

# MAGNUM GOLD NL

## NOTICE OF GENERAL MEETING and Explanatory Memorandum

### General Meeting information:

Date:	Monday, 31st July 2006
Time:	10.00 am
Location:	Level 7 10 Barrack Street Sydney NSW 2000

# NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of shareholders of Magnum Gold NL (“Magnum” or “the Company”) will be held at Level 7, 10 Barrack Street, Sydney, NSW on Monday 31st July 2006 commencing at 10.00 a.m. for the purposes of transacting the following business referred to in this Notice of General Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting provides information in relation to each of the matters to be considered and contains a glossary of defined terms.

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

The business of the General Meeting is to consider and, if thought fit, to pass the following resolutions as ordinary/special resolutions:

## **ORDINARY RESOLUTION 1 – RATIFICATION OF TAMEKA AGREEMENT**

That subject to the passing of Resolutions 2, 3 and 4, and the allotment of the shares referred to in Resolution 4, shareholders of the Company approve the purchase by Tameka Shelf Company Four (Pty.) Ltd. (“Tameka”), a wholly owned subsidiary of the Company of Mining Licence 77 from Tantalite Valley Estates (Pty.) Ltd. on the terms set out in the Explanatory Memorandum.

## **ORDINARY RESOLUTION 2 – RATIFICATION OF TANTALITE VALLEY ESTATES AGREEMENT**

That subject to the passing of Resolutions 1, 3 and 4, and the allotment of the shares referred to in Resolution 4, shareholders of the Company approve the purchase by the Company of 49% of the issued capital of Tantalite Valley Estates (Pty.) Ltd. (“TVE”) on the terms set out in the Explanatory Memorandum.

## **ORDINARY RESOLUTION 3 – RATIFICATION OF NAMIBIAN TANTALITE INVESTMENT AGREEMENT AND SHARE ISSUE**

That subject to the passing of Resolutions 1, 2 and 4, and the allotment of the shares referred to in Resolution 4, and for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve the purchase by the Company of 100% of the issued capital of Namibian Tantalite Investment (Pty.) Ltd. and authorise the directors to issue and allot 15,000,000 shares on the terms set out in the Explanatory Memorandum.

## **ORDINARY RESOLUTION 4 – APPROVAL OF PLACEMENT SHARE ISSUE**

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve and authorise the directors to issue and allot up to 30,000,000 shares to sophisticated investors on the terms set out in the Explanatory Memorandum.

## **ORDINARY RESOLUTION 5 – RATIFICATION OF DIRECTORS/EMPLOYEES SHARE PLAN**

That for the purposes of ASX Listing Rule 7.2 Exception 9(b) and all other purposes, shareholders of the Company approve the Directors/Employees Share Plan, the terms of which are summarized in the Explanatory Memorandum.

## **ORDINARY RESOLUTION 6 – ELECTION OF DIRECTOR**

That Mr. Gerard Anthony Nealon, a director who was appointed on 23 May 2006 and being eligible for re-election and having offered himself accordingly, be re-elected as a director of the Company.

## **SPECIAL RESOLUTION 7 – CHANGE COMPANY TYPE**

That the Company changes its type from a public no liability company to a public company limited by shares.

## **SPECIAL RESOLUTION 8 – CHANGE OF COMPANY NAME**

That the Company's name be changed to "Magnum Mining and Exploration Limited".

## **SPECIAL RESOLUTION 9 – ADOPTION OF NEW CONSTITUTION**

That subject to the approval of Special Resolution 7 the Constitution of the Company be changed to that of the Constitution initialed by the Chairman and produced at this General Meeting.

Any Shareholder may obtain a copy (free of charge) of the proposed new constitution by contacting the company's registered office on (02) 9392 8686 or by email [reception@mitchellpartners.com.au](mailto:reception@mitchellpartners.com.au) to request a copy.

## **VOTING EXCLUSION STATEMENT RESOLUTION 3**

The Company will disregard any votes cast on the Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

## **VOTING EXCLUSION STATEMENT RESOLUTION 4**

The Company will disregard any votes cast on the Resolution 4 by any person who may participate in the proposed issue and any person who might obtain a benefit if the Resolution is passed (except a benefit solely in the capacity of a holder of ordinary securities) and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

## **VOTING EXCLUSION STATEMENT RESOLUTION 5**

The Company will disregard any votes cast on resolution 5 by a director of the entity and an associate of that director. However, the Company need not disregard a vote if it is cast by a person as proxy for a

person who is entitled to vote in accordance with the direction on the proxy form, or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

## VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 p.m. (Sydney time) on Monday 24th July 2006 ("the Entitlement Time"). Accordingly, only those persons registered as holders of shares at the Entitlement Time will be entitled to attend and vote at the General Meeting.

