



# **Magnum Mining and Exploration Limited**

**A.B.N. 70 003 170 376**

**Report**

**Half - year ended 30 June 2013**

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## 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 2013.

### 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	Chief Executive Officer
G A Nealon	Non-Executive Chairman
D F Lynton-Brown	Non-Executive Director
M McMahan	Non-Executive Director

### Operating results

The consolidated loss of the Group for the half-year after income tax was \$340,606 (2012 half-year: loss of \$262,865).

### Review of operations

#### Tantalite Valley Project, Namibia

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

Since acquiring the project in 2007, the Company has undertaken various exploration and evaluation activities to increase the understanding of the project, and to plan for development activities.

The Company has held discussions with various parties interested in investing in the project.

#### Other activities

In addition the Company is continuing to search for and assess suitable acquisition opportunities that would add substantial value for the Company's shareholders. The Company is actively pursuing opportunities but at this stage has not been able to bring the opportunities to fruition. The Company will continue to pursue these opportunities.

#### Option to acquire Brazilian Iron Ore Project

The Company announced on 26 September 2011, that it had entered into an option and exclusivity agreement (**Option Agreement**) pursuant to which OCRA Trustees (Seychelles) Limited (as trustee of Global Trust) has granted to Magnum an irrevocable exclusive option to acquire all of the fully paid issued shares in Irongates (Aust) Pty Ltd (**IAPL**).

IAPL holds 100% of the issued capital in Gates Minerals Pty Ltd (**GMPL**). IAPL also holds 99% of Irongates Brasil Recursos Minerais Ltda (a company registered in Sao Paulo) (**IBRML**) and GMPL holds the remaining 1% in IBRML.

**Directors' Report (continued)****Review of operations (continued)****Option to acquire Brazilian Iron Ore Project (continued)**

IBRML holds contractual rights to acquire Emicon Mineracao Terraplenagem Ltda's (**Emicon**) iron ore project in Brazil (**Brazilian Iron Ore Project**).

On 13 April 2012 the Company exercised its option in accordance with the terms of the Option Agreement. However notwithstanding the exercise of the Option, the acquisition remained 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.

On 8 March 2013 the Company announced that it had resolved to terminate negotiations and not to pursue the negotiation of a formal agreement for the acquisition of the shares in IAPL due to the following:

- Magnum has been unable to complete its due diligence investigations into IAPL, GMPL, IBRML and the Brazilian Iron Ore Project due to a dispute between IBRML and Emicon over IBRML's contractual rights to acquire the Brazilian Iron Ore Project; and
- the results of the due diligence investigations into IAPL, GMPL, IBRML and the Brazilian Iron Ore Project that Magnum has completed thus far have not been satisfactory.

**Corporate**

The Company has continued to incur costs associated with the assessment of suitable resource sector opportunities for the Company.

**Events occurring after the balance date**

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than those detailed below:

*Employee Share Plan*

Subsequent to balance date, \$20,000 has been received by the Company from employees under the terms of the June 2008 Employee Share Plan. (\$8,800 had been received prior to balance date and is included as part of trade and other payables at that date). As a result, 900,000 ordinary fully paid shares have been released from escrow subsequent to balance date.

**Directors' Report (continued)**

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' Report for the half-year ended 30 June 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

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 M Button**  
**Chief Executive Officer**  
Perth, Australia

13th September 2013

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Magnum Mining and Exploration Limited for the half-year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magnum Mining and Exploration Limited and the entities it controlled during the year.



