



Magnum Mining and Exploration Limited

A.B.N. 70 003 170 376

**Annual Report
Year ended 31 December 2020**

Contents

	Page
Corporate Directory	2
Review of Operations and Activities	3
Directors' Report	13
Auditor's Independence Declaration	26
Corporate Governance Statement	27
Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	37
Consolidated Statement of Changes in Equity	38
Consolidated Statement of Cash Flows	39
Notes to the Financial Statements	40
Directors' Declaration	71
Independent Auditor's Report	72
Shareholder Information	76

Corporate Directory

Directors

H Dawson (Non-Executive Chairman)
H L J Callaghan (Executive Director)
D A Carroll (Executive Director)

Company secretary

G M Button

Registered office

Suite 2, Churchill Court
234 Churchill Avenue
Subiaco Western Australia 6008

Telephone: +61(8) 6280 0245
Facsimile: +61(8) 9381 2855

Share registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth Western Australia 6000

Telephone: +61(8) 9323 2000
Facsimile: +61(8) 9323 2033

Auditor

HLB Mann Judd (WA Partnership)
Chartered Accountants
Level 4, 130 Stirling Street
Perth Western Australia 6000

Solicitor

Allen & Overy
Level 12, Exchange Tower
2 The Esplanade
Perth Western Australia 6000

Stock exchange listing

Magnum Mining and Exploration Limited shares are listed on the Australian Securities Exchange under the code MGU.

The Company is limited by shares, incorporated and domiciled in Australia.

Website address

www.mmel.com.au

Review of Operations and Activities

Buena Vista Project, United States

On 9 October 2020, Magnum entered into a binding Sale and Purchase Agreement (SPA) to acquire 100% interest (inclusive of existing royalty arrangements) in the Buena Vista iron ore project (**Buena Vista Project**) located in Nevada, United States. This SPA was subject to a due diligence which was completed end of January 2021.

Buena Vista 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 have already been secured.

Magnum is purchasing Buena Vista as a pre-development opportunity. Required technical work such as drilling, metallurgy, hydrogeology and plant design have already been completed.

The Company proposes to update the previous feasibility studies capital expenditure (capex) and operating expenditure (opex) estimates and concurrently explore funding options available to move Buena Vista to pre-production status.

The consideration for the acquisition is up to \$A7.0 million with \$A5.5 million linked to key project milestones including completion of an updated feasibility study, securing development finance and achieving certain production targets.

About the Buena Vista Magnetite Iron Ore Project

Location and History

Buena Vista is located approximately 160km east-north-east of Reno in the mining friendly state of Nevada, United States.

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

In the 1960's, 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 Buena Vista. 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.

A significant decline in iron ore prices to an eventual low of less than US\$50/tonne caused the then proposed development of Buena Vista to be deferred.

Review of Operations and Activities (continued)**Buena Vista Project, United States (continued)****Resources**

The Buena Vista magnetite deposits are the product of late stage alteration of a localised intrusive local 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 1900's.

The distribution and nature of the magnetite mineralisation at Buena Vista is a function of ground preparation by faulting and fracturing forming a series of open fractures, breccia zones and networks of fine fractures. These ground conditions produce variations in mineralisation types from massive pods grading +60% magnetite to lighter disseminations grading 10-20% magnetite.

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

	Buena Vista (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

Buena Vista has had two recent resource estimates completed. The first, a JORC 2004 resource estimate was completed for the definitive feasibility study by Western Australian based consultants Geostat Services in conjunction Veltex Pty Ltd in July 2011.

A NI43-101 report was then commissioned by Nevada Iron for a dual listing on the Canadian TSX-V and completed in October 2013. This report was undertaken by consultants AMC Consultants, Crosscut Consulting and Holland and Holland.

The NI43-101 study estimated indicated and inferred resources at Buena Vista as 178.5Mt at 18.9% Fe producing a magnetite concentrate grading 68.1% Fe with no significant impurities.

Cut-off Grade	Indicated		Inferred			Total	
	% Fe	Tonnes (Mt)	% Fe	Tonnes (Mt)	% Fe	Tonnes (Mt)	% Fe
10%		148.7	18.8	29.8	19.6	178.5	18.9

Based on established market economics the study concluded that the high-grade concentrate was expected to attract a minimum 20% price premium to the bench mark Hamersley 62% fines from buyers.

Review of Operations and Activities (continued)

Buena Vista Project, United States (continued)

Important Note

The Company considers these foreign estimates (pursuant to ASX LR 5.12) to be both material and relevant to the decision by the Company to acquire the Buena Vista Project. There is a significant data base available over the Project from various companies dating from the early 1960's through to the present day. This data base includes extensive diamond drilling and conventional and Davis Tube assay results, comprehensive metallurgical testing, hydrogeological drilling and test work. Logistical studies include quoted costings for power supply, road, rail, slurry pipe and port transport, tailings dam design, geotechnical studies for pit design and infrastructure placement, plant design, detailed capex and opex costings, detailed financial modelling and analysis and permitting approvals. The NI43-101 report, completed in October 2013 is based on this extensive data base and has synthesised this data into a comprehensive summary of the Project and its potential, including an estimate of available resources. The report was prepared on behalf of Nevada Iron Limited, a publicly listed ASX and TSX-V company by reputable and experienced consulting groups (AMC Consultants, Crosscut Consulting and Holland and Holland) and incorporated the extensive data utilised in a definitive feasibility study completed over the Project by GR Engineering Limited in July 2011. The Company's Competent Person has reviewed the report and informed the Company that it was prepared in a competent and conservative manner. The resource as calculated pursuant to the NI43-101 report has been classified as indicated and inferred. These categories are comparable (see Cautionary Statement) with the categories used by JORC Code 2012. It is the opinion of the Company and the Competent Person that these estimates are reliable and represent the results of work done to high standards, using quality sampling, testing and geological and geostatistical modelling. The foreign estimates represent best practice work at the time.

JORC 2012 Mineral Resource Estimate

Magnum is of the opinion that the Buena Vista data base is sufficiently detailed to allow a JORC 2012 mineral resource estimate to be carried out without additional drilling or other technical activities such as metallurgical test work or geotechnical studies. As a consequence, the work required to update the NI43-101 estimate to JORC 2012 will comprise verification of the data base and confirmation of the mineral resource estimate using three dimensional software.



Historic West Pit at Buena Vista

Review of Operations and Activities (continued)

Buena Vista Project, United States (continued)

Historic Drilling

Buena Vista has been extensively drilled with three main programmes having been carried out.

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

A total of around 13,600 metres of core was completed and all holes were geologically 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 around 930 metres was carried out by Richmond Mining Limited. This programme, which was HQ was designed to twin various 1960's holes in order to test for vertical and lateral continuity as well as provide QA/QC information on the historic drilling.

All of the core was 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 3,420 metres of HQ diamond drilling and 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.

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

Mineral Resource Estimation Methodology (carried out by AMC Consultants for the NI43-101 report dated October 2013)

- Drill hole samples were flagged to identify which geological and mineralogical zone they represent.
- Each sample was flagged according to where the mid-point of the sample lies relative to the relevant wireframes.
- Drill hole samples were flagged with a DOMAIN code to identify which mineralisation and lithological domain they represent.
- For the West deposit additional zone fields were created based on the structural interpretation.
- Samples were composited to 1.5m in length for the West deposit and 3m for the East deposit to ensure all samples have the same sample support. Compositing was not considered necessary for Section 5 as more than 97% of this deposit was collected in 1.5m lengths.
- A wire frame model was constructed for each deposit (Section 5, West and East) in Datamine using standard model prototype parameters.
- Sub celling down to 3.8m E x 3.8m N x 1.5m RL was used to ensure domain boundaries were honored as accurately as possible.
- The wireframe model parameters were determined after due consideration of the drill hole spacing over the entire deposit.
- To build the Fe mineralisation domain components AMC manually created 3D grade shell wire frames for the various Fe domains.
- Low Grade >7.5% Fe, High Grade >15% Fe for Section 5 deposit.

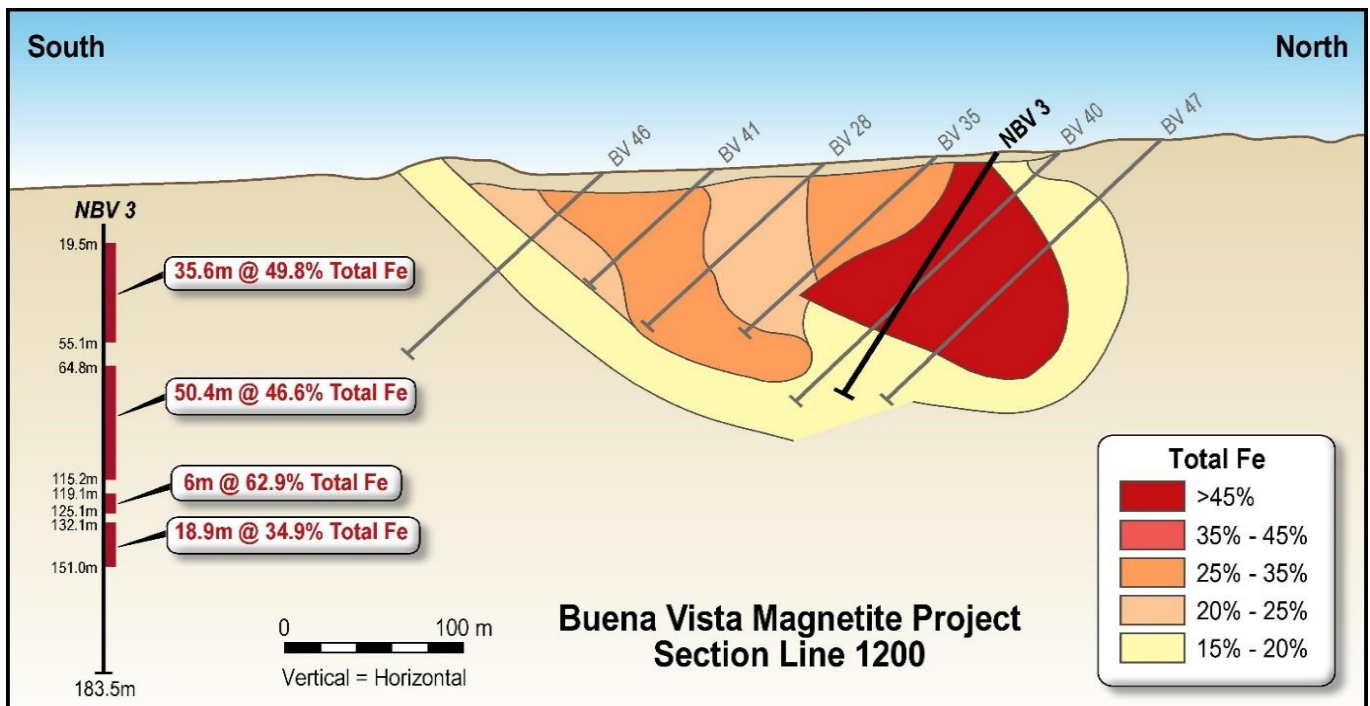
Review of Operations and Activities (continued)