## PROXY INSTRUCTIONS

1. A shareholder entitled to attend and vote at a general meeting may appoint not more than two proxies to attend such meeting and vote on behalf of the shareholder. A proxy need not be a shareholder. Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion or number of the shareholder's votes. If no such proportion is specified, each proxy may exercise half of the shareholder's votes.
2. A proxy form must be signed by a shareholder (or its attorney) and does not need to be witnessed. If the shareholder is a corporation, the proxy form must be executed in accordance with that corporation's constitution or by a duly authorised attorney. If a share is held jointly a proxy form may be signed by any one of the joint holders.
3. The proxy form and any power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company's share registrar, Mitchell & Partners, no later than 5.00 p.m. (Sydney time) on Thursday, 27th July, 2006 at:

Hand deliveries:	Level 7, 10 Barrack Street, Sydney NSW 2000
Postal deliveries:	GPO Box 5460, Sydney NSW 2001
Fax number:	(02) 9299 8195

4. A proxy may decide whether to vote on a Resolution, except where the proxy is required by law or the Company's constitution to vote or abstain from voting, in their capacity as a proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints two proxies and the appointments specify different ways to vote on a Resolution, neither may vote on a show of hands.

**By order of the Board**

S.J. Danielson  
Company Secretary  
28 June 2006

# EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of shareholders in connection with the General Meeting of shareholders to be held at Level 7, 10 Barrack Street, Sydney, on the 31st of July 2006, commencing at 10.00 am. It is given to shareholders to help them determine how to vote on the Resolutions set out in the accompanying Notice of Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting. A glossary of defined terms is contained at the end of this Memorandum.

If you are in any doubt as to what to do in relation to the Resolutions, you should consult your financial or other professional advisor.

## 1. INTRODUCTION

The General Meeting referred to in the accompanying Notice of Meeting is being held so that shareholders may consider and approve the acquisition of the Tantalite Valley Project (“the Transaction”) and to obtain the required shareholder approvals for the Company to make the Placement and to implement the Magnum Share Plan.

## 2. INDICATIVE TIMETABLE

The following is an indicative timetable for completion of the Transaction, the Placement and adoption of the Share Plan.

Event	Date
1. Announcement of Transaction	11 May 2006
2. Snapshot date for eligibility to vote at the General Meeting (which is the date you must own Shares)	24 July 2006
3. General Meeting to approve the Transaction, Placement and Share Plan	31 July 2006
4. Complete the Placement	10 August 2006
5. Allotment of Placement Shares and NTI Vendor Shares	16 August 2006
6. Dispatch Date for Holdings Statements for Placement Shares and NTI Vendor Share	16 August 2006
7. Complete the Transaction	31 August 2006

These dates are indicative only and are subject to change.

### 3. INTRODUCTION TO THE TANTALITE VALLEY PROJECT

On the 11th of May 2006, the Company announced that it had agreed (subject to further due diligence and shareholder approval) to acquire a “Tantalum Project” near Warmbad in southern Namibia, adjacent to the northern border of South Africa in a region known as Tantalite Valley :