**Perth, Western Australia**  
**13 September 2013**

**L Di Giallonardo**  
**Partner**

**Condensed Consolidated Statement of Comprehensive Income  
for the half-year ended 30 June 2013**

	<b>2013</b>	2012
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	<b>26,229</b>	54,372
Share of loss of associate accounted for using the equity method	<b>(950)</b>	(697)
Raw materials and consumables used	<b>(1,095)</b>	(1,241)
Share-based payment expense	-	(6,697)
Depreciation expense	<b>(2,159)</b>	(564)
Exploration and evaluation expense	<b>(63,097)</b>	(142,588)
Employee loans impaired	<b>(143,000)</b>	-
Other expenses	<b>(156,534)</b>	(165,450)
<b>Loss before income tax expense</b>	<b>(340,606)</b>	(262,865)
Income tax expense	-	-
<b>Loss for the period</b>	<b>(340,606)</b>	(262,865)
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	<b>(5,284)</b>	(32,162)
Total other comprehensive loss for the period	<b>(5,284)</b>	(32,162)
<b>Total comprehensive loss for the period</b>	<b>(345,890)</b>	(295,027)
	<b>Cents</b>	Cents
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>		
Basic loss per share	<b>(0.21)</b>	(0.16)

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

**Condensed Consolidated Statement of Financial Position  
as at 30 June 2013**

	<b>30 June 2013</b>	31 December 2012
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,393,125	1,507,867
Trade and other receivables	19,043	180,034
Total current assets	<u>1,412,168</u>	<u>1,687,901</u>
<b>Non-current assets</b>		
Investments accounted for using the equity method	109,059	113,829
Plant and equipment	20,507	6,198
Total non-current assets	<u>129,566</u>	<u>120,027</u>
<b>Total assets</b>	<u>1,541,734</u>	<u>1,807,928</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	92,036	117,940
Total current liabilities	<u>92,036</u>	<u>117,940</u>
<b>Total liabilities</b>	<u>92,036</u>	<u>117,940</u>
<b>Net assets</b>	<u>1,449,698</u>	<u>1,689,988</u>
<b>Equity</b>		
Issued capital	19,064,737	18,682,792
Reserves	171,103	452,732
Accumulated losses	(17,786,142)	(17,445,536)
<b>Total Equity</b>	<u>1,449,698</u>	<u>1,689,988</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



**Condensed Consolidated Statement of Changes in Equity****for the half-year ended 30 June 2013**

	<b>Issued Capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
<b>Balance as at 1 January 2013</b>	<b>18,682,792</b>	<b>(17,445,536)</b>	<b>452,732</b>	<b>1,689,988</b>
<b>Share based payments reserve transferred to issued capital during the period</b>	<b>276,345</b>	<b>-</b>	<b>(276,345)</b>	<b>-</b>
<b>Share subscriptions received</b>	<b>105,600</b>	<b>-</b>	<b>-</b>	<b>105,600</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(340,606)</b>	<b>(5,284)</b>	<b>(345,890)</b>
<b>Balance as at 30 June 2013</b>	<b>19,064,737</b>	<b>(17,786,142)</b>	<b>171,103</b>	<b>1,449,698</b>

Half-Year ended 30 June 2012

	<b>Issued Capital \$</b>	<b>Accumulated losses \$</b>	<b>Reserves \$</b>	<b>Total \$</b>
Balance as at 1 January 2012	18,682,792	(16,522,661)	460,771	2,620,902
Total comprehensive loss for the period	-	(262,865)	(32,162)	(295,027)
Share-based compensation reserve	-	-	6,697	6,697
<b>Balance as at 30 June 2012</b>	<b>18,682,792</b>	<b>(16,785,526)</b>	<b>435,306</b>	<b>2,332,572</b>

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

**Condensed Consolidated Statement of Cash Flows  
for the half-year ended 30 June 2013**

	2013 \$	2012 \$
<b>Cash flows from operating activities</b>		
Payments for exploration and evaluation (exclusive of GST)	(64,192)	(172,222)
Payments to suppliers and employees (exclusive of GST)	(177,430)	(99,890)
Interest received	12,730	37,481
<b>Net cash (outflow) from operating activities</b>	<b>(228,892)</b>	<b>(234,631)</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of plant and equipment	(250)	-
<b>Net cash (outflow) from investing activities</b>	<b>(250)</b>	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	105,600	-
Partial payment for shares	8,800	-
<b>Net cash (outflow) from financing activities</b>	<b>114,400</b>	-
<b>Net decrease in cash and cash equivalents</b>	<b>(114,742)</b>	<b>(234,631)</b>
Cash and cash equivalents at the beginning of the half-year	1,507,867	2,056,957
Effects of exchange rate changes on cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the half-year</b>	<b>1,393,125</b>	<b>1,822,326</b>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2013****1. Statement of Significant Accounting Policies**

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2012 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Basis of preparation**

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

**Significant accounting judgments and key estimates**

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2012.

