

INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
30 JUNE 2021

MAGNUM MINING AND EXPLORATION LIMITED

ABN: 70 003 170 376



MAGNUM
MINING & EXPLORATION LIMITED

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CORPORATE DIRECTORY

Directors

Donald Carroll	Non-Executive Chairman
Dano Chan	Managing Director
John Dinan	Non-Executive Director
Matthew Latimore	Non-Executive Director

Company Secretary

John Dinan

Australian Company Number

003 170 376

Registered Office

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Auditors

HLB Man Judd (WA Partnership)
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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 “**Magnum**” or the “**Company**”) and the entities it controlled at the end of, or during the half year ended 30 June 2021.

Directors

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

Donald Carroll	Non-Executive Chairman (appointed Director 10 March 2021, Chairman 12 April 2021)
Dano Chan	Managing Director (appointed 12 April 2021)
John Dinan	Non-Executive Director and Company Secretary (appointed 12 April 2021)
Matthew Latimore	Non-Executive Director (appointed 4 May 2021)

Former Directors

The following persons were directors of the Company during the half year, however, resigned prior to the date of this report:

Howard Dawson	Non-Executive Chairman (resigned 12 April 2021)
Hugh Callaghan	Executive Director (appointed 10 March 2021 and resigned 4 May 2021)
Francesco Cannavo	Non-Executive Director (resigned 10 March 2021)
Grant Button	Non-Executive Director and Company Secretary (resigned 12 April 2021)

Operating Results

The consolidated loss of the Group for the half year ended 30 June 2021 after income tax was \$4,259,344 (30 June 2020: half year loss of \$148,809). The Group incurred and capitalised exploration and evaluation expenditure of \$582,468 during the current half year to 30 June 2021 (31 December 2020: \$Nil) as well as \$2,699,782 on the acquisition of the Buena Vista Project during the half year. The net assets of the Group stand at \$11,389,796 (31 December 2020: \$2,282,454) of which investment in exploration and evaluation expenditure accounts for \$5,230,572 (31 December 2020: \$2,060,834).

Review of Operations**BUENA VISTA MAGNETITE PROJECT (UNITED STATES)**

The Buena Vista Project (“**Project**”) is an advanced magnetite iron ore project. In excess of A\$34 million has been expended on the Project over the past decade completing feasibility studies and permitting for the long term production of a +67.5 % Fe magnetite concentrate with no deleterious impurities.

All major development permits and required technical work such as drilling, metallurgy, hydrogeology and plant design for the production of a magnetite concentrate have already been secured for the Project.

Whilst the long term production of magnetite concentrate for export will provide favourable financial returns for the Company, Magnum is re-directing the development concept of the Buena Vista Project to generate a greater value-add component. This change in strategy will be implemented by the Company so that Magnum can take full advantage of the high demand for quality iron products as the United States gears up for its coming infrastructure development boom.

In this regard the Buena Vista Project is ideally situated to be the cornerstone of a significant steel production complex given its very favourable ore characteristics coupled with its proximity to key logistics such as gas, solar power and existing road and rail transport.

In addition, the Buena Vista Project is located less than 160 kms from California which is currently the world's fifth largest economy as measured by GDP.

Magnum has and continues to fast track this value-add strategy for the establishment of a green HBI (hot briquetted iron) and Pig Iron steel making facility at the Project which also has the potential for a HPI (High Purity Iron) smelter.

DIRECTORS' REPORT

LOCATION AND HISTORY

The Buena Vista Project is located approximately 130km east-north-east of Reno in the mining friendly state of Nevada, United States.

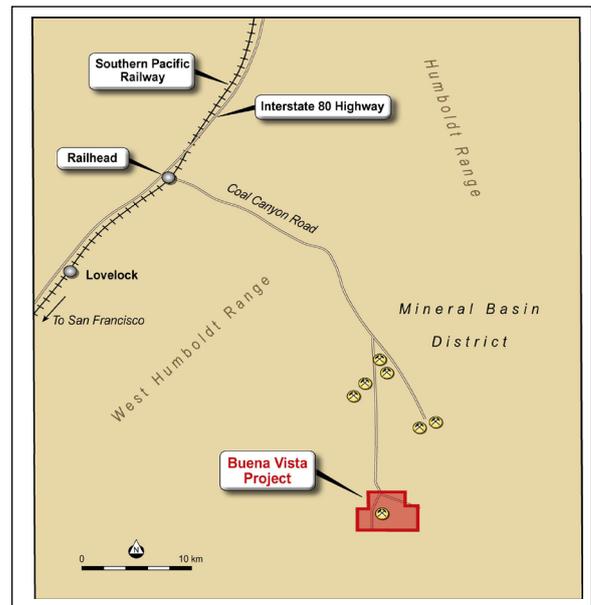
The Project was discovered in the 1890s and in the late 1950s to early 1960s approximately 900,000 tonnes of direct shipping magnetite ore with an estimated grade of 58% Fe was mined from the Project.

In the 1960s US Steel Corporation acquired the Project and carried out an extensive exploration program including 230 diamond drill holes and considerable metallurgical test work.

The Project was refreshed in 2009 when Richmond Mining Limited, an ASX listed company acquired the Project and commenced a detailed exploration program culminating in a definitive feasibility study in July 2011 and an updated study in 2013 for an expanded production rate.

A key component of these studies was extensive investigation of the optimal logistics plan for development of the Buena Vista Project. This included the negotiation of in-principle agreements with existing rail and port operators and the securing of all major mining permits.

In addition, detailed costings were completed on the trucking or slurry pipeline options to deliver the concentrate to the rail head located some 50 kilometres from mine site.



PROJECT LOGISTICS

The Project is ideally located with the town Fallon (20,000 population) and Lovelock (8,000 population) within close proximity to the Project. This provides site personnel and their families the opportunity to reside in local communities with existing infrastructure and facilities.

The Project is around 50kms from the Union Pacific rail line which connects with multiple export port options including Stockton, West Sacramento, Oakland, San Francisco and Richmond (Levin).

Grid power (solar and gas) is available within 40km of the Project and sufficient water can be sourced from ground water aquifers located in the North Carson sink. The Nevada Department of Conservation and Natural Resources has already granted the required water rights for the life of the Project.

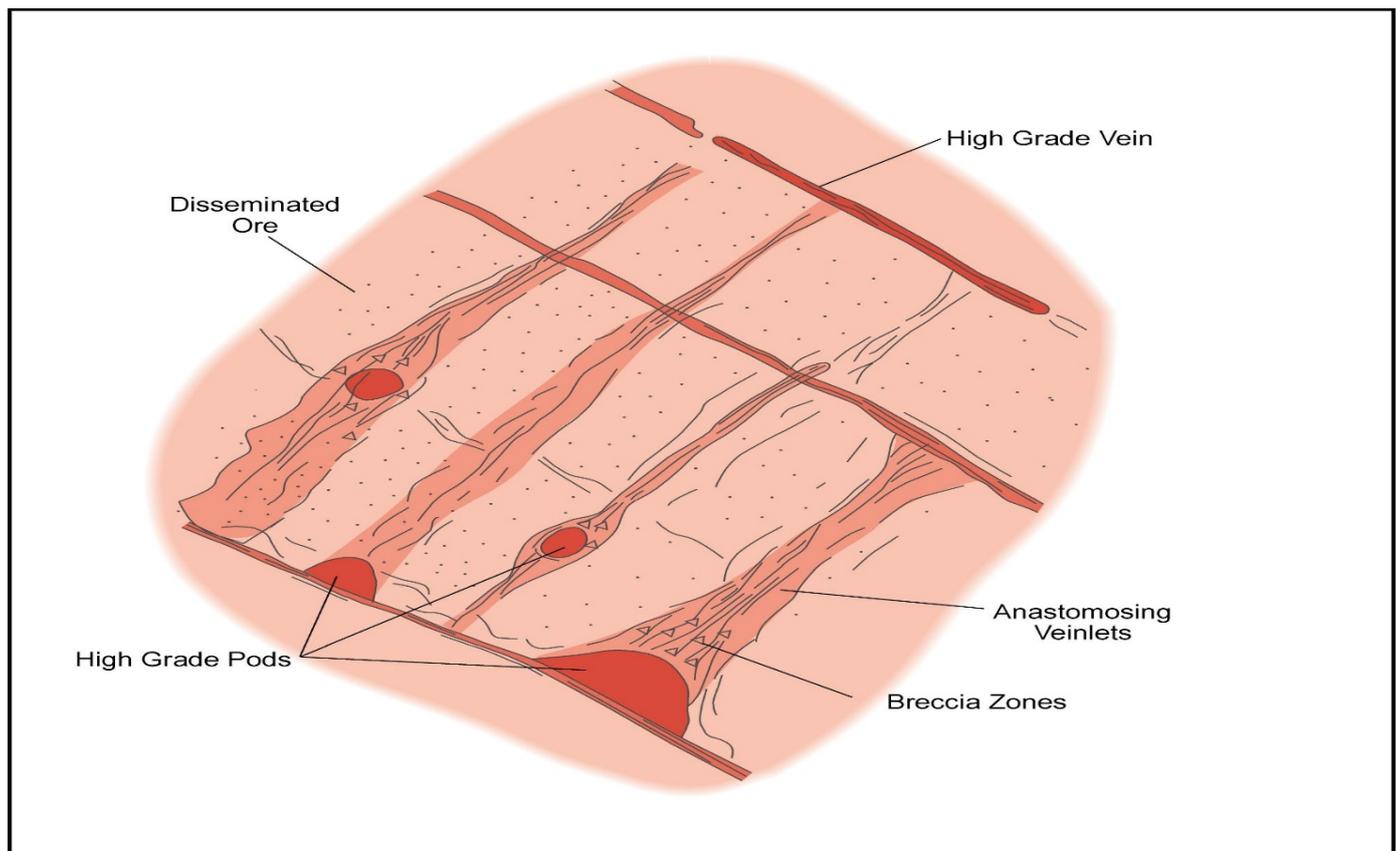
The Project is located in Churchill County in the State of Nevada which has a strong history of supporting mining developments and is easily accessed via the unsealed Pole Line road from Huxley or the sealed Coal Canyon road from Lovelock.

DIRECTORS' REPORT**GEOLOGY**

The magnetite deposits at the Project are the product of late stage alteration of a localised intrusive gabbro that resulted in intensely scapolitised lithologies and the deposition of magnetite.

The most well-known example of this type of magnetite mineralisation is the Kiruna magnetite deposit in Sweden which has been in production since the early 1900s.

The distribution and nature of the magnetite mineralisation at the Buena Vista Project is a function of ground preparation by faulting and fracturing forming a series of open fractures, breccia zones and networks of fine fractures.



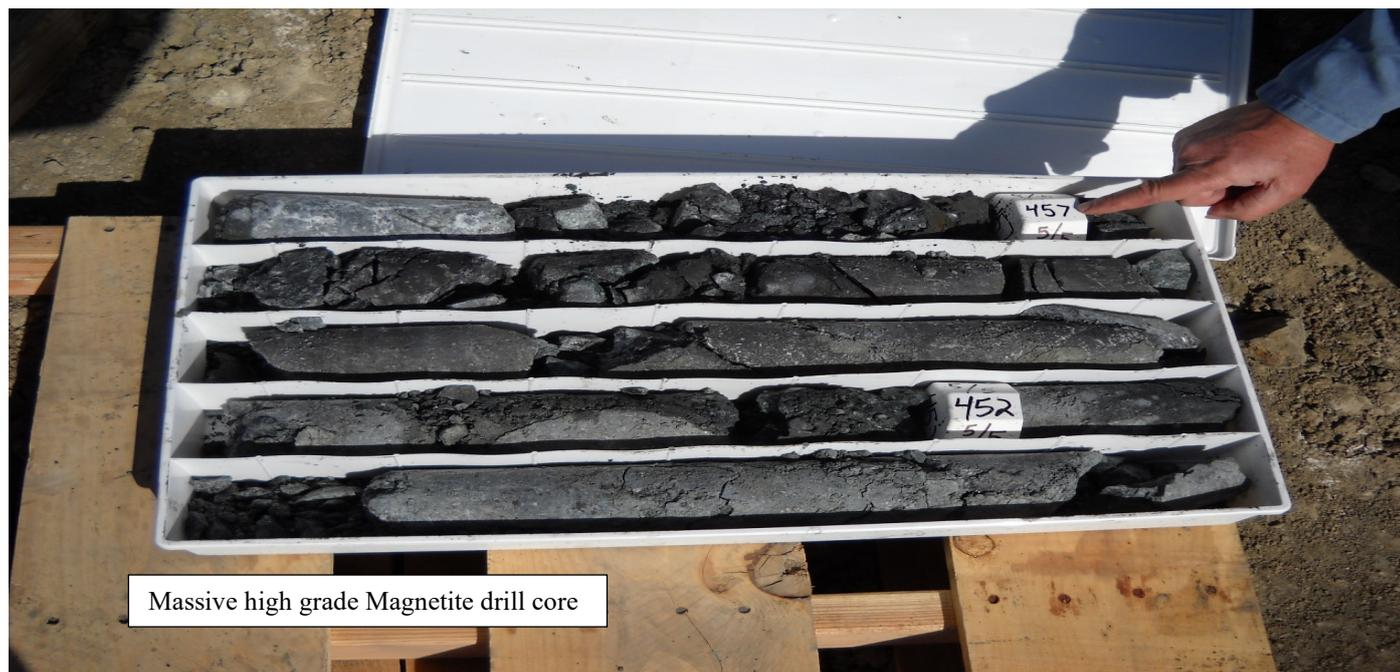
As a consequence, the magnetite mineralisation at the Buena Vista Project has been developed as disseminations within the altered gabbro through to massive pods and occasionally vein-like intrusions.

