



**Magnum Mining and Exploration Limited**  
A.B.N. 70 003 170 376

**Interim Report**  
**for the half-year ended**  
**30 June 2007**

**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

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**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

**Directors' report**

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Magnum Mining and Exploration Limited (referred to hereafter as the "Company") and the entities it controlled at the end of, or during the half-year ended 30 June 2007.

**Directors**

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

G M Button  
G A Nealon  
J C Schiller

J B Rodger and P R Richard were directors from the beginning of the financial year until their resignation on 31 May 2007.

**Operating results**

The consolidated loss of the Group for the half-year after income tax and minority interest was \$1,308,780 (2006 half-year loss \$103,378).

**Review of operations**

**Tantalite Valley Project, Namibia**

During the half year the Company announced that it had been advised in writing that the Honourable Minister of Mines and Energy for Namibia had approved the application for the transferral of Mining Licence 77 from Tantalite Valley Estates (Pty) Ltd to Tameka Shelf Company Four (Pty) Ltd ("Tameka"), a fully owned subsidiary of the Company.

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

On 5 July 2007, subsequent to the end of the half-year, the Company announced that it had settled the acquisition of the Tantalite Valley project.

The Company acquired the Tantalite Valley project under the terms set out in the announcement dated 11 May 2006 and in the Explanatory Memorandum to the General Meeting of shareholders held on 31 July 2006. The Company has paid an amount of N\$8 million (A\$1.46 million) in cash and has previously issued 15 million fully paid ordinary shares in the Company as consideration. The shares issued pursuant to the purchase have been held in voluntary escrow and have been delivered to the counterparties now that the settlement has been completed.

**Bunawan Project, Philippines**

The Bunawan Project is a joint venture between the Company and Philsaga Mining Corporation ("Philsaga"), and Philsaga manages all exploration work. The Company can earn 50% equity in the project from Philsaga by the expenditure of US\$1.5 million. The Bunawan Project is located 5 km to 10 km south of Philsaga's operating Co-O gold mine within the Diwata Range of Eastern Mindanao.

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**Directors' report**

**Bunawan Project, Philippines (continued)**

The results of diamond drill hole BUN-001 were reviewed. Drill hole BUN-001 is located in the Maboyo Prospect where outcropping epithermal quartz veins are associated with copper and gold anomalism in stream sediments. The hole was designed to test for epithermal quartz vein mineralization in the upper part of the hole and possible indications of porphyry copper-gold mineralization in the lower part of the hole. Between 117.5 – 124.0m down-hole a zone was intersected with quartz veins and low grade gold mineralization between 0.20 – 0.50 gpt Au.

**Other activities**

The company continues to monitor exploration opportunities both in areas of current company activity and other regions.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read "G. Button", with a stylized flourish above the first letter.

**G M Button**  
**Chief Executive Officer**

12 September 2007

**Auditor's Independence Declaration**

As auditor for the review of the financial report of Magnum Mining and Exploration Limited for the half year ended 30 June 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magnum Mining and Exploration Limited.



Perth, Western Australia  
12 September 2007

**W M CLARK**  
Partner, HLB Mann Judd

**Magnum Mining and Exploration Limited**  
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**Consolidated income statement**  
**For the half-year ended 30 June 2007**

	<b>Half-Year</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>	<b>48,601</b>	<b>8,131</b>
Share of net loss of associate accounted for using the equity method	-	(103)
Amount written off on acquisition of subsidiary	<b>(774,982)</b>	-
Exploration expenditure written off	<b>(237,610)</b>	-
Administration expense	-	(80,428)
Depreciation expense	<b>(4,373)</b>	-
Other expenses	<b>(340,416)</b>	<b>(30,978)</b>
<b>Loss before income tax expense</b>	<b>(1,308,780)</b>	<b>(103,378)</b>
Income tax expense	-	-
<b>Loss from continuing operations</b>	<b>(1,308,780)</b>	<b>(103,378)</b>
<b>Loss for the half-year</b>	<b>(1,308,780)</b>	<b>(103,378)</b>
Profit/(loss) attributable to minority interest	-	-
<b>Loss attributable to members of Magnum Mining and Exploration Limited</b>	<b>(1,308,780)</b>	<b>(103,378)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	<b>(1.04)</b>	(0.13)
Diluted earnings per share	<b>(1.04)</b>	(0.13)
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	<b>(1.04)</b>	(0.13)
Diluted earnings per share	<b>(1.04)</b>	(0.13)

The above consolidated income statement should be read in conjunction with the accompanying notes.