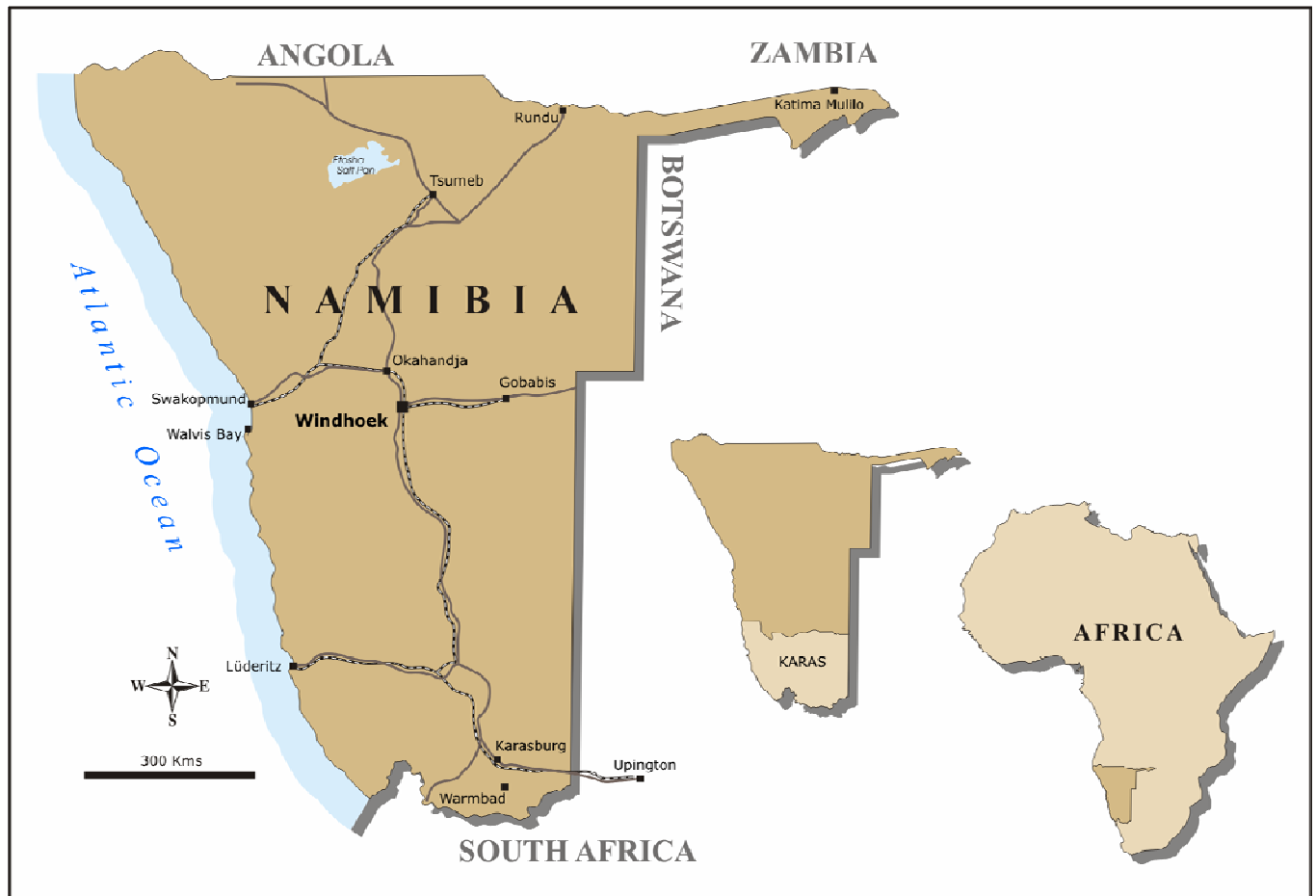


Figure 1. Overview of Namibia



**Figure 2. Location of Tantalite Valley Project**

The Project is located on Mining Licence 77 ("the Mining Licence") which was granted in February, 2001 and is valid for life of mine or an initial period of 25 years, renewable up to 15 years at a time. It is located on the farms Kinderzitt 132 and Umeis 110.

Upon acquisition of the Project, the Company proposes to conduct a review of the existing extensive geological, mining and metallurgical data, along with further ground reconnaissance to increase the potential value of the Project.

The Mining Licence and a 49% interest in TVE (the company which owns the land upon which the

Mining Licence is located together with other parcels of land bordering the Mining Licence and additional land located in the nearby township of Karasburg), are being purchased from Namibian incorporated companies associated with Mr. Steen Severin ("Severin") - a Danish citizen who is a long term resident of Namibia.

The other 51% interest in TVE is to be acquired by Warmbad Investments Holdings (Pty.) Ltd. ("WIH"), a Namibian company associated with Dr. Peter Cox and which is 50% controlled by representatives of the indigenous Khoi-Khoi People. Dr. Cox is a consulting geologist who has had over 25 years experience in mining activities in both South Africa and Namibia. He is a long term resident of Namibia and is considered an authority on tantalum, particularly in Tantalite Valley.

The legal relationship between the Company and WIH in respect of their joint ownership of TVE will be governed by a shareholders' agreement.

The Company has also agreed to purchase certain mining assets and associated infrastructure on the Mining Licence from Namibian Tantalite Investments Pty. Ltd. ("NTI"), a Namibian incorporated company also associated with Dr. Peter Cox.

Magnum also intends to maintain its interest in the Bunawan gold/copper project in the Philippines which is being managed by its co-venturer, Philsaga Mining Corporation. Under this joint venture Magnum is earning a 50% equity by spending US\$1.5 million upon exploration and development.

### **Regional geology of Tantalite Valley**

The Tantalite Valley project contains numerous granitic rare-metal pegmatites, with historic mining and exploration activities having reported average grades in the order of 490 ppm Ta<sub>2</sub>O<sub>5</sub>.