These ground conditions produce variations in mineralisation types from massive pods grading +60% magnetite to lighter disseminations grading 10-20% magnetite.

The mineralisation has been best developed within a number of discrete but proximal deposits (Section 5, West and East deposits) that outcrop and exhibit a strong magnetic signature.

The strike of the deposits is approximately east-west for the Section 5 and West deposits and south west-north east for the east deposit. The dip is generally towards the north.

DIRECTORS' REPORT



Massive high grade Magnetite drill core

Metasomatic magnetite deposits such as those at the Buena Vista Project have important beneficiation advantages over the other main type of magnetite deposit which is a banded iron hosted magnetite, also sometimes known as a taconite.

	Buena Vista Project (Magmatic)	Taconite (Banded iron)
Genesis	Metasomatic (hot solutions)	Non-magmatic precipitate
Grain size	Coarse	Fine
Grind size to liberate magnetite	+100 microns	Sub 15-20 microns
Capex	Lower capital intensity	Higher capital intensity
Opex	Lower opex	Higher opex

DRILLING EVALUATION

The Buena Vista Project has been extensively drilled with multiple drill programmes having been carried out.

The initial programme was conducted by Columbia Mines (US Steel) in the early 1960s and was by BQ, NQ and HQ diamond drilling and holes were surveyed for dip using a Tropari instrument.

A total of around 112 holes for 18,215 metres was completed and all holes were geologically sampled and logged.

Around 5,000 samples across the magnetite mineralised zones were taken from the drill core and the magnetite content determined by Davis Tube. All testing was carried out at the Colorado School of Mines Research Foundation.

In 2010, a confirmatory diamond drill programme of 8 holes comprising 1,415 metres was carried out by Richmond Mining Limited. This programme, which was HQ was designed to twin various 1960s holes in order to test for vertical and lateral continuity as well as provide QA/QC information on the historic drilling.

All of the holes were geologically logged and then halved or quartered and samples assayed by American Assay Laboratories in Reno and SGS Laboratories in Perth.

In 2012, Nevada Iron Limited carried out a programme comprising 19 drill holes for 3,431 metres of HQ diamond drilling and 50 holes for 13,024 metres of 138 mm reverse circulation drilling.

This programme was designed to provide infill drilling for an expanded resource estimate, extend the boundaries of the known mineralised areas and provide additional core for definitive metallurgical beneficiation test work. All drill holes from this programme were geologically logged and the diamond holes surveyed down hole.

DIRECTORS' REPORT

Samples from this programme were prepared by ALS Global Laboratories in Reno and analysed by ALS Laboratories in Perth.

JORC 2012 MINERAL RESOURCE ESTIMATE

On 23 March 2021, Magnum announced that the Buena Vista Mineral Resource had been updated in accordance with the 2012 edition of the JORC Code (JORC 2012) (refer to announcement dated 23 March 2021).

Magnum reported that the Mineral Resources previously reported in 2012/2013 under the 2004 JORC Code and the NI43-101 Code had undergone a comprehensive review and full evaluation by the Company's highly experienced and qualified independent consultant, MPR Geological Consultants.

The total Mineral Resource estimate at the Buena Vista Project increased as a result of the aforementioned update with the following key changes:

- A **31% increase** in total reported Mineral Resources from 177.3Mt to 232Mt
- A **6% increase** in the indicated resource for the Section 5 area and a **25% increase** in the DTR% (Davis Tube Recovery Percentage)
- An **additional 40Mt** of inferred mineral resources for the West Pit area and **13% increase** in the DTR%
- A **14% increase** in the inferred resource for the East Pit area

The Company confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in the announcement of the 'Maiden JORC 2012 Resource for the Buena Vista Magnetite Project' dated 23 March 2021 continue to apply and have not materially changed.

Deposit	Resource Category	Estimates at 10% Fe cut off								
		2013			2021			Difference		
		Mt	Fe%	DTR%	Mt	Fe%	DTR%	Mt	Fe%	DTR%
Section 5	Ind	32.1	17.7	16.8	34	17.4	21.0	6%	-2%	25%
	Inf	0	0.0	0.0	8.0	16	18	-	-	-
	Subtotal	32.1	17.7	16.8	42	17	20	31%	-3%	22%
West	Ind	116.6	19.1	21.2	117	19.5	23.9	0%	2%	13%
	Inf	0	0.0	0.0	40	17	21	-	-	-
	Subtotal	116.6	19.1	21.2	157	19	23	35%	-1%	9%
East	Ind	0	0.0	0.0	0.0	0.0	0.0	-	-	-
	Inf	28.9	19.6	23.4	33	19	23	14%	-3%	-2%
	Subtotal	28.9	19.6	23.4	33	19	23	14%	-3%	-2%
Total	Ind	148.7	18.8	20.3	151	19.0	23.2	2%	1%	15%
	Inf	28.9	19.6	23.4	81	18	22	180%	-10%	-8%
	Total	177.6	18.9	20.8	232	18.6	22.6	31%	-2%	9%

Table 1: JORC (2012) reported mineral resources compared with 2013 NI43-101 estimate.

The data base for the JORC 2012 mineral resource estimate utilised data from 139 diamond drill holes totalling 23,061 metres of drilling and 50 reverse circulation drill holes totalling 13,024 metres of drilling.

Mineralised domain wire-frames used for the resource modelling were interpreted from 3.05 metre down-hole composited Fe grades from the diamond and RC drilling. The domains captured zones of continuous Fe grades greater than approximately 10% and for the West Deposit were trimmed by several steeply dipping dykes the wire-frames interpreted from drill hole logging and Fe grades.

The combined mineralised domains lie within a corridor of around 3,300 metres by 500 metres and extend from surface to a depth of around 240 metres. Around 90% of the mineralisation lies within 140 metres of the surface.

Total Fe, DTR mass recovery and density were estimated by ordinary kriging of 3.05 metre down-hole composited grades within the mineralised domains. Densities were assigned to drill hole intervals from an Fe-density function.

The resource modelling did not employ upper Fe grade cuts reflecting the low to moderate variability of the attributes and lack of extreme Fe values.

DIRECTORS' REPORT

The indicated and Inferred mineral resource estimates were extrapolated to a maximum of generally around 40 metres and 60 metres from drill intercepts respectively.

Micromine software was used for the initial data compilation, domain wire-framing calculating and coding of composite values. GS3M was used for Kriging and the estimates then imported into a Micromine block model for reporting.

Model validation included visual comparison of model estimates, composite grades, comparison with historic estimates and trend (swath) plots.

All tonnages were estimated on a dry basis and the estimates reflect medium scale open pit mining.

Cut-off Grades

The resource estimate was carried out across Total Fe cut-off grades of 10.0%, 15.0%, 20.0% and 25.0%.

Because of the favourable beneficiation characteristics of the Buena Vista Project ore the lower cut-off of 10.0% Total Fe was chosen to represent the headline resource estimate.

Cut off Fe %	Deposit	Indicated			Inferred			Total		
		Mt	Fe %	DTR %	Mt	Fe %	DTR %	Mt	Fe %	DTR %
10.0	Sect 5	34	17.4	21.0	8.0	16	18	42	17.1	20.5
	West	117	19.5	23.9	40	17	21	157	18.9	23.2
	East				33	19	23	33	19.0	23.0
	Total	151	19.0	23.2	81	18	22	232	18.6	22.7
15.0	Sect 5	21	20.2	25.1	3.8	19	24	25	20.0	24.9
	West	90	21.4	26.7	26	20	24	116	21.1	26.1
	East				25	21	26	25	21.0	26.0
	Total	111	21.2	26.4	55	20	25	166	20.9	25.9
20.0	Sect 5	9.1	24.1	30.9	1.3	23	29	10	24.0	30.7
	West	40	26.5	34.4	9.6	25	32	50	26.2	33.9
	East				13	24	31	13	24.0	31.0
	Total	49	26.1	33.8	24	24	31	73	25.5	33.0
25.0	Sect 5	2.8	28.6	37.7	0.3	27	36	3.1	28.4	37.5
	West	19	31.5	41.9	3.5	30	39	23	31.3	41.4
	East				3.6	29	38	3.6	29.0	38.0
	Total	22	31.1	41.4	7.4	29	38	29	30.7	40.6

Table 2: Buena Vista JORC 2012 Resource Estimates at various Total Fe cut-off grades* DTR% is the estimated proportion of the rock mass recoverable by simple magnetic concentration estimated on the basis of the Davis Tube Recovery analyses for drill hole samples. It is strongly correlated to iron grades.

METALLURGY

Unlike banded iron hosted magnetite deposits (taconites), where the magnetite mineralisation is finely disseminated in siliceous bedding planes, the Buena Vista ore is of magmatic origin and as a consequence is coarser grained in association with the siliceous host rock.

The prime benefit of this is that metallurgical test work has shown that the primary crush of the Buena Vista ore on average increases the mill grade to +45% irrespective of the primary ore grade. This is an important distinction to taconites and results in reduced energy usage for the subsequent crushing and grinding upgrade to the concentrate grade of +67.5%.

The Buena Vista concentrate contains no deleterious concentrations of impurities with silica typically 1.4-1.5%, alumina less than 1% and negligible sulphur and phosphorous content (around-0.003% respectively).

DIRECTORS' REPORT

In addition, titanium and vanadium levels are low in the Buena Vista concentrate, typical levels are around 0.2% TiO₂ and 0.3% V.

% Fe	% SiO ₂	% Al ₂ O ₃	% CaO	% MgO	% P	% S	% TiO ₂	% V	% LOI
69.5	1.72	0.67	0.16	0.22	0.003	0.002	0.20	0.26	3.15

Table 3: Buena Vista Composite Concentrate -150 mesh (106 microns) (After GR Engineering 2011)

As part of the development strategy towards producing an intermediate concentrate for HBI or HPI processing, in March 2021 Magnum completed a first pass evaluation of the dry beneficiation characteristics of lump samples of varying Fe grade from the Buena Vista Project.

This sampling was undertaken to determine the upgrade characteristics of Buena Vista ore using relatively coarse crushes and simple dry screening followed by magnetic separation.

The results of this programme were highly encouraging confirming the positive upgrade characteristics of +60% lump ore but also demonstrating the potential for lower grade ore to be beneficiated to around 60% Fe with a simple -5mm crush and dry screening.

Detailed results have been reported previously (refer to announcements dated 24 February 2021 and 20 May 2021) and are summarised in the following graphical tables.