Buena Vista Project, United States (continued)

- Low Grade >10% Fe, Med Grade >20% Fe, High Grade >50% Fe for East and West deposits.
- Variography was undertaken on Fe for the flagged 1.5m composites using Visor software for Section 5 and West deposits.
- Grade estimates were completed using ordinary kriging for all 3 deposits.
- A Mineral Reserve was estimated using optimisation software to determine the optimal pit design.

Cautionary Statement: *The information disclosed above was prepared and first disclosed under the NI43-101. National Instrument 43-101 is a national instrument for the disclosure for mineral projects within Canada or mineral properties owned by, or explored by, companies which report these results on stock exchanges within Canada. The NI43-101 is broadly comparable to the JORC 2012 Code. The content of the technical reports, and the scientific rigors to which the mineral resource classifications within them are often very similar and in many cases, NI43-101 and JORC Code technical reports are considered inter-changeable. The NI43-101 report was based on the historic exploration work completed by parties prior to 2012 and hence to update the NI43-101 analysis to JORC 2012 the same historic data base will be evaluated. The NI43-101 report has not been prepared by the Company and has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The resource estimates may not comply with JORC Code 2012 and a Competent Person has not done sufficient work to classify the estimates to comply with the JORC Code 2012. A review of the data on behalf of the Company indicates the estimates were prepared in a competent manner and nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owners’ estimates but the Company has not independently validated the former owners’ estimates and therefore is not to be regarded as reporting, adopting or endorsing these estimates.*

It is possible that following further evaluation and/or further exploration work that the estimates presented may materially change and will be needed to be reported afresh under and accordance with the JORC Code 2012.



Review of Operations and Activities (continued)**Buena Vista Project, United States (continued)****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). 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

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

Project Logistics

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

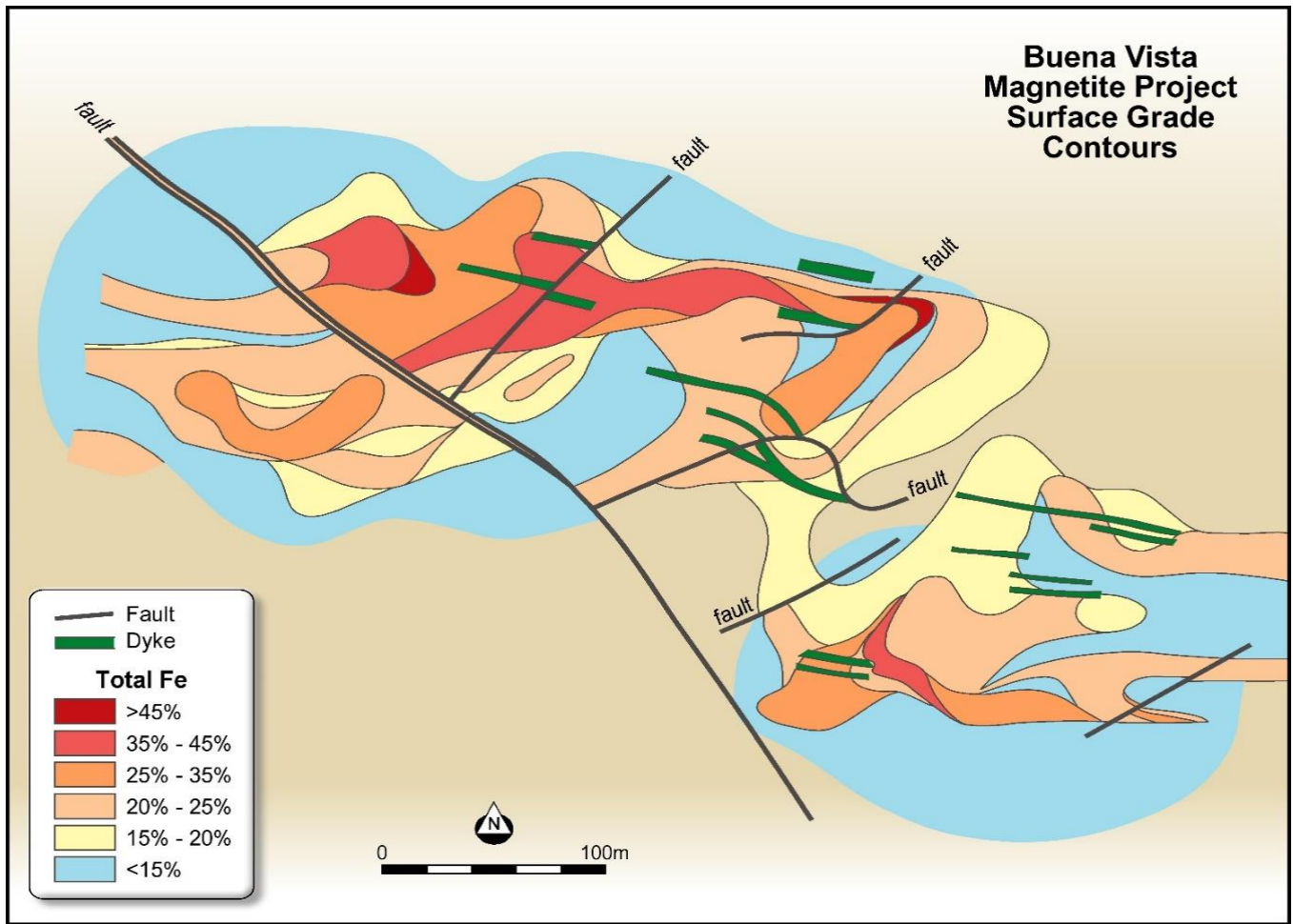
The mine site is around 50kms from the Union Pacific rail line which connects with multiple export port options including Stockton, West Sacramento, Oakland, San Francisco and Richmond.

Grid power is available within 40km of the deposits 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 mine.

The mine 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 sealed Coal Canyon road.

Review of Operations and Activities (continued)

Buena Vista Project, United States (continued)



Surface grade distribution (2011 feasibility study)

As a result of the modern feasibility studies the Buena Vista project has already completed all of the required technical studies such as drilling and metallurgy which are integral to support development.

In addition, important logistical options such as road, rail and port access have been evaluated and costed.

Based on the historical feasibility studies the Buena Vista project presents a unique near-term development opportunity with low capital and low estimated operating costs presenting a robust case against current iron ore prices.

The historic data provides a sound basis for Magnum to undertake an updated feasibility study with the main variable being the optimum annual average production rate.

Review of Operations and Activities (continued)

Gravelotte Project, South Africa

About the Gravelotte Project

Magnum's 74%-owned Gravelotte Project 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 nearly 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.



Figure 1: Gravelotte Infrastructure

Why is Magnum at Gravelotte?

The Gravelotte Project provides Magnum with a medium term production opportunity in the niche commodity of emeralds where demand is growing.

The 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 mine site infrastructure at Gravelotte 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.

Review of Operations and Activities (continued)

Gravelotte Project, South Africa (continued)

The Next Steps to Development

The Gravelotte Project is now at the pre-development stage and activities focused on finalising mine planning and preferred sorting options.

In addition, final quotations for the processing equipment (expanded crusher and washing and screening circuit) were sourced.

Mining operation will commence within the Cobra North pit where current planning is for around five years of production before potential underground mining is required.

The Cobra South and Discovery pits will provide additional sources of material for potential expansion of operations.

Geology

The emerald mineralisation at Gravelotte is contained within a mafic schist that is bounded by a granite and a felsic porphyry. Historic production and drilling data shows that whilst the large majority of the schist is emerald mineralised, the grade distribution is inhomogeneous.

As a consequence, the majority of grade control within the proposed mining operation will rely on other indicators of emerald mineralisation such as the presence of discolouration of the schist, biotite alteration and development of pyrite.

This grade control will be carried out through the logging of the blast hole material and visual examination of the run of mine material.

Sorting Options for the Recovery of Emeralds

The Company has been in continuous engagement with leading manufacturers of material sorting solutions. Sorting of emeralds is the tertiary stage in the processing and the Company is assessing the two main options available – Optical sorting or sorting using XRF technology.

The use of either of these technologies effectively mechanises the operation and removes the requirement to hand sort.

