



MAGNUM
MINING & EXPLORATION LIMITED

QUARTERLY REPORT 31 MARCH 2012

MAGNUM MINING AND EXPLORATION LIMITED

("Magnum" or the "Company") (ASX:MGU)

OPERATIONS

Tantalite Valley Project, Namibia

The Tantalite Valley project is located on Mining Licence 77, near Karasburg and Warmbad, within the Magisterial district of Karas in the south of Namibia.

The Company is actively seeking investment in the project from end users or other parties interested in developing the project. The Company has received continued interest in this regard.

OTHER ACTIVITIES

Exercise of Option to Acquire Brazilian Iron Ore Project

As announced to ASX on 26 September 2011, Magnum Mining and Exploration Limited (**Magnum** or the **Company**) (ASX: MGU) entered into an option and exclusivity agreement (**Option Agreement**) pursuant to which OCRA Trustees (Seychelles) Limited as trustee of Global Trust (**OCRA**) granted to Magnum an irrevocable exclusive option (**Option**) to acquire all of the fully paid issued shares (**Shares**) in Irongates (Aust) Pty Ltd (**IAPL**). As announced to ASX on 22 December 2011, the Company successfully negotiated an extension of the exercise period for the Option to 16 April 2012.

IAPL holds 100% of the issued capital in Gates Minerals Pty Ltd (**GMPL**). IAPL also holds 99% of Irongates Brasil Recursos Mineraiis Ltda (a company registered in Sao Paulo) (**IBRML**) and GMPL holds the remaining 1% in IBRML. IBRML holds contractual rights to acquire Emicon Mineracao Terraplenagem Ltda's (**Emicon**) iron ore project in Brazil (**Brazilian Iron Ore Project**).

The Company further announced on 13 April 2012 that it has exercised the Option in accordance with the terms of the Option Agreement. However, notwithstanding exercise of the Option, the acquisition remains subject to Magnum being satisfied (in its sole and absolute discretion) with the results of its due diligence investigations into IAPL, GMPL, IBRML and the Brazilian Iron Ore Project.

The Company has conducted some due diligence inquiries into IAPL, GMPL, IBRML and the Brazilian Iron Ore Project. However, Magnum has not yet been able to satisfactorily complete its due diligence investigations. Accordingly, Magnum will continue its due diligence investigations in conjunction with its negotiations with OCRA over the terms of a formal agreement for the acquisition of the Shares.

The Company will provide updates to the market as and when it completes its due diligence enquiries.

Magnum Mining & Exploration Ltd

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Details of the Brazilian Iron Ore Project

The Brazilian Iron Ore Project is located in the south western part of the well known "Iron Quadrangle" in Serra Azul in the state of Minas Gerais, Brazil. The Iron Quadrangle is an important iron mining region and one of the most important metallogenic provinces in the world and has been mined for iron ore since the nineteenth century.

The Brazilian Iron Ore Project consists of an in situ exploration project and a sinter feed project containing alluvial tailings (**Sinter Feed Project**). Due to the alluvial nature of the Sinter Feed Project, the sinter feed fines may present an early production opportunity.

Both the Brazilian Iron Ore Project and Sinter Feed Project areas are located approximately 18km away from Brazil's MRS railway network, providing excellent infrastructure logistics to transport its iron ore to major ports located off the coast of Rio de Janeiro and São Paulo.

The Company has commenced comprehensive due diligence investigations in respect of the Brazilian Iron Ore Project and Sinter Feed Project.

The Proposed Terms of the Formal Agreement are outlined in detail in the Company Announcement dated 26 September 2011.

The ability of the Company to achieve its objectives will depend on the performance by each of the relevant parties of their respective obligations under the Option Agreement and, in the event that Magnum exercises the Option, the Formal Agreement. Further, IBRML's interests in the Brazilian Iron Ore Project and Sinter Feed Project will depend on Emicon's compliance with the contractual arrangements between Emicon and IBRML and the ability of IBRML to enforce those rights. Failure by the parties to comply with their respective contractual obligations may adversely affect the interests of the Company and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

Re-compliance with Chapters 1 and 2 upon exercise of Option

In the event that the Company exercises the Option, it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules which will include, among other things, obtaining shareholder approval for the Proposed Transaction and issuing a prospectus.

A handwritten signature in black ink that reads "G. Button". The signature is written in a cursive style with a large, sweeping initial "G".

GRANT BUTTON
Chief Executive Officer/Company Secretary

Further information please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Magnum Mining and Exploration Limited

ABN

70 003 170 376

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(82)	(82)
1.3 Dividends received	(67)	(67)
1.4 Interest and other items of a similar nature received	20	20
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	12	12
Net Operating Cash Flows	(117)	(117)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) financial assets (e) Businesses		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(1)	(1)
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(1)	(1)
1.13 Total operating and investing cash flows (carried forward)	(118)	(118)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(118)	(118)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(118)	(118)
1.20	Cash at beginning of quarter/year to date	2,057	2,057
1.21	Exchange rate adjustments to item 1.20	(2)	(2)
1.22	Cash at end of quarter	1,937	1,937

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	1

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	80
Total	180

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	94	234
5.2 Deposits at call	1,843	1,823
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,937	2,057

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	171,315,612	161,165,612	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 26 April 2012

Print name: Grant Button
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flow* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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