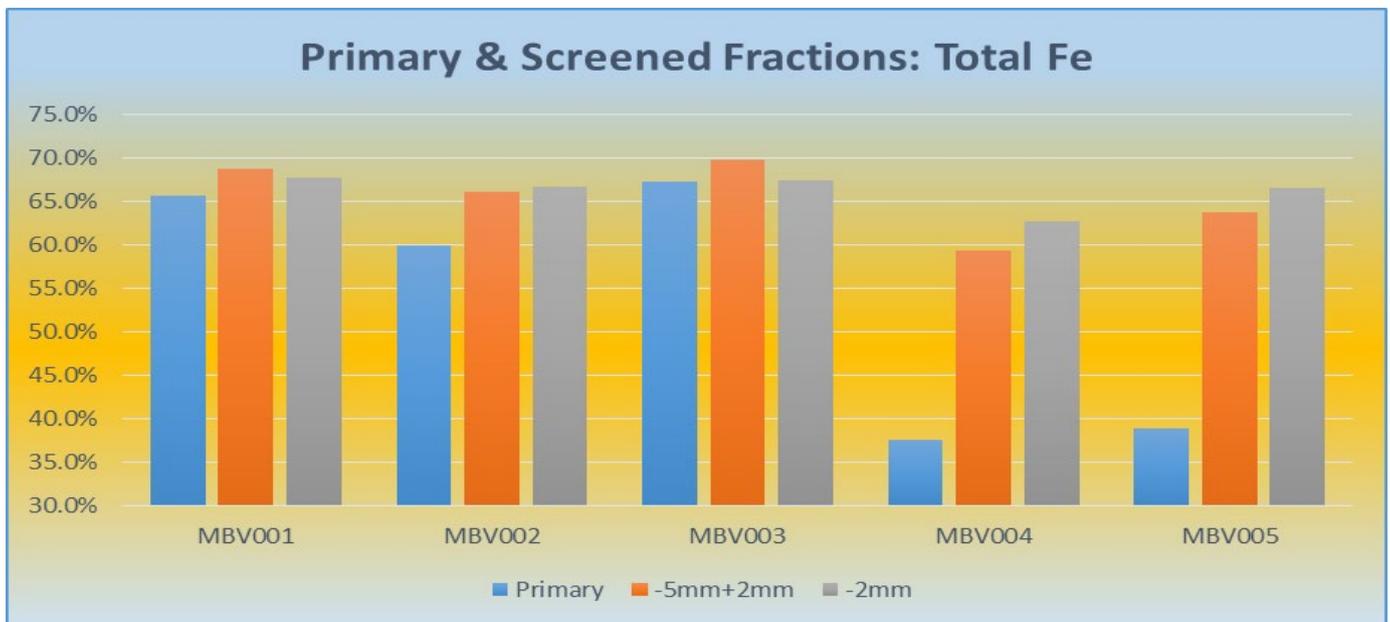


Table 4: Primary & Screened fractions – Total Fe

Table 4 demonstrates that all samples beneficiated to higher Total Fe grades with particularly impressive results achieved for the samples which were grading sub 40% Total Fe as a primary grade (uncrushed, un-beneficiated).

DIRECTORS' REPORT

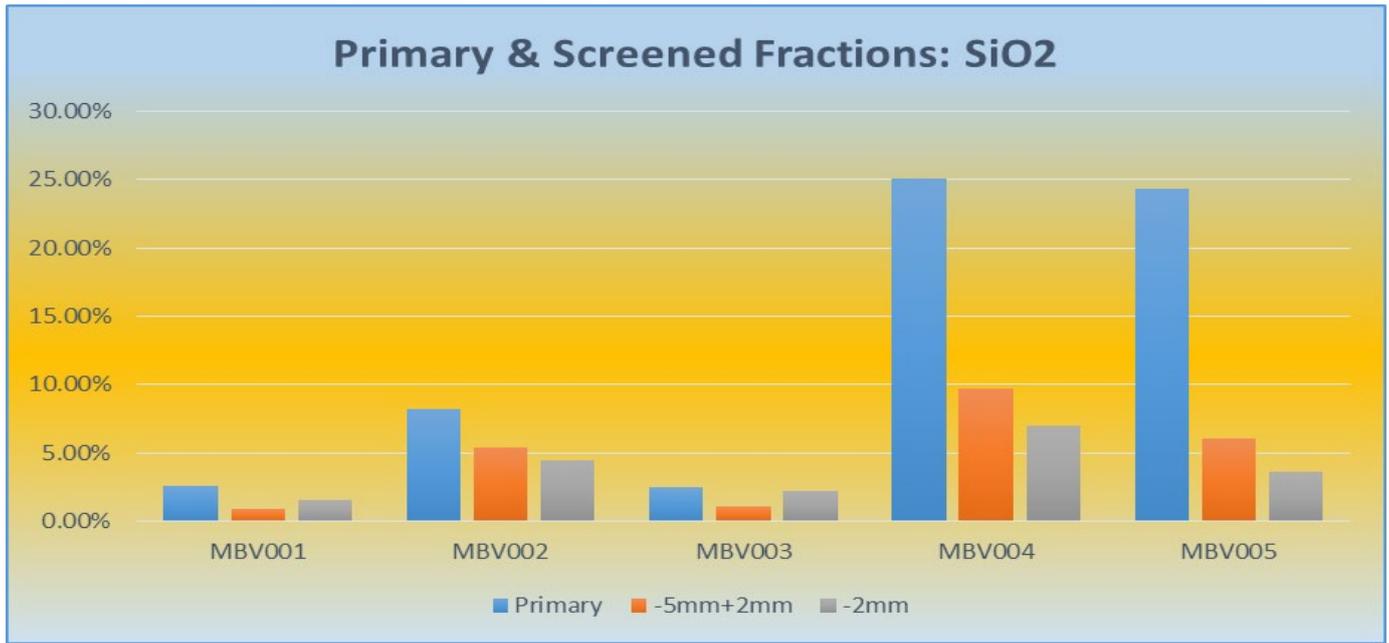


Table 5: Primary & Screened fractions – Silica (SiO₂)

Table 5 demonstrates that all samples confirmed the expected reduction in the silica impurity with the higher grade samples (MBV 001-003) showing silica levels consistent with the high grade magnetic concentrate range. As was also to be expected the crush and screen removed significant silica from the lower grade samples (MBV 0004, 005) with the finer screen showing the best results.

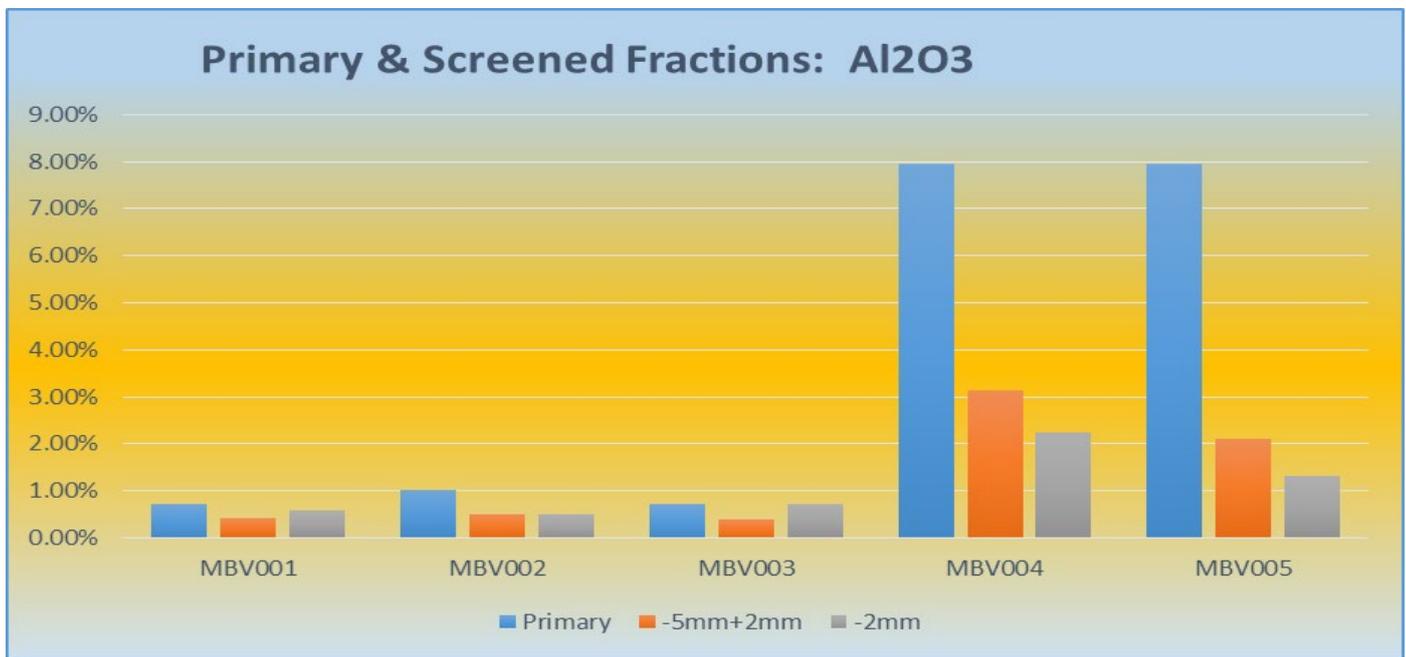


Table 6: Primary & Screened fractions – Alumina (Al₂O₃)

DIRECTORS' REPORT

Table 6 summarises alumina showing similar beneficiation characteristics to silica.

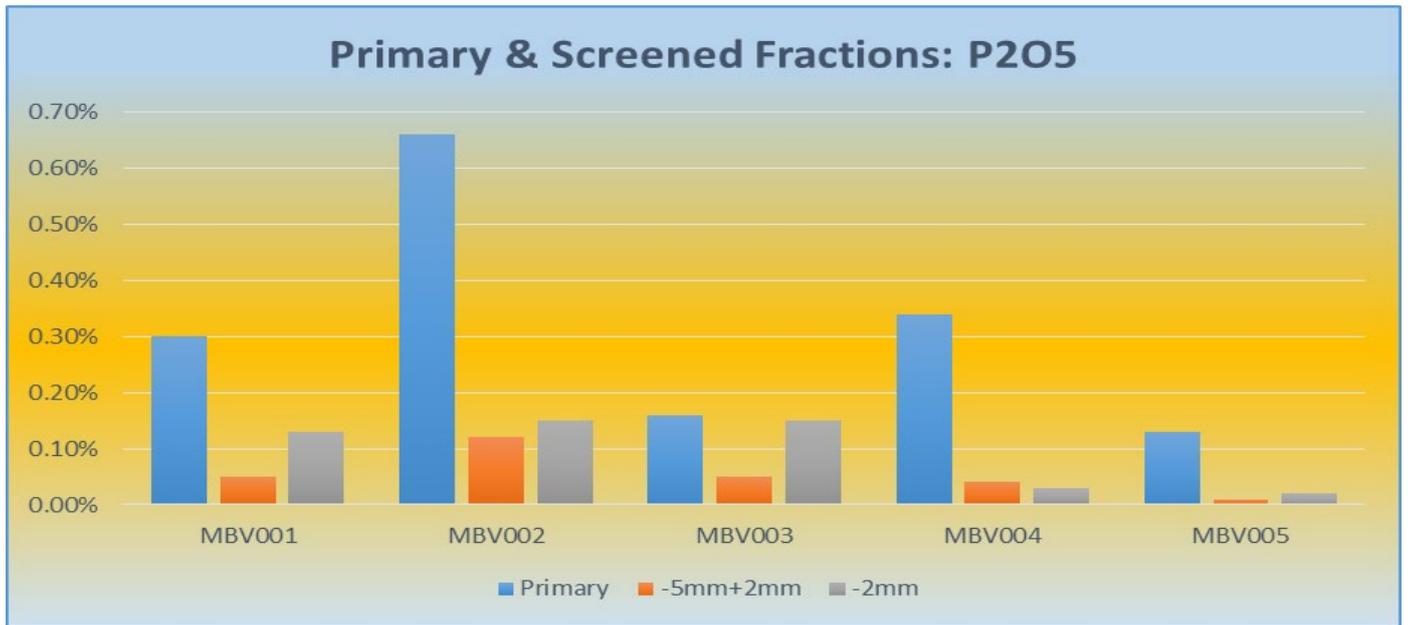


Table 7: Primary & Screened fractions – Phosphorous (P₂O₅)

Table 7 summarises the removal of phosphorous through the two screen sizes and also demonstrates that the dry screen and -5mm crush upgrades the Buena Vista ore to a prime low phosphorous concentrate.

In summary, the results achieved with the two lower primary grade samples being MBV004 and MBV 005 provide a potential opportunity for lower grade Buena Vista ore to be upgraded to a saleable concentrate using a simple crush and dry beneficiation. This has potential significant cost and production benefits for both production phases at the Buena Vista Project.

For example, both of the samples upgraded to +59% Fe with a corresponding reduction in impurities (note the P₂O₅ and its reduction by a factor of nearly 6 times). The silica content still however remained and in the **preferred range for HBI and HPI feedstock (5-10%)**.

Of equal importance was the weight recovery percentage of each of the samples which indicated that a recovery of around 90% magnetite for each fraction.

GREEN STEEL DEVELOPMENT

During the June 2021 half year, Magnum shipped un-beneficiated samples of its Buena Vista iron ore to a consortium of international engineering firms specialising in HBI and Pig Iron manufacturing design.