Whilst the use of XRF technology during the trial mining programme was technically successful, it did suffer from some instrument related outages which did affect the processing rate. As a consequence and also because of recent advances in colour sorting technology for emeralds it was decided that the Optical technology should also be assessed.

Optical sorting trials carried out on samples of Gravelotte ore shipped to Germany showed very positive results across all three measures – accuracy, precision and throughput.

The finalisation of this test work and the final XRF testing will allow the Company to confirm both costs and lead time for the delivery of appropriate sorting technology.

Impact of Coronavirus (COVID-19)

The Coronavirus (COVID-19) had a significant impact of the operations at Gravelotte during 2020. The Company managed to maintain staff and security on site but the movement of the various technical consultants was severely restricted.

Review of Operations and Activities (continued)

Gravelotte Project, South Africa (continued)

As a consequence, the large majority of the technical and financial analysis completed, included the trial optical sorting were completed off-site.

Corporate

Placement of New Shares

On 16 July 2020, the Company issued 8,333,330 new shares and 8,333,330 free attaching options pursuant to a placement to provide working capital for completion of pre-development logistics planning and sorter test work for Gravelotte Project.

The shares were issued at \$0.03 and the options are exercisable at \$0.05 with an expiry date of 30 September 2022. The shares and options were issued without disclosure to existing shareholders in Magnum pursuant to Part 6D.2 in reliance of Section 708(5) of the Corporations Act (refer to ASX announcement dated 16 July 2020).

On 13 October 2020, the Company issued 8,333,332 new shares to provide working capital to finalise the due diligence pursuant to the proposed acquisition of Buena Vista Project.

The shares were issued at \$0.03 and were issued without disclosure to existing shareholders in Magnum pursuant to Part 6D.2 in reliance of Section 708(5) of the Corporations Act (refer to ASX announcement dated 9 October 2020).

Unsecured Loans

The Company entered into loan agreements for a total of \$500,000 with entities associated with Directors of Magnum, Mr G Button and Mr H Dawson and a non-related lending party and these loan facilities have an extended maturity date of 30 July 2021.

These loans are unsecured with interest payable calculated at 10% per annum on the daily aggregate amount outstanding and compounded monthly.

Entities associated with Mr Button and Mr Dawson provided loan facilities of \$150,000 and \$50,000 respectively.

A non-related lending party also provided a line of credit of \$300,000 if and when required by the Company.

The loan facilities have not been drawn down as at 31 December 2020.

In addition to the above, Mr G Button has also advanced the sum of \$153,186 with accrued interest to 31 December 2020 of \$7,717. Interest payable was calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

Tabland Pty Ltd, an entity associated with Mr Dawson has also advanced the sum of \$10,000 with accrued interest to 31 December 2020 of \$504. Interest payable was calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter, as the "consolidated entity" or "Group") consisting of Magnum Mining and Exploration Limited and the entities it controlled at the end of, or during, the financial year ended 31 December 2020.

Directors

The names of directors who held office during or since the end of the year and up until the date of this report are as follows:

H Dawson
H L J Callaghan (appointed 10 March 2021)
D A Carroll (appointed 10 March 2021)
G M Button (resigned 10 March 2021)
F Cannavo (resigned 10 March 2021)

Principal Activities

The principal activity of the Group during the financial year was mineral exploration and evaluation.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of operations

Information on the operations and activities of the Group is set out in the review of operations and activities section on pages 3 to 12 of this annual report.

Operating result for the year

The consolidated net loss of the Group for the year after income tax was \$812,524 (2019: loss of \$1,500,005).

Financial position

As at 31 December 2020, the Group had cash reserves of \$205,502 (2019: \$147,063).

Significant changes in the state of affairs

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.

Matters subsequent to the end of the financial year

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:

The impact of the Coronavirus (COVID-19) outbreak is ongoing and has caused uncertainty to Magnum's operations and activities. Strict travel restriction, social distancing measure and some countries are still in locked down, all these have slowed the process of identifying potential buyers to allow for a commercial assessment of pricing for the emeralds through a sale process, which will allow for the financial modelling of potential future commercial mining operations.

Directors' Report (continued)**Matters subsequent to the end of the financial year (continued)**

As the scale and duration of this outbreak remains uncertain, it could significantly impact Magnum's operation and activities and financial condition.

On 15 January 2021, the Company completed the second tranche of the share placement and issued 25,000,002 shares at an issue price of \$0.03 to raise \$750,000 (before costs). This shares placement was subject to shareholders approval which was received on 12 January 2021.

On 18 January 2021, the Company granted 29,000,000 unlisted options to each of Mr Howard Dawson and/or his nominees (6,500,000 unlisted options), Mr Grant Button and/or his nominees (6,500,000 unlisted options) and Mr Simon Baldwin and/or his nominees (16,000,000 unlisted options).

The unlisted options were granted with a range of strike prices with an expiry date of 31 December 2023. The numbers of unlisted options granted for each strike price is set out below:

Mr H Dawson and Mr G M Button

Options exercise price	\$0.03	\$0.10	\$0.20	\$0.40
Number of Options	10,000,000	1,000,000	1,000,000	1,000,000

Mr S Baldwin

Options exercise price	\$0.03	\$0.05	\$0.10	\$0.20	\$0.40
Number of Options	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000

On 22 January 2021, the Company announced the completion of its due diligence of Buena Vista iron ore project and made a decision to proceed with the acquisition. Please refer to "Buena Vista Project, United States" in the review of operations and activities section for further details.

On 3 March 2021, the Company completed a share placement and issued 50,000,000 shares at an issue price of \$0.04 together with 1:2 free attaching listed option with an exercise price of \$0.05 and an expiry date of 30 September 2022 to raise \$2 million (before costs). This issue was subject to shareholders approval which was received on 3 March 2021.

The funds received from the placement will be used to update the Buena Vista feasibility study and advance funding options for the project development, continue ongoing pre-development activities at Gravelotte and provide general working capital.

On 10 March 2021, the Company announced the appointment of Mr Hugh Callaghan and Mr Donald Carroll to the Company's Board with effect from 10 March 2021.

Mr Callaghan is currently based in Mexico but is re-locating to Nevada to provide high level assistance to Magnum's existing US based team of project consultants.

Mr Carroll is based in Melbourne, Australia.

The Company also announced Mr F Cannovo resigned as a Non-Executive Director of the Company and Mr G Button resigned as Chief Executive Officer of the Company with effect from 10 March 2021.

Mr Button will continue to act as Company Secretary for a transitional period of 2 to 3 months and will remain with the Company as a key consultant to advance the potential development of Gravelotte Project.

The Chief Executive Officer role was assumed by the Chairman for an interim period whilst the new Board determines the executive team for Magnum moving forward.

Directors' Report (continued)

Matters subsequent to the end of the financial year (continued)

On 16 March 2021, the Company announced that it has issued 510,000 Ordinary Shares on the exercised of 500,000 Unlisted Options (exercisable at \$0.03 on or before 31 December 2023) and 10,000 Listed Options (exercisable at \$0.05 on or before 30 September 2022).

Likely developments and expected results

Additional comments on expected results of certain operations of the Group are included in the review of operations and activities section.

Environmental legislation

The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in Australia, South Africa and United States. There have been no known breaches of these regulations and principles.

Information on directors

H Dawson B. App. Sc. (Geology), Dip App. Sc. MAIG *Non-Executive Chairman*

Experience and expertise

Mr Dawson is a geologist and former stockbroker with exploration and development experience across base and precious metals, uranium, gemstones and bulk commodities in addition to an extensive 18 year experience within the securities industry. He has over 33 years of significant experience in both technical and corporate roles including project development and was a Senior Fellow of FINSIA.

Other current directorships

Chairman of Discovery Capital Ltd (unlisted public company)

Former directorships in the last 3 years

Non-Executive Chairman of Entek Energy Ltd (Resigned 1 September 2018)

Non-Executive Chairman of SportsHero Ltd (Resigned 10 April 2018)

Special responsibilities

Chairman of the Board

Interest in shares and options of the Company and related bodies corporate

No ordinary shares or options

H Callaghan B. Comm, B. Law (South Africa) Executive Director (Appointed 10 March 2021)

Experience and expertise

Mr Callaghan is a law graduate who commenced working in the resources industry in 1993, initially with Gold Fields of South Africa before moving to RIO and then Xstrata, working in commercial and project strategy across a range of precious, base metal and bulk commodities. Mr Callaghan also has experience in the smaller mining sector having been founder or Chief Executive Officer of three companies in that sector that have listed on ASX. During his career, Mr Callaghan has taken a number of projects from concept to feasibility and project development and has been part of the teams that have built four mines in Africa and Latin America.

Other current directorships

None

Directors' Report (continued)

Information on directors (continued)

Former directorships in the last 3 years

None

Special responsibilities

None

Interest in shares and options of the Company and related bodies corporate

No ordinary shares or options

D Carroll B.Sc (Mining Engineering) Executive Director (Appointed 10 March 2021)

Experience and expertise

Mr Carroll had a 37 years career with RIO and BHP, initially as a mining engineer with RIO in iron ore and then BHP in coal before moving into marketing and business development. In this latter role, he gained wide experience across the minerals industry which included overseas postings in senior management roles in the United State, Europe and Asia for BHP. These roles included President BHP Japan, President BHP India, Vice-President BHP Marketing (Asia) and General Manager BHP Iron Ore Marketing.

Other current directorships

West Cumbria Mining

Futura Resources Ltd (unlisted public company)

Cremorne Capital Ltd (unlisted public company)

Former directorships in the last 3 years

None

Special responsibilities

None

Interest in shares and options of the Company and related bodies corporate

No ordinary shares or options

G M Button B. Bus. (Acc), C.P.A. Executive Director (Resigned 10 March 2021)

Experience and expertise

G M Button is a qualified accountant and has significant financial and other commercial management and transactional experience. He was appointed as a director in 2006 and was appointed as CEO of the Company on 16 July 2007. He has over 30 years of experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, CFO and company secretary for a range of publicly listed companies.

