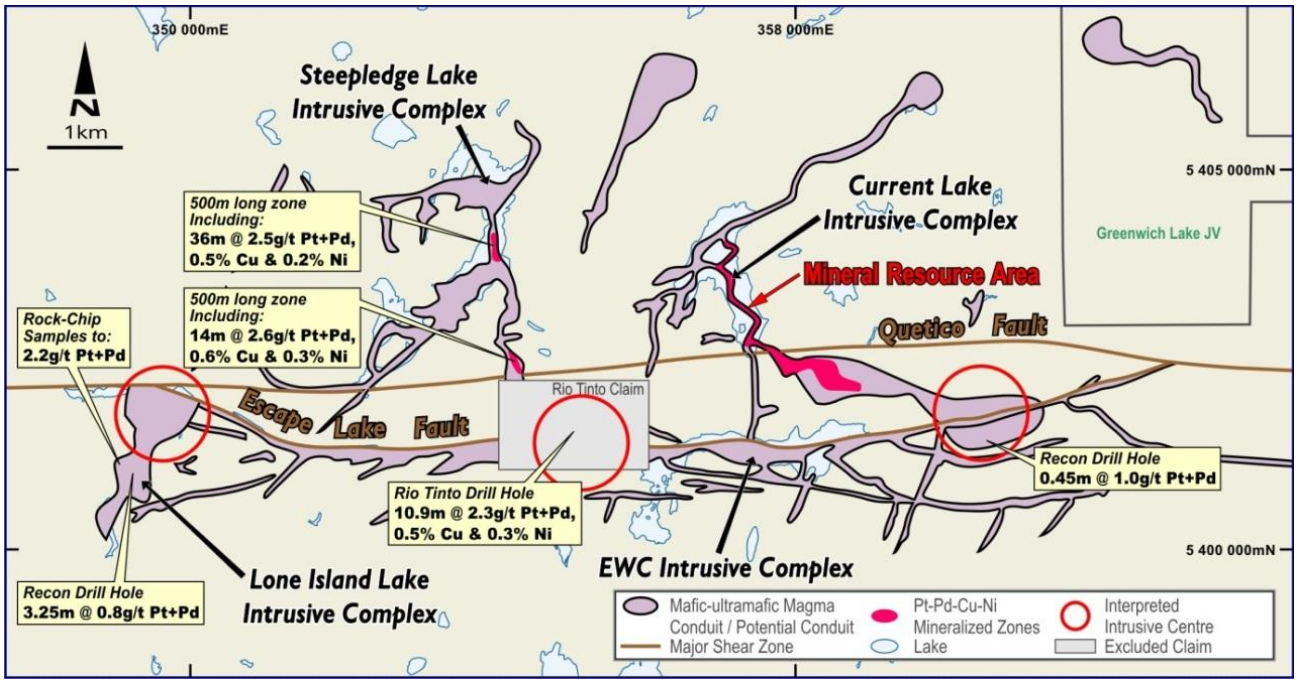


Figure 10-1: Regional exploration targets in the TBN Magma Conduit Complex

SRK's overall valuation of the TBN Project, including the Mineral Resources and identified exploration potential using a comparable market transaction method risked as appropriate for earlier stage projects, is summarised in Table 10-2.

Table 10-2: Summary of TBN Project's value using comparable market transactions approach

Project Area	Low Value (A$ M)	Preferred Value (A$ M)	High Value (A$ M)
Thunder Bay North Open Pit Resources	19.20	22.50	25.90
Thunder Bay North Underground Resources	4.40	5.20	6.00
Thunder Bay North Resource Extension (East Beaver Lake Zone)	1.80	2.70	3.70
Thunder Bay North Brownfields Target (SEA Zone)	1.18	2.94	4.62
Thunder Bay North Greenfields Target (Steepledge x 2, Lone Island, East)	2.50	5.10	8.20
Total	**29.08**	**38.44**	**48.42**

However, in SRK's view, the comparative transaction data does not fully capture the project potential at the TBN Project compared to the more advanced project stage already achieved at Marathon, and the predominantly ongoing low-grade exploration potential at Latinen Koillismaa. To account for the higher relative exploration upside related to a greenfields discovery and holding strategic ground in the surrounding area, SRK has also reviewed the TBN project in terms of the project exploration expenditure to date, and an assessment of the exploration potential if more money is committed to the project expansion by further greenfields discovery.

10.1.2 Valuation of the TBN Project considering previous exploration expenditure

Magma has provided information to SRK detailing previous exploration expenditure of A$46.5M for the TBN Project and regional landholding (Table 10-3). The spatial relationship of the TBN Project, the Quetico East Project and the TBN regional projects is depicted in Figure 10-2.

Table 10-3: Magma's expenditure on the TBN Projects (in Australian dollars, rounded to nearest A$100)

	New Project Generation	Quetico East	TBN Project	TBN Project Regional	TBR	Total (A$)
Administration	100	100	53,400	500	1,300	55,400
Scoping Study	-	-	2,326,500	-	-	2,326,500
Drill Camp / Core Yard	-	-	486,600	-	-	486,600
Exploration	883,600	91,500	37,582,600	1,845,600	797,500	41,200,800
Land	75,200	48,000	1,767,300	230,400	281,900	2,402,800
Total	**958,900**	**139,600**	**42,216,400**	**2,076,500**	**1,080,700**	**46,472,100**

The bulk of the expenditure (A$42.2M) has been on the TBN Project, with A$37.5M spent on exploration (primarily diamond drilling with some geophysical surveying) and A$2.33M spent on a scoping study (Preliminary Economic Assessment). The work enabled by this expenditure has been very successful in adding value to the project, as it enabled the successful identification, delineation and estimation of both open-pittable and underground Mineral Resources, and showed that these resources could generate a positive cash flow if exploited.

A further A$3.6M has been spent on exploring the regional tenements and on identifying and investigating other prospects. This has included airborne geophysical surveying as well as ground-based magnetic and electrical surveying, and the use of satellite imagery. Limited diamond drilling has also been conducted on regional prospects. This has also been successful in demonstrating the geological and mineralisation potential of the regional leases, and has enabled the identification of targets and prospects for further exploration.

SRK considers the expenditure on the project tenements to be appropriate, and is of the opinion that this expenditure on successful exploration has added value to the assets. SRK considers a prospectivity enhancement factor (PEM) of 2.0 to be appropriate.

The factor is supported by:

- Exploration at the TBN Project is not complete, and mineralised zones for future underground resources have been identified by the current exploration expenditure, therefore further exploration is likely to identify additional resources.
- The regional structures extend beyond the TBN Project, and both assets and targets beyond the TBN Project have been selected for similarity with key characteristics of the existing TBN deposits. With current expenditure focused on these aspects, future expenditure has a higher likelihood of discovery of similar geological settings and similar intrusions.
- The Mid-continent Rift intrusions are substantially underexplored, and new deposits are likely to be discovered. Magma is looking to extend its holdings in strategic locations in the Mid-continental Rift, further enhancing the value of expenditure committed to date.

Using a prospectivity enhancement factor (PEM) of 2, the value of the current TBN Project and regional assets is estimated at A$93.0M.

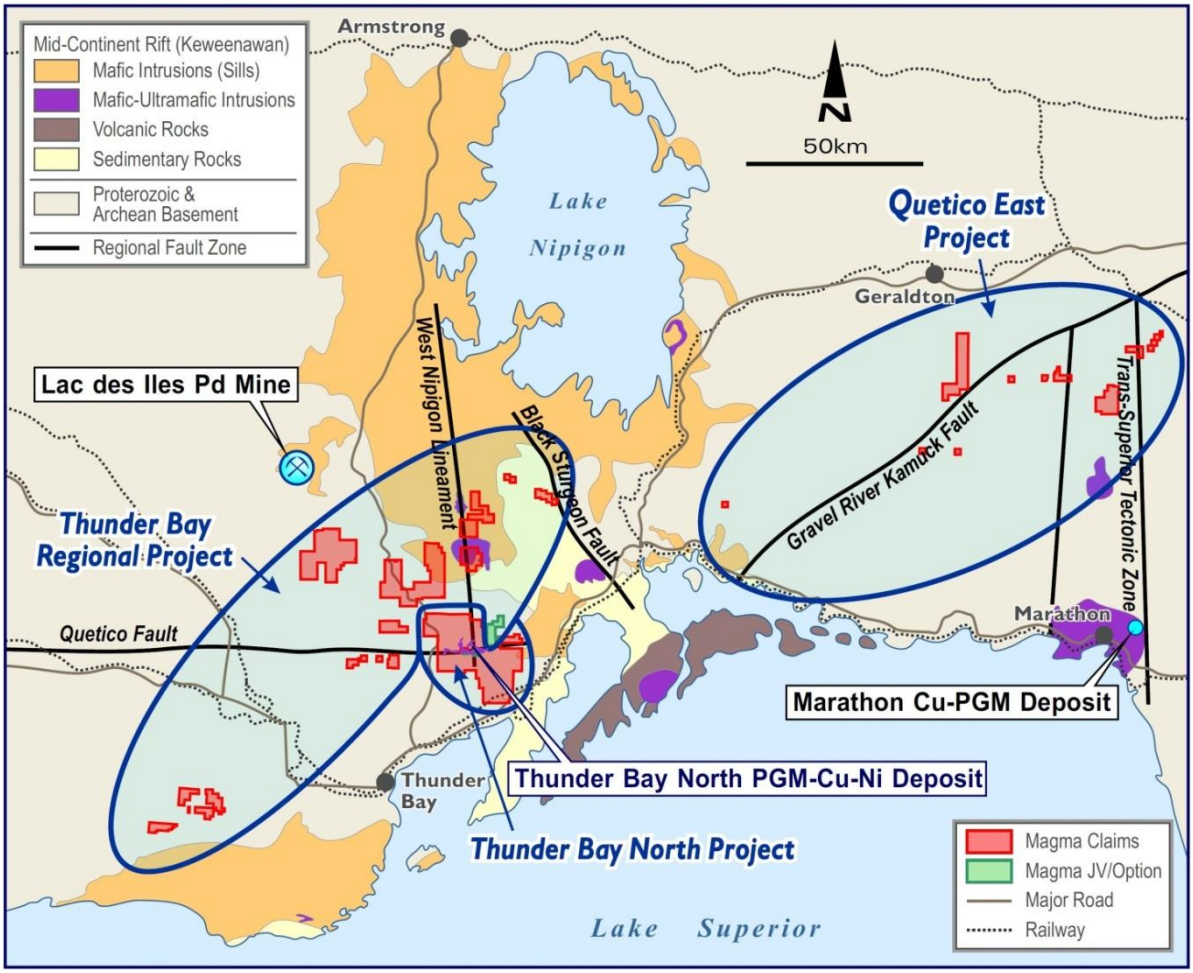


Figure 10-2: TBN regional projects

Source: Magma

10.2 Valuation of Australian Au and Ni assets

Six project areas were defined and discussed in the previous section of the report:

1 Lake Grace;

2 Roe;

3 Mt Jewell ;

4 Griffins Find;

5 Laura River; and

6 Laverton

Three methods have been used to define valuations and valuation ranges for the Australian gold and nickel assets.

10.2.1 Geological risk method based on comparative transactions

In all, 10 gold transactions in Western Australia over the past two years were used to assess the A$/oz value of gold resources. These are used to provide a target figure for the exploration targets defined by Magma from the current drilling. These values from the comparative transactions are then discounted for the stage of the exploration on each target, after assessing the success of exploration and the subtracting the costs that will be incurred to move these exploration targets to a similar stage as the comparative transactions. The transactions are shown in Table 10-4.

Table 10-4: Gold transactions used to assess the value of Magma's Au exploration targets

Name	Location	%	Tonnes	Grade (g/t)	Contained Au (troy oz)	Cost A$	$/oz
Bullant	Kalgoorlie, WA	100.00%	894,000	5.1	148,000	10,300,000	69.59
Gidgee	Montague Ridge, WA	100.00%	1,844,000	5.3	312,000	15,400,000	49.36
Groundrush	Tanami, NT	100.00%	5,860,000	2.7	509,000	19,700,000	38.70
Meekatharra	Meekatharra, WA	100.00%	44,680,000	1.7	2,442,000	27,700,000	11.34
Mt Magnet	Mount Magnet, WA	100.00%	30,400,000	3.2	3,137,000	30,700,000	9.79
Peak Hill	Meekatharra, WA		16,625,900	2.2	1,176,000	35,000,000	36.35
Camel Creek			596,000	2.4	46,000	1,280,000	54.00
Carbine-Zuleika	Kalgoorlie, WA		750,000	1.9	47,000	100,000	2.13
Eureka			4,520,000	4.4	64,000	3,880,000	60.68
Menzies	Goldfields, WA		2,275,000	3.6	267,000	250,000	0.94

Although there is a wide range of values from this analysis, the median of the A$/oz values is A$37.53/oz, and the mean is just below the median. The median value is used in the analysis.

For iron ore, transactions from 2009 were used as this is the period since price increases have been effective in the iron ore market. The transactions are shown in Table 10-5.

Table 10-5: Iron ore hematite transactions used to assess Mt Jewell iron ore potential

Name	Date	Location	%	Tonnes	Grade	Cost A$	A$/t contained Fe
Argyle Iron Ore	Feb-09	East Kimberley	25%	17,000,000	55.0%	1,348,800	$0.58
Mt Webber	Oct-09	North Pilbara	30%	43,690,000	57.4%	8,840,000	$1.18
Nullagine	Jun-09	Pilbara	50%			20,000,000	$0.83
Prairie Downs	Jun-10	Pilbara	34%	452.8 Mt CID, 23.3 Mt Marra Mamba	23.1% CID and 44.2% Marra Mamba	8,000,000	$0.20
Robertson Range	Sep-09	East Pilbara	12%	44 Mt M&I, 8.2 Mt Inferred	59.0%, M&I, 58.7% Inferred	12,600,000	$3.41
Rocklea	Oct-10	Pilbara	100%	63,100,000	53.4%	7,000,000	$0.21
Roper Bar	May-10	Northern Territory	20%	116,000,000	39.0%	2,750,000	$0.30
Roper Bar	Nov-09	Northern Territory	20%	117,100,000	39.4%	3,500,000	$0.38
Winmar	Oct-10	Pilbara	51%	143,400,000	52.6%	8,200,000	$0.21
Wonmunna	Oct-10	East Pilbara	100%	78,300,000	56%	41,350,000	$0.94

The weighted average of these transactions is A$0.63, which is appropriate for iron resources in early development and in remote locations such as Laura River. This has been used as the basis for assessing the potential of a small DSO exploration target, after discounting for exploration risk and costs of exploration.

Nickel prospects at Mt Jewell were assessed using the same method. The transactions are shown in Table 10-6. Only Kambalda West is really comparable as a moderate grade nickel sulphide deposit, and this transaction was used in the Mt Jewell valuation.

Table 10-6: Recent nickel transactions

Name	Date	Implied Value for 100%	Tonnes	Grade % Ni	Contained	$A/t Contained Ni
Black Hill	Oct-11	2,650,000.00	30,000,000	0.64%	192,000	13.80
Kambalda West	Feb-12	320,000.00	432,500	1.93%	8,300	38.55
Pardoo-Highway	Jan-11	14,285,714.29	50,000,000	0.30%	150,000	66.67

The gold valuation parameters were used where multi-commodity projects included gold as the major component, such as Lake Grace regional and Laura River.

10.2.2 Joint venture terms

The Laverton joint venture with Poseidon was valued according to the terms of the recent joint venture between Magma and Poseidon.

10.2.3 Exploration area and exploration expenditure valuation

SRK was provided exploration expenditure details for the Australian asset and these are tabulated in Table 10-7. The area-based valuation is also reliant on recent transactions on exploration properties in Western Australia. Under Magma's Concurrent Rights Agreement (CRA) with Crescent Gold limited, Magma is solely entitled to explore for Ni-Cu-PGE on tenements which are subject to the CRA. Crescent is the registered holder of the CRA tenements and the holder of the right to explore and mine for all minerals other than Ni-Cu-PGE minerals.

Magma Metals entered into a farm-in agreement with Poseidon Nickel Limited (Poseidon), whereby Poseidon can earn an initial 60% interest in Magma's Ni-Cu-PGE rights in the Laverton Project. To earn in, Poseidon must first spend at least $3 million within 3 years. Following the earn-in, Magma may elect to contribute to the JV expenditure to maintain its 40% interest or convert it to 20% free carried interest to a decision to mine. Following a decision to mine, Magma may contribute to a production JV to maintain its interest or convert that into a 2.5% net smelter returns royalty.

Table 10-7: Exploration expenditure and area-based valuation of the exploration assets

Project	Stage	Value (A$/km^2)	Exploration Costs (A$)
Lake Grace - Lake Magenta	B	121,042	233,024
Lake Grace - Hardies	B	32,025	
Lake Grace Regional	B	6,665,232	
Roe Au	B	159,344	2,009,835
Mt Jewell Au	A	120,362	1,826,564
Griffins Find (remanent resource)	C	82,371	2,862,207
Laura River	B	3,139,535	1,295,255
Laura River	B	102,243	

10.2.4 Valuation summary

After applying the results of methods outlined above, the final valuations by project are tabulated in Table 10-8. The values are derived from the geological risk analysis, because this method takes into account the project stage relative to the comparative transactions. In the case of Roe, the low range value is from the tenement area and the high range value is from the exploration costs factored by 0.5. The Mt Jewell (nickel) value is based on the resource, with a ± 35% range. Mt Jewell (gold) has a low range value from the risk method, the high range from the exploration costs factored by 1, as this is ongoing early-stage exploration. The preferred value for Mt Jewell gold is the midpoint of the range. Griffins Find remanent resource has the low end of the range from geological risk and comparative transactions and the high end of the range as the exploration costs to date, with the preferred value as the midpoint of the range. In all other cases, the preferred value is from the risk analysis applying the skewness of the comparative transaction distribution to determine the high and low values around ± 35% of the median.

Table 10-8: Valuation results for the Australian assets

Project	Target	Stage	Low Value (A$ M)	Preferred Value (A$ M)	High Value (A$ M)
Lake Grace - Lake Magenta	Au	B	827,000	1,115,000	1,221,000
Lake Grace - Hardies	Au	B	827,000	1,115,000	1,221,000
Lake Grace Regional	Au, Cu, Ni, Sn, Mo, W, Fe	B	2,839,000	3,403,000	3,721,000
Roe Au	Au	B	159,344	219,000	1,004,500
Mt Jewell Au	Au	A	328,000	1,077,000	1,826,000
Mt Jewell Ni	Ni	B	42,000	66,000	89,000
Griffins Find (remanent resource)	Au	C	1,139,000	2,000,500	2,862,000
Ridge	Au	C	1,775,000	2,362,000	2,578,000
Griffins West	Au	C	600,000	1,201,000	1,801,000
Griffins Find Regional	Au	B	1,336,000	1,768,000	1,927,000
Laura River (iron ore)	Fe	B	573,000	934,000	1,295,000
Laura River	Cu, Au, Ag & IOCG	B	688,000	928,000	1,016,000
Laverton (Poseidon JV)	Ni	B	850,000	1,500,000	3,000,000
Total Australian Projects			11,983,000	17,689,000	23,562,000

11 Conclusions

BDO approached SRK to undertake a Valuation Report on a number of Magma's mineral exploration project areas in Canada and Australia. Specifically, the assets include the Thunder Bay North platinum-palladium-copper-nickel project (TBN Project or "the Project") and surrounding exploration assets in Ontario, Canada, as well as less advanced exploration properties in Western Australia including the Lake Grace (Au), Griffins Find (Au), Roe (Ni-Cu-Au), Mt Jewell (Au-Ni) and Laura River (Au-Cu-Fe) projects. The VALMIN Code was used as the standard for the Report.