This grade compares well with world class deposits such as the operations by Sons of Gwalia Ltd at Wodgina and Greenbushes in Western Australia, which quote grades of 320 ppm Ta<sub>2</sub>O<sub>5</sub> and 220 ppm Ta<sub>2</sub>O<sub>5</sub> respectively.

In addition to the above pegmatite resources, there are a number of other tantalite bearing pegmatites which require further exploration.

### **About Tantalum**

Tantalum ores are found primarily in Australia, Canada and Brazil. Tantalum bearing minerals of greatest economic importance are tantalite, microlite and wodginite, however it is common practice to name any tantalum mineral concentrate as tantalite. The single largest source of tantalum mineral concentrates is the production by Sons of Gwalia Ltd. from its Wodgina Mine in Western Australia.

Rich concentrations of Tantalum minerals occur predominantly within rocks known as pegmatites. The most important mineral is tantalite (Fe,Mn) Ta<sub>2</sub>O<sub>5</sub> often associated with columbite (Fe,Mn) Nb<sub>2</sub>O<sub>5</sub>.

Tantalite is commonly associated with tin and historically, a significant percentage of world production of tantalite was as a by-product of tin smelting coupled with the reworking of old dumps associated with tin mining and smelting operations. As the majority of these resources are exhausted, the mining of tantalite rich pegmatite deposits is an increasingly important source of supply.

The major use for tantalum is in the production of electronic components, mainly tantalum capacitors which are used in portable telephones, pagers, personal computers and automotive electronics. Alloyed with other metals, tantalum is used in the production of super-alloys for jet engine components and as tantalum carbide in high temperature cutting tools where its high melting point and corrosive resistant properties are required.

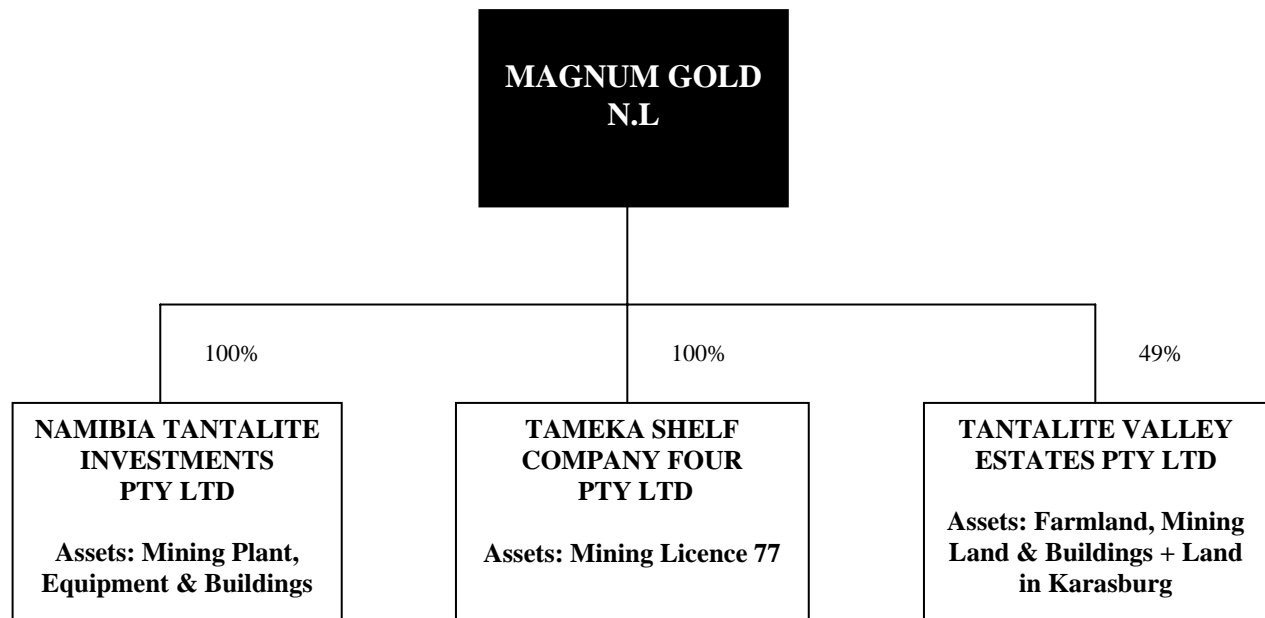


The sale of tantalum mineral concentrates is based upon the amount of tantalum oxide Ta<sub>2</sub>O<sub>5</sub> that they contain.