Other current directorships

None

Former directorships in the last 3 years

None

Special responsibilities

Chief Executive Officer

Company Secretary

Directors' Report (continued)**Information on directors (continued)*****Interest in shares and options of the Company and related bodies corporate***

2,940,000 ordinary shares
980,000 listed options

F Cannavo *Non-Executive Director* (Resigned 10 March 2021)

Experience and expertise

Francesco is an experienced public company director with significant business and investment experience working with companies operating across various industries and in particular resources. This experience includes tenures as a non-executive director at Fortis Mining Ltd, Hannan's Reward Ltd and GBM Resources Ltd.

Francesco is an entrepreneur with a strong network of investors and industry contacts in the public company sector throughout the Asia-Pacific region and has extensive experience in capital raisings, investment activities and IPO's. He has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of investment capital and the acquisition of assets.

Other current directorships

Non-Executive Director of Lifespot Health Ltd

Former directorships in the last 3 years

Non-Executive Director of GBM Resources Ltd (Resigned 19 May 2018)

Special responsibilities

None

Interest in shares and options of the Company and related bodies corporate

No ordinary shares or options

Company secretary

Mr G M Button

Please refer to the above Information on Directors section for further details.

Meetings of directors

During the financial year, there were fifteen formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs.

The number of meetings of the Company's board of directors attended by each director was:

	<i>Directors' meetings held whilst in office</i>	<i>Directors' meetings attended</i>
H Dawson	15	15
G M Button	15	15
F Cannavo	15	15

Directors' Report (continued)

Indemnification

The Company has indemnified the Directors and Officers of the Company for any actions taken by the Directors and Officers in their execution of duties unless the actions were deliberately fraudulent or illegal.

Insurance of officers

During the financial year, the Company paid premiums to insure the directors and secretaries of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company for the financial year ended 31 December 2020. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

The remuneration report details remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The key management personnel of the Company were the Directors.

Directors

Howard Dawson (Non-Executive Chairman)

Grant Button (Chief Executive Officer and Company Secretary)

Francesco Cannavo (Non-Executive Director)

Details of key management personnel's remuneration are set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration including Share Based Payment compensation
- C Employment contracts of directors

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed fee, consultancy agreement based remuneration, and share based incentives.

The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the Board. The Board's aim is to ensure the remuneration packages properly reflect directors' and executives' duties and responsibilities. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The current remuneration policy adopted is that no element of any director or executive package be directly related to the Company's financial performance. Indeed there are no elements of any director or executive remuneration that are dependent upon the satisfaction of any specific condition. The overall remuneration policy framework however is structured in an endeavour to advance/create shareholder wealth. This policy has not changed over the past eighteen (18) financial years.

At the Annual General Meeting (AGM) held on 17 June 2020, 95.04% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2019. The Company did not received any specific feedback at the AGM regarding its remuneration practices.

B. Details of remuneration including Share Based Payment compensation

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market. Directors are not present at any discussions relating to determination of their own remuneration.

Directors' Report (continued)

Remuneration report (audited) (continued)

B. Details of remuneration including Share Based Payment compensation (continued)

The maximum aggregate remuneration for the directors was last determined at the Annual General Meeting held on 31 May 2007, when shareholders approved an aggregate remuneration of \$150,000 per year. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business team and individual performance;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

The executive pay and reward framework has the following components:

- Base pay and benefits such as superannuation;
- Short-term performance incentives; and
- Long-term incentives through participation in Share Based Payments.

Remuneration consists of fixed annual remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed annual remuneration

Fixed annual remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate external advice on policies and practices. The Board of Directors has access to external and independent advice where necessary.

Some of the directors perform at least some executive or consultancy services.

Variable annual remuneration

Short-term incentives

There are no current short-term incentive remuneration arrangements.

Long-term incentives

Retirement allowances for directors:

There are no current retirement allowances for directors.

Directors' Report (continued)**Remuneration report (audited) (continued)****B. Details of remuneration including Share Based Payment compensation (continued)**

Details of the remuneration of the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Company and the Group for the year ended 31 December 2020 and 2019 are set out in Tables 1 and 2 in Section C.

Variable annual remuneration

The Board's policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

C. Employment contracts of directors

The employment arrangements of the directors are not formalised in a contract of employment.

Table 1: Directors' remuneration for the year ended 31 December 2020

2020	<i>Primary benefits</i>		<i>Post-employment benefits</i>	<i>Share-based payments</i>	<i>TOTAL</i>	<i>Performance related %</i>
Name	<i>Cash salary and consulting fees</i>	<i>Directors' fees</i>	<i>Superannuation</i>	<i>Unlisted options</i>		
	\$	\$	\$	\$	\$	
H Dawson (i)	50,000	-	-	-	50,000	-
G M Button (ii)	50,000	-	-	-	50,000	-
F Cannavo (iii)	15,000	-	-	-	15,000	-
TOTAL	115,000	-	-	-	115,000	-

(i) Includes an amount of \$40,000 owing to HG & L Dawson Discretionary Trust.

(ii) Includes an amount of \$40,000 owing to Wilberforce Pty Ltd.

(iii) Includes an amount of \$15,000 owing to Golden Venture Capital LLC.

Directors' Report (continued)**Remuneration report (audited) (continued)****C. Employment contracts of directors (continued)**

Table 2: Directors' remuneration for the year ended 31 December 2019

2019	Primary benefits		Post-employment benefits	Share-based payments	TOTAL	Performance related %
Name	Cash salary and consulting fees	Directors' fees	Superannuation	Unlisted options		
	\$	\$	\$	\$	\$	
H Dawson	18,333	-	-	-	18,333	-
G M Button	36,667	-	-	-	36,667	-
F Cannavo	16,667	-	-	-	16,667	-
TOTAL	71,667	-	-	-	71,667	-

D. Shareholdings of directors

The number of shares in the Company held during the financial year by each director of the Company, including their personally related entities, is set out below. Where shares are held by the individual director or executive and any entity under the joint or several control of the individual director or executive they are shown as 'beneficially held'. Shares held by those who are defined by AASB 124 *Related Party Disclosures* as close members of the family of the individual director or executive are shown as 'non-beneficially held'.

2020		Balance at the start of the year	Purchased during the year	Sold during the year	Balance at the end of the year
Name	Type of holding				
H Dawson	Beneficially held	-	-	-	-
G M Button	Beneficially held	2,940,000	-	-	2,940,000
F Cannavo	Beneficially held	-	-	-	-
2019		Balance at the start of the year	Purchased during the year	Sold during the year	Balance at the end of the year
Name	Type of holding				
H Dawson	Beneficially held	-	-	-	-
G M Button	Beneficially held	2,940,000	-	-	2,940,000
F Cannavo	Beneficially held	-	-	-	-

Directors' Report (continued)**Remuneration report (audited) (continued)****E. Option holdings of directors**

The number of listed and unlisted options in the Company held during the financial year by each director of the Company, including their personally related entities, is set out below. Where listed and unlisted options are held by the individual director or executive and any entity under the joint or several control of the individual director or executive they are shown as 'beneficially held'. Listed and unlisted options held by those who are defined by AASB 124 *Related Party Disclosures* as close members of the family of the individual director or executive are shown as 'non-beneficially held'.

Listed options

2020		Balance at the start of the year	Purchased during the year	Sold during the year	Balance at the end of the year
Name	Type of holding				
H Dawson	Beneficially held	-	-	-	-
G M Button	Beneficially held	980,000	-	-	980,000
F Cannavo	Beneficially held	-	-	-	-

The above listed options are exercisable at \$0.05 with an expiry date of 30 September 2022. The directors had no unlisted option holdings in the Company as at 31 December 2020. No options were exercised prior to year-end.

Listed options

2019		Balance at the start of the year	Purchased during the year	Sold during the year	Balance at the end of the year
Name	Type of holding				
H Dawson	Beneficially held	-	-	-	-
G M Button	Beneficially held	-	980,000	-	980,000
F Cannavo	Beneficially held	-	-	-	-

The above listed options are exercisable at \$0.05 with an expiry date of 30 September 2022.

Unlisted options

2019		Balance at the start of the year	Granted	Expired/ forfeited/ other	Balance at the end of the year
Name	Type of holding				
H Dawson	Beneficially held	1,000,000	-	(1,000,000)	-
G M Button	Beneficially held	3,000,000	-	(3,000,000)	-
F Cannavo	Beneficially held	-	-	-	-

Directors' Report (continued)**Remuneration report (audited) (continued)****F. Transactions with related parties of directors**

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
HG & L Dawson Discretionary Trust (i)	2020	-	50,000	-	40,000
Tabland Pty Ltd (ii)	2020	-	-	-	10,504
Wilberforce Pty Ltd (iii)	2020	-	50,000	-	40,000
Wilberforce Trust (iv)	2020	-	-	-	-
Mr G Button (v)	2020	-	-	-	160,903
Golden Venture LLC (vi)	2020	-	15,000	-	15,000
HG & L Dawson Discretionary Trust (i)	2019	-	18,333	-	-
Tabland Pty Ltd (ii)	2019	-	-	-	-
Wilberforce Pty Ltd (iii)	2019	-	36,667	-	-
Wilberforce Trust (iv)	2019	-	-	-	-
Mr G Button (v)	2019	-	-	-	-
Golden Venture LLC (vi)	2019	-	16,667	-	-

(i) Mr H Dawson, a Non-Executive Chairman, is the trustee of HG & L Dawson Discretionary Trust. During the year, HG & L Dawson Discretionary Trust received the above fees for consultancy services.