The Valuation of assets of Magma is divided into three categories:

1 The TBN Project Resources areas – this has reached the stage of a Preliminary Assessment with Optimisation work; no Reserve has been declared;

2 Thunder Bay exploration assets, including pre-resource drilled areas, immediate exploration extensions, and regional targets; and

3 Australian assets, including nickel-Cu-PGE rights tenements in the Laverton area, and gold and iron ore prospects in the Yilgarn and Kimberley areas.

The TBN Project and associated exploration projects were valued using the following two main methods of valuation:

1 The comparative transactions method, modified by discounting comparable or more advanced project transaction by the geological risk and cost of exploration required to bring projects to comparability, and

2 Assessment of previous relevant exploration expenditure and its effect on project value.

The Australian assets have been valued using a combination of methods including multiples of exploration expenditure, comparative transaction modified for risk and exploration stage, and joint venture terms.

The results are shown in Table 11-1.

Table 11-1: Summary valuation of Magma Metals' TBN Project and exploration assets

Project Area	Low Value (A$ M)	Preferred Value (A$ M)	High Value (A$ M)
Thunder Bay North Open Pit Resources	25.9	43.8	61.7
Thunder Bay North Underground Resources	6.0	10.2	14.3
Thunder Bay North Resource Extension (Beaver Lake Zone)	3.7	3.8	3.8
Thunder Bay North Brownfields Target (SEA Zone)	4.6	4.7	4.8
Thunder Bay North Greenfields Target (Steepledge x 2, Lone Island, East)	8.2	8.3	8.4
Subtotal Canadian Projects	***48.4***	***70.7***	***93.0***
Lake Grace	4.5	5.6	6.2
Roe Au and multi commodity	0.2	0.2	1.0
Mt Jewell	0.4	1.1	1.9
Griffins Find	4.9	7.3	9.2
Laura River	1.3	1.9	2.3
Laverton (Poseidon JV)	0.9	1.5	3.0
Subtotal Australian Projects	***12.0***	***17.7***	***23.6***
Total All Magma Projects	**60.6**	**88.4**	**116.6**

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Appendix A: Tenement Schedule