Based on the metallurgical test results from the subsequent sample testing it was determined that Buena Vista ore is suitable for HBI and Pig Iron steel production. The decision was then made to specifically design a “green” HBI and Pig Iron manufacturing process for the Project.

This proposed manufacturing plant will be designed based on mature and industrially proven technologies. Contemporaneously, Magnum also commenced discussions with several international firms in Europe and North America to provide plant assembly services and operational assistance.

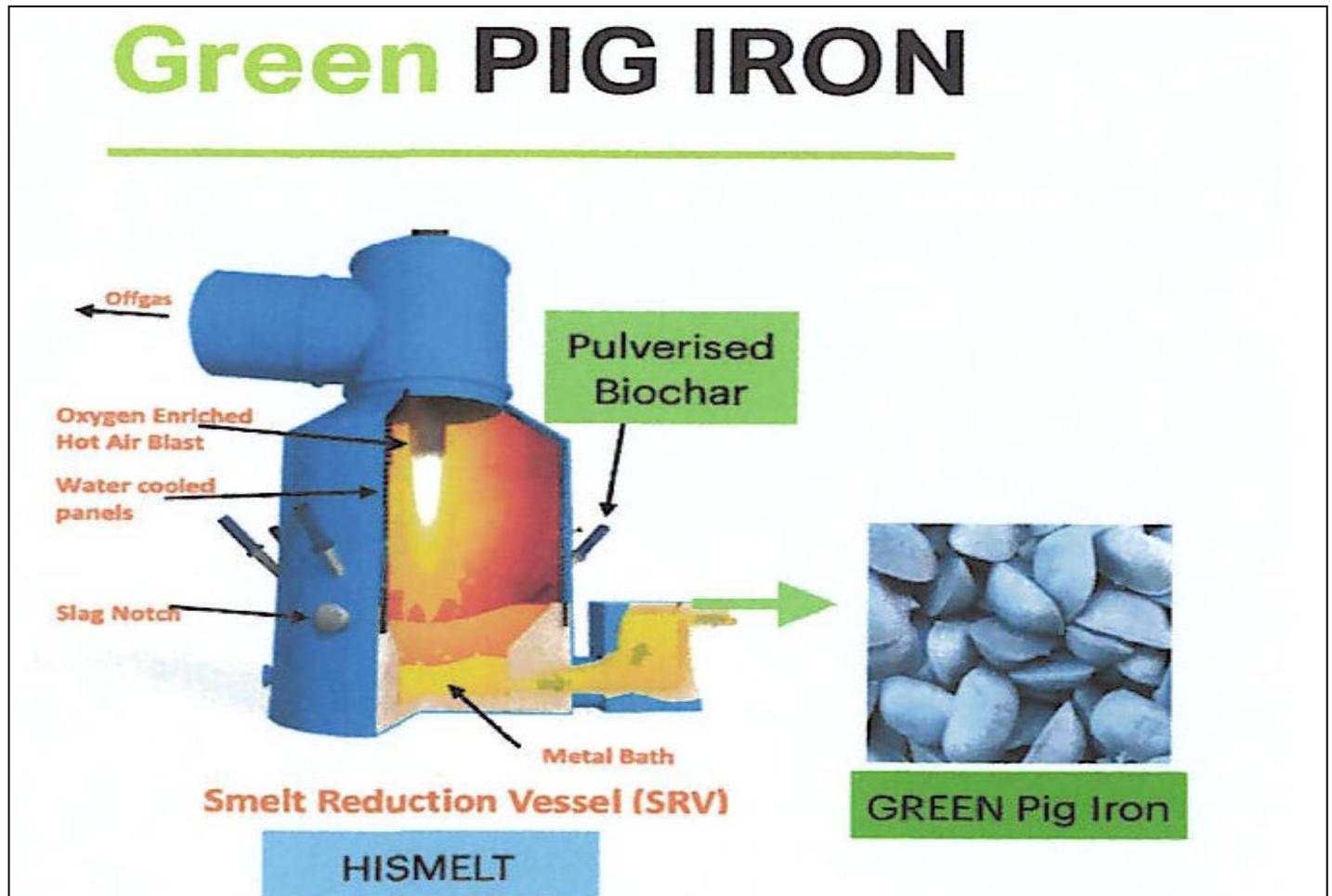
This is an exciting opportunity for Magnum as it will potentially be a first mover in producing environmentally friendly steel products for supply to the US domestic and international steel markets.

Building on this theme, in April 2021 Magnum announced the signing of an exclusive Heads of Agreement with AVF Energy Inc. for that company to fund and construct a commercial scale green hydrogen plant at the Buena Vista Project.

DIRECTORS' REPORT

AVF is a Nevada based company that is active in the green hydrogen market having executed a MOU agreement with NYSE listed Dominion (a US based \$US60 billion infrastructure company) as an equity partner in a green hydrogen production project in the USA.

AVF proposes to produce green hydrogen from waste on a commercial scale for the proposed Magnum operations at the Buena Vista Project.

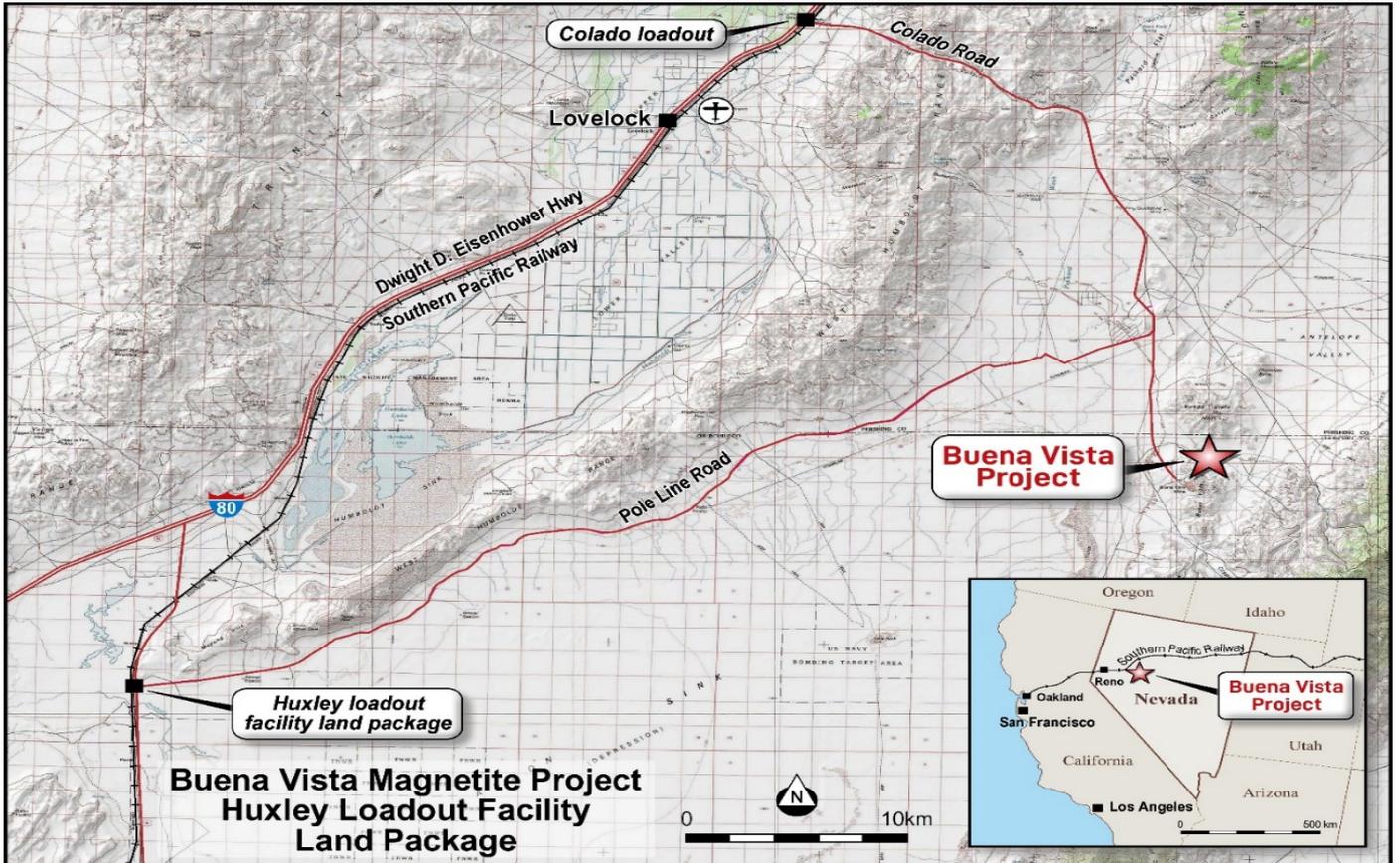
**KEY INFRASTRUCTURE LAND PACKAGE AT HUXLEY SECURED**

As part of the advancement of the Buena Vista Project, Magnum has secured a key land package around the abandoned historic town site of Huxley.

This land which totals 769.9 acres in three parcels is now owned unencumbered by Magnum through its wholly owned United States subsidiary Iron Horse Transportation LLC. The land package is located around 55kms WSW from the Buena Vista Project and has been secured as a potential alternate rail load out facility to Colorado, which is located approximately 45 kms NNW from the Project.

The land package is free from infrastructure and restrictive covenants and is accessed via Pole Line Road which is a flat lying local County gravel road following the southern boundary of the Humboldt Ranges (see plan below).

DIRECTORS' REPORT



The land is also ideally suited for the provision of potential infrastructure for the value add opportunities as part of the expanded development strategy for the Buena Vista Project.

Land Parcel	Description	Area	Property Key
004 431-39	Huxley	311.15 acres	443139
004 431-42	Huxley	98.66 acres	443142
004 431-43	NE Huxley	360.12 acres	443143

GRAVELOTTE EMERALD PROJECT (SOUTH AFRICA)

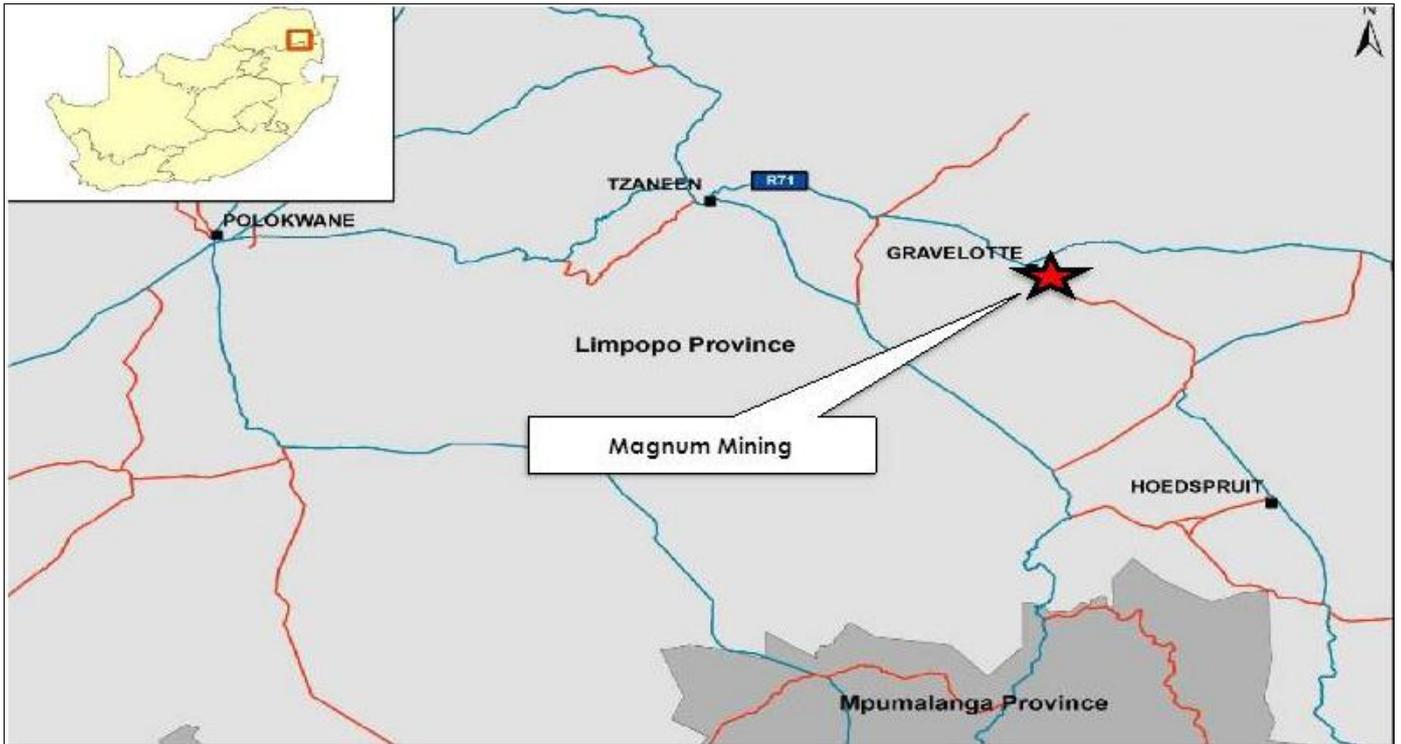
Magnum owns 74% of the Gravelotte Project which is located in the Limpopo Province of South Africa.