(ii) Mr H Dawson, a Non-Executive Chairman, is a director of Tabland Pty Ltd. During the year, Tabland Pty Ltd entered into a loan agreement to provide the Company a loan facility of \$50,000. As at 31 December 2020, the loan facility remain in place and the loan balance is nil.

During the year, Tabland Pty Ltd also advanced the sum of \$10,000 with accrued interest to 31 December 2020 of \$504. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

(iii) Mr G Button, an Executive director, is a director of Wilberforce Pty Ltd. During the year, Wilberforce Pty Ltd received the above fees for consultancy services.

(iv) Mr G Button, an Executive director, is the trustee of Wilberforce Trust. During the year, Wilberforce Trust entered into a loan agreement to provide the Company a loan facility of \$150,000. As at 31 December 2020, the loan facility remain in place and the loan balance is nil.

(v) Mr G Button, as Executive director has advanced the sum of \$153,186 with accrued interest to 31 December 2020 of \$7,717. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

(vi) Mr F Cannavo, a Non-Executive director, is the director of Golden Venture LLC. During the year, Golden Venture LLC received the above fees for consultancy services.

This is the end of the audited remuneration report.

Directors' Report (continued)

Auditor independence and non-audit services

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 audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 31 December 2020.

Non-audit services

There were no non-audit services provided by the Company's auditors during the financial year ended 31 December 2020.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Howard Dawson', written in a cursive style.

Howard Dawson
Director

Perth, Australia
30 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Magnum Mining and Exploration Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 March 2021



D I Buckley
Partner

hl**b.com.au**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

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.

Corporate Governance Statement

The Board of Directors (Board) of the Company are committed to attaining and implementing the highest standards of corporate governance. The Board has reviewed the Company's corporate governance practices in accordance with the 3rd Edition of the Australian Securities Exchanges (ASX) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. The Board supports the intent of the best practice recommendations and recognises that given the present size and scope of the Company it is not practical to institute all of the best practice recommendations at present.

The Company reports below on how it has followed and "if not, why not" disclosure on each of the Principles & Recommendations.

The Corporate Governance statement has been approved by the Board and is current as at 30 March 2021.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	No	The Company considers Corporate Governance Recommendation 1.1 which requires formalisation and disclosure of the functions reserved to the Board and those delegated to management inappropriate given the size of the Company's operation and the number of directors constituting the Board. Accordingly, the Board is responsible for the functions typically delegated to management in addition to its usual Board functions.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	The Company undertakes comprehensive reference checks before appointing a person, or putting a person forward for election to shareholders, as a director.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements with each director in accordance with Recommendation 1.3.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary is accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>Recommendation 1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>(i) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(ii) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	No	The Company has not established a Diversity Policy. Given the size of the Board, the Board considers that it is not practical to establish a Diversity Policy. No women are currently represented on the Board.
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	Yes	The Board undertakes annual self-assessment of its collective performance and the performance of the Chairman. The Board is evaluated annually via round table discussion. The evaluation includes consideration of the following matters: assessment of the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and annual budget, review of the level and effectiveness of the Board's interaction with management review of the content, format and timing of information provided to directors, and review of Board and committee charters to assess if they remain appropriate to the Company's activities. Similar procedures to those for the Board review are applied to evaluate the performance of any Board committees. An assessment will be made on the performance of each committee and areas identified where improvements can be made. During the year, an evaluation of the Board and individual directors took place in accordance with the process disclosed above.

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	The Chairman reviews the performance of senior executives by way of a formal interview with each senior executive. During the year, an evaluation of senior executives took place in accordance with the process disclosed above.
Principle 2 Structure the board to add value		
<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	No	The Board has not established a separate independent nomination committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a nomination committee separate from the Board. Accordingly, the Board performs the role of Nomination Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interest is not party to the relevant discussions.
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	No	Given the current size and composition of the Board, the Company does not maintain a formal skills matrix setting out the skills and diversity of the Board. However, the current Board does have a mixture of experience and corporate, technical, financial and management skills that are considered appropriate for the Company's present operations. A profile of each director setting out their skills, experience, expertise and period of office is set out on page 15 to 17 of the Directors' Report.

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	Yes	<p>Details of the Board of Directors, their length of service and independence are as follows: Mr Howard Dawson - 4 years - Independent - Non-Executive Chairman; Mr Hugh Callaghan - Appointed 10 March 2021 - Not Independent - Executive Director; Mr Donald Carroll - Appointed 10 March 2021 - Not Independent - Executive Director; Mr Grant Button - 14 years - Resigned 10 March 2021 - Not Independent - Executive Director; Mr Francesco Cannavo - 2 year - Resigned 10 March 2021 - Independent - Non-Executive Director.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	No	<p>The Board comprises of three directors with one directors who are considered as independent in terms of Recommendation 2.3. This is temporary whilst the new Board is seeking for suitable candidates.</p>
<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	No	<p>The role of Chairman of the Company during the year, was held by Mr Howard Dawson (who is considered independent in terms of Recommendation 2.3) The Chief Executive Officer during the year, was held by Mr Grant Button (Resigned 10 March 2021) (who is not considered independent in terms of Recommendation 2.3) With the resignation of Mr G Button, Mr H Dawson assumed the role of Chief Executive Officer for an interim period whilst the new Board is seeking for suitable candidates.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	<p>The Company has an informal induction process, due to the Board's size. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of directors. Directors will undertake their own continuing educations.</p>
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	No	<p>The Board expects all directors to perform their duties in a manner which is ethical, honest and objective and at all times endeavor to maintain and improve the performance and reputation of the Company. A code of conduct, as purported in Recommendation 3.1, has not been formally established as the Chairman consistently and continuously ensures that all members of the Board have a clear understanding of their duties, responsibilities and their accountability to the Company and its shareholders for their conduct.</p>

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	No	<p>The Board has not established a separate independent audit committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing an audit committee separate from the Board. Accordingly, the Board performs the role of Audit Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interest is not party to the relevant discussions. The Board will consider the appointment of a separate Audit Committee as the Company's operations grow.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes	<p>The Chair and the Chief Executive Officer have provided a declaration to the Board, before it approves the Company's financial statements for a period.</p>
<p>Recommendation 4.3</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	Yes	<p>A representative of the Company's external audit firm attends the AGM and is available to answer questions to security holders relevant to the audit.</p>

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 5: Make timely and balanced disclosure		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	<p>The Company aims to provide relevant and timely information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the ASX Listing Rules. The Board has established policies and procedures to ensure compliance with ASX Listing Rules disclosure requirement and accountability at a senior management level for that compliance. However, the Board believes that the formalisation of these policies and procedures in a written form as recommended in Recommendation 5.1 is not necessary as the Board is satisfied that all Board members are acutely aware of the importance of making timely and balanced disclosure.</p>
Principle 6: Respect the rights of security holders		
<p>Recommendation 6.1</p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes	<p>Information about the Company and its governance will be available on the Company's website.</p>
<p>Recommendation 6.2</p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	<p>The Company is committed to promoting effective communications with shareholders by ensuring they and the broader investment community is provided with full and timely disclosure of its activities providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.</p>
<p>Recommendation 6.3</p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	Yes	<p>The Company gives adequate notice to shareholders of meetings of shareholders and encourages attendance at such meetings.</p>
<p>Recommendation 6.4</p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	Yes	<p>The Company engages its share registry to manage the majority of communications with shareholders and encourage them to receive correspondence from the Company electronically.</p>

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 7: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
<p>Recommendation 7.1</p> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	No	The Board has not established a separate independent risk committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a risk committee separate from the Board. Accordingly, the Board performs the role of Risk Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interests is not party to the relevant discussions.
<p>Recommendation 7.2</p> <p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	No	The Board reviews the risks to the Company at regular Board meetings.
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	No	Given the size of the Company's operation, the Company does not have an internal audit function.
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Yes	The Company does not believe it has any material exposure to economic, environmental and social sustainability risks.

Corporate Governance Statement (continued)

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	No	The functions that would be performed by a remuneration committee are performed by the Board. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a remuneration committee separate from the Board.
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	No	An outline of the Company's remuneration policies in respect of non-executive directors and executive directors is set out in the audited Remunerations Reports section of the Directors' Report.
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Yes	The Company has a share trading policy which includes prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Revenue from continuing operations	3	7,846	126,061
Depreciation expense		(27,367)	(22,072)
Exploration expensed as incurred	13	(384,379)	(1,074,751)
Finance costs		(8,221)	(509,269)
Changes in fair value of derivative liability		-	486,655
Other expenses	4	(400,403)	(506,629)
Loss before income tax expense		(812,524)	(1,500,005)
Income tax expense	5	-	-
Loss from continuing operations		(812,524)	(1,500,005)
Net loss for the year		(812,524)	(1,500,005)
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		112,500	(65,625)
Exchange differences on translation of foreign operations		(19,331)	13,539
Other comprehensive income/(loss) for the year net of tax		93,169	(52,086)
Total comprehensive loss for the year		(719,355)	(1,552,091)
Loss attributable to:			
Equity holder of the parent		(718,638)	(1,216,421)
Non-controlling interests		(93,886)	(283,584)
Net loss for the year		(812,524)	(1,500,005)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2020

	Notes	Consolidated	
		2020	2019
		\$	\$
Total comprehensive loss attributable to:			
Equity holder of the parent		(625,469)	(1,268,507)
Non-controlling interests		(93,886)	(283,584)
		(719,355)	(1,552,091)
Total comprehensive loss for the year		(719,355)	(1,552,091)
Basic loss per share (cents)	27	(0.23)	(0.42)
Basic loss per share (cents) from continuing operations	27	(0.23)	(0.42)

