



Company Announcements
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

By Electronic Lodgement

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Magnum Mining and Exploration Limited

TERMINATION OF NEGOTIATIONS OF FORMAL AGREEMENT TO ACQUIRE BRAZILIAN IRON ORE PROJECT

As announced to ASX on 13 April 2012, Magnum Mining and Exploration Limited (**Magnum** or the **Company**) (ASX: MGU) exercised its option (**Option**) to acquire all of the fully paid issued shares (**Shares**) in Irongates (Aust) Pty Ltd (**IAPL**) pursuant to the option and exclusivity agreement (**Option Agreement**) between Magnum and OCRA Trustees (Seychelles) Limited as trustee of Global Trust (**OCRA**).

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 exercised the 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.

Magnum has resolved not to further pursue the negotiation of a formal agreement for the acquisition of the Shares 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 Brazil 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.

For further information please contact:

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