Emeralds were discovered in the province in 1927 and since then several companies have explored for and mined within the broader region for emeralds.

From 1929 to 1982, the total recorded emerald production from the Gravelotte Project, as well as the area surrounding the nearby Gravelotte Township, was approximately 113 million carats.

It is reported that during the 1960's the Gravelotte Project itself was the largest emerald mine of its type in the world, employing over 400 sorters.

DIRECTORS' REPORT

**Gravelotte Location Map**

The Gravelotte Project offers established infrastructure, existing and accessible open cuts together with extensive low grade dumps, a large (albeit incomplete) historic data base, a nearby and available work force, local on-site technical expertise and a nearby township that can serve as a supply centre.

The Company has maintained and refurbished much of the extensive existing mine site infrastructure including offices, laboratory, workshops, garages, management accommodation complex and a mine hostel to accommodate mine workers.

The mine site is well situated with utilities and logistics being serviced by ESKOM grid power, has a sealed road to the mine gate and has a working airstrip.

The Gravelotte Project is now at the pre-development stage but during the past 18 months activities have been severely restricted as a result of the COVID-19 pandemic.

DIRECTORS' REPORT

TENEMENT INFORMATION AS AT 30 JUNE 2021

Buena Vista Project

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
KMD 1	NMC956471	NMC956471	Lode
KMD 2	NMC956472	NMC956471	Lode
KMD 3	NMC956473	NMC956471	Lode
KMD 4	NMC956474	NMC956471	Lode
KMD 5	NMC956475	NMC956471	Lode
KMD 6	NMC956476	NMC956471	Lode
KMD 7	NMC956477	NMC956471	Lode
KMD 8	NMC956478	NMC956471	Lode
KMD 9	NMC956479	NMC956471	Lode
KMD 10	NMC1049632	NMC1049632	Lode
KMD 11	NMC956481	NMC956471	Lode
KMO 12	NMC956482	NMC956471	Lode
KMO 13	NMC956483	NMC956471	Lode
KMD 14	NMC956484	NMC956471	Lode
KMD 15	NMC956485	NMC956471	Lode
KMD 16	NMC956486	NMC956471	Lode
KMO 17	NMC956487	NMC956471	Lode
KMD 18	NMC956488	NMC956471	Lode
KMD 19	NMC956489	NMC956471	Lode
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KMD 41	NMC956511	NMC956471	Lode
KMD 42	NMC956512	NMC956471	Lode
KMD 43	NMC956513	NMC956471	Lode
KMD 44	NMC956514	NMC956471	Lode

DIRECTORS' REPORT

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
KMD 45	NMC956515	NMC956471	Lode
KMD 46	NMC956515B	NMC956471	Lode
KMD 47	NMC956517	NMC956471	Lode
KMD 48	NMC956518	NMC956471	Lode
KMD 49	NMC956519	NMC956471	Lode
KMD 50	NMC956520	NMC956471	Lode
KMD 51	NMC956521	NMC956471	Lode
KMD 52	NMC956522	NMC956471	Lode
KMD 53	NMC956523	NMC956471	Lode
KMD 54	NMC956524	NMC956471	Lode
KMD 55	NMC956525	NMC956471	Lode
KMD 56	NMC956526	NMC956471	Lode
KMD 57	NMC1049633	NMC1049632	Lode
KMD 58	NMC1049634	NMC1049632	Lode
KMD 59	NMC979428	NMC979387	Lode
KMD 60	NMC979429	NMC979387	Lode
KMD 61	NMC979430	NMC979387	Lode
KMD 62	NMC979431	NMC979387	Lode
KMD 63	NMC979432	NMC979387	Lode
KMD 64	NMC979433	NMC979387	Lode
KMD 65	NMC979434	NMC979387	Lode
KMD 66	NMC979435	NMC979387	Lode
KMD 67	NMC979436	NMC979387	Lode
KMD 68	NMC979437	NMC979387	Lode
KMD 69	NMC979438	NMC979387	Lode
KMD 70	NMC979439	NMC979387	Lode
NvFe 1	NMC1045283	NMC1045283	Lode
NvFe 2	NMC1045284	NMC1045283	Lode
NvFe 3	NMC1045285	NMC1045283	Lode
NvFe 4	NMC1045286	NMC1045283	Lode
NvFe 5	NMC1045287	NMC1045283	Lode
NvFe 6	NMC1045288	NMC1045283	Lode
NvFe 7	NMC1045289	NMC1045283	Lode
NvFe 8	NMC1045290	NMC1045283	Lode
NvFe 9	NMC1068429	NMC1068429	Lode
NvFe 10	NMC1068430	NMC1068429	Lode
NvFe 11	NMC1068431	NMC1068429	Lode
NvFe 12	NMC1068432	NMC1068429	Lode
NvFe 13	NMC1068433	NMC1068429	Lode
NvFe 14	NMC1068434	NMC1068429	Lode
NvFe 15	NMC1068435	NMC1068429	Lode
NvFe 16	NMC1068436	NMC1068429	Lode
NvFe 17	NMC1068437	NMC1068429	Lode
NvFe 18	NMC1068438	NMC1068429	Lode
NvFe 19	NMC1068439	NMC1068429	Lode
NvFe 20	NMC1075996	NMC1075996	Lode
NvFe 21	NMC1075997	NMC1075996	Lode

DIRECTORS' REPORT

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
NvFe 22	NMC1075998	NMC1075996	Lode
NvFe 23	NMC1075999	NMC1075996	Lode
NvFe 24	NMC1076000	NMC1075996	Lode
NvFe 25	NMC1076001	NMC1075996	Lode
NvFe 26	NMC1076002	NMC1075996	Lode
NvFe 27	NMC1076003	NMC1075996	Lode
NvFe 28	NMC1076004	NMC1075996	Lode
NvFe 29	NMC1076005	NMC1075996	Lode
NvFe 30	NMC1076006	NMC1075996	Lode
NvFe 31	NMC1076007	NMC1075996	Lode
NvFe 32	NMC1076008	NMC1075996	Lode
NvFe 33	NMC1076009	NMC1075996	Lode
NvFe 34	NMC1076010	NMC1075996	Lode
NvFe 35	NMC1076011	NMC1075996	Lode
NvFe 36	NMC1076012	NMC1075996	Lode
NvFe 37	NMC1076013	NMC1075996	Lode
NvFe 38	NMC1076014	NMC1075996	Lode
NvFe 39	NMC1076015	NMC1075996	Lode
NvFe 40	NMC1076016	NMC1075996	Lode
NvFe 41	NMC1076017	NMC1075996	Lode
NvFe 42	NMC1076018	NMC1075996	Lode
NvFe 43	NMC1076019	NMC1075996	Lode
NvFe 44	NMC1076020	NMC1075996	Lode
NvFe 45	NMC1076021	NMC1075996	Lode
NvFe 46	NMC1076022	NMC1075996	Lode
NvFe 47	NMC1076023	NMC1075996	Lode
NvFe 48	NMC1076024	NMC1075996	Lode
NvFe 49	NMC1076025	NMC1075996	Lode
NvFe 50	NMC1076026	NMC1075996	Lode
NvFe 51	NMC1076027	NMC1075996	Lode
NvFe 52	NMC1076028	NMC1075996	Lode
NvFe 53	NMC1076029	NMC1075996	Lode
NvFe 54	NMC1076030	NMC1075996	Lode
NvFe 55	NMC1076031	NMC1075996	Lode
NvFe 56	NMC1076032	NMC1075996	Lode
NvFe 57	NMC1076033	NMC1075996	Lode
NvFe 58	NMC1076034	NMC1075996	Lode
NvFe 59	NMC1076035	NMC1075996	Lode
NvFe 60	NMC1076036	NMC1075996	Lode
NvFe 61	NMC1076037	NMC1075996	Lode
NvFe 62	NMC1076038	NMC1075996	Lode
NvFe 63	NMC1076039	NMC1075996	Lode
NvFe 64	NMC1076040	NMC1075996	Lode
NvFe 65	NMC1076041	NMC1075996	Lode
NvFe 66	NMC1076042	NMC1075996	Lode
NvFe 67	NMC1076043	NMC1075996	Lode
NvFe 68	NMC1076044	NMC1075996	Lode

DIRECTORS' REPORT

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
NvFe 69	NMC1076045	NMC1075996	Lode
NvFe 70	NMC1076046	NMC1075996	Lode
NvFe 71	NMC1076047	NMC1075996	Lode
NvFe 72	NMC1076048	NMC1075996	Lode
NvFe 73	NMC1076049	NMC1075996	Lode
NvFe 74	NMC1076050	NMC1075996	Lode
NvFe 75	NMC1076051	NMC1075996	Lode
NvFe 76	NMC1076052	NMC1075996	Lode
NvFe 77	NMC1076053	NMC1075996	Lode
NvFe 78	NMC1076054	NMC1075996	Lode
NvFe 79	NMC1076055	NMC1075996	Lode
NvFe 80	NMC1076056	NMC1075996	Lode
NvFe 81	NMC1076057	NMC1075996	Lode
NvFe 82	NMC1076058	NMC1075996	Lode
NvFe 83	NMC1076059	NMC1075996	Lode
NvFe 84	NMC1076060	NMC1075996	Lode
NvFe 85	NMC1076061	NMC1075996	Lode
NvFe 86	NMC1076062	NMC1075996	Lode
NvFe 87	NMC1076063	NMC1075996	Lode
NvFe 88	NMC1076064	NMC1075996	Lode
NvFe 89	NMC1076065	NMC1075996	Lode
NvFe 90	NMC1076066	NMC1075996	Lode
NvFe 91	NMC1076067	NMC1075996	Lode
NvFe 92	NMC1076068	NMC1075996	Lode
NvFe 93	NMC1076069	NMC1075996	Lode
NvFe 94	NMC1076070	NMC1075996	Lode
NvFe 95	NMC1076071	NMC1075996	Lode
NvFe 96	NMC1076072	NMC1075996	Lode
NvFe 97	NMC1076073	NMC1075996	Lode
NvFe 98	NMC1076074	NMC1075996	Lode
NvFe 99	NMC1076075	NMC1075996	Lode
NvFe 100	NMC1076076	NMC1075996	Lode
NvFe 101	NMC1076077	NMC1075996	Lode
NvFe 102	NMC1076078	NMC1075996	Lode
NvFe 103	NMC1076079	NMC1075996	Lode
NvFe 104	NMC1076080	NMC1075996	Lode
NvFe 105	NMC1076081	NMC1075996	Lode
NvFe 106	NMC1076082	NMC1075996	Lode
NvFe 108	NMC1076083	NMC1075996	Lode
NvFe 109	NMC1076084	NMC1075996	Lode
NvFe 110	NMC1076085	NMC1075996	Lode
NvFe 111	NMC1076086	NMC1075996	Lode
NvFe 112	NMC1076087	NMC1075996	Lode
NvFe 113	NMC1076088	NMC1075996	Lode
NvFe 114	NMC1076089	NMC1075996	Lode
NvFe 115	NMC1076090	NMC1075996	Lode