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

Consolidated Statement of Financial Position as at 31 December 2020

	Notes	Consolidated	
		2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	205,502	147,063
Trade and other receivables	7	64,846	147,233
Other financial assets	8	162,500	-
Inventories	9	-	-
Total Current Assets		432,848	294,296
Non-Current Assets			
Plant and equipment	10	115,662	161,745
Other financial assets	8	-	50,000
Deferred exploration and evaluation expenditure	12	2,060,834	2,060,834
Rehabilitation guarantee	12	36,902	36,902
Total Non-Current Assets		2,213,398	2,309,481
Total Assets		2,646,246	2,603,777
LIABILITIES			
Current Liabilities			
Trade and other payables	14	200,606	237,948
Borrowings	15	163,186	-
Total Current Liabilities		363,792	237,948
Total Liabilities		363,792	237,948
Net Assets		2,282,454	2,365,829
EQUITY			
Issued capital	16	24,813,146	24,177,078
Reserves	18	729,936	636,855
Accumulated losses	18	(22,869,983)	(22,151,345)
Equity attributable to owners of the parent		2,673,099	2,662,588
Non-controlling interests		(390,645)	(296,759)
Total Equity		2,282,454	2,365,829

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 31 December 2020

Consolidated	Issued capital	Accumulated losses	Reserves	Non- controlling interests	Total equity
	\$	\$	\$	\$	\$
Balance at 1 January 2019	22,937,628	(20,934,924)	(258,329)	(13,175)	1,731,200
Shares issued during the year	1,250,000	-	-	-	1,250,000
Options issued during the year	-	-	1,015,263	-	1,015,263
Options exercised during the year	1,200	-	(200)	-	1,000
Shares or options issue costs	(11,750)	-	(67,793)	-	(79,543)
Loss for the year	-	(1,216,421)	-	(283,584)	(1,500,005)
Other comprehensive income/(loss):					
Changes in fair value of equity investments designated at FVOCI	-	-	(65,625)	-	(65,625)
Currency translation differences	-	-	13,539	-	13,539
Total comprehensive income/(loss)	-	(1,216,421)	(52,086)	(283,584)	(1,552,091)
Balance at 31 December 2019	<u>24,177,078</u>	<u>(22,151,345)</u>	<u>636,855</u>	<u>(296,759)</u>	<u>2,365,829</u>
Balance at 1 January 2020	24,177,078	(22,151,345)	636,855	(296,759)	2,365,829
Shares issued during the year	647,000	-	-	-	647,000
Shares or options issue costs	(10,932)	-	(88)	-	(11,020)
Loss for the year	-	(718,638)	-	(93,886)	(812,524)
Other comprehensive income/(loss):					
Changes in fair value of equity investments designated at FVOCI	-	-	112,500	-	112,500
Currency translation differences	-	-	(19,331)	-	(19,331)
Total comprehensive income/(loss)	-	(718,638)	93,169	(93,886)	(719,355)
Balance at 31 December 2020	<u>24,813,146</u>	<u>(22,869,983)</u>	<u>729,936</u>	<u>(390,645)</u>	<u>2,282,454</u>

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

Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		1,264	92
Interest received		5,707	344
GST received		31,523	42,837
Payments for exploration and evaluation expenditure		(293,977)	(1,035,860)
Payments to suppliers and employees		(301,706)	(532,753)
Finance costs		-	(108,974)
Net cash outflow from operating activities	25	(557,189)	(1,634,314)
Cash flows from investing activities			
Payments for purchases of plant and equipment		(2,417)	(84,187)
Deposit paid for purchase of Buena Vista Project		(25,000)	-
Proceeds from sale of tenement		-	10,000
Net cash outflow from investing activities		(27,417)	(74,187)
Cash flows from financing activities			
Proceeds from issue of shares		500,000	-
Proceeds from exercise of options		-	1,000
Proceeds from issue of options		-	1,015,263
Proceeds from borrowings		163,186	-
Payments for share or option issue costs		(27,136)	(60,953)
Net cash inflow from financing activities		636,050	955,310
Net increase/(decrease) in cash and cash equivalents		51,444	(753,191)
Cash and cash equivalents at the beginning of the year from continuing operations		147,063	900,808
Effects of exchange rate changes on cash and cash equivalents		6,995	(554)
Cash and cash equivalents at the end of the year	6	205,502	147,063

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

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies

(a) Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Magnum Mining and Exploration Limited and its subsidiaries. The Company is a for-profit entity.

The financial statements have been prepared on a historical cost basis, except for selected current and 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 values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in both Australia, South Africa and United States. The Group's principal activity is mineral exploration and evaluation.

Where appropriate, prior year disclosures have been reclassified for consistency with current year classifications. Any reclassifications do not impact the net result for the prior year.

(b) Statement of Compliance

The financial report was authorised for issue in accordance with a resolution of the Directors on 30 March 2021.

The 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 financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Adoption of New and Revised Standards

New Accounting Standards and Interpretations

In the year ended 31 December 2020, the Directors have reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(d) Accounting Standards and Interpretations Issued but Not Yet Adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issued but not yet adopted that are relevant on the Group's operations and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no Standard and Interpretation in issued but not yet adopted that will have a material effect on Group accounting policies in future financial periods.

(e) Parent Entity Information

In accordance with the Corporation Act 2001, these financial statements present the results of the consolidated entity only. Supplementary confirmation about the parent entity is disclosed in Note 19.

(f) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Magnum Mining and Exploration Limited and its subsidiaries as at 31 December each year (the Group). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it have the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicates that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Losses incurred by the consolidated entities are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(g) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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 maximize the value achieved per carat.

In completion of the Trial Mining Phase One and the Trial Mining Phase Two the Group has recovered a parcel of emeralds 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.

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 getting 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 31 December 2020 and accordingly the carrying value of the emeralds should be nil.

Exploration and evaluation expenditure:

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likely hood of commercially viable reserves.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted.

(h) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(i) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of Magnum Mining and Exploration Limited.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account returns, trade allowance and duties and tax paid. Revenue is recognised to the extent that control of the goods or service has passed and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income from a financial asset is recognised on a time proportion basis using the effective interest method.

(k) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit loss. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is an expectation that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of expected future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance. The Group has applied the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 1: Statement of Significant Accounting Policies (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 the Company'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 statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income 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 is recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

(n) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable 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.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(n) Income Tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

As the Company has no wholly-owned Australian controlled entities it has not implemented the tax consolidation legislation.

(o) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(p) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line and diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment; furniture, fixtures and fittings – over 3 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(p) Property, Plant and Equipment (continued)

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the other expenses line item. However, because land and buildings are measured at fair value, impairment losses on land and buildings are treated as a revaluation decrement, to the extent of any previous revaluation increments.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(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 and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Equity investments

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

The fair value of equity investments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 1: Statement of Significant Accounting Policies (continued)****(q) Financial Instruments (continued)****(iii) Financial liabilities**

Non-derivative financial liabilities initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expired or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(r) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(s) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(u) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(v) Share-Based Payment Transactions

Equity settled transactions:

The Group provides benefits to employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(v) Share-Based Payment Transactions (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding shares and options issued is reflected as additional share dilution in the computation of earnings per share.

(w) Issued Capital

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.

(x) Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated as net result attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(y) Exploration and Evaluation

Exploration and evaluation expenditure incurred may be accumulated in respect of each identifiable area of interest. Exploration and evaluation costs, excluding the cost of acquiring areas of interest, are expensed as incurred. Acquisition costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- (i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
- (ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 1: Statement of Significant Accounting Policies (continued)

(y) Exploration and Evaluation (continued)

Accumulated acquisition costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made, a regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward acquisition costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation in relation to an area may still be written off if considered to be appropriate to do so.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within plant and equipment.

(z) Going Concern

The Group has a cash balance at 31 December 2020 of \$205,502 and cash outflows from operating and investing activities of \$584,606. The Group has undertaken a number of initiatives to reduce the cost of operations and seek further funding. The Directors are of the opinion that the Group is a going concern due to the following:

- (i) Subsequent to year end, the Company completed two share placements to raise \$2,750,000 (before costs).
- (ii) Subsequent to year end, the Company sold 3,125,000 Dampier Gold shares for \$160,871.
- (iii) The Company has unsecured loan agreements for a total of \$500,000 with entities associated with Mr Howard Dawson, Mr Grant Button and an external third party that have an extended maturity date of 30 July 2021. None of the loan facilities have been drawn down as at 31 December 2020. Please refer to "Unsecured Loans" in the review of operations and activities section for further details.
- (iv) The Company will seek to raise additional working capital from capital raising.

Whilst the Directors are confident that the above initiatives will generate sufficient funds to enable the Group to continue as a going concern for at least the period of 12 months from the date of signing this financial report, should that be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 2: Financial reporting by segments**

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 years ended 31 December 2020 and 31 December 2019.