Appendix A: Tenement Schedule – Canada

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
Thunder Bay North (TBN) Project									
Current Lake	**842186**	**9**	Active	30-Jul-16	$3,600	$1,634,800	Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	842189	12	Active	30-Jul-17	$4,800	$1,168,198	Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	1248239	11	Active	14-Dec-12	$4,400		Magma Metals (Canada) Limited		
	1248240	9	Active	14-Dec-12	$3,600		Magma Metals (Canada) Limited		
	1248241	15	Active	14-Dec-12	$6,000	$6,196	Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	1248244	6	Active	14-Dec-11	$2,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4205378	4	Active	27-Oct-12	$1,600	$0	Magma Metals (Canada) Limited		
	4205432	3	Active	27-Oct-12	$1,200		Magma Metals (Canada) Limited		
	4208965	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208966	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208967	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208968	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208969	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208970	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208971	8	Active	27-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4208972	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208973	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208974	16	Active	27-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4208975	1	Active	27-Oct-12	$400		Magma Metals (Canada) Limited		
	4208976	4	Active	27-Oct-12	$1,600		Magma Metals (Canada) Limited		
	4208977	13	Active	26-Oct-12	$5,200		Magma Metals (Canada) Limited		
	4208978	15	Active	26-Oct-12	$6,000		Magma Metals (Canada) Limited		
	4208979	15	Active	26-Oct-12	$6,000		Magma Metals (Canada) Limited		
	4208980	15	Active	26-Oct-12	$6,000		Magma Metals (Canada) Limited		
	4208981	15	Active	26-Oct-12	$6,000		Magma Metals (Canada) Limited		
	4208984	15	Active	27-Oct-12	$6,000		Magma Metals (Canada) Limited		
	4240541	4	Active	3-Apr-12	$1,600		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	27	318			$127,200				
Beaver Lake	**4210157**	12	Active	10-May-17	$4,800	$4,349,508	Magma Metals (Canada) Limited		Property bought from Zimowski & Pizzolato on October 4, 2011 for $1,000,000; now 100% Magma
	1	12			$4,800				
Casron Option	**1246796**	12	Active	19-Oct-12	$4,800		C. Zimowski, R. Pizzolato (Under option to earn 100%)		
	4211637	3	Active	22-Feb-12	$1,200		C. Zimowski, R. Pizzolato (Under option to earn 100%)	**Yes**	Work Report Filed 07Dec11
	4211638	3	Active	10-Nov-12	$1,200		C. Zimowski, R. Pizzolato (Under option to earn 100%)		
	3	18			$7,200				
Beck	**4214080**	9	Active	8-Feb-12	$3,600		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4213439	3	Active	8-Feb-12	$1,200		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	2	12			$4,800				
Beck Road	**4243771**	12	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243772	9	Active	28-May-12	$3,600		Magma Metals (Canada) Limited		
	4243773	12	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243774	6	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243775	4	Active	28-May-12	$1,600		Magma Metals (Canada) Limited		
	4243776	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243777	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243778	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243779	4	Active	28-May-12	$1,600		Magma Metals (Canada) Limited		
	4243780	15	Active	28-May-12	$6,000		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4243781	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243782	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243783	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243784	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243785	12	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243786	12	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243790	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243791	16	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	18	**230**			$92,000				
Bittern	**4214081**	16	Active	31-Jan-13	$6,400		Magma Metals (Canada) Limited		
	4214082	12	Active	31-Jan-13	$4,800		Magma Metals (Canada) Limited		
	4214083	12	Active	31-Jan-13	$4,800		Magma Metals (Canada) Limited		
	4214084	16	Active	31-Jan-13	$6,400		Magma Metals (Canada) Limited		
	4	56			$22,400				
Escape Creek	**4242801**	16	Active	22-May-12	$6,400		Magma Metals (Canada) Limited		
	4242802	12	Active	22-May-12	$4,800		Magma Metals (Canada) Limited		
	4242803	16	Active	22-May-12	$6,400		Magma Metals (Canada) Limited		
	4242804	12	Active	22-May-12	$4,800		Magma Metals (Canada) Limited		
	4242805	16	Active	22-May-12	$6,400		Magma Metals (Canada) Limited		
	4242806	16	Active	22-May-12	$6,400		Magma Metals (Canada) Limited		
	4242807	12	Active	22-May-12	$4,800		Magma Metals (Canada) Limited		
	4242808	6	Active	22-May-12	$2,400		Magma Metals (Canada) Limited		
	4242809	6	Active	22-May-12	$2,400		Magma Metals (Canada) Limited		
	4242810	5	Active	22-May-12	$2,000		Magma Metals (Canada) Limited		
	4242811	14	Active	22-May-12	$5,600		Magma Metals (Canada) Limited		
	4242812	14	Active	22-May-12	$5,600		Magma Metals (Canada) Limited		
	4242813	9	Active	22-May-12	$3,600		Magma Metals (Canada) Limited		
	4242814	9	Active	22-May-12	$3,600		Magma Metals (Canada) Limited		
	14	163			$65,200				
Escape Lake	**3005105**	12	Active	23-Oct-13	$4,800	$33,898	Magma Metals (Canada) Limited		
	3005106	3	Active	23-Oct-12	$1,200		Magma Metals (Canada) Limited		
	4225211	16	Active	13-Nov-13	$6,400		Magma Metals (Canada) Limited		
	4225212	12	Active	13-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4225213	12	Active	13-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4225214	4	Active	13-Nov-12	$1,600		Magma Metals (Canada) Limited		
	4225215	5	Active	13-Nov-12	$2,000		Magma Metals (Canada) Limited		
	4225216	9	Active	13-Nov-12	$3,600		Magma Metals (Canada) Limited		
	4225972	10	Active	23-Oct-12	$4,000		Magma Metals (Canada) Limited		
	4225973	9	Active	23-Oct-12	$3,600		Magma Metals (Canada) Limited		
	4225974	9	Active	26-Oct-12	$3,600		Magma Metals (Canada) Limited		
	4225975	6	Active	26-Oct-12	$2,400	$684,014	Magma Metals (Canada) Limited		
	12	107			$42,800				
Escape Road	**4243631**	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243632	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243633	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243634	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243635	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243637	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243638	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243639	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243640	**9**	Active	28-May-12	$3,600		Magma Metals (Canada) Limited		
	4243641	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243642	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4243643	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243644	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243645	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243646	**4**	Active	28-May-12	$1,600		Magma Metals (Canada) Limited		
	4243647	**14**	Active	28-May-12	$5,600		Magma Metals (Canada) Limited		
	4243648	**9**	Active	28-May-12	$3,600		Magma Metals (Canada) Limited		
	4243649	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243650	**1**	Active	28-May-12	$400		Magma Metals (Canada) Limited		
	4243651	**4**	Active	28-May-12	$1,600		Magma Metals (Canada) Limited		
	4243652	**15**	Active	28-May-12	$6,000		Magma Metals (Canada) Limited		
	21	**224**			$89,600				
Fitzpatrick	**4214075**	15	Active	31-Jan-13	$6,000		Magma Metals (Canada) Limited		
	4214076	15	Active	31-Jan-13	$6,000		Magma Metals (Canada) Limited		
	2	30			$12,000				
Furcate	**4208486**	12	Active	8-Feb-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4214124	6	Active	8-Feb-12	$2,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4226068	16	Active	13-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4228020	12	Active	13-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4	46			$18,400				
Greenwich Gap	**4229971**	8	Active	23-May-12	$3,200		Magma Metals (Canada) Limited		
	4229972	8	Active	23-May-12	$3,200		Magma Metals (Canada) Limited		
	4229973	8	Active	23-May-12	$3,200		Magma Metals (Canada) Limited		
	4229974	16	Active	23-May-12	$6,400		Magma Metals (Canada) Limited		
	4229975	8	Active	23-May-12	$3,200		Magma Metals (Canada) Limited		
	4242771	12	Active	23-May-12	$4,800		Magma Metals (Canada) Limited		
	4242772	16	Active	23-May-12	$6,400		Magma Metals (Canada) Limited		
	4242773	6	Active	23-May-12	$2,400		Magma Metals (Canada) Limited		
	4242774	16	Active	23-May-12	$6,400		Magma Metals (Canada) Limited		
	4242775	12	Active	23-May-12	$4,800		Magma Metals (Canada) Limited		
	10	110			$44,000				
Greenwich Lake	**4211163**	12	Active	31-Jan-13	$4,800		Magma Metals (Canada) Limited		
	4216374	6	Active	5-Jul-12	$2,400		Magma Metals (Canada) Limited		
	4218927	12	Active	5-Jul-12	$4,800		Magma Metals (Canada) Limited		
	4222631	12	Active	5-Jul-12	$4,800	$96,087	Magma Metals (Canada) Limited		
	4222632	8	Active	5-Jul-12	$3,200		Magma Metals (Canada) Limited		
	4222633	16	Active	5-Jul-12	$6,400		Magma Metals (Canada) Limited		
	4222634	16	Active	5-Jul-12	$6,400		Magma Metals (Canada) Limited		
	4222635	8	Active	5-Jul-12	$3,200		Magma Metals (Canada) Limited		
	4222636	12	Active	5-Jul-12	$4,800		Magma Metals (Canada) Limited		
	4222637	8	Active	5-Jul-12	$3,200		Magma Metals (Canada) Limited		
	4222638	8	Active	5-Jul-12	$3,200		Magma Metals (Canada) Limited		
	4222639	12	Active	5-Jul-12	$4,800		Magma Metals (Canada) Limited		
	4222640	16	Active	5-Jul-12	$6,400		Magma Metals (Canada) Limited		
	4222650	3	Active	5-Jul-12	$1,200		Magma Metals (Canada) Limited		
	14	149			$59,600				
Hicks Lake	**3018014**	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018015	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018016	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018017	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018018	15	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018019	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018028	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	3018055	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018056	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018057	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018058	15	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	3018059	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4240095	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4240097	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241533	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241534	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241535	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4241536	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4241537	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241716	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4241717	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241718	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4241719	8	Active	7-Oct-12	$3,200		Magma Metals (Canada) Limited		
	4241720	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4241727	16	Active	7-Oct-12	$6,400		Magma Metals (Canada) Limited		
	4245129	12	Active	7-Oct-12	$4,800		Magma Metals (Canada) Limited		
	4242150	1	Active	18-Apr-13	$4,800		Magma Metals (Canada) Limited		
	27	363			$150,400				
Hilltop	**4214077**	9	Active	31-Jan-13	$3,600		Magma Metals (Canada) Limited		
	1	9			$3,600				
Lone Island Lake	**4214273**	16	Active	12-Mar-15	$6,400	$396,316	Magma Metals (Canada) Limited		
	1	16			$6,400				
Lone Island West	**4221361**	12	Active	5-May-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221362	16	Active	5-May-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221363	16	Active	5-May-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221365	16	Active	5-May-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4	60			$24,000				
Loon Lake	**4240542**	8	Active	3-Apr-12	$3,200		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240543	16	Active	3-Apr-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240544	12	Active	3-Apr-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240545	6	Active	3-Apr-12	$2,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4243787	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243788	**8**	Active	28-May-12	$3,200		Magma Metals (Canada) Limited		
	4243789	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	7	**62**			$24,800				
Mackenzie	**4214118**	16	Active	31-Jan-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4225217	15	Active	13-Nov-12	$6,000		Magma Metals (Canada) Limited		
	4225218	15	Active	13-Nov-12	$6,000		Magma Metals (Canada) Limited		
	4225219	12	Active	13-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4225220	16	Active	13-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4226065	12	Active	13-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4226067	8	Active	13-Nov-12	$3,200		Magma Metals (Canada) Limited		
	7	94			$37,600				
Question Mark	**4214079**	8	Active	31-Jan-13	$3,200		Magma Metals (Canada) Limited		
	4214117	8	Active	31-Jan-13	$3,200		Magma Metals (Canada) Limited		
	4214119	16	Active	31-Jan-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4226066	16	Active	13-Nov-12	$6,400		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4	48			$19,200				
Steepledge	**4221364**	16	Active	5-May-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221366	5	Active	5-May-12	$2,000		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221367	4	Active	5-May-12	$1,600		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221368	12	Active	5-May-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221369	12	Active	5-May-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4221370	15	Active	5-May-12	$6,000		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4242141	16	Active	12-May-12	$6,400		Magma Metals (Canada) Limited		
	4242142	12	Active	12-May-12	$4,800		Magma Metals (Canada) Limited		
	4242143	7	Active	12-May-12	$2,800		Magma Metals (Canada) Limited		
	4242144	12	Active	12-May-12	$4,800		Magma Metals (Canada) Limited		
	4242145	8	Active	12-May-12	$3,200		Magma Metals (Canada) Limited		
	4242146	15	Active	12-May-12	$6,000		Magma Metals (Canada) Limited		
	4242147	11	Active	12-May-12	$4,400		Magma Metals (Canada) Limited		
	4242148	16	Active	12-May-12	$6,400		Magma Metals (Canada) Limited		
	4240536	15	Active	3-Apr-14	$6,000	$1,022,973	Magma Metals (Canada) Limited		
	4240537	15	Active	3-Apr-12	$6,000		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240538	12	Active	3-Apr-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240539	12	Active	3-Apr-12	$4,800		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4240540	4	Active	3-Apr-12	$1,600		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	19	219			$87,600				
Tartan Lake	**4243653**	**15**	Active	28-May-12	$6,000		Magma Metals (Canada) Limited		
	4243654	**15**	Active	28-May-12	$6,000		Magma Metals (Canada) Limited		
	4243656	**6**	Active	28-May-12	$2,400		Magma Metals (Canada) Limited		
	4243657	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243658	**12**	Active	28-May-12	$4,800		Magma Metals (Canada) Limited		
	4243659	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	4243660	**16**	Active	28-May-12	$6,400		Magma Metals (Canada) Limited		
	7	**92**			$36,800				
Twenty Minute	**4208485**	16	Active	7-Feb-12	$6,400		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4215436	8	Active	7-Feb-12	$3,200		Magma Metals (Canada) Limited	**Yes**	Work Report Filed 07Dec11
	4225183	16	Active	26-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4225184	16	Active	26-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4225186	2	Active	26-Nov-12	$800		Magma Metals (Canada) Limited		
	4225187	12	Active	26-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4228021	16	Active	26-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4228022	1	Active	26-Nov-12	$400		Magma Metals (Canada) Limited		
	4228023	6	Active	26-Nov-12	$2,400		Magma Metals (Canada) Limited		
	4228024	8	Active	26-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4228025	16	Active	26-Nov-12	$6,400		Magma Metals (Canada) Limited		
	11	117			$46,800				
TBN Totals	**220**	**2555**	**40880**	**hectares**	**$1,027,200**	**$9,391,990**			
Greenwich Joint Venture									
Greenwich JV	**3014745**	4	Active	9-Nov-15	$1,600	$54,648	Mega Uranium Ltd.		
	3014754	8	Active	9-Nov-15	$3,200		Mega Uranium Ltd.		
	4207834	2	Active	6-Jun-16	$800	$12,035	Mega Uranium Ltd.		
	4211690	10	Active	3-May-15	$4,000	$1,143	Mega Uranium Ltd.		
	4211691	4	Active	3-May-15	$1,600	$1,143	Mega Uranium Ltd.		
	4211692	16	Active	3-May-15	$6,400	$1,143	Mega Uranium Ltd.		
	4211693	8	Active	3-May-15	$3,200	$64,339	Mega Uranium Ltd.		
	4211694	2	Active	3-May-16	$800	$2,540	Mega Uranium Ltd.		
	4211695	1	Active	3-May-16	$400		Mega Uranium Ltd.		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4244231	16	Active	28-Nov-14	$6,400		Mega Uranium Ltd.		
	4244232	16	Active	28-Nov-15	$6,400	$191,964	Mega Uranium Ltd.		
	4244233	16	Active	28-Nov-15	$6,400		Mega Uranium Ltd.		
	4244234	16	Active	28-Nov-15	$6,400	$4,646	Mega Uranium Ltd.		
	4244235	3	Active	28-Nov-15	$1,200		Mega Uranium Ltd.		
	4244236	16	Active	28-Nov-16	$6,400	$1,143	Mega Uranium Ltd.		
	4244237	3	Active	28-Nov-16	$1,200		Mega Uranium Ltd.		
TBN Totals	**16**	**141**	**2256**	**hectares**	**$56,400**	**$334,744**	Under Joint Venture Agreement to Earn 60%		
Thunder Bay (TB) Regional Projects									
Block Creek	**4247332**	**16**	Active	29-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4247333	**16**	Active	29-Apr-12	$6,400	$120	Magma Metals (Canada) Limited		
	4247336	**16**	Active	29-Apr-12	$4,485		Magma Metals (Canada) Limited		
	4247342	**16**	Active	29-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4	**64**			**$23,685**				
Disreali	**4249101**	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249102	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	4249103	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249104	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	4249105	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249106	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	4249107	**4**	Active	20-Dec-12	$1,600		Magma Metals (Canada) Limited		
	4249108	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249109	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	4249110	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249111	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249112	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249113	**10**	Active	20-Dec-12	$4,000		Magma Metals (Canada) Limited		
	4249114	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	4249115	**16**	Active	20-Dec-12	$6,400		Magma Metals (Canada) Limited		
	4249119	**4**	Active	20-Dec-12	$1,600		Magma Metals (Canada) Limited		
	4249120	**4**	Active	20-Dec-12	$1,600		Magma Metals (Canada) Limited		
	4249121	**8**	Active	20-Dec-12	$3,200		Magma Metals (Canada) Limited		
	18	**198**			**$79,200**				
East Dog River	**4262824**	**12**	Active	23-Mar-13	$4,800		Magma Metals (Canada) Limited		
	4262825	**9**	Active	23-Mar-13	$3,600		Magma Metals (Canada) Limited		
	4262840	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	4262841	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	4262842	**7**	Active	2-May-13	$2,800		Magma Metals (Canada) Limited		
	4262843	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	4262844	**9**	Active	2-May-13	$3,600		Magma Metals (Canada) Limited		
	4262845	**8**	Active	2-May-13	$3,200		Magma Metals (Canada) Limited		
	4262846	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	4262847	**11**	Active	2-May-13	$4,400		Magma Metals (Canada) Limited		
	4262848	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	9	**136**			**$54,400**				
Jean	**4248548**	**4**	Active	9-Mar-12	$1,600		Magma Metals (Canada) Limited		
	4256801	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256802	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256803	**9**	Active	4-May-12	$3,600		Magma Metals (Canada) Limited		
	4256804	**9**	Active	4-May-12	$3,600		Magma Metals (Canada) Limited		
	4256805	**3**	Active	4-May-12	$1,200		Magma Metals (Canada) Limited		
	4256806	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4256807	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256808	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256809	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256810	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256811	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256812	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256813	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256814	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256815	**9**	Active	4-May-12	$3,600		Magma Metals (Canada) Limited		
	4256816	**9**	Active	4-May-12	$3,600		Magma Metals (Canada) Limited		
	4256817	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256818	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256819	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256820	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256821	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256822	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256823	**4**	Active	4-May-12	$1,600		Magma Metals (Canada) Limited		
	4256824	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256825	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256826	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256827	**16**	Active	4-May-12	$6,400		Magma Metals (Canada) Limited		
	4256828	**7**	Active	4-May-12	$2,800		Magma Metals (Canada) Limited		
	4256829	**12**	Active	4-May-12	$4,800		Magma Metals (Canada) Limited		
	4256830	**5**	Active	4-May-12	$2,000		Magma Metals (Canada) Limited		
	4256831	**4**	Active	4-May-12	$1,600		Magma Metals (Canada) Limited		
	4256832	**4**	Active	4-May-12	$1,600		Magma Metals (Canada) Limited		
	62	**387**			**$154,800**				
Little Sturge	**4262802**	**16**	Active	6-Jun-13	$6,400		Magma Metals (Canada) Limited		
	4262803	**16**	Active	6-Jun-13	$6,400		Magma Metals (Canada) Limited		
	2	**32**			**$12,800**				
Mary Lake	**4242779**	8	Active	11-May-12	$3,200		Magma Metals (Canada) Limited		Extension granted Sept. 1, 2011
	4262952	8	Active	11-Apr-13	$3,200		Magma Metals (Canada) Limited		
	1	**8**			**$3,200**				
Odette Lake	**4262809**	**16**	Active	2-May-13	$6,400		Magma Metals (Canada) Limited		
	4262810	**14**	Active	2-May-13	$5,600		Magma Metals (Canada) Limited		
	4262811	**12**	Active	2-May-13	$4,800		Magma Metals (Canada) Limited		
	4262812	**12**	Active	2-May-13	$4,800		Magma Metals (Canada) Limited		
	4262813	**15**	Active	2-May-13	$6,000		Magma Metals (Canada) Limited		
	5	**69**			**$27,600**				
Seagull North	**4268390**	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268391	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268392	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268393	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268394	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268395	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268396	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268397	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	4268398	**16**	Staked		$6,400		Eric Lyytinen		Approval & transfer pending
	9	**144**			**$57,600**				
Seagull South	**4247533**	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4247534	12		8-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4247535	1		8-Nov-12	$400		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4247536	1		8-Nov-12	$400		Magma Metals (Canada) Limited		
	4247537	1		8-Nov-12	$400		Magma Metals (Canada) Limited		
	4259688	12		8-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4259689	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259690	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259691	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259692	12		8-Nov-12	$4,800		Magma Metals (Canada) Limited		
	4259693	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259694	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259695	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259698	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259699	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259700	16		8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	19	**199**			**$79,600**				
Spike Lake	**4245226**	**8**	Active	11-May-12	$3,200		Magma Metals (Canada) Limited		Extension granted Sept. 1 2011
	4245227	**1**	Active	11-May-12	$400		Magma Metals (Canada) Limited		Extension granted Sept. 1 2012
	4245228	**16**	Active	11-May-12	$6,400	$782	Magma Metals (Canada) Limited		Extension granted Sept. 1 2013
	4245229	**16**	Active	11-May-12	$6,400		Magma Metals (Canada) Limited		Extension granted Sept. 1 2014
	4245230	**8**	Active	11-May-12	$3,200		Magma Metals (Canada) Limited		Extension granted Sept. 1 2015
	4262951	**14**	Active	11-Apr-13	$5,600		Magma Metals (Canada) Limited		
	5	**63**			**$19,600**				
Sprout Lake	**4262983**	**16**	Active	9-May-13	$6,400		Magma Metals (Canada) Limited		
	4262984	**8**	Active	9-May-13	$3,200		Magma Metals (Canada) Limited		
	4262985	**8**	Active	9-May-13	$3,200		Magma Metals (Canada) Limited		
	4262986	**16**	Active	9-May-13	$6,400		Magma Metals (Canada) Limited		
	4262987	**8**	Active	9-May-13	$3,200		Magma Metals (Canada) Limited		
	4262988	**16**	Active	9-May-13	$6,400		Magma Metals (Canada) Limited		
	4262989	**11**	Active	9-May-13	$4,400		Magma Metals (Canada) Limited		
	7	**83**			**$33,200**				
Spruce River	**4245417**	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		
	4245418	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245419	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245420	**16**	Active	17-Apr-12	$6,400	$4,853	Magma Metals (Canada) Limited		
	4245421	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245422	**16**	Active	17-Apr-12	$6,400	$8,113	Magma Metals (Canada) Limited		
	4245423	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245424	**9**	Active	17-Apr-12	$3,600		Magma Metals (Canada) Limited		
	4245425	**15**	Active	17-Apr-12	$6,000		Magma Metals (Canada) Limited		
	4245426	**15**	Active	17-Apr-12	$6,000		Magma Metals (Canada) Limited		
	4245427	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		
	4245428	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245429	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245430	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245431	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245432	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245433	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245434	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245435	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245436	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245437	**10**	Active	17-Apr-12	$4,000		Magma Metals (Canada) Limited		
	4245438	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245439	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245440	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245441	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
	4245442	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245443	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245444	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245445	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245446	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		
	4245447	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		
	4245448	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245449	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245450	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245651	**16**	Active	17-Apr-12	$6,400		Magma Metals (Canada) Limited		
	4245652	**12**	Active	17-Apr-12	$4,800		Magma Metals (Canada) Limited		
	4259651	**16**	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259652	**15**	Active	8-Nov-12	$6,000		Magma Metals (Canada) Limited		
	4259653	**16**	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259654	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259655	**16**	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259656	**16**	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259657	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259658	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259659	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259660	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259661	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259662	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259663	8	Active	8-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4259664	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259665	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259666	8	Active	8-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4259667	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259668	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259669	6	Active	8-Nov-12	$2,400		Magma Metals (Canada) Limited		
	4259670	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259671	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259672	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259673	8	Active	8-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4259674	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259675	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259676	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259677	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259678	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259679	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259680	8	Active	8-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4259681	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259682	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259683	8	Active	8-Nov-12	$3,200		Magma Metals (Canada) Limited		
	4259684	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259685	16	Active	8-Nov-12	$6,400		Magma Metals (Canada) Limited		
	4259686	10	Active	8-Nov-12	$4,000		Magma Metals (Canada) Limited		
	4259687	2	Active	8-Nov-12	$800		Magma Metals (Canada) Limited		
	73	**1058**			**$423,200**				
Totals TB Regional	**214**	**2441**	**39056**	**hectares**	**$911,294**	**$13,868**			
Quetico East (QTE) Project									
Bluff	**4266046**	**16**	Staked		$6,400		Ken Venema		Approval & transfer pending
	1	16			$6,400				
Chorus Lake	**4268385**	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	1	16			$6,400				