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Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
HNVFE NO 1	NMC1093640	NMC1093640	Mill Site
HNVFE NO 2	NMC1093641	NMC1093640	Mill Site
HNVFE NO 3	NMC1093642	NMC1093640	Mill Site
HNVFE NO 4	NMC1093643	NMC1093640	Mill Site
HNVFE NO 5	NMC1093644	NMC1093640	Mill Site
HNVFE NO 6	NMC1093645	NMC1093640	Mill Site
HNVFE NO 7	NMC1093646	NMC1093640	Mill Site
HNVFE NO 8	NMC1093647	NMC1093640	Mill Site
HNVFE NO 9	NMC1093648	NMC1093640	Mill Site
HNVFE NO 10	NMC1093649	NMC1093640	Mill Site
HNVFE NO 11	NMC1093650	NMC1093640	Mill Site
HNVFE NO 12	NMC1093651	NMC1093640	Mill Site
HNVFE NO 13	NMC1093652	NMC1093640	Mill Site
HNVFE NO 14	NMC1093653	NMC1093640	Mill Site
HNVFE NO 15	NMC1093654	NMC1093640	Mill Site
HNVFE NO 16	NMC1093655	NMC1093640	Mill Site
HNVFE NO 17	NMC1093656	NMC1093640	Mill Site
HNVFE NO 18	NMC1093657	NMC1093640	Mill Site
HNVFE NO 26	NMC1093665	NMC1093640	Mill Site
HNVFE NO 27	NMC1093666	NMC1093640	Mill Site
HNVFE NO 28	NMC1093667	NMC1093640	Mill Site
HNVFE NO 29	NMC1093668	NMC1093640	Mill Site
HNVFE NO 30	NMC1093669	NMC1093640	Mill Site
HNVFE NO 31	NMC1093670	NMC1093640	Mill Site
HNVFE NO 32	NMC1093671	NMC1093640	Mill Site
HNVFE NO 33	NMC1093672	NMC1093640	Mill Site
HNVFE NO 34	NMC1093673	NMC1093640	Mill Site
HNVFE NO 35	NMC1093674	NMC1093640	Mill Site
HNVFE NO 36	NMC1093675	NMC1093640	Mill Site
HNVFE NO 37	NMC1093676	NMC1093640	Mill Site
HNVFE NO 38	NMC1093677	NMC1093640	Mill Site
HNVFE NO 39	NMC1093678	NMC1093640	Mill Site
HNVFE NO 40	NMC1093679	NMC1093640	Mill Site
HNVFE NO 41	NMC1093680	NMC1093640	Mill Site
HNVFE NO 42	NMC1093681	NMC1093640	Mill Site
HNVFE NO 43	NMC1093682	NMC1093640	Mill Site
HNVFE NO 44	NMC1093683	NMC1093640	Mill Site
HNVFE NO 45	NMC1093684	NMC1093640	Mill Site
HNVFE NO 46	NMC1093685	NMC1093640	Mill Site
HNVFE NO 47	NMC1093686	NMC1093640	Mill Site
HNVFE NO 48	NMC1093687	NMC1093640	Mill Site

DIRECTORS' REPORT**Gravelotte Project**

Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province, South Africa	Gravelotte	Mining Right	MPT 85/2014	74%	Granted
Limpopo Province, South Africa	Gravelotte	Prospecting Right	LP 204 PR	74%	Granted

DIRECTORS' REPORT**CORPORATE****APPOINTMENT OF DIRECTORS**

During the reporting period the Company undertook a board reshuffle which saw the appointment of:

- Dano Chan, Managing Director;
- Donald Carroll, Executive Chairman
- Matt Latimore, Non-Executive Director
- John Dinan, Non-Executive Director & Company Secretary

(collectively, "**Company Directors**") (refer to announcements dated 12 April 2021, 19 April 2021 and 4 May 2021).

CAPITAL RAISING**January Placement**

On 22 January 2021, the Company announced the successful completion of a placement of 50,000,000 fully paid ordinary shares ("**January Shares**") with a free attaching 1:2 listed options exercisable at \$0.05 on or before 30 September 2022, to eligible sophisticated and institutional investors to raise A\$2 million before costs.

The January Shares were issued at \$0.04 per share being a 24% discount to the 20-day volume weighted average price immediately before halt in trading on 19 January 2021.

The funds raised under the January Placement were utilised to fund the then newly acquired Buena Vista Project's feasibility study and for general working capital purposes.

May Placement

On 7 May 2021, the Company announced the successful completion of a placement of 40,000,000 fully paid ordinary shares ("**May Shares**") to eligible sophisticated and institutional investors to raise A\$6 million before costs. The May Shares were issued at \$0.15 per share.

The funds raised under the May Placement were utilised to accelerate Magnum's activities to fast-track the Project and to explore growth opportunities through the production of HBI and Pig Iron in the United States.

Non-Executive Director Matt Latimore sought and obtained shareholder approval on 20 July 2021 to participate in the placement up to A\$250,000. In accordance with shareholder approval, Matt Latimore was issued 1,666,666 fully paid ordinary shares on 27 July 2021.

SECURITIES

During the reporting period Magnum issued a total of 159,940,003 shares and 117,000,000 options as reflected below:

1. 15 January 2021: 25,000,002 fully paid ordinary shares at an issue price of \$0.03 to raise \$750,000 before costs.
2. 18 January 2021: the following unlisted options were issued:
 - 12,000,000 unlisted options exercisable at \$0.03 per share expiring 30 December 2023
 - 2,000,000 unlisted options exercisable at \$0.05 per share expiring 30 December 2023
 - 3,000,000 unlisted options exercisable at \$0.10 per share expiring 30 December 2023
 - 6,000,000 unlisted options exercisable at \$0.20 per share expiring 30 December 2023
 - 6,000,000 unlisted options exercisable at \$0.40 per share expiring 30 December 2023
3. 3 February 2021: 25,000,000 listed options for nil consideration with an exercise price of \$0.05 expiring 30 September 2022.
4. 9 February 2021: 25,000,000 fully paid ordinary shares for nil consideration as part payment of acquisition of Buena Vista Project.
5. 3 March 2021: 50,000,000 fully paid ordinary shares at an issue price of \$0.04 per share to raise A\$2,000,000 before costs and 25,000,000 listed options with an exercise price of \$0.05 expiring 30 September 2022, for nil consideration.

DIRECTORS' REPORT

6. 16 March 2021: 510,000 fully paid ordinary shares following the conversion of 10,000 listed options with an exercise price of \$0.05 and the conversion of 500,000 unlisted options with an exercise price of \$0.03 to raise \$15,500.
7. 23 April 2021: 32,000,000 unlisted options exercisable at \$0.20 per share expiring 19 April 2024.
8. 7 May 2021: 40,000,000 fully paid ordinary shares at an issue price of \$0.15 to raise \$6,000,000 before costs and 6,000,000 unlisted options for nil consideration with an exercise price of \$0.20 per option expiring 19 April 2024.
9. 10 May 2021: 8,366,667 fully paid ordinary shares following the conversion of 6,366,667 listed options at \$0.05 per conversion to raise \$416,833.35 and the conversion of 2,000,000 unlisted options at \$0.03 per conversion to raise \$60,000.
10. 17 May 2021: 313,334 fully paid ordinary shares following the conversion of 313,334 listed options at \$0.05 per conversion to raise \$15,666.70.
11. 19 May 2021: 150,000 fully paid ordinary shares following the conversion of 150,000 listed options at \$0.05 per conversion to raise \$15,666.70.
12. 4 June 2021: 4,000,000 fully paid ordinary shares following the conversion of 1,000,000 listed options at \$0.05 per conversion to raise \$50,000.00, the conversion of 1,000,000 unlisted options at \$0.03 per conversion to raise \$30,000.00 and the conversion of 2,000,000 unlisted options at \$0.05 to raise \$100,000.00.
13. 16 June 2021: 6,600,000 fully paid ordinary shares following the conversion of 6,600,000 listed options at \$0.05 per conversion to raise \$330,000

Immediately following the reporting period (2 July 2021: 514,000 fully paid ordinary shares were issued following the conversion of 14,000 listed options at \$0.05 per conversion to raise \$700 and the conversion of 500,000 unlisted options at \$0.03 per conversion to raise \$15,000).

EVENTS SUBSEQUENT TO REPORTING DATE**Issue of Incentive Options and Performance Rights to Company Directors**

On 3 August 2021, the Company issued unlisted incentive options and performance rights to the Company directors in accordance with the announcement dated 28 July 2021 ('**Director Options and Performance Rights**').

The Company issued the Director Options and Performance Rights in accordance with the Employee Incentive Plan approved by shareholders on 20 July 2021. In accordance with shareholder approval a total of 51,000,000 Director Options and Performance Rights were issued (refer to announcement dated 28 July 2021 and the Notice of Extraordinary General Meeting released on 16 June 2021).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AFTER THE END OF THE REPORTING PERIOD

There has not been any matter or circumstance that has arisen after the balance date that has 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.

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 half year financial report. This Independence Declaration is set out on page 21 and forms part of this Directors' Report for the half year ended 30 June 2021.

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.



Donald Carroll
Chairman
13 September 2021



John Dinan
Director

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 2021, 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.

Perth, Western Australia
13 September 2021



N G Neill
Partner

hl**b.com.au**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2021**

	Note	30 June 2021 \$	30 June 2020 \$
Revenue	3	41	122,755
Accountancy		(44,820)	(22,020)
Auditor's remuneration		(18,703)	(20,768)
Communication expenses		(15,000)	-
Corporate advisory	3	(936,860)	-
Depreciation		(14,087)	(14,000)
Exploration expensed as incurred		(180,826)	(124,516)
Finance costs		(5,579)	(3,272)
IT and communication		(15,864)	(9,365)
Marketing	3	(2,090,492)	(16,490)
Office expenses		(49,145)	(3,312)
Professional and technical advisors		(285,280)	-
Consultancy fees		(456,712)	-
Share registry and exchange fees		(42,327)	(16,096)
Travel and accommodation		(58,894)	-
Other expenses		(44,795)	(41,725)
Loss before income tax expense		(4,259,344)	(148,809)
Income tax expense		-	-
Loss for the period		(4,259,344)	(148,809)
Other comprehensive income/ (loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Changes in fair value of equity investments designated at FVOCI		(1,629)	34,375
Exchange differences on translation of foreign operations		43,851	(37,311)
Other comprehensive income/ (loss) for the period		42,222	(2,936)
Total comprehensive loss for the period		(4,217,122)	(151,745)
Income/ (Loss) attributable to:			
Equity holders of the parent		(4,205,842)	(142,342)
Non-controlling interests		(53,502)	(6,467)
Net loss for the period		(4,259,344)	(148,809)
Total comprehensive income/ (loss) attributable to:			
Equity holders of the parent		(4,205,842)	(145,278)
Non-controlling interests		(53,502)	(6,467)
Total comprehensive loss for the period		(4,217,122)	(151,745)
Basic and diluted loss per share (cents)	4	(1.02)	(0.05)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

		30 June 2021	31 December 2020
	Notes	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		6,699,446	205,502
Trade and other receivables		167,640	64,846
Other financial assets	5	-	162,500
Total Current Assets		6,867,086	432,848
Non-Current Assets			
Property, plant and equipment	6	799,643	115,662
Deferred exploration and evaluation expenditure	7	5,230,572	2,060,834
Rehabilitation guarantee	7	38,084	36,902
Total Non-Current Assets		6,068,299	2,213,398
Total Assets		12,935,385	2,646,246
LIABILITIES			
Current Liabilities			
Trade and other payables	8	1,245,590	200,606
Borrowings	9	-	163,186
Total Current Liabilities		1,245,590	363,792
Non-Current Liabilities			
Other payables	8	300,000	-
Total Non-Current Liabilities		300,000	-
Total Liabilities		1,545,590	363,792
Net Assets		11,389,796	2,282,454
EQUITY			
Issued capital	10	33,309,481	24,813,146
Reserves	11	5,600,287	729,936
Accumulated losses		(27,075,825)	(22,869,983)
Equity attributable to owners of the parent		11,833,943	2,673,099
Non-controlling interests		(444,147)	(390,645)
Total Equity		11,389,796	2,282,454

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 2021**

	Issued capital \$	Accumulated losses \$	Reserves \$	Non- controlling interests \$	Total \$
2021					
Balance as at 1 January 2021	24,813,146	(22,869,983)	729,936	(390,645)	2,282,454
Loss for the period	-	(4,205,842)	-	(53,502)	(4,259,344)
Other comprehensive loss:					
Changes in fair value of equity investments designated at FVOCI	-	-	(1,629)	-	(1,629)
Currency translation differences	-	-	43,851	-	43,851
Total comprehensive income / (loss) for the period	-	(4,205,842)	42,222	(53,502)	(4,217,122)
Transactions with owners in their capacity as owners					
Placement	8,750,000	-	-	-	8,750,000
Shares issued as consideration of the Buena Vista Project acquisition	1,825,000	-	-	-	1,825,000
Exercise of options	912,450	-	-	-	912,450
Transfer between equity and reserves	386,741	-	(386,741)	-	-
Share issue expenses	(3,377,856)	-	-	-	(3,377,856)
Issue of options	-	-	5,379,634	-	5,379,634
Options issue cost	-	-	(7,433)	-	(7,433)
Options lapsed	-	-	(157,332)	-	(157,332)
Balance as at 30 June 2021	33,309,481	(27,075,825)	5,600,287	(444,147)	11,389,796
2020					
Balance as at 1 January 2020	24,177,078	(22,151,345)	636,855	(296,759)	2,365,829
Loss for the period	-	(142,342)	-	(6,467)	(148,809)
Other comprehensive loss:					
Changes in fair value of equity investments designated at FVOCI	-	-	34,375	-	34,375
Currency translation differences	-	-	(37,311)	-	(37,311)
Total comprehensive income / (loss) for the period	-	(142,342)	(2,936)	(6,467)	(151,745)
Transactions with owners in their capacity as owners					
Options issue costs	-	-	(88)	-	(88)
Balance as at 30 June 2020	24,177,078	(22,293,687)	633,831	(303,226)	2,213,996