	Australia	South Africa	United States	Consolidated
	\$	\$	\$	\$
31 December 2020				
Segment revenue and other income	2,139	-	-	2,139
Interest	9	5,698	-	5,707
Segment profit/(loss)	(382,816)	(361,479)	(68,229)	(812,524)
Segment assets	311,253	2,309,993	25,000	2,646,246
Segment liabilities	323,190	18,995	21,607	363,792
Included within segment results:				
Depreciation	589	26,778	-	27,367
Capital purchases	-	2,417	-	2,417
31 December 2019				
Segment revenue and other income	125,717	-	-	125,717
Interest	344	-	-	344
Segment profit/(loss)	(392,094)	(1,107,911)	-	(1,500,005)
Segment assets	216,881	2,386,896	-	2,603,777
Segment liabilities	87,859	150,089	-	237,948
Included within segment results:				
Depreciation	988	21,084	-	22,072
Capital purchases	-	84,187	-	84,187

Notes to the Financial Statements**For the Year Ended 31 December 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 3: Revenue and other income		
From continuing operations		
Administration overhead recoveries	1,989	92
Interest received	5,707	344
Others	150	-
Profit on sale of tenement interest	-	125,625
	7,846	126,061

Note 4: Expenses**Loss before income tax includes the following specific expenses:**

Audit services	44,451	44,611
Bad debts	13,172	11,083
Consulting fees	115,000	33,000
Legal and professional services	62,520	88,074
Staff expenses	7,667	144,995
Superannuation contributions	728	11,321
Others	156,865	173,545
	400,403	506,629

Note 5: Income tax benefit**(a) Numerical reconciliation of income tax benefit to prima facie tax payable**

Profit/ (Loss) before income tax expense	(812,524)	(1,500,005)
Tax at the Australian rate of 30% (2019: 27.5%)	243,757	412,501
Tax effect of amounts which are (not deductible)/taxable within this assessment year in calculating taxable income	(103,355)	(258,880)
Deferred tax asset not brought to account	(140,402)	(153,621)
Income tax benefit	-	-

Notes to the Financial Statements**For the Year Ended 31 December 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 5: Income tax benefit (continued)		
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	<u>7,995,770</u>	<u>7,527,764</u>
Potential tax benefit at 30% (2019: 27.5%)	<u>2,398,731</u>	<u>2,070,135</u>

The benefit of these tax losses will only be realised if the Group derives further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised; the Group continues to comply with the conditions for deductibility imposed by the law; the Group passed the continuity of ownership test; and no changes in tax legislation adversely affects the Group's ability in realising the benefit from the deductions.

(c) Deferred tax liabilities

Exploration	<u>2,060,834</u>	<u>2,060,834</u>
Potential deferred tax liability at 30% (2019: 27.5%)	<u>618,250</u>	<u>566,729</u>

Deferred tax liabilities have been recognised in respect of these items. The entity has sufficient carry forward losses to be able to offset any deferred tax liability arising.

Note 6: Cash and cash equivalents

Cash at bank and on hand	148,634	101,745
Petty cash	56,868	45,318
	<u>205,502</u>	<u>147,063</u>

(a) Cash at bank and on hand

Cash at bank balances are subject to interest at variable rates and the average rate for the year was 0.05% (2019: 0.10%).

(b) Deposits at call

As at reporting date, the Company does not hold any funds on deposit at call.

Notes to the Financial Statements**For the Year Ended 31 December 2020**

	Consolidated	
	2020	2019
	\$	\$
Note 7: Trade and other receivables		
Trade debtors	725	-
Deposit paid	26,548	1,775
Rehabilitation guarantee	13,172	13,172
Expected credit loss	(13,172)	-
GST/VAT receivable	14,618	95,567
Prepayments	22,955	36,719
	64,846	147,233
Note 8: Other financial assets		
Shares in Dampier Gold – Current	162,500	-
Shares in Dampier Gold – Non-current	-	50,000
	162,500	50,000

On 7 January 2019 in accordance with the terms and conditions of a binding term sheet, Magnum sold its beneficial interest in the Menzies Project, which consists of exploration license E29/1052 to Dampier Gold Ltd. The consideration paid by Dampier Gold Ltd was an issue of 3,125,000 shares in Dampier Gold Ltd and a cash payment of \$10,000. The shares will be held in voluntary escrow for a period of 24 months.

The shares in Dampier Gold Ltd are listed and therefore represent a level 1 financial instrument.

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

Note 9: Inventories

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 maximize the value achieved per carat.

In completion of the Trial Mining Phase One and the Trial Mining Phase Two the Group has recovered a parcel of emeralds 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.

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 getting 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 31 December 2020 and accordingly the carrying value of the emeralds should be nil (2019: nil).

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 10: Plant and equipment**

Consolidated

	Plant and equipment	Furniture, fixtures and fittings	Plant and equipment work in progress	Total
	\$	\$	\$	\$
At 1 January 2019				
Cost	35,139	2,645	95,733	133,517
Accumulated depreciation	(27,216)	(978)	-	(28,194)
Net book amount	7,923	1,667	95,733	105,323
Year ended 31 December 2019				
Opening net book amount	7,923	1,667	95,733	105,323
Acquisition of assets	84,187	-	-	84,187
Reallocation of plant and equipment work in progress	95,733	-	(95,733)	-
Depreciation charge	(21,905)	(167)	-	(22,072)
Exchange difference on translation of foreign operations	(5,693)	-	-	(5,693)
Closing net book amount	160,245	1,500	-	161,745
At 31 December 2019				
Cost	204,749	2,500	-	207,249
Accumulated depreciation	(44,504)	(1,000)	-	(45,504)
Net book amount	160,245	1,500	-	161,745
At 1 January 2020				
Cost	204,749	2,500	-	207,249
Accumulated depreciation	(44,504)	(1,000)	-	(45,504)
Net book amount	160,245	1,500	-	161,745
Year ended 31 December 2020				
Opening net book amount	160,245	1,500	-	161,745
Acquisition of assets	1,217	1,200	-	2,417
Depreciation charge	(27,141)	(226)	-	(27,367)
Loss on disposal of assets	(791)	-	-	(791)
Exchange difference on translation of foreign operations	(20,342)	-	-	(20,342)
Closing net book amount	113,188	2,474	-	115,662
At 31 December 2020				
Cost	181,903	3,700	-	185,603
Accumulated depreciation	(68,715)	(1,226)	-	(69,941)
Net book amount	113,188	2,474	-	115,662

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 11: Interest in subsidiaries**

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity	
		31 December 2020	31 December 2019
GEM Venus Holdings (Pty) Ltd	South Africa	100%	100%
Venus Emeralds (Pty) Ltd (i)	South Africa	74%	74%
Adit Mining Consultants & Trading (Pty) Ltd (i)	South Africa	74%	74%

(i) Interest held by GEM Venus Holdings (Pty) Ltd.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Venus Emeralds (Pty) Ltd (Venus) and Adit Mining Consultants & Trading (Pty) Ltd (Adit)	2020		2019	
	VENUS \$ Year Ended 31 December 2020	ADIT \$ Year Ended 31 December 2020	VENUS \$ Year Ended 31 December 2019	ADIT \$ Year Ended 31 December 2019
Current Assets	62,304	36,373	49,509	80,577
Non-Current Assets	2,332,139	134,933	2,265,030	190,640
Current Liabilities	(3,683)	(15,312)	(29,854)	(120,235)
Non-Current Liabilities	(3,423,609)	(2,425,063)	(3,430,116)	(2,369,668)
Equity attributable to owners of the Company	(764,308)	(1,679,111)	(847,619)	(1,641,828)
Non-controlling interests	(268,541)	(589,958)	(297,812)	(576,858)
Revenue	-	5,698	-	-
Expenses	(34,133)	(332,667)	(76,778)	(1,013,929)
Loss for the year	(34,133)	(326,969)	(76,778)	(1,013,929)
Loss attributable to owners of the company	(25,259)	(241,957)	(56,816)	(750,307)
Loss attributable to the non-controlling interests	(8,874)	(85,012)	(19,962)	(263,622)
Loss for the year	(34,133)	(326,969)	(76,778)	(1,013,929)
Other comprehensive income/ (loss) attributable to owners of the Company	34	325	(1,489)	(19,668)
Other comprehensive income/ (loss) attributable to the non-controlling interests	-	-	-	-
Other comprehensive income/ (loss) for the year	34	325	(1,489)	(19,668)

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 11: Interest in subsidiaries (continued)**

Venus Emeralds (Pty) Ltd (Venus) and Adit Mining Consultants & Trading (Pty) Ltd (Adit)	2020		2019	
	VENUS \$ Year Ended 31 December 2020	ADIT \$ Year Ended 31 December 2020	VENUS \$ Year Ended 31 December 2019	ADIT \$ Year Ended 31 December 2019
Total comprehensive loss attributable to owners of the Company	(25,233)	(241,717)	(57,918)	(764,862)
Total comprehensive loss attributable to the non-controlling interests	(8,866)	(84,927)	(20,349)	(268,735)
Total comprehensive loss for the year	(34,099)	(326,644)	(78,267)	(1,033,597)
Dividends paid to non-controlling interests	-	-	-	-

Note 12: Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

Exploration and evaluation phase at cost	Consolidated	
	2020 \$	2019 \$
Balance at beginning of the year	2,060,834	2,060,834
Expenditure incurred	-	-
Balance at end of the year	2,060,834	2,060,834

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

Rehabilitation guarantee

Project Gravelotte (South Africa)	36,902	36,902
	36,902	36,902

The rehabilitation guarantee reflects money held on trust by the Department of Mineral Resources, South Africa for future rehabilitation of exploration areas.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 13: Exploration and evaluation expenditure expensed as incurred

	Life to date project expenditure expensed	Project expenditure (recouped)/ expensed in the period	Life to date project expenditure expensed	Project expenditure expensed in the period
	31 December 2020		31 December 2019	
	\$	\$	\$	\$
Project Gravelotte	3,427,042	316,151	3,110,891	1,039,457
Project Buena Vista	68,228	68,228	-	-
Project Cloncurry East	367,520	-	367,520	-
Project Tanami West	177,382	-	177,382	36,926
Other Exploration Expenses	23,212	-	23,212	(1,632)
	4,063,384	384,379	3,679,005	1,074,751

Note 14: Trade and other payables

	Consolidated	
	2020	2019
	\$	\$
Trade payables	11,268	41,039
Other creditors and accruals	189,338	196,909
	200,606	237,948

Note 15: Borrowings

G M Button (i)	153,186	-
Tabland Pty Ltd (ii)	10,000	-
Balance at end of the year	163,186	-

(i) Mr G M Button is an Executive Director. During the year, Mr Button advanced the sum of \$153,186 with accrued interest to 31 December 2020 of \$7,717. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full on end of January 2021.