The price of tantalite is determined on an individual contract basis and most such contracts are strictly bound by confidentiality clauses regarding the public disclosure of same.

#### 4. POST COMPLETION CORPORATE STRUCTURE

If the Transaction is approved by shareholders, Magnum will have the following group structure, in addition to the activities of the Bunawan gold / copper project in the Philippines :



#### 5. RESOLUTION 1

The Company is seeking shareholder ratification of the Tameka Agreement under which the Company and its wholly owned Namibian subsidiary will acquire the Mining Licence on which the Project is located. It is condition precedent to the Tameka Agreement that the Company's shareholders approve the agreement.

The background to and a summary of the material terms of the Tameka Agreement is set out below.

On 10<sup>th</sup> of May 2006, the Company and its proposed wholly owned Namibian subsidiary, Tameka Shelf Company Four (Pty.) Ltd. ("Tameka") executed the Deed of Sale by which Tameka agreed to purchase the Mining Licence from Tantalite Valley Estates (Pty.) Ltd. ("TVE") for the sum of N\$8 million (approximately A\$1.6 million).

TVE is a Namibian company associated with Mr. Steen Severin ("Severin").

The Deed of Sale is subject to certain conditions precedent summarized below which must be satisfied before 15<sup>th</sup> July, 2006 or such later date as the parties may agree in writing.

- (a) The Company obtaining a due diligence report which is satisfactory to the Company with respect to the Mining Licence and Tameka.

- (b) The Company being satisfied that Tameka does not have any material liabilities.
- (c) The Company satisfying any obligations imposed by ASIC or the ASX in respect of this Agreement.
- (d) The approval of this Agreement by the Company's shareholders in General Meeting.
- (e) The Company completing the Tantalite Valley Estates Agreement referred to in Resolution 2.

## 6. RESOLUTION 2

The Company is seeking shareholder ratification of the Tantalite Valley Estates Agreement under which the Company agreed to purchase 49% of the issued capital of TVE and Warmbad Investment Holdings (Proprietary) Limited ("WIH") agreed to purchase the remaining 51% of the issued capital of TVE from Kindermeiss Holdings (Proprietary) Limited ("Kindermeiss").

The background to and a summary of the material terms of the Tantalite Valley Estates Agreement is set out below.

On the 10<sup>th</sup> of May 2006 the Company executed the Sale of Shares and Shareholders Claim Agreement by which the Company agreed to purchase 49% of the issued capital of TVE and Warmbad Investment Holdings (Proprietary) Limited ("WIH") agreed to purchase the remaining 51% of the issued capital of TVE from Kindermeiss Holdings (Proprietary) Limited ("Kindermeiss") for the sum of N\$1,180,000 (approximately \$250,000) which sum has already been paid by WIH (and for which WIH will not seek a proportional contribution from the Company).

On completion of this Agreement, the assets of TVE will comprise the land upon which the Mining Licence is located, being farms Kinderzitt 132 and Umeis 110, which also encompass two (2) dwelling houses presently occupied by Mr. Severin and his guests.

Kindermeiss is a Namibian company associated with Mr. Steen Severin.

WIH is a Namibian company associated with Dr. Peter Cox and which is 50% controlled by representatives of the indigenous Khoi Khoi people.

This Agreement is subject to certain conditions precedent summarized below which must be satisfied before 15<sup>th</sup> August, 2006 or such later date as the parties may agree in writing.

- (a) The Company obtaining a due diligence report which is satisfactory to the Company with respect to TVE.
- (b) The Company being satisfied that TVE does not have any material liabilities.
- (c) The Company satisfying any obligations imposed by ASIC or the ASX in respect of this Agreement.
- (d) The approval of this Agreement by the Company's shareholders in General Meeting.
- (e) The Company completing the Tameka Agreement referred to in Resolution 1.

Tameka also entered into the following subsidiary agreements:

- (a) An Agreement for the Use of Land made with TVE whereby TVE granted to Tameka the right to access the properties upon which the Mining Licence is located and to extract and use ground water from the properties in connection with exploration and mining activities without being required to compensate TVE. Further, permission to construct at its own cost water pipelines and power lines over the properties for the use in connection with exploration and mining activities to be carried out on the Mining Lease area.
- (b) An Agreement of Waiver made with TVE whereby TVE agreed to waive for the benefit of Tameka any rights or entitlements to compensation in respect of exploration and mining activities conducted by Tameka on the Mining Licence area.

TVE also entered into a subsidiary agreement with Severin whereby TVE granted to Severin the right for him and his invited guests to occupy at no cost, two dwelling houses located on land owned by TVE near the Mining Licence for a period of nine (9) years and ten (10) months.

