

MAGNUM GOLD N.L.

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22 June 2004

Company Announcements Office
Australian Stock Exchange
By electronic transmission

Dear Sirs,

ASX Announcement

Magnum Gold NL (**Company**) announces that it has entered into a subscription agreement dated 22 June 2004 with John Brian Rodger (**Mr Rodger**) and Palmarc Investments Pty Ltd (**Palmarc**) whereby Mr Rodger (to be financed by Palmarc, secured by mortgage over the subscription shares) has agreed, subject to a number of conditions (to be satisfied by 31 July 2004 or other agreed date) to subscribe (at 3.3 cents per share) for 12 million ordinary fully paid shares. One of the conditions is that the shares held by the Company's major shareholders Carbon Minerals NL (**Carbon**), Pada Pty Ltd (**Pada**) and Malewi Investments Pty Ltd (**Malewi**) (other than 1 million shares to be retained by each of Carbon and Pada) are disposed of prior to the subscription and the others are that the Company is listed on the ASX at completion of the subscription, and the obtaining of all approvals of shareholders required under the Listing Rules or otherwise.

The Company will seek the approval of shareholders in relation to the proposed issue, and expects shortly to call a meeting to be held about the end of July for this purpose.

Palmarc is a company owned and controlled by Mr P A Lincoln Smith, a director of the Company. If the subscription takes place it is currently proposed that Mr Rodger will become a director of the Company, and he will hold at that point about 15.8% in the Company, and by virtue of its mortgage Palmarc will then have a voting power of about 18.4% in the Company.

The net proceeds of the subscription will be used primarily to provide funds to enable the Company to maintain existing mineral tenements, continue its natural resources exploration programme, comply with regulatory requirements, and to take advantage of any new opportunities which may present themselves in relation to, (but not limited to), acquisitions of new tenement areas or joint ventures with other parties.

The Company has been informed by Carbon, Pada and Malewi (holding between them about 79%) that they have entered into a mandate agreement with State One Equities Pty Ltd (**State One**) for State One (as agent) to arrange for the sale of their holdings, other than 1 million shares to be retained by each of Carbon and Pada. The sale shares amount to about 76% of the issued capital of the Company, being 27,275,000 shares by Carbon, 550,545 shares by Malewi, and 21,466,970 shares by Pada.

Carbon, Pada and Malewi are owned, directly or indirectly, and controlled by Mr P A Lincoln Smith, a director of Magnum Gold.

State One has been appointed as the agent of the selling shareholders to use its best endeavours to arrange the sale of the shares by 30 June 2004 or such other date as is agreed.

The obligation upon State One is to use its best endeavours to arrange the sale of all the sale shares at 3.3 cents a share, and use its reasonable endeavours to ensure that none of the persons to whom the sale shares are sold will have a voting power of 15% or more in Magnum Gold.

State One has the right to withdraw at any time from its appointment and the agreement is conditional upon the issue of a prospectus by the sellers on or before 22 June 2004.

The appointment terminates on the earlier of (i) the settlement of the sale; (ii) termination by State One; and (iii) 30 June 2004 (or such other date as the Sellers and State One agree in writing before that date).

For further information call the Company Secretary, Steve Danielson on 9251 3838.

Yours faithfully,

Steven John Danielson
Company Secretary