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 2021**

	2021	2020
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	296
Interest received	3	6
Payments for exploration and evaluation	(833,967)	(131,303)
Payments to suppliers and employees	(658,156)	(114,254)
Payments for administration and corporate costs	(1,252)	-
Net cash (outflow) from operating activities	(1,493,372)	(245,255)
Cash flows from investing activities		
Proceeds from sale of financial assets	160,871	-
Investment in projects	(348,148)	-
Payments for purchases of property	(692,110)	-
Payments for purchases of plant and equipment	(2,000)	-
Net cash (outflow) from investing activities	(881,388)	-
Cash flows from financing activities		
Option conversion	912,450	-
Proceeds from share issues	8,750,000	-
Proceeds from borrowings	-	142,186
Repayment of borrowings	(163,186)	-
Payment for share or option issue costs	(630,560)	(18,678)
Net cash inflow from financing activities	8,868,704	123,508
Net increase/ (decrease) in cash and cash equivalents	6,493,944	(121,747)
Cash and cash equivalents at the beginning of the half year	205,502	147,063
Effects of exchange rate changes on cash and cash equivalents	-	(11,479)
Cash and cash equivalents at the end of the half year	6,699,446	13,837

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021****1. Statement of Significant Accounting Policies**

These half year consolidated financial statements are general purpose financial statements 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').

This condensed half year financial 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 2020 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 and methods of computation adopted are consistent with those of the previous financial year and corresponding half year.

Basis of preparation

The half year financial report has been prepared on a historical cost basis, except for selected non-current financial assets, which have been measured at fair value as explained in the relevant accounting policies. Historical 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. The Company is a for-profit entity.

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

Statement of compliance

The half year financial report was authorised for issue in accordance with a resolution of the Directors on 13 September 2021.

The half year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the half year financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Significant accounting judgments and key estimates

The preparation of half year 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 half year financial 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 2020, except as noted below:

Inventory

Emeralds are traditionally sold in parcels to buyers and these parcels contain a mixture of sizes and grades of emeralds. This is the way to maximise the value achieved per carat.

In completion of the Trial Mining Phase One and the Trial Mining Phase Two at the Gravelotte Project, the Group has recovered a parcel of emeralds of a sufficient size to allow for a commercial assessment of pricing. Inventory is required to be measured at the lower of cost or net realisable value. Given the nature of trial mining it is expected that the net realisable value of the parcel will be lower than cost.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021****Significant accounting judgments and key estimates (continued)**

The Group is still waiting to receive its export license, and with the continued border restriction due to the coronavirus (COVID-19) outbreak, it has slowed the process of identifying potential buyers to allow for a commercial assessment of pricing for the emeralds.

The Directors believe that prior to obtaining a commercial assessment of pricing for the emeralds, it would be irresponsible and imprudent for them to provide an estimate of net realisable value of the emeralds for inclusion as inventory at 30 June 2021 and accordingly the carrying value of the emeralds should be nil.

New, revised or amended Accounting Standards and Interpretations

In the half year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group, and therefore, no material change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations that are relevant to the Group and that have recently been revised or amended but are not yet mandatory.

As a result of this review, the Directors have determined that there will not be a material effect on Group accounting policies in future financial periods.

Going concern

The Board of Magnum, after considering the current cash reserves, the entity's access to funding and the short- and medium-term strategy (announced to the ASX on August 23, 2021), agree that the group is a going concern. The Company has more than the required resources to meet its commitments in the medium term. Any execution of the announced strategy will require an investment decision which will be made at the time, having regard to all of the facts contained in the Bankable Feasibility Study. Pursuing this strategy will require the raising of capital to fund the capital investment required.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
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 half years ended 30 June 2021 and 30 June 2020.

	Australia \$	South Africa \$	United States \$	Consolidated \$
30-Jun-21				
Segment revenue and other income	38	-	-	38
Interest	-	-	3	3
Segment result	(4,053,250)	(205,786)	(398)	(4,259,434)
Unallocated				-
Results from operating activities				<u>(4,259,434)</u>
Segment assets	6,597,655	2,296,617	4,041,113	12,935,385
Segment liabilities	1,597,063	(51,473)	-	1,545,590
Included within segment results:				
Depreciation	-	14,087	-	14,087
30-Jun-20				
Segment revenue and other income	855	121,894	-	122,749
Interest	6	-	-	6
Segment result	(123,551)	(25,258)	-	(148,809)
Unallocated				-
Results from operating activities				<u>(148,809)</u>
Segment assets	118,525	2,296,433	-	2,414,958
Segment liabilities	188,883	12,079	-	200,962
Included within segment results:				
Depreciation	293	13,707	-	14,000

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
3. Revenue and expenses

Revenue	Consolidated	
	30 June 2021	30 June 2020
	\$	\$
From continuing operations		
Forgiveness of consulting fees	38	121,894
Administration overhead recoveries	-	755
Other income	3	106
	<u>41</u>	<u>122,755</u>

Expenses	Consolidated	
	30 June 2021	30 June 2020
Marketing	<u>(2,090,492)</u>	<u>(16,490)</u>
Comprises of:		
Share Based Payments ¹	(2,054,036)	-
Other	(36,456)	(16,490)
Corporate Advisory	<u>(936,860)</u>	<u>-</u>
Comprises of:		
Share Based Payments ²	(854,707)	-
Other	(82,153)	-

Share Based Payments

1. Issued on 23 April 2021: 20,000,000 unlisted options exercisable at \$0.20 per share expiring 19 April 2024.
2. Issued on 23 April 2021: 12,000,000 unlisted options exercisable at \$0.20 per share expiring 19 April 2024.

The professional services rendered in relation to the corporate advisory and marketing services were majority remunerated via the issue of options as contemplated in the agreements which are accounted in accordance with the requirements of the AASB 2 Share-based Payment.

4. Earnings/ (loss) per share

	Cents	Cents
Basic earnings / (loss) per share	<u>(1.02)</u>	<u>(0.05)</u>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/ (loss) per share	<u>485,219,483</u>	<u>304,598,818</u>
	\$	\$
Loss attributable to ordinary equity holders of the Group used in calculating basic earnings / (loss) per share	<u>(4,205,842)</u>	<u>(142,342)</u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
5. Other financial assets**Consolidated**

	30 June 2021	31 Dec 2020
	\$	\$

Shares in Dampier Gold – Current	-	162,500
	-	162,500

The shares in Dampier Gold Ltd are listed and therefore represent a level 1 financial instrument. The shares were sold during the period.

The Company made an irrevocable election to carry the investment at fair value through other comprehensive income.

6. Property, plant and equipment**Consolidated**

	30 June 2021	31 Dec 2020
	\$	\$

Plant and equipment	167,168	181,903
Less: accumulated depreciation	(63,902)	(68,715)
	104,076	113,188
Furniture, fixtures and fittings	3,765	3,700
Less: accumulated depreciation	(308)	(1,226)
	3,457	2,474
Property	692,110	-
Less: accumulated depreciation	-	-
	692,110	-
	799,643	115,662

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
7. Deferred Exploration and Evaluation Expenditure

Exploration and evaluation phase at cost	Consolidated	
	30 June 2021	31 Dec 2020
	\$	\$
Balance at beginning of the year	2,060,834	2,060,834
Expenditures incurred	469,956	-
Acquisition of Buena Vista Project (asset acquisition)	2,699,782	-
Balance at the end of the year	5,230,572	2,060,834

The recoverability of the carrying amount of exploration assets is dependent upon further exploration and exploitation of commercially viable mineral deposits.

Exploration and evaluation expenditure for areas of interest for which rights of tenure are current is carried forward as an asset where it is expected that the expenditure will be recovered through the successful development of an area or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence of economically recoverable reserves. Where a project or an area has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

In order to maintain current rights of tenure to exploration tenements, the Group is required to comply with the minimum expenditure obligations under the Mining Act. These obligations have been met. The future obligations which are subject to renegotiation when an application for a mining lease is made and at other times are not provided for in the financial statements.

Rehabilitation guarantee	Consolidated	
	30 June 2021	31 Dec 2020
	\$	\$
Project Gravelotte (South Africa)	38,084	36,902

8. Trade and Other Payables

	Consolidated	
	30 June 2021	31 Dec 2020
	\$	\$
Current		
Trade payables	170,743	11,268
Other creditors and accruals	41,040	189,338
Share based payments accrued	897,883	-
Deferred consideration – Buena Vista (Note 13)	200,000	-
	799,643	200,606
Non-Current		
Deferred consideration – Buena Vista (Note 13)	300,000	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
9. Borrowings**Consolidated**

30 June 2021 31 Dec 2020
\$ \$

Grant Button (i)	-	153,186
Tabland Pty Ltd (ii)	-	10,000
	-	163,186

Related party transactions

(i) Mr G Button, an Executive director, is the trustee of Wilberforce Trust. Wilberforce Trust entered into a loan agreement to provide the Company a loan facility of \$150,000 which was repaid during the period. The full amount, inclusive of interest expense of \$8,891 was repaid during the year.

(ii) Mr H Dawson, a Non-Executive Chairman, is a related person in Tabland Pty Ltd. Tabland Pty Ltd entered into a loan agreement to provide the Company a loan facility of \$50,000 the outstanding loan balance was repaid during the period.

10. Issued capital

	Consolidated		Consolidated	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
(a) Share Capital	Shares	Shares	\$	\$

Ordinary shares

Ordinary shares fully paid	(a) 485,219,483	324,765,480	33,309,481	24,813,146
At reporting date	485,219,483	324,765,480	33,309,481	24,813,146

(a) Ordinary shares issued

	Consolidated		Consolidated	
	6 months to		Year to	
	30-Jun-21	30-Jun-21	31-Dec-20	31-Dec-20
Movements in ordinary share capital	Shares	\$	Shares	\$
Balance at the beginning of the reporting period	324,765,480	24,813,146	304,598,818	24,177,078
Issue of placement shares	115,000,002	8,750,000	16,666,662	500,000
Issue of shares in respect of the acquisition of Buena Vista Project	25,000,000	1,825,000	-	-
Proceeds from exercise of options	20,454,001	912,450	-	-
Transfer between equity and reserves	-	386,741	-	-
Issue of shares as consideration of debt settlement	-	-	3,500,000	147,000
Less: Share issue costs	-	(3,377,856)	-	(10,932)
Balance at reporting date	485,219,483	33,309,481	324,765,480	24,813,146

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
11.a Listed options

	30-Jun-21 No. of Options	31-Dec-20 No. of Options
Listed Options (MGUO)		
At the end of the reporting period the following options were on issue:		
- 30 September 2019 options exercisable at \$0.05 per share expiring 30 September 2022	101,506,273	101,506,273
- 16 July 2020 options exercisable at \$0.05 per share expiring 30 September 2022	8,333,330	8,333,330
- 16 December 2020 options exercisable at \$0.05 per share expiring 30 September 2022	3	3
- 3 February 2021 options exercisable at \$0.05 per share expiring 30 September 2022 ¹	25,000,000	-
- 3 March 2021 options exercisable at \$0.05 per share expiring 30 September 2022 ²	25,000,000	-
- 16 Mar 2021 Options exercised	(10,000)	-
- 10 May 2021 Options exercised	(6,366,667)	-
- 17 May 2021 Options exercised	(313,334)	-
- 19 May 2021 Options exercised	(150,000)	-
- 4 June 2021 Options exercised	(1,000,000)	-
- 16 June 2021 Options exercised	(6,600,000)	-
- Options exercised immediately following the reporting period	(14,000)	-
	145,385,605	109,839,606

