MAGNUM GOLD N.L.
A.B.N. 70 003 170 376

HALF-YEAR REPORT
30 JUNE 2005

MAGNUM GOLD N.L.
A.B.N. 70 003 170 376

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Magnum Gold N.L. and the entities it controlled at the end of, or during the half-year ended 30 June 2005.

Directors

The following persons were directors of Magnum Gold N.L. during the whole of the half-year and up to the date of this report:

J.B. Rodger
J.C. Schiller
P.R. Richard

Operating Results

The consolidated loss of the consolidated entity for the half-year, after income tax and eliminating minority interest was, $85,396 (2004 half-year loss $25,693).

Review of Operations

Bunawan Project, Philippines

An aeromagnetic survey covering the Bunawan Project is scheduled to commence in the last week of July. The survey is part of a larger survey being conducted by joint venture partner, Philsaga Mining Corporation ("Philsaga"), over approximately 70 km strike extent of the Diwata Range which hosts many gold occurrences and is also considered prospective for porphyry copper-gold style mineralisation.

On 26th May the Company announced encouraging assay results from a stream sediment survey over the Bunawan Project. According to information available to the Company this area has been subjected to little or no modern exploration and this sampling program by the Magnum-Philsaga joint venture is the first systematic survey of its gold potential.

The results highlighted a gold anomalous area located south of the Bunawan River in the centre of the project. This anomalous area is centred about 7 km south of the Co-O gold mine and close to the southern extension of the Oriental Fault, which passes through the Co-O mine. The results were positive for gold with samples from two streams reporting high assays of 383 ppb Au and 476 ppb Au. More than half of the samples returned values greater than 5 ppb Au suggesting that the area has an elevated background gold content. Each sample was + 350g and represented the minus 80 mesh silt fraction. McPhar Geoservices (Phil.), Inc, an ISO accredited laboratory in Manila, assayed the samples.

The Bunawan Project is a joint venture between Magnum and Philsaga, and Philsaga manages all exploration work. Magnum can earn 50% equity in the project from Philsaga by the expenditure of US$1.5 million. The Bunawan Project is located only 5 km to 10 km south of Philsaga's Co-O gold mine and in the same belt of volcanic rocks.

Way Linggo Project, Indonesia

On 17 June Magnum announced that it had signed a Letter of Intent to acquire the Way Linggo Project, located in south-eastern Sumatra. After Balance date, following independent Due Diligence on the Way Linggo Project, the Company has decided not to proceed with the acquisition of this project.

DIRECTORS' REPORT (Continued)

Kalgoorlie Tenements (MLs 26/497-498 – "Corsair North"), Western Australia

No work was undertaken on these tenements during the reporting period.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr. Jeffrey Christopher Schiller BSc (Hons),PhD, who is a Member of The Australasian Institute of Mining and Metallurgy.

Dr. Schiller is a self-employed consultant.

Dr. Schiller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Schiller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Other Activities

The company continues to monitor exploration opportunities both in areas of current company activity and other regions.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors.

J. B. Rodger
Director

Sydney
13 September 2005

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
Direct Phone 8266 3948
Direct Fax 8286 3948

Auditor's independence declaration

As lead auditor for the review of Magnum Gold N.L. for the half-year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magnum Gold N.L. and the entities it controlled during the period.

Peter Buchholz
Partner
PricewaterhouseCoopers

Sydney
14 September 2005

MAGNUM GOLD N.L.
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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2005

	Half Year	
	2005	2004
	$	$
Revenue from continuing operations	**14,146**	2,480
Administration expense	**(53,225)**	(28,173)
Other expenses	**(46,310)**	--
Loss before income tax expense	**(85,389)**	(25,693)
Income tax expense	**--**	--
Loss from continuing operations	**(85,389)**	(25,693)
Loss for the half-year	**(85,389)**	(25,693)
Profit/(loss) attributable to minority interest	**(7)**	--
Loss attributable to members of Magnum Gold N.L.	**(85,396)**	(25,693)

Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:	**Cents**	Cents
Basic earnings per share	**(0.11)**	(0.04)
Diluted earnings per share	**(0.11)**	(0.04)
Earnings per share for loss attributable to the ordinary equity holders of the company:		
Basic earnings per share	**(0.11)**	(0.04)
Diluted earnings per share	**(0.11)**	(0.04)

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

MAGNUM GOLD N.L.
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CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2005

	NOTES	30 JUNE 2005 $	31 DECEMBER 2004 $
Current Assets			
Cash and cash equivalents		**750,924**	861,033
Receivables		**9,373**	9,587
Total Current Assets		**760,297**	870,620
Non-Current Assets			
Exploration and evaluation expenditure		**101,835**	--
Receivables		**33,195**	--
Intangible Assets		**1,597**	--
Total Non-Current Assets		**136,627**	--
Total Assets		**896,924**	870,620
Current Liabilities			
Payables		**99,573**	30,970
Interest Bearing Liabilities		**--**	9,088
Other Financial Liabilities		**--**	440,000
Total Current Liabilities		**99,573**	480,058
Total Liabilities		**99,573**	480,058
Net Assets		**797,351**	390,562
Equity			
Contributed equity		**8,707,938**	8,217,711
Reserves		**(683)**	--
Accumulated losses		**(7,912,545)**	(7,827,149)
Parent entity interest		**794,710**	390,562
Minority Interest		**2,641**	--
Total Equity		**797,351**	390,562