## 7. RESOLUTION 3

The Company is seeking shareholder ratification of the Namibian Tantalite Investments Agreement and Share Issue.

On the 10<sup>th</sup> of May 2006 the Company executed five (5) interrelated Agreements for Sale of NTI shares by which the Company agreed to purchase 100% of the issued capital of NTI together with all outstanding shareholder loans made to NTI (the Sale Interest), for the sum of A\$1,500,000. This sum is to be satisfied by an issue of 15,000,000 shares in the capital of the Company credited as fully paid.

The assets of NTI comprise mining plant and equipment and buildings presently located on the Mining Licence.

These Agreements are subject to the same conditions precedent which are summarized below and which must be satisfied by 15<sup>th</sup> August 2006 or such later date as the parties may agree in writing.

- (a) completion of the transfer of the Mining Licence to Tameka;
- (b) the obtaining of all necessary regulatory and governmental approvals required in order for the sale and purchase of the Sale Interest to occur as contemplated in the Namibian Tantalite Investments Agreement;
- (c) the Company obtaining of all necessary Australian regulatory and governmental approvals required for the issue of shares in the Company to the Vendors as contemplated in the Namibian Tantalite Investments Agreement, including, without limitation, shareholder approval under the listing rules of the Australian Stock Exchange;
- (d) the Vendors providing to the Company an audited balance sheet and profit and loss account for the year ended 28th February 2006 in respect of NTI.
- (e) the completion of due diligence investigations by the Company on NTI, on TVE and on the Mining Licence which do not, in the opinion of the Company, reveal any information or event which has or could have an adverse effect on the business or financial position of the Company or the value of the Mining Licence; and

- (f) the Company having executed binding agreements with each shareholder of NTI for the sale and purchase of all of the shares in the Company held by that shareholder ("Other NTI Share Sale Agreements") and those agreements becoming unconditional, each such agreement to complete on or before the Completion Date, to the effect that, at Completion, the Company will hold all of the issued share capital in NTI.

On completion of the Namibian Tantalite Investments Agreement the Vendors will collectively or individually hold less than 20% of the issued capital of the Company.

### **Information required by ASX Listing Rule 7.1 in connection with the Namibian Tantalite Investments Agreement**

The following information is provided in relation to the Deed of Sale of NTI Shares pursuant to and in accordance with Listing Rule 7.3.

- (a) The maximum number of shares to be issued is 15,000,000 at an issue price of ten cents (10c) per share credited as fully paid.
- (b) The shares are fully paid ordinary shares in the capital of the Company and the shares will rank equally with the Company's current issued shares.
- (c) The shares will be issued in accordance with the Deed of Sale of NTI Shares but in any event, no later than three (3) months after the date of the General Meeting (or such other date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the completion date specified in the NTI Agreement.
- (d) The shares will be issued to the Vendors.
- (e) No funds will be raised by the issue of shares as they will be issued as consideration for the acquisition by the Company of 100% of the issued capital of NTI.

## **8. RESOLUTION 4**

Resolution 4 seeks shareholder approval for the allotment and issue of up to thirty (30) million shares at an issue price of ten cents (10c) per share to sophisticated investors being investors entitled to accept offers of securities under Section 708 of the Corporations Act.

After payment of the costs of the Placement, the funds will be used to pay the agreed purchase price payable under the Tameka Agreement. Hence the passing of resolutions 1,2 and 3 is made subject to the Company raising sufficient funds to complete the Transaction and to explore and develop the Mining Licence in Namibia as well as to meet the ongoing exploration costs of the Bunawan gold/copper project in the Philippines and to provide the Company with general working capital.

The effect of Resolution 4 will be to allow the Directors to issue the shares during the period of three (3) months after the General Meeting whilst preserving the Company's annual 15% placement capacity permitted by the ASX Listing Rules.

### **Information required by ASX Listing Rule 7.3**

The following information is provided in relation to the Placement pursuant to and in accordance with Listing Rule 7.3.