11.b Unlisted options

	30-Jun-21 No. of Options	31-Dec-20 No. of Options
Unlisted options (MGUAB)		
- 18 January 2021 unlisted options (MGUAB) exercisable at \$0.03 per share expiring 30 December 2023 ³	12,000,000	-
- 18 January 2021 unlisted options (MGUAB) exercisable at \$0.05 per share expiring 30 December 2023 ⁴	2,000,000	-
- 18 January 2021 unlisted options (MGUAB) exercisable at \$0.10 per share expiring 30 December 2023 ⁵	3,000,000	-
- 18 January 2021 unlisted options (MGUAB) exercisable at \$0.20 per share expiring 30 December 2023 ⁶	6,000,000	-
- 18 January 2021 unlisted options (MGUAB) exercisable at \$0.40 per share expiring 30 December 2023 ⁷	6,000,000	-
- 16 March 2021 MGUAB unlisted options exercised	(500,000)	-
- 10 May 2021 MGUAB unlisted options exercised	(2,000,000)	-
- 4 June 2021 MGUAB unlisted options exercised	(3,000,000)	-
- MGUAB options exercised immediately following the reporting period	(500,000)	-
	23,000,000	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**

11.b Unlisted options	30-Jun-21 No. of Options	31-Dec-20 No. of Options
Unlisted options (MGUOC)		
- 23 April 2021 unlisted options (MGUOC) exercisable at \$0.20 per share expiring 19 April 2024 ⁸	32,000,000	-
- 7 May 2021 unlisted options (MGUOC) exercisable at \$0.20 per share expiring 19 April 2024 ⁹	6,000,000	-
	38,000,000	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Note	Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
1	3/02/2021	30/09/2022	\$0.72	\$0.05	98.74%	0.00%	0.09%	\$0.04
2	3/03/2021	30/09/2022	\$0.10	\$0.05	87.90%	0.00%	0.11%	\$0.05
3	11/01/2021	30/12/2023	\$0.05	\$0.03	81.51%	0.00%	0.11%	\$0.03
4	11/01/2021	30/12/2023	\$0.05	\$0.05	81.51%	0.00%	0.11%	\$0.03
5	11/01/2021	30/12/2023	\$0.05	\$0.10	81.51%	0.00%	0.11%	\$0.02
6	11/01/2021	30/12/2023	\$0.05	\$0.20	81.51%	0.00%	0.11%	\$0.01
7	11/01/2021	30/12/2023	\$0.05	\$0.40	81.51%	0.00%	0.11%	\$0.01
8	19/04/2021	19/04/2024	\$0.18	\$0.20	99.73%	0.00%	0.10%	\$0.10
9	7/05/2021	19/04/2024	\$0.18	\$0.20	99.77%	0.00%	0.12%	\$0.10

Movements in options	6 months to 30 June 2021 No. of Options	Year to 31 December 2020 No. of Options
Listed options (MGUO)		
Balance at the beginning of the year	109,839,606	101,506,273
Options issued during the period	50,000,000	8,333,333
Options exercised during the period	(14,454,001)	-
Balance at reporting date	145,385,605	109,839,606
Unlisted options (MGUAB)		
Balance at the beginning of the year	-	-
Options issued during the period	29,000,000	-
Options exercised during the period	(6,000,000)	-
Balance at reporting date	23,000,000	-
Unlisted options (MGUOC)		
Balance at the beginning of the year	-	-
Options issued during the period	38,000,000	-
Balance at reporting date	38,000,000	-

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
11c Reserves

	Option issue reserve	Share-based payment reserve	Investment revaluation reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
At 1 January 2021	947,182	157,333	46,875	(421,454)	729,936
Options issued during the period					
- Unlisted options issued on 18 Jan 2021 ¹	-	614,044	-	-	614,044
- Unlisted options issued on 3 Feb 2021 ²	-	1,258,258	-	-	1,258,258
- Unlisted options issued on 23 Apr 2021 ³	-	2,908,743	-	-	2,908,743
- Unlisted options issued on 7 May 2021 ⁴	-	598,589	-	-	598,589
Options exercised during the period	(259,698)	(127,043)	-	-	(386,741)
Options lapsed during the period	-	(157,332)	-	-	(157,332)
Less: Option issue costs	(7,433)	-	-	-	(7,433)
Changes in fair value of equity investments designated at FVOCI	-	-	(1,629)	-	(1,629)
Foreign currency translation	-	-	-	43,851	43,851
At 30 June 2021	680,051	5,252,591	45,246	(377,603)	5,600,287
At 1 January 2020	947,270	157,333	(65,625)	(402,123)	636,855
Less: Option issue costs	(88)	-	-	-	(88)
Changes in fair value of equity investments designated at FVOCI	-	-	112,500	-	112,500
Foreign currency translation	-	-	-	(19,331)	(19,331)
At 31 December 2020	947,182	157,333	46,875	(421,454)	729,936

1. 18 January 2021: the following unlisted options were issued:
 - o 12,000,000 unlisted options exercisable at \$0.03 per share expiring 30 December 2023
 - o 2,000,000 unlisted options exercisable at \$0.05 per share expiring 30 December 2023
 - o 3,000,000 unlisted options exercisable at \$0.10 per share expiring 30 December 2023
 - o 6,000,000 unlisted options exercisable at \$0.20 per share expiring 30 December 2023
 - o 6,000,000 unlisted options exercisable at \$0.40 per share expiring 30 December 2023
2. 3 February 2021: 25,000,000 listed options for nil consideration with an exercise price of \$0.05 expiring 30 September 2022.
3. 23 April 2021: 32,000,000 unlisted options exercisable at \$0.20 per share expiring 19 April 2024.
4. 7 May 2021: 40,000,000 fully paid ordinary shares at an issue price of \$0.15 to raise \$6,000,000 before costs and 6,000,000 unlisted options for nil consideration with an exercise price of \$0.20 per option expiring 19 April 2024.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
12. Interest in subsidiaries

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity	
		30-Jun-21	31-Dec-20
GEM Venus Holdings (Pty) Ltd	South Africa	100%	100%
Venus Emeralds (Pty) Ltd	South Africa	74%	74%
Adit Mining Consultants & Trading (Pty) Ltd	South Africa	74%	74%
Nevada Iron Holdings Pty Ltd	Australia	100%	-
Nevada Iron LLC	United States	100%	-
Iron Horse LLC	United States	100%	-

13. Acquisition of Buena Vista Project

On 9 October 2020, Magnum entered into an agreement with Lilaid Pty Ltd and New Nevada Resources LLC (**Collectively, the Sellers**) to acquire a 100% interest in its subsidiary Nevada Iron Holdings Pty Ltd, which holds the Buena Vista Project (refer to announcement dated 9 October 2020) with settlement of the acquisition occurring on 9 February 2021 (**Acquisition**). The material terms of the Acquisition are set out below:

- a) \$25,000 payable to the Sellers and/or their nominees within 5 days of the Due Diligence Commencement Date (refer to announcement dated 9 October 2020); and
- b) \$225,000 in cash and the issue of 25,000,000 shares in Magnum at a deemed issue price of \$0.03 per share to the Sellers and/or their nominees on completion of the due diligence and a decision by Magnum to proceed with the acquisition; and
- c) On completion of a Definitive Feasibility Study, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$500,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum determined as the 15 trading days immediately prior to the completion date of the Definitive Feasibility Study and its announcement to ASX.
- d) On the receipt by Magnum of firm and unconditional offers for the total amount of finance required to develop Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$1,500,000 with the issue price of the Magnum Shares equal to the 45 day VWAP of Magnum up to the date at which Magnum is in receipt of the unconditional offers for the total amount of finance required to develop Buena Vista; and
- e) On the completion of the commissioning of the production facility at Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum immediately up to the completion of the commissioning of production; and
- f) On receipt by the Buyer of the first payment from the sale of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash in Magnum (at the Sellers option) to the value of \$500,000 with the issue price of the Magnum Shares equal to the 15 day VWAP of Magnum up to the date at which Magnum is in receipt of the first payment from the sale of concentrate from Buena Vista; and
- g) On the delivery by Magnum of the three millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the three millionth tonne of concentrate from Buena Vista; and
- h) On the delivery by Magnum of the five millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the five millionth tonne of concentrate from Buena Vista; and

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
13. Acquisition of Buena Vista Project (Continued)

- i) Magnum will pay \$100,000 to the Sellers and/or their nominees on each six-month anniversary of the Completion Date to a cumulative total of \$500,000 in cash.

A reconciliation of the allocation of the costs of the acquisition is below:

	\$
Consideration	
Cash	250,000
Issue of 25,000,000 ordinary shares	1,825,000
Deferred consideration (note 8)	500,000
	<u>2,575,000</u>
Allocated as follows:	
Exploration expenditure	2,699,782
Creditors assumed	(162,003)
Other assets	37,200
	<u>2,575,000</u>

14. Contingencies

There were no contingencies of the Group at 30 June 2021 (31 December 2020: \$Nil). The mining tenement commitment as at the 30th June 2021 is \$264,000 (31 December 2020: \$Nil).

The contingent material terms of the Acquisition are set out below:

- c) On completion of a Definitive Feasibility Study, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$500,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum determined as the 15 trading days immediately prior to the completion date of the Definitive Feasibility Study and its announcement to ASX.
- d) On the receipt by Magnum of firm and unconditional offers for the total amount of finance required to develop Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$1,500,000 with the issue price of the Magnum Shares equal to the 45 day VWAP of Magnum up to the date at which Magnum is in receipt of the unconditional offers for the total amount of finance required to develop Buena Vista; and
- e) On the completion of the commissioning of the production facility at Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum immediately up to the completion of the commissioning of production; and
- f) On receipt by the Buyer of the first payment from the sale of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash in Magnum (at the Sellers option) to the value of \$500,000 with the issue price of the Magnum Shares equal to the 15 day VWAP of Magnum up to the date at which Magnum is in receipt of the first payment from the sale of concentrate from Buena Vista; and
- g) On the delivery by Magnum of the three millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the three millionth tonne of concentrate from Buena Vista; and

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2021**
14. Contingencies (Continued)

- h) On the delivery by Magnum of the five millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of \$1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the five millionth tonne of concentrate from Buena Vista.

None of these conditions have been met at 30 June 2021, and the timing of this was unknown at date of acquisition. Accordingly, the value of the contingent consideration is assessed as nil at the time of acquisition and at balance date.

15. Tenements on hand

Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province South Africa	Gravelotte	Mining Right	MPT 85/2014	74%	Granted
Limpopo Province South Africa	Gravelotte	Prospecting Right	LP 204 PR	74%	Granted
Nevada Province United States	Buena Vista	Mining Right	Various ¹	100%	Granted

1. Refer to page 13 to 18 of the report for the list of tenement numbers for Buena Vista Project

16. Events occurring after the balance date

There has not been any matter or circumstance that has arisen after balance date that has 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:

Issue of Incentive Options and Performance Rights to Company Directors

On 3 August 2021, the Company issued unlisted incentive options and performance rights to the Company directors in accordance with the announcement dated 28 July 2021 ('**Director Options and Performance Rights**').

The Company issued the Director Options and Performance Rights in accordance with the Employee Incentive Plan approved by shareholders on 20 July 2021. In accordance with shareholder approval a total of 51,000,000 Director Options and Performance Rights were issued (refer to announcement dated 28 July 2021 and the Notice of Extraordinary General Meeting released on 16 June 2021).

DIRECTOR'S 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 Group's financial position as at 30 June 2021 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.



Donald Carroll
Chairman
13 September 2021



John Dinan
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magnum Mining and Exploration Limited

Report on the Condensed Interim Financial Report

Qualified Conclusion

We have reviewed the accompanying half-year financial report of Magnum Mining and Exploration Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for qualified conclusion* section below, 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 Group's financial position as at 30 June 2021 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*.

Basis for qualified conclusion

As at balance date the Group has completed Trial Mining Phase 1 and Trial Mining Phase 2 at the Gravelotte Project. As a result of the trial mining, milling and processing, a parcel of emeralds has been recovered of a sufficient size to allow for a commercial assessment of pricing. Given the nature of trial mining it is expected that the net realisable value of the parcel will be lower than cost. As disclosed in Note 1 the Directors believe that prior to obtaining a commercial assessment of pricing for the emeralds, it would be irresponsible and imprudent for them to provide an estimate of the net realisable value for inclusion in inventory. We were unable to obtain sufficient appropriate evidence in respect of the carrying amount of inventory as at 30 June 2021. We were unable to verify existence and condition of the inventory or perform alternate procedures such as the inspection of documentation of the subsequent sale of the inventory as there have been no subsequent sales.

We conducted our review in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our review of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that through our review procedures there is sufficient and appropriate evidence to provide a basis for our conclusion.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 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*.

A review of a interim 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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 September 2021



N G Neill
Partner