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
Devork Lake	**4243792**	**8**	Active	15-Apr-13	$3,200		Magma Metals (Canada) Limited		
	4243793	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243794	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243795	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243796	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243797	**8**	Active	15-Apr-13	$3,200		Magma Metals (Canada) Limited		
	4262958	**16**	Active	15-Aug-13	$6,400		Magma Metals (Canada) Limited		
	4262959	**12**	Active	15-Aug-13	$4,800		Magma Metals (Canada) Limited		
	4268360	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268361	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268362	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268363	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268364	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268365	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268366	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268367	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268368	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	4268369	**16**	Staked		$6,400		Michael Haveman		Approval & transfer pending
	16	**268**			**$107,200**				
Flail Creek	**4267319**	**16**	Staked		$6,400		Ken Venema		Approval & transfer pending
	1	16			$6,400				
Jackpine River	**4249132**	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	1	**16**			**$6,400**				
Long Lake	**4243798**	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243799	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248542	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248543	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248544	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248545	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248546	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249122	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249123	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249124	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249125	**8**	Active	15-Apr-13	$3,200		Magma Metals (Canada) Limited		
	4249126	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249127	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249128	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249129	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249130	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4249131	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4268370	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268371	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268372	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268373	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268374	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268375	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268376	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268377	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268378	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	4268379	**16**	Staked		$6,400		Greg Smith		Approval & transfer pending
	27	**264**			**$105,600**				