**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

**Consolidated balance sheet**  
**As at 30 June 2007**

	<b>30 June 2007</b>	31 December 2006
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,460,904	3,027,411
Trade and other receivables	179,006	66,456
<b>Total current assets</b>	<b>2,639,910</b>	<b>3,093,867</b>
<b>Non-current assets</b>		
Investments accounted for using the equity method	195,861	263,394
Plant and equipment	875,058	29,635
Intangible assets	1,009,641	-
<b>Total non-current assets</b>	<b>2,080,560</b>	<b>293,029</b>
<b>Total assets</b>	<b>4,720,470</b>	<b>3,386,896</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	1,498,382	289,894
<b>Total current liabilities</b>	<b>1,498,382</b>	<b>289,894</b>
<b>Total liabilities</b>	<b>1,498,382</b>	<b>289,894</b>
<b>Net assets</b>	<b>3,222,088</b>	<b>3,097,002</b>
<b>Equity</b>		
Contributed equity	13,107,938	11,607,938
Reserves	(64,522)	1,612
Accumulated losses	(9,821,328)	(8,512,548)
<b>Total Equity</b>	<b>3,222,088</b>	<b>3,097,002</b>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2007**

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2007	(11,607,938)	8,512,548	(1,612)	(3,097,002)
Shares issued during the year	(1,500,000)	-	-	(1,500,000)
Loss for the period	-	1,308,780	-	1,308,780
Share based compensation reserve	-	-	(7,682)	(7,682)
Currency translation differences	-	-	73,816	73,816
<b>Balance as at 30 June 2007</b>	<b>(13,107,938)</b>	<b>9,821,328</b>	<b>64,522</b>	<b>(3,222,088)</b>

**Half-Year ended 30 June 2006**

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2006	(8,707,938)	8,094,647	240	(613,051)
Loss for the period	-	103,393	-	103,393
Currency translation differences	-	-	82	82
<b>Balance as at 30 June 2006</b>	<b>(8,707,938)</b>	<b>8,198,040</b>	<b>322</b>	<b>(509,576)</b>

The above consolidated statement of changes in equity should be read in conjunction  
with the accompanying notes.



**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

**Consolidated cash flow statement**  
**For the half-year ended 30 June 2007**

	<b>Half-Year</b>	
	<b>2007</b>	2006
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of goods and services tax)	(403,294)	(141,941)
Interest received	48,601	8,131
Other revenue	-	8,975
<b>Net cash (outflow) from operating activities</b>	<b>(354,693)</b>	<b>(124,835)</b>
<b>Cash flows from investing activities</b>		
Payments for investment in associate	(85,947)	-
Payments for plant and equipment	(61,826)	-
Loans to related parties	(70,568)	(12,094)
Repayment of loans by related parties	18,932	(2,324)
Cash balance of subsidiary acquired	124	-
<b>Net cash (outflow) from investing activities</b>	<b>(199,285)</b>	<b>(14,418)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(553,978)</b>	<b>(139,253)</b>
Cash and cash equivalents at the beginning of the half-year	3,027,411	482,067
Effects of exchange rate changes on cash and cash equivalents	(12,529)	238
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,460,904</b>	<b>343,052</b>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

**Magnum Mining and Exploration Limited**  
**A.B.N. 70 003 170 376**

**Notes to the financial statements**  
**For the half-year ended 30 June 2007**

**1. Basis of preparation of half-yearly report**

This general purpose financial report for the interim half-year reporting period ended 30 June 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2006 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the following accounting policy, which was not relevant and therefore not disclosed at the previous reporting date:

**Share-based payment transactions**

*Equity settled transactions:*

The Group provides benefits to employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the black and scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

**Magnum Mining and Exploration Limited**  
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**Notes to the financial statements**  
**For the half-year ended 30 June 2007**

**1. Basis of preparation of half-yearly report (continued)**

**Share-based payment transactions (continued)**

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding shares and options issued is reflected as additional share dilution in the computation of earnings per share.