**New, revised or amended Accounting Standards and Interpretations**

In the half-year ended 30 June 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current half-year reporting period. The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 10 *Consolidated Financial Statements* establishes a redefined principle of control that applies to all entities. It superseded the requirements in AASB 127 *Consolidated and Separate Financial Statements* and AASB Interpretation 112 *Consolidation – Special Purpose Entities*. The redefined principle of control broadens the situations when an entity is considered to be controlled by another entity.

Under AASB 10, the group controls an entity when the group is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2013****New, revised or amended Accounting Standards and Interpretations (continued)**

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**2. Segment information**

For management purposes the chief operating decision maker, being the Board of Directors of Magnum Mining and Exploration Limited, reports its results per geographical segment.

The following table presents the financial information regarding these segments provided to the Board of Directors for the interim periods ended 30 June 2013 and 30 June 2012.

	Australia \$	Namibia \$	South Africa \$	Consolidated \$
<b>30 June 2013</b>				
<b>Segment Revenue</b>	<b>26,229</b>	-	-	<b>26,229</b>
<b>Segment result</b>	<b>322,991</b>	<b>15,320</b>	<b>2,295</b>	<b>340,606</b>
<b>Unallocated</b>				-
<b>Results from operating activities</b>				<b>340,606</b>
<b>Segment assets</b>	<b>1,531,711</b>	<b>230</b>	<b>9,793</b>	<b>1,541,734</b>
<b>Segment liabilities</b>	<b>82,237</b>	<b>9,483</b>	<b>316</b>	<b>92,036</b>
<b>Included within segment results:</b>				
<b>Depreciation</b>	<b>2,159</b>	-	-	<b>2,159</b>
<b>Share of loss from investment in equity method associates</b>	-	<b>950</b>	-	<b>950</b>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2013****2. Segment information (continued)**

	Australia \$	Namibia \$	South Africa \$	Consolidated \$
30 June 2012				
Segment Revenue	54,372	-	-	54,372
Segment result	239,893	20,485	2,487	262,865
Unallocated Results from operating activities				-
				262,865
Segment assets	2,439,949	(257)	5,621	2,445,313
Segment liabilities	104,767	7,635	339	112,741
Included within segment results:				
Depreciation	564	-	-	564
Share of loss from investment in equity method associates	-	697	-	697
Share-based payments	6,697	-	-	6,697

**3. Equity securities issued**

On 25 February 2013, the Company released 3,300,000 shares from escrow under the terms of Magnum Mining and Exploration Employee Share Plan ("the Plan") with funds of \$105,600 (\$0.032 per share) received from the recipients of these shares.

**4. Contingencies**

There were no contingencies of the Group at 30 June 2013.

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

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than those detailed below:

*Employee Share Plan*

Subsequent to balance date, \$20,000 has been received by the Company from employees under the terms of the June 2008 Employee Share Plan. (\$8,800 had been received prior to balance date and is included as part of trade and other payables at that date). As a result, 900,000 ordinary fully paid shares have been released from escrow subsequent to balance date.

**Directors' declaration**

In the opinion of the directors of Magnum Mining and Exploration Limited ('the company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the half-year then ended.
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

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 M Button**  
**Chief Executive Officer**  
Perth, Australia

13th September 2013

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magnum Mining and Exploration Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Magnum Mining and Exploration ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2013, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

#### *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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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 the company, 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*.

*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 as at 30 June 2013 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*

**HLB Mann Judd**  
**Chartered Accountants**

*L Di Giallonardo*

**L Di Giallonardo**  
**Partner**

**Perth, Western Australia**  
**13 September 2013**