- (a) The maximum number of shares to be issued is thirty million (30,000,000).
- (b) The shares will be issued at a price of ten cents (10c) per share.
- (c) The shares will rank equally with the Company's current issued shares.
- (d) The shares will be issued no later than three (3) months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date.
- (e) The Directors will determine to whom the shares will be issued but these persons will not be related parties to the Company.
- (f) The shares are fully paid ordinary shares in the capital of the Company.
- (g) The Company intends to use the funds raised from the Placement for the purposes set out above to be budgeted as follows:

Acquisition of the Tantalite Valley Project	A\$1,600,000
Initial Work on the Tantalite Valley Project	A\$ 200,000
Bunawan Project	A\$ 200,000
Administration Costs	A\$ 100,000
Working Capital (Tantalite Valley Project)	A\$ 900,000
<b>Total</b>	<b>A\$3,000,000</b>

## 9. RESOLUTION 5

The directors have approved the establishment and implementation of the Magnum Share Plan ("the Plan") for the purposes of recognizing the efforts of, and providing incentive to eligible employees of the Company.

A summary of the key rules of the Plan is set out below:

### 1. Eligible Employee

The directors may issue Plan Shares to a person who is in the full time or part time employment of, or is a director of, or is a consultant to, any Group company which is defined as the Company or any of its subsidiaries.

### 2. Issue Price of Plan Shares

The issue price of each Plan Share will not be less than:

- (a) (if there was at least one transaction in the shares on the ASX during the five day trading period immediately before the Offer Date) the weighted average of the closing prices of the shares on the ASX during that period; or
- (b) (if there were no transactions in the shares on the ASX during the five day trading period immediately before the Offer Date) the last price at which an offer was made on the ASX to purchase a share.

### 3. Loan Terms

Loans by the Company to Eligible Employees to purchase Plan Shares will be made on the following terms:

- (a) Loans must be made in the name of the Eligible Employee.
- (b) Loans will be interest free.
- (c) The amount repayable on the loan by an Eligible Employee will be lesser of:
  - (i) the issue price; and
  - (ii) the last sale price of the shares on the ASX on the repayment date, or if there are no transactions on that day, the last sale price of the shares prior to that date, or if the shares are sold by the Company, the amount realized by the Company from the sale.
- (d) An Eligible Employee must repay the loan in full prior to the expiry of the loan term.
- (e) A Plan Share will not be tradable by an Eligible Employee until the loan amount in respect of the Plan Share has been repaid.
- (f) If, prior to the repayment in full of a loan by an Eligible Employee, the Eligible Employee:
  - (i) becomes bankrupt; or
  - (ii) ceases to be an Eligible Employee

then the Eligible Employee (or his or her personal representative) shall elect one of the following two alternatives:

#### ***Alternative 1***

To have the Company sell the Plan Shares on the ASX and apply the proceeds of sale in repayment of the loan and refund the surplus (if any) to the Eligible Employee or his or her personal representative.

#### ***Alternative 2***

To repay the loan:

- (a) within 12 months of the date of the event that caused the election where the Eligible Employee either retired or is retrenched; or
- (b) within one (1) month in the event that the Eligible Employee resigns or is terminated.

Upon repayment in full of the loan the Plan Shares shall vest in the name of the Eligible Employee (or his or her personal representative).

**4. Rights of Plan Shares**

Any Plan Share will rank equally with other shares except a Plan Share will not qualify for participation in any dividend reinvestment plan until the loan amount has been repaid.

**5. Official Quotation**

The Company will apply for quotation of each Plan Share on the ASX once the loan amount has been repaid.

**6. Restriction on Transfer**

An Eligible Employee may not sell a Plan Share until the loan amount has been repaid.

**7. Plan Limit**

The number of Plan Shares shall not exceed 10% of the issued capital of the Company from time to time.

**10. SPECIAL RESOLUTION 7**

The change of company type from a public no liability company to a public company limited by shares will provide greater flexibility in conducting business as well as raising further capital by improving market perception of the company. Current market perception indicates that no liability companies are seen as more speculative in nature than companies limited by shares.

**11. DIRECTORS RECOMMENDATION**

The Directors do not have any material personal interest in the outcome of the Resolutions other than for their interest solely in their capacity as shareholders of the Company except for Resolution 5 (Share Plan) from which they may benefit in their capacity as directors of the Company. Each of the directors intends to vote their shares in favour of all the Resolutions.

Based on the information available, including that contained in this Explanatory Statement, all of the directors consider that the proposed transactions are in the best interests of the Company and recommend that shareholders vote in favour of the Resolutions.

**12. PLANS FOR THE COMPANY IF THE ACQUISITIONS AND RESOLUTIONS ARE NOT APPROVED**

If any of the interdependent Resolutions (Resolutions 1, 2, 3 and 4) are not passed, the Company will seek to continue to develop its existing interests in the Bunawan project in the Philippines and consider other opportunities as may be appropriate.