Project	Claim No.	No. of Units	Claim Status	Due Date	Amount Due	Banked Credits	Recorded Claim Holders	Work Rpt Pending	Comments
Mustela Lake	**4243636**	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243655	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4243696	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4247347	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4	**64**			**$25,600**				
Pic River	**4262691**	**16**	Active	18-Jul-13	$6,400		Magma Metals (Canada) Limited		
	4262955	**8**	Active	15-Aug-13	$3,200		Magma Metals (Canada) Limited		
	4262956	**16**	Active	15-Aug-13	$6,400		Magma Metals (Canada) Limited		
	4262957	**16**	Active	15-Aug-13	$6,400		Magma Metals (Canada) Limited		
	1	**56**			**$22,400**				
Steel River	**4243800**	**14**	Active	15-Apr-13	$5,600		Magma Metals (Canada) Limited		
	4247538	**13**	Active	15-Apr-13	$5,200		Magma Metals (Canada) Limited		
	4247539	**4**	Active	15-Apr-13	$1,600		Magma Metals (Canada) Limited		
	4248547	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248549	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	4248550	**16**	Active	15-Apr-13	$6,400		Magma Metals (Canada) Limited		
	6	**79**			**$31,600**				
Totals QTE	**60**	**827**	**13232**	**hectares**	**330800**	**$0**			
MAGMA TOTALS	***510***	***5964***	***95424***	**hectares**	***$2,325,694***	***$10,071,402***			
	Total Magma Claims Area	95424	Hectares	954	Square km				
	Total Magma Claims Area	238560	Acres	373	Square miles				

	Claims with assessment due before December 31, 2011
	Claims with assessment due before June 30, 2012
4247191	Claims Transfer to Magma Metals Pending
4248517	Claim Staked but Recording Approval Pending
4215436	Claims with Pending Work Report Approval
	Claims on extension

Appendix A: Tenement Schedule - Western Australian

TenType	Tenement ID	Project	JV Company	Ownership	TenStatus	Application Date	Area (km^2)	Date Granted	Renewal/ Expiry Date	Registered Holder 1	Registered Holder 2	Annual Statutory Expenditure Commitments	Annual Rates and Rents
LAURA RIVER - LIVE													
E	80/2523	Laura River	Nil		Live		29.3	28/06/2002	27/06/2012	Navigator Resources Ltd	Magma Metals Ltd	$70,000.00	$4,571.50
E	80/2552	Laura River	Nil		Live		128.7	22/08/2001	21/08/2012	Navigator Resources Ltd	Magma Metals Ltd	$120,000.00	$19,506.10
Total Laura River- Live							**158**					**$190,000.00**	**$24,077.60**
LAURA RIVER PENDING													
E	80/4645	Kimberley Iron	Nil	Magma 100%	Pending	25/08/2011	221.0			Magma Metals Ltd		$0.00	$0.00
P	80/1770	Kimberley Iron		Magma 70%	Pending	5/09/2011	0.7			Navigator Resources Ltd	Magma Metals Ltd	$0.00	$0.00
P	80/1771	Kimberley Iron		Magma 70%	Pending	5/09/2011	0.2			Navigator Resources Ltd	Magma Metals Ltd	$0.00	$0.00
P	80/1772	Kimberley Iron		Magma 70%	Pending	5/09/2011	0.5			Navigator Resources Ltd	Magma Metals Ltd	$0.00	$0.00
Total Laura River Pending							**222.5**					**$0.00**	**$0.00**
LAVERTON													
E	38/2027	Euro	Nil	Crescent 100%	Live		3.00	23/10/2008	22/10/2013	Crescent Gold Ltd		$10,000.00	$478.00
E	38/1652	Childe Harold	Nil	Crescent 100%	Live		22.68	29/03/2005	28/03/2012	Crescent Gold Ltd		$50,000.00	$3,490.62
E	38/1886	Sunshine	LEJV_Placer	Crescent 100%	Live		3.81	20/12/2006	19/12/2011	Crescent Gold Ltd		$30,000.00	$709.00
P	38/3327	Sunshine	LEJV_Placer	Crescent 100%	Live		0.13	19/01/2007	18/01/2015	Crescent Gold Ltd		$2,000.00	$260.80
E	39/1296	Shepherds Well	MPI Royalty	Crescent 100%	Live		18.19	13/01/2009	12/01/2014	Crescent Gold Ltd		$30,000.00	$1,642.00
P	39/4648	Shepherds Well	MPI Royalty	Crescent 100%	Live		1.20	13/01/2009	12/01/2013	Crescent Gold Ltd		$4,840.00	$496.20
M	38/0037	Lancefield	Nil	Crescent 100%	Live		6.50	4/12/1984	3/12/2026	Crescent Gold Ltd		$65,000.00	$13,239.20
M	38/0038	Lancefield	LEJV_Placer	Crescent 100%	Live		2.80	12/11/1984	11/11/2026	Crescent Gold Ltd		$28,100.00	$5,723.41
M	38/0039	Lancefield	LEJV_Placer	Crescent 100%	Live		4.80	12/11/1984	11/11/2026	Crescent Gold Ltd		$48,000.00	$9,776.64
M	38/0040	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		9.87	12/11/1984	11/11/2026	Crescent Gold Ltd		$98,700.00	$20,103.22
M	38/0046	Danny Bore	LEJV_Placer	Crescent 100%	Live		6.36	12/11/1984	11/11/2026	Crescent Gold Ltd		$63,700.00	$12,969.05
M	38/0048	Garden Well	LEJV_Placer	Crescent 100%	Live		6.12	12/11/1984	11/11/2026	Crescent Gold Ltd		$61,200.00	$12,465.22
M	38/0049	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		9.45	12/11/1984	11/11/2026	Crescent Gold Ltd		$94,600.00	$19,268.13
M	38/0052	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		1.05	17/01/1985	16/01/2027	Crescent Gold Ltd		$10,600.00	$2,159.01
M	38/0101	Garden Well	LEJV_Placer	Crescent 100%	Live		5.83	30/08/1988	29/08/2030	Crescent Gold Ltd		$58,400.00	$11,894.91
M	38/0159	Lancefield North	LEJV_Placer	Crescent 100%	Live		5.97	30/08/1988	29/08/2030	Crescent Gold Ltd		$59,800.00	$12,180.06
M	38/0342	Gladiator	LEJV_Placer	Crescent 100%	Live		3.16	15/04/1993	14/04/2014	Crescent Gold Ltd		$31,700.00	$6,456.66
M	38/0358	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		1.20	18/06/1993	17/06/2014	Crescent Gold Ltd		$12,000.00	$2,444.16
M	38/0363	Gladiator	LEJV_Placer	Crescent 100%	Live		0.05	27/08/1993	26/08/2014	Crescent Gold Ltd		$10,000.00	$320.00
M	38/0364	Gladiator	LEJV_Placer	Crescent 100%	Live		0.18	27/08/1993	26/08/2014	Crescent Gold Ltd		$10,000.00	$515.00
M	38/0372	Red Flag	LEJV_Placer	Crescent 100%	Live		1.20	24/11/1993	23/11/2014	Crescent Gold Ltd		$12,000.00	$2,444.16
M	38/0535	Garden Well	LEJV_Placer	Crescent 100%	Live		4.65	14/10/1998	13/10/2019	Crescent Gold Ltd		$46,500.00	$9,471.12
M	38/0693	Red Flag	LEJV_Placer	Crescent 100%	Live		9.99	21/12/1999	20/12/2020	Crescent Gold Ltd		$99,900.00	$20,347.63
M	38/0694	Red Flag	LEJV_Placer	Crescent 100%	Live		9.66	21/12/1990	20/12/2020	Crescent Gold Ltd		$96,600.00	$19,675.49
P	38/3489	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		0.02	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$252.00
P	38/3490	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		0.34	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$307.00
P	38/3491	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		1.11	11/11/2008	10/11/2012	Crescent Gold Ltd		$4,480.00	$476.40
P	38/3492	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		1.17	11/11/2008	10/11/2012	Crescent Gold Ltd		$4,720.00	$489.50
P	38/3495	Beasley / Gladiator	LEJV_Placer	Crescent 100%	Live		0.07	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$252.00
P	38/3653	Euro		Crescent 100%	Live		0.47	27/11/2008	26/11/2012	Crescent Gold Ltd		$2,000.00	$335.60
E	38/1930	Hawks Nest	LEJV_Placer	Crescent 100%	Live		183.00	13/04/2007	12/04/2012	Crescent Gold Ltd		$91,500.00	$16,099.37
E	38/1642	Burtville	Nil	Crescent 100%	Live		10.51	3/11/2006	2/11/2012	Crescent Gold Ltd		$30,000.00	$1,427.50
E	38/1725	Burtville West	Nil	Crescent 100%	Live		16.20	16/03/2006	15/03/2013	Crescent Gold Ltd		$30,000.00	$1,427.50
P	38/3488	Lancefield	LEJV_Placer	Crescent 100%	Live		0.53	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,160.00	$348.80
E	38/2033	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		16.95	5/02/2009	4/02/2014	Crescent Gold Ltd		$30,000.00	$1,289.00
E	38/2034	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		3.00	23/09/2008	22/09/2013	Crescent Gold Ltd		$10,000.00	$503.00
P	38/3717	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.65	6/02/2009	5/02/2013	Crescent Gold Ltd		$6,640.00	$595.20