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

MAGNUM GOLD N.L.
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2005

	Half Year	
	2005	2004
	$	$
Total equity at the beginning of the half-year	**390,562**	113,260
Movement in cumulative translation reserve	**(1,708)**	--
Net income recognised directly in equity	**(1,708)**	--
Loss for the half-year	**(85,396)**	(25,693)
Total recognised income and expense for the year	**(87,104)**	(25,693)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of Transaction costs (Note 6)	**490,227**	--
Minority interest on acquisition of subsidiary (Note 7)	**3,666**	--
Total equity at the end of the half-year	**797,351**	87,567
Total recognised income and expense for the half-year is attributable to:		
Members of Magnum Gold N.L.	**(84,463)**	(25,693)
Minority interest	**(2,641)**	--
	(87,104)	(25,693)

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

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CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 30 JUNE 2005

	NOTES	Half Year 2005 $	2004 $
Cash flows from operating activities			
Interest received		**15,061**	2,175
Exploration expenditure recouped		**--**	517
Payments to suppliers and employees (inclusive of goods and services tax)		**(79,610)**	(29,934)
Payments for exploration expenditure (inclusive of goods and services tax)		**(40,278)**	--
Net cash (outflow) from operating activities		**(104,827)**	(27,242)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		**(4,921)**	--
Loans to related parties		**(26,500)**	--
Net cash (outflow) from investing activities		**(31,421)**	--
Cash flows from financing activities			
Proceeds from share issue		**60,000**	--
Share issue transaction costs		**(24,773)**	--
Net cash inflow from financing activities		**35,227**	--
Net increase (decrease) in cash and cash equivalents		**(101,021)**	(27,242)
Cash and cash equivalents at the beginning of the half-year		**821,945**	93,245
Cash and cash equivalents at the end of the half-year	3	**720,924**	66,003

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 30 June 2005 has been prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2004 and any public announcements made by Magnum Gold N.L. during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of preparation of half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS)
This interim financial report is the first Magnum Gold N.L. interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Magnum Gold N.L. until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Magnum Gold N.L. interim financial report for the half year ended 30 June 2005, management has amended certain accounting, valuation and consolidation methods applied in the previous AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, which are exempt under AASB 1, the comparative figures were restated to reflect these adjustments. For further information on previous AGAAP refer to the annual report for the year ended 31 December 2004.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Magnum Gold N.L. ("Company" or "parent entity") as at 30 June 2005 and the results of all subsidiaries for the half-year then ended. Magnum Gold N.L. and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Losses applicable to minority interest which exceed the minority interest in the subsidiary's equity are allocated against the parent interest.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are difference to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)**

(g) Investments and other financial assets

Adjustments on transition date: 1 January 2004

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of loans and receivables, which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

From 1 January 2005

The Group classifies its investments in the following categories; financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risk and rewards of ownership.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(k) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the half-year, adjusted for bonus elements in ordinary shares issued during the half-year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Exploration expenditure

Exploration expenditure is carried forward when it is incurred in relation to separate areas of interest for which rights of tenure are current and in respect of which:

- the expenditure is expected to be recouped by the company through successful development of the area; or
- exploration activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable mineral reserves, and active and significant operations in, or in relation to, the area are continuing.

Cumulative exploration expenditure which no longer satisfies the above policy is no longer carried forward as an asset, but is charged against, and shown as a deduction from, operating profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Magnum Gold N.L.'s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available for sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(n) Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

NOTE 2. ACCUMULATED LOSSES

	30 JUNE 2005 $	31 DECEMBER 2004 $
Accumulated losses at the beginning of the half-year	**(7,827,149)**	(7,737,869)
Net loss attributable to members of Magnum Gold N.L.	**(85,396)**	(89,280)
Accumulated losses at the end of the half-year	**(7,912,545)**	(7,827,149)

NOTE 3: CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**720,924**	831,033
Short term deposits	**30,000**	30,000
	750,924	861,033

The above figures are reconciled to cash at the end of the year as shown in the consolidated cash flow statement as follows:-

Balances as above	**750,924**	861,033
Less Short term deposits held as security for bank	**30,000**	30,000
	720,924	831,033
Less Bank Overdraft	**--**	9,088
Balance per Statement of Cash Flows	**720,924**	821,945

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)**

NOTE 4. CONTINGENT LIABILITIES

Guarantees

	30 JUNE 2005	31 DECEMBER 2004
	$	$
Secured guarantees in respect of Department of Mineral Resources deposits. Secured by deposits held by the company in financial institutions:	**30,000**	30,000

NOTE 5. FINANCIAL REPORTING BY SEGMENTS

The group operates in one business segment, being a natural resources explorer in South East Asia. The parent entity's head office is based in Australia.