**GLOSSARY**

ASIC	means the Australian Securities and Investments Commission
ASX	means Australian Stock Exchange Limited
ASX Listing Rules or Listing Rules	means the Listing Rules of the ASX
Board	means the current Board of Directors of the Company
Company	means Magnum Gold NL ABN 70 003 170 376
Directors	means the current directors of the Company
Explanatory Memorandum	means this Explanatory Memorandum to be read in conjunction with this Notice of General Meeting
General Meeting	means the meeting convened by the Notice of General Meeting
Kindermeiss	means Kindermeiss Holdings (Pty.) Ltd., a company incorporated under the laws of Namibia
Notice of General Meeting	means the notice of general meeting to be read in conjunction with this Explanatory Memorandum
NTI	means Namibian Tantalite Investment (Pty.) Ltd., a company incorporated under the laws of Namibia
NTI Agreement	means the five (5) interrelated Agreements dated 10 th May, 2006 made between the Company and other parties (the Vendors) more particularly described in this Explanatory Memorandum
Parcels of Land	means the six (6) parcels of land owned by TVE described in Schedule 1 of the Sale of Shares and Shareholders Claim Agreement
Plan Share	means an ordinary share in the capital of the Company issued to an Eligible Employee
Share	means an ordinary share in the capital of the Company
Share Plan	means the Magnum Share Plan for Eligible Employees
Shareholder	means a holder of a share in the capital of Magnum Gold N.L.
Sale of Shares and Shareholders Claim Agreement	means an Agreement dated 10 th May 2006 made between the Company and other parties more particularly described in this Explanatory Memorandum
Tameka	means Tameka Shelf Company Four (Pty.) Ltd., a company incorporated under the laws of Namibia
Tameka Agreement	means the Deed of Sale of Shares made between Tameka and the Company and the parties more particularly described in this Explanatory Memorandum



Transaction	means the acquisition of the Tantalite Valley Project described in the Explanatory Memorandum
TVE	means Tantalite Valley Estates (Pty.) Ltd., a company incorporated under the laws of Namibia
TVE Agreement	means the Agreement dated 10 th May 2006 made between the Company and the other parties more particularly described in this Explanatory Memorandum
Warmbad	means Warmbad Investments Holdings (Pty.) Ltd., a company incorporated under the laws of Namibia

**FORM OF PROXY**The Secretary

Magnum Gold N.L.  
C/- Mitchell & Partners,  
Level 7, 10 Barrack Street,  
SYDNEY NSW 2000  
AUSTRALIA.

I/We \_\_\_\_\_  
(print shareholder(s) name(s))

of \_\_\_\_\_  
(print address of shareholder(s))

being a member/members of Magnum Gold N.L. hereby appoint

\_\_\_\_\_  
(print proxy's name in full)

of \_\_\_\_\_  
(print proxy's address)

and (if you wish to appoint two proxies) \_\_\_\_\_  
(print second proxy's name in full)

of \_\_\_\_\_  
(print second proxy's address)

or, in the proxy's/proxies' absence or if no other appointee is mentioned, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the General Meeting of the company to be held on 31 July 2006 and at any adjournment of that meeting.

I/We desire to vote on the resolutions as indicated below:-

Please indicate with an X how you wish your vote to be cast. Unless otherwise instructed, the proxy may vote as he/she thinks fit. The resolutions are numbered as in the notice of meeting.

<b>Resolution</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
<b>1. Ratification of Tameka Agreement</b>			
<b>2. Ratification of Tantalite Valley Estates Agreement</b>			
<b>3. Ratification of Namibian Tantalite Investment Agreement and Share Issue</b>			
<b>4. Approval of Placement Share Issue</b>			
<b>5. Ratification of Directors/Employees Share Plan</b>			
<b>6. Election of Director</b>			
<b>7. Change Company Type</b>			
<b>8. Change Company Name</b>			
<b>9. Adoption of New Constitution</b>			

## Voting of Chairman

In relation to undirected proxies, the Chairman intends to vote in favour of each resolution.

*If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.*

☐

*By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.*

*If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.*

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

Signature(s) of members(s)

\_\_\_\_\_

\_\_\_\_\_

- NOTES:
1. If you have appointed two proxies please indicate what proportion of your voting rights each proxy is to represent.
  2. If the appointment of a proxy is signed by the appointer's attorney, this form must be accompanied by the authority under which the appointment was signed, or a certified copy of the authority.

The completed form of proxy may be:

- mailed to Mitchell & Partners, GPO Box 5460, SYDNEY NSW 2001, or
- delivered to Mitchell & Partners, Level 7, 10 Barrack Street, SYDNEY NSW 2000, or
- faxed to Mitchell & Partners on (02) 9299 8195