TenType	Tenement ID	Project	JV Company	Ownership	TenStatus	Application Date	Area (km^2)	Date Granted	Renewal/ Expiry Date	Registered Holder 1	Registered Holder 2	Annual Statutory Expenditure Commitments	Annual Rates and Rents
P	38/3718	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		0.68	4/11/2008	3/11/2012	Crescent Gold Ltd		$2,760.00	$381.80
P	38/3719	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		0.35	4/11/2008	3/11/2012	Crescent Gold Ltd		$2,000.00	$309.20
P	38/3726	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.30	1/08/2008	31/07/2012	Crescent Gold Ltd		$5,280.00	$520.40
P	38/3727	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.53	1/08/2008	31/07/2012	Crescent Gold Ltd		$6,160.00	$568.80
P	38/3728	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.99	1/08/2008	31/07/2012	Crescent Gold Ltd		$8,000.00	$670.00
P	38/3729	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.96	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,880.00	$663.40
P	38/3730	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.83	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,360.00	$634.80
P	38/3731	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.62	1/08/2008	31/07/2012	Crescent Gold Ltd		$6,520.00	$588.60
P	38/3732	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.94	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,800.00	$659.00
P	38/3733	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.97	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,920.00	$665.60
P	38/3734	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.94	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,800.00	$659.00
P	38/3735	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.52	1/08/2008	31/07/2012	Crescent Gold Ltd		$6,120.00	$566.60
P	38/3736	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.70	1/08/2008	31/07/2012	Crescent Gold Ltd		$6,840.00	$606.20
P	38/3737	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		1.74	1/08/2008	31/07/2012	Crescent Gold Ltd		$7,000.00	$615.00
P	38/3738	Ida / Barnicoat	LEJV_Placer	Crescent 100%	Live		0.02	1/08/2008	31/07/2012	Crescent Gold Ltd		$2,000.00	$252.00
P	38/3499	Red Flag	LEJV_Placer	Crescent 100%	Live		0.80	27/11/2008	26/11/2012	Crescent Gold Ltd		$3,200.00	$406.00
P	38/3500	Mt Crawford	LEJV_Placer	Crescent 100%	Live		1.86	27/11/2008	26/11/2012	Crescent Gold Ltd		$7,440.00	$639.20
P	38/3501	Mt Crawford	LEJV_Placer	Crescent 100%	Live		1.86	27/11/2008	26/11/2012	Crescent Gold Ltd		$7,440.00	$639.20
P	38/3493	Red Flag	LEJV_Placer	Crescent 100%	Live		0.62	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,520.00	$368.60
P	38/3494	Red Flag	LEJV_Placer	Crescent 100%	Live		0.13	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$260.80
P	38/3720	Hawks Nest	LEJV_Placer /MPI Royalty	Crescent 100%	Live		1.31	4/11/2008	3/11/2012	Crescent Gold Ltd		$5,240.00	$518.20
P	38/3721	Hawks Nest	LEJV_Placer /MPI Royalty	Crescent 100%	Live		0.39	4/11/2008	3/11/2012	Crescent Gold Ltd		$2,000.00	$318.00
P	38/3496	Windarra East	LEJV_Placer	Crescent 100%	Live		0.22	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$278.40
P	38/3497	Windarra East	LEJV_Placer	Crescent 100%	Live		1.41	30/11/2009	29/11/2013	Crescent Gold Ltd		$5,640.00	$540.20
P	38/3498	Windarra East	LEJV_Placer	Crescent 100%	Live		0.05	11/11/2008	10/11/2012	Crescent Gold Ltd		$2,000.00	$252.00
P	38/3502	Red Flag	LEJV_Placer	Crescent 100%	Live		0.11	27/11/2008	26/11/2012	Crescent Gold Ltd		$2,000.00	$254.20
P	38/3503	Red Flag	LEJV_Placer	Crescent 100%	Live		0.09	21/11/2008	20/11/2012	Crescent Gold Ltd		$2,000.00	$252.00
P	39/4782	Shepherds Well	Nil	Crescent 100%	Live		0.51	13/01/2009	12/01/2013	Crescent Gold Ltd		$2,080.00	$344.40
P	38/3122	Burtville West	Nil	Crescent 100%	Live		0.23	25/06/2009	24/06/2013	Crescent Gold Ltd		$2,000.00	$282.80
Total Laverton							**404.56**					**$1,390,140.00**	**$226,046.96**
ROE													
E	28/1659	Roe	Mega-Min Royalty	Magma 100%	Live		187.92	21/03/2007	20/03/2012	Magma Metals Ltd		$87,000.00	$14,331.70
E	28/1416	Roe	Nil	Magma 100%	Live		58.32	29/09/2004	28/09/2011	Magma Metals Ltd		$70,000.00	$9,189.48
Total Roe							**246.24**					**$157,000.00**	**$23,521.18**
GRIFFINS FIND													
E	70/3659	Griffins Find	B A McNab	McNab 100%	Live	6/07/2009	94.89	29/03/2011	28/03/2016	McNab Brian Alexander		$33,000.00	$4,744.50
E	70/1958	Griffins Find	B A McNab	McNab 100%	Live		25.92	2/08/1999	1/08/2012	McNab Brian Alexander		$70,000.00	$4,597.00
E	70/2465	Griffins Find	B A McNab	McNab 100%	Live		6.48	7/01/2002	6/01/2012	McNab Brian Alexander		$50,000.00	$1,149.00
Total Griffins Find							**127.29**					**$153,000.00**	**$10,490.50**
LAKE GRACE													
E	70/4098	Lake Grace	Nil	Magma 100%	Pending	15/04/2011	487.5			Greenstone Metals Ltd		$0.00	$0.00
E	70/4121	Lake Grace	Nil	Magma 100%	Pending	13/05/2011	492.27			Greenstone Metals Ltd		$0.00	$0.00
E	70/4122	Lake Grace	Nil	Magma 100%	Pending	13/05/2011	543.18			Greenstone Metals Ltd		$0.00	$0.00
E	70/4127	Lake Grace	Nil	Magma 100%	Pending	19/05/2011	487.5			Greenstone Metals Ltd		$0.00	$0.00
E	70/4128	Lake Grace	Nil	Magma 100%	Pending	19/05/2011	487.5			Greenstone Metals Ltd		$0.00	$0.00
E	70/4141	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	500.5			Greenstone Metals Ltd		$0.00	$0.00
E	70/4142	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	416			Greenstone Metals Ltd		$0.00	$0.00
E	70/4143	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	648			Greenstone Metals Ltd		$0.00	$0.00
E	70/4144	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	648			Greenstone Metals Ltd		$0.00	$0.00

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E	70/4145	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	648			Greenstone Metals Ltd		$0.00	$0.00
E	70/4146	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	567			Greenstone Metals Ltd		$0.00	$0.00
E	70/4147	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	567			Greenstone Metals Ltd		$0.00	$0.00
E	70/4148	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	648			Greenstone Metals Ltd		$0.00	$0.00
E	70/4149	Lake Grace	Nil	Magma 100%	Pending	8/06/2011	648			Greenstone Metals Ltd		$0.00	$0.00
E	70/4181	Lake Grace	Nil	Magma 100%	Pending	19/07/2011	119.95			Greenstone Metals Ltd		$0.00	$0.00
E	70/4231	Lake Grace	Nil	Magma 100%	Pending	29/09/2011	370.43			Greenstone Metals Ltd		$0.00	$0.00
E	70/4232	Lake Grace	Nil	Magma 100%	Pending	29/09/2011	510.09			Greenstone Metals Ltd		$0.00	$0.00
E	70/4233	Lake Grace	Nil	Magma 100%	Pending	29/09/2011	580.7			Greenstone Metals Ltd		$0.00	$0.00
E	70/4234	Lake Grace	Nil	Magma 100%	Pending	29/09/2011	293.26			Greenstone Metals Ltd		$0.00	$0.00
E	70/4236	Lake Grace	Nil	Magma 100%	Pending	3/10/2011	324.3			Greenstone Metals Ltd		$0.00	$0.00
E	70/4247	Lake Grace	Nil	Magma 100%	Pending	10/10/2011	393.2			Greenstone Metals Ltd		$0.00	$0.00
E	70/4251	Lake Grace	Nil	Magma 100%	Pending	26/10/2011	388.18			Greenstone Metals Ltd		$0.00	$0.00
E	70/3619			JML 100%	Live	18/03/2009	158.17	21/07/2010	20/07/2015	JML Resources Pty Ltd		$57,000.00	$8,895.50
Total Lake Grace							**10926.73**					**$57,000.00**	**$8,895.50**
MT JEWELL													
E	24/173	Mt Jewell		Magma 100%	Live	30/06/2010	46.16	19/04/2011	18/04/2016	Magma Metals Ltd		$22,000.00	$3,163.00
E	24/180	Mt Jewell		Magma 100%	Pending	1/06/2011	91.92			Greenstone Metals Ltd		$0.00	$0.00
P	29/1905	Mt Jewell		Magma 80%	Live		1.95	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,800.00	$589.00
P	29/1906	Mt Jewell		Magma 80%	Live		1.99	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,960.00	$597.80
P	29/1907	Mt Jewell		Magma 80%	Live		1.96	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,840.00	$591.20
P	29/1908	Mt Jewell		Magma 80%	Live		1.88	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,520.00	$573.60
P	29/1909	Mt Jewell		Magma 80%	Live		1.91	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,640.00	$580.20
P	24/4041	Mt Jewell		Magma 80%	Live		1.87	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,480.00	$611.40
P	24/4042	Mt Jewell		Magma 80%	Live		1.96	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,840.00	$631.20
P	24/4043	Mt Jewell		Magma 80%	Live		1.9	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,600.00	$618.00
P	24/4044	Mt Jewell		Magma 80%	Live		2	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$8,000.00	$640.00
P	24/4045	Mt Jewell		Magma 80%	Live		1.97	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,880.00	$633.40
P	27/1695	Mt Jewell		Magma 80%	Live		1.96	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,840.00	$631.20
P	27/1696	Mt Jewell		Magma 80%	Live		1.83	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,320.00	$602.60
P	27/1697	Mt Jewell		Magma 80%	Live		1.94	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,760.00	$626.80
P	27/1698	Mt Jewell		Magma 80%	Live		1.88	22/08/2007	21/08/2015	Western Areas NL	Magma Metals Ltd	$7,520.00	$613.60
Total Mt Jewell							**165.08**					**$130,000.00**	**$11,703.00**
						GRAND TOTALS	**12,250.35**					**$2,077,140.00**	**$304,734.74**