**2. Segment information**

The Group operates in one business segment in two geographical segments, being a natural resources explorer in both South East Asia and Southern Africa. The parent entity's head office is based in Perth, Australia.

**3. Equity securities issued**

	<b>Half-year</b>		<b>Half-year</b>	
	<b>2007</b>	2006	<b>2007</b>	2006
	<b>Shares</b>	Shares	<b>\$</b>	\$
Issued during the period	<u><b>5,500,000</b></u>	-	-	-

The above securities are fully paid ordinary shares issued at \$0.30 each under the Company's Employee Share Plan funded by way of a limited recourse loan.

**4. Contingencies**

There have been no changes to those Contingencies disclosed as at 31 December 2006.

**Magnum Mining and Exploration Limited**  
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**Notes to the financial statements**  
**For the half-year ended 30 June 2007**

**5. Events occurring after the balance sheet date**

On 29 June 2007 the Company announced that 19,500,000 fully paid ordinary shares had been placed with sophisticated investors at a price of AUD\$0.21 per share. The placement raised approximately AUD\$4.125 million. Proceeds from the placement were received in full in August 2007.

The Company will utilise the proceeds from the placing to undertake evaluation and developmental activities at the Company's Tantalite Valley tantalum project in Namibia, to assess and pursue potential new projects and for working capital purposes.

On 5 July 2007 the Company announced that it had completed the acquisition of the Tantalite Valley project.

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

The Company has acquired the Tantalite Valley project under the terms set out in the announcement dated 11 May 2006 and in the Explanatory Memorandum to the General Meeting of shareholders held on 31 July 2006. The Company has paid an amount of N\$8 million (AUD\$1.32 million) in cash and has previously issued 15 million fully paid shares in the Company as consideration. The shares issued pursuant to the purchase have been held in voluntary escrow and have been delivered to the counterparties now that settlement of the acquisition has been completed.

On 16 July 2007 the Company announced a re-organisation of its executive team in response to its expanding activities.

Mr G M Button, who is based in Perth, Australia, has been appointed Chief Executive Officer of the Company. Mr Button has held the position of Non-Executive Director of the Company since February 2006. Mr Button will be responsible for the corporate performance of the Company and will continue to focus on delivering new opportunities for the Company. Mr G A Nealon, formerly an Executive Director, has been appointed as Non-Executive Chairman of the Company and Dr J C Schiller will continue in his role as Non-Executive Director.

These appointments prepare the Company structurally to pursue opportunities in the resources sector.

**Magnum Mining and Exploration Limited**  
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**Directors' declaration**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



**G M Button**  
**Chief Executive Officer**

12 September 2007

**Magnum Mining and Exploration Limited**  
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**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of  
Magnum Mining and Exploration Limited  
Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the consolidated balance sheet as at 30 June 2007, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes to the financial statements and the directors' declaration of Magnum Mining and Exploration Limited and the entities it controlled during the half-year ended 30 June 2007 ("consolidated entity").

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 30 June 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Magnum Mining and Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

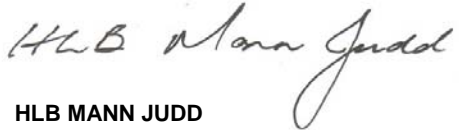
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Magnum Mining and Exploration Limited on 12 September 2007.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Magnum Mining and Exploration Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position at 30 June 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**HLB MANN JUDD**  
**Chartered Accountants**



**W M CLARK**  
**Partner**

**Perth, Western Australia**  
**12 September 2007**