NOTE 6. EQUITY SECURITIES ISSUED

	Half-year		**Half-year**	
	2005 Shares	2004 Shares	**2005 $**	2004 $
Issues of ordinary shares during the half-year				
Issue of 5,000,000 fully paid ordinary shares @ 10 cents each	**5,000,000**	--	**500,00**	--
Transaction costs arising on share issue			**(9,773)**	--
	5,000,000	--	**490,227**	--

NOTE 7. CONTROLLED ENTITIES

On 16 May 2005 the parent entity established a subsidiary, Magold Mindanao Holding Corporation domiciled in the Philippines. The parent entity owns 39.99% of the issued share capital of the subsidiary entity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)**

NOTE 8. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At the date of transition to AIFRS: 1 January 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS				
Current assets				
Cash and cash equivalents		93,245	--	93,245
Receivables		2,223	--	2,223
Total current assets		95,468	--	95,468
Non-current assets				
Exploration and evaluation expenditure		27,842	--	27,842
Total non-current assets		27,842	--	27,842
Total assets		123,310	--	123,310
LIABILITIES				
Current liabilities				
Payables		10,050	--	10,050
Total current liabilities		10,050	--	10,050
Total liabilities		10,050	--	10,050
Net assets		113,260	--	113,260
EQUITY				
Contributed equity		7,851,129	--	7,851,129
Accumulated losses		(7,737,869)	--	(7,737,869)
Total equity		113,260	--	113,260

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

(b) At the end of the last half-year reporting period under previous AGAAP: 30 June 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS				
Current assets				
Cash and cash equivalents		66,003	--	66,003
Receivables		2,375	--	2,375
Total current assets		68,378	--	68,378
Non-current assets				
Exploration and evaluation expenditure		27,842	--	27,842
Total non-current assets		27,842	--	27,842
Total assets		96,220	--	96,220
LIABILITIES				
Current liabilities				
Payables		8,653	--	8,653
Total current liabilities		8,653	--	8,653
Total liabilities		8,653	--	8,653
Net assets		87,567	--	87,567
EQUITY				
Contributed equity		7,851,129	--	7,851,129
Accumulated losses		(7,763,562)	--	(7,763,562)
Total equity		87,567	--	87,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

(c) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
ASSETS				
Current assets				
Cash and cash equivalents		861,033	--	861,033
Receivables		9,587	--	9,587
Total current assets		870,620	--	870,620
Total assets		870,620	--	870,620
LIABILITIES				
Current liabilities				
Payables		30,970	--	30,970
Interest bearing liabilities		9,088	--	9,088
Other financial liabilities		440,000	--	440,000
Total current liabilities		480,058	--	480,058
Total liabilities		480,058	--	480,058
Net assets		390,562	--	390,562
EQUITY				
Contributed equity		8,217,711	--	8,217,711
Accumulated losses		(7,827,149)	--	(7,827,149)
Total equity		390,562	--	390,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)

(2) Reconciliation of loss under previous AGAAP to loss under Australian equivalents to IFRSs (AIFRS)

(a) Reconciliation of loss for the half-year ended 30 June 2004.

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Revenue		--	--	--
Other income		2,480	--	2,480
Administration expenses		(28,173)	--	(28,173)
Loss before income tax		(25,693)	--	(25,693)
Income tax expense		--	--	--
Loss from continuing operations		(25,693)	--	(25,693)
Loss for the half-year		(25,693)	--	(25,693)
Loss attributable to members of Magnum Gold N.L.		(25,693)	--	(25,693)

(b) Reconciliation of loss for the year ended 31 December 2004

	Notes	Previous AGAAP $	Effect of transition to AIFRS $	AIFRS $
Revenue		--	--	--
Other income		11,311	--	11,311
Exploration expenses		(4,194)	--	(4,194)
Administration expenses		(68,739)	--	(68,739)
Other expenses		(27,658)	--	(27,658)
Loss before income tax		(89,280)	--	(89,280)
Income tax expense		--	--	--
Loss from continuing operations		(89,280)	--	(89,280)
Loss for the year		(89,280)	--	(89,280)
Loss attributable to members of Magnum Gold N.L.		(89,280)	--	(89,280)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2005 (Continued)**

3. Reconciliation of cash flow statement for the year ended 31 December 2004

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

NOTE 9. EVENTS OCCURRING AFTER BALANCE SHEET DATE

After Balance date, following independent Due Diligence on the Way Linggo prospect in Indonesia, the Company has decided not to proceed with the acquisition of this project.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 19 are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and

(a) there are reasonable grounds to believe that Magnum Gold N.L. will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

J.B. Rodger
Director

Sydney
13 September 2005.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent review report to the members of Magnum Gold N.L.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Magnum Gold N.L.

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Magnum Gold N.L. Group (defined below) as at 30 June 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility
The financial report comprises the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement, accompanying notes to the financial statements, and the directors' declaration for the Magnum Gold N.L. Group (the consolidated entity), for the half-year ended 30 June 2005. The consolidated entity comprises both Magnum Gold N.L. (the company) and the entities it controlled during that half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted an independent review in order for the company to lodge the financial report with the Australian Securities & Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel, and
- analytical procedures applied to financial data

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence
In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

Peter Buchholz
Partner

Sydney
14 September 2005