Appendix B: Geological Risk Methodology

Exploration Valuation Methodology

Introduction to the Valuation Methodology

The valuation method developed by SRK and applied to the several projects is primarily designed to inform the reader of exploration value and of progress to discovery, based on the following criteria:

- Exploration Stage, i.e. position of the exploration project on the pathway to discovery;
- Probability of the exploration project proceeding to the next Exploration Stage;
- Cost of proceeding to the next Exploration Stage; and
- Minimum / threshold value of the Company corporate target.

Each company has its own financial criteria for projects that, in its view, will provide a satisfactory return on shareholders' funds. This threshold value is the expected Net Present Value (NPV) of the target resource that has to be delivered to the company, meeting its financial criteria, by the business of exploration. The target resource, in order to increase shareholders' value, must satisfy those criteria of minimum profitability, to provide the acceptable return, and a minimum size threshold to provide an acceptable mine-life. If this is not the case, then shareholders' value will be destroyed and the business of exploration becomes uneconomic.

In SRK's approach, the Expected Value of an economic discovery is the probability of the exploration project advancing to the next Exploration Stage times the Target Value, less the cost of discovery, as shown in the following formula:

$$EV = (TV\ P) – C$$

(where EV = Expected Value; TV = Target Value; P = Probability of advancing exploration project; and C = Cost of advancing exploration project).

This valuation method generates an Expected Value for each project at each of the main exploration stages, or decision points, by working back from a project's target value. This requires an assessment of the risk profile and the cost of each of the principal exploration stages. This process can be considered as a simplified 'roll-back' evaluation similar to one arm of a 'successful' decision tree analysis, as shown in a tabulated form in Table D1. Because the decision to proceed to the next stage is a forward-looking one, present dollar values are used for costs, based either on actual or budgeted costs that the exploring company can provide at the time. Where such cost information is lacking, the valuer must make an assumption based on experience and historical knowledge, and this is the case for this valuation.

Definition and Discussion of Exploration Stages

Exploration Stages defined for the projects are defined in Table D1 as follows.

Table D1: Definition of Exploration Stages

Stage A. Ground Acquisition, project generation	Goals:	• To build an expert team for the belt/region • To have knowledge, knowledge management and data / information availability for the belt • To acquire ground in well-endowed belts, considering availability, political/environmental risks
Probabilities/risks associated with progressing from Stage A to Stage B, i.e. $P_{(A-B)}$ *Probability that the process of Ground Acquisition (A) will result in the acquisition of high quality, well-endowed and available ground that is worthy of further work*		
Stage B. Prospect Definition (Mapping & Geochemistry)	Goals:	• To define drillable targets • To build area knowledge, quality data management systems, suitable geological models • To use efficient exploration methods, geologic skills of exploration team • To define prospect risks and target ranking tools, exploration audit process • To test presence of mineralising system
Probabilities/risks associated with progressing from Stage B to Stage C, ie. P(B-C) *Probability that this process will define drillable targets (features that meet criteria of the geological model and knowledge of the area)*		
Stage C. Drill Testing (Systematic RC, DD)	Goals:	• To test geological models, accuracy of mapping and sampling • To test geological information gathered during prospect definition • To test presence of mineralising system
Probabilities/risks associated with progressing from Stage C to Stage D, i.e. P(C-D) *Probability that the drill testing phase will result in one or more "economic drill intersections" that would be further drill tested* *The decision to continue would be supported by other geological information that would give some initial confidence in the continuity of mineralisation*		
Stage D. Resource Delineation	Goals:	• To have confidence in size and grade potential, continuity of grade and geological setting • To understand controls on grade distribution
Probabilities/risks associated with progressing from Stage D to Stage E, i.e. P(D-E) *Probability that a "drill-out" will result in the definition of a preliminary resource that is sufficiently robust at present prices to warrant proceeding to feasibility*		
Stage E. Feasibility	Goals:	• To determine metallurgy, metal prices, mineability, cost, prices, mineral balance sheet • To result in decision to mine, asset with defined NPV
Probabilities/risks associated with progressing from Stage E to target NPV *Probability that the feasibility study will deliver an ore reserve*		

Determining Early Stage Exploration Probabilities

The early Exploration Stages A to B to C lead up to the discovery of a 'mineral occurrence' by a potentially 'economic' drill intersection. The probability of a project proceeding from one stage to the next is firmly based on the geological model, its critical success factors and the application of Bayesian probabilistic analysis. This method requires:

- building the underlying geological process model;
- identifying the critical success factors; and
- assignment of probability to each factor.

The probability of the occurrence of a mineral deposit can be derived from the product of the relative probabilities of each of the critical success factors, assuming that probabilities of occurrence of each of the critical factors are independent:

$$P = P1 \times P2 \times P3 \times P4$$

(Where P = probability of advancing exploration project and P1-4 = probability of occurrence of each of the critical success factors of the geological process model).

Usually, no more than three or four critical success factors will apply, and the processes of any geological model for the formation of Archean gold deposits generally include the following essentials:

- source of mineralising fluids (**Source, P1**);
- active geological structures to provide a pathway (**Pathway, P2**);
- evidence for movement of those fluids (**Fluid, P3**); and
- a structural or reactive trap to cause deposition of metals from mineralising fluids (**Trap, P4**).

For each relative probability of the critical success factors described above, a value between 1.0 and 0.0 is assigned, where a value of 1.0 indicates that the factor is definitely present, and 0.0 indicates that the factor is definitely not present. A value of 0.5 is assigned where information about the factor is not known or data are not available. Therefore a relative probability > 0.5 indicates that there is a degree of evidence that the factor is present, whereas a relative probability < 0.5 indicates that there is a degree of evidence that the factor is not present.

Each exploration project is carefully reviewed in relation to the geological process model for the target or region. Relative probabilities are assigned to each factor for each project, and multiplied to obtain an overall probability, P, that all of the essential components of the mineralising system are present in the target or region. This probability is then assigned to the relevant Exploration Stage in the valuation spreadsheet, representing the probability that the exploration project or prospect could advance to the next phase of exploration.

The benefits of the Bayesian probabilistic approach include:

- Semi quantitative, geologically based, simple to apply and mathematically sound;
- Consistent disciplined approach to evaluating targets within and between regions;
- Transparent, explicit, challengeable and changeable with new results;
- Assesses exploration risk profile and cost in a consistent and quantitative method; and
- Value of company minimum target is embedded

Determining Late Stage Exploration Probabilities

To establish the risk profile for the exploration process requires estimation of regional or belt-wide probabilities for the style of target sought by the company. As most exploration projects will tend to fall into the early Stages B & C, for valuation purposes it is also necessary to assign probabilities to the later Stages D & E in order to complete the valuation spreadsheet. A range of probabilities can be estimated at each Exploration Stage based on the high knowledge and experience in each belt, e.g. the number of prospects generated, the number that advanced to drilling and to resource definition and finally to feasibility studies. Accumulation of knowledge in the early Exploration Stages and strong focus in 'well-endowed' belts is a major value-creating step in the exploration business.

For example, where a company has a long history of exploration on large tenement blocks in belts, a range of probabilities can be readily established. Where this knowledge is less known, these belt-wide probabilities have to be assumed by the valuer based on their knowledge of the belt, available historical data and collective experience. Assigning belt wide probabilities may seem difficult at first, but in reality it is what SGW does every time it makes a decision to acquire a property, or to spend company funds on a prospect to progress it to the next Stage.

This valuation utilises a robust set of probabilities and costs for later stage exploration properties generated from a detailed historic exploration review of a mature exploration district, Laverton (see Lord *et al.,* 2001). These data

were compiled in 2000 by Deb Lord and Peter Williams (SRK) and were used to determine project probabilities and exploration expenditure for the district. A list of exploration projects in the Laverton District was generated and the principal sources of information used for the review were Department of Minerals and Energy Annual Technical Reports for exploration projects and Form 5 expenditure reports for individual tenements.

In all cases the probability of advancing to the next exploration stage is related to how that stage is defined. For example if a large exploration target is the company's aim, then this will be harder to achieve and therefore a lower probability than if a smaller target has been stated. Therefore the assignment of probabilities in such cases relies on an assessment of the geological understanding at that point in time.