(ii) Mr H Dawson, a Non-Executive Chairman, is a director of Tabland Pty Ltd. During the year, Tabland Pty Ltd advanced the sum of \$10,000 with accrued interest to 31 December 2020 of \$504. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full on end of January 2021.

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 16: Issued capital****Share capital**

		Consolidated		Consolidated	
		2020 Shares	2019 Shares	2020 \$	2019 \$
(a) Share Capital					
Ordinary shares					
Ordinary shares fully paid	(a)	324,765,480	304,598,818	24,813,146	24,177,078
At reporting date		324,765,480	304,598,818	24,813,146	24,177,078

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

At 31 December 2020 there were 324,765,480 ordinary shares fully paid on issue.

(a) Ordinary shares issued

	Consolidated		Consolidated	
	2020 Number	2020 \$	2019 Number	2019 \$
Movements in ordinary share capital				
Balance at beginning of the year	304,598,818	24,177,078	279,578,818	22,937,628
Issue of placement shares	16,666,662	500,000	25,000,000	1,250,000
Issue of shares as consideration of debt settlement	3,500,000	147,000	20,000	1,200
Less: Share issue costs	-	(10,932)	-	(11,750)
Balance at end of the year	324,765,480	24,813,146	304,598,818	24,177,078

Note 17: Options

	2020 No. of Options	2019 No. of Options
--	---------------------------	---------------------------

Listed options

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	-
- 16 December 2020 options exercisable at \$0.05 per share expiring 30 September 2022	3	-
	109,839,606	101,506,273

Notes to the Financial Statements**For the Year Ended 31 December 2020**

Note 17: Options (continued)	2020	2019
	No. of	No. of
	Options	Options
Movements in listed options		
Balance at beginning of the year	101,506,273	-
Options issued during the year	8,333,333	101,526,273
Options exercised during the year	-	(20,000)
Balance at end of the year	109,839,606	101,506,273

Note 18: Reserves and accumulated losses

Accumulated losses	Consolidated	Consolidated
	2020	2019
	\$	\$
Movements in accumulated losses were as follows:		
Balance at beginning of the year	(22,151,345)	(20,934,924)
Net loss for the year	(718,638)	(1,216,421)
Balance at end of the year	(22,869,983)	(22,151,345)

(a) Movements in reserves were as follows:

Consolidated	Option issue reserve	Share- based payment reserve	Investment revaluation reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
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
At 1 January 2019	-	157,333	-	(415,662)	(258,329)
Options issued during the year	1,015,263	-	-	-	1,015,263
Less: Options exercised during the year	(200)	-	-	-	(200)
Less: Option issue costs	(67,793)	-	-	-	(67,793)
Changes in fair value of equity investments designated at FVOCI	-	-	(65,625)	-	(65,625)
Foreign currency translation	-	-	-	13,539	13,539
At 31 December 2019	947,270	157,333	(65,625)	(402,123)	636,855

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 18: Reserves and accumulated losses (continued)****Reserves (continued)****(b) Nature and purpose of reserves***(i) Option issue reserve*

The option issue reserve is used to accumulate the net proceeds received from the issue of options.

(ii) Share-based payment reserve

The share-based payment reserve is used to recognise:

- the fair value of options issued to employees but not exercised; and
- the fair value of shares issued to employees or consultants.

(iii) Investment revaluation reserve

The investment revaluation reserve is used to record increases and decreases in the fair value of equity instruments.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve. The reserve is recognised in the statement of profit or loss and other comprehensive income when the net investment is disposed of. The reserve also includes the Group's share of the post-acquisition movements in the associated Company's foreign currency translation reserve.

Note 19: Parent Entity Disclosures

	2020	2019
	\$	\$
Assets		
Current assets	334,171	164,210
Non-current assets	2,293,080	2,289,478
Total assets	2,627,251	2,453,688
Liabilities		
Current liabilities	344,797	87,859
Total liabilities	344,797	87,859
Equity		
Issued capital	24,813,146	24,177,078
Accumulated losses	(23,635,207)	(22,915,852)
Reserves	1,104,515	1,104,603
Total equity	2,282,454	2,365,829
Financial performance		
Loss for the year	(719,355)	(1,552,091)
Total comprehensive loss	(719,355)	(1,552,091)

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 20: Key management personnel disclosures****(a) Directors**

The following persons were directors of the Company during the financial year:

(i) *Chairman – Non-Executive*

H Dawson

(ii) *Executive director*

G M Button

(iii) *Non-Executive director*

F Cannavo

No other key management personnel were identified during the period.

(b) Key management personnel compensation

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	115,000	71,667
Share based payments	-	-
Total compensation	115,000	71,667

The Company has taken advantage of the relief provided by the *Corporations Regulations* 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-E of the remuneration report.

(c) Other transactions of key management personnel

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
HG & L Dawson Discretionary Trust (i)	2020	-	50,000	-	40,000
Tabland Pty Ltd (ii)	2020	-	-	-	10,504
Wilberforce Pty Ltd (iii)	2020	-	50,000	-	40,000
Wilberforce Trust (iv)	2020	-	-	-	-
Mr G Button (v)	2020	-	-	-	160,903
Golden Venture LLC (vi)	2020	-	15,000	-	15,000

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 20: Key management personnel disclosures (continued)****(c) Other transactions of key management personnel (continued)**

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
HG & L Dawson Discretionary Trust (i)	2019	-	18,333	-	-
Tabland Pty Ltd (ii)	2019	-	-	-	-
Wilberforce Pty Ltd (iii)	2019	-	36,667	-	-
Wilberforce Trust (iv)	2019	-	-	-	-
Mr G Button (v)	2019	-	-	-	-
Golden Venture LLC (vi)	2019	-	16,667	-	-

(i) Mr H Dawson, a Non-Executive Chairman, is the trustee of HG & L Dawson Discretionary Trust. During the year, HG & L Dawson Discretionary Trust received the above fees for consultancy services.

(ii) Mr H Dawson, a Non-Executive Chairman, is a director of Tabland Pty Ltd. During the year, Tabland Pty Ltd entered into a loan agreement to provide the Company a loan facility of \$50,000. As at 31 December 2020, the loan facility remain in place and the loan balance is nil.

During the year, Tabland Pty Ltd also advanced the sum of \$10,000 with accrued interest to 31 December 2020 of \$504. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

(iii) Mr G Button, an Executive director, is a director of Wilberforce Pty Ltd. During the year, Wilberforce Pty Ltd received the above fees for consultancy services.

(iv) Mr G Button, an Executive director, is the trustee of Wilberforce Trust. During the year, Wilberforce Trust entered into a loan agreement to provide the Company a loan facility of \$150,000. As at 31 December 2020, the loan facility remain in place and the loan balance is nil.

(v) Mr G Button, as Executive director has advanced the sum of \$153,186 with accrued interest to 31 December 2020 of \$7,717. The advance is an unsecured loan with interest payable calculated at a rate of 10% per annum. The principal and interest was repaid in full end of January 2021.

(vi) Mr F Cannavo, a Non-Executive director, is the director of Golden Venture LLC. During the year, Golden Venture LLC received the above fees for consultancy services.

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 21: Remuneration of auditors**

(a) Audit services	Consolidated	
	2020	2019
	\$	\$
<i>Audit and review services</i>		
Auditors of parent entity (HLB Mann Judd)		
Audit and review of financial reports under the <i>Corporations Act 2001</i>	42,681	38,343
Non-HLB Mann Judd audit firms for the audit or review of financial reports of any entity in the Group	1,770	6,268
	<hr/>	<hr/>
Total remuneration for audit services	44,451	44,611

During the year ended 31 December 2020, the auditors did not provide any non-audit services.

It is the Group's policy to employ HLB Mann Judd on assignments additional to their statutory audit duties where HLB Mann Judd's expertise and experience with the Group are important. It is Group policy to seek competitive tenders for all major consulting projects.

Note 22: Contingencies**(a) Contingent liabilities**

As at the reporting date the Group had no contingent liabilities.

(b) Contingent assets

As at reporting date the Group had no contingent assets.

Note 23: Related party transactions**(a) Parent entity**

The ultimate parent entity within the Group is Magnum Mining and Exploration Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 11.

(c) Joint arrangements

As at 31 December 2020, the Group did not have an interest in a joint venture or joint operation that met the definition of a joint arrangement under AASB 11.

(d) Key management personnel

Disclosures relating to key management personnel are set out in Note 20.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 24: Events occurring after the reporting 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:

The impact of the Coronavirus (COVID-19) outbreak is ongoing and has caused uncertainty to Magnum's operations and activities. Strict travel restriction, social distancing measure and some countries are still in locked down, all these have slowed the process of identifying potential buyers to allow for a commercial assessment of pricing for the emeralds through a sale process, which will allow for the financial modelling of potential future commercial mining operations.

As the scale and duration of this outbreak remains uncertain, it could significantly impact Magnum's operation and activities and financial condition.

On 15 January 2021, the Company completed the second tranche of the share placement and issued 25,000,002 shares at an issue price of \$0.03 to raise \$750,000 (before costs). This shares placement was subject to shareholders approval which was received on 12 January 2021.

On 18 January 2021, the Company granted 29,000,000 unlisted options to each of Mr Howard Dawson and/or his nominees (6,500,000 unlisted options), Mr Grant Button and/or his nominees (6,500,000 unlisted options) and Mr Simon Baldwin and/or his nominees (16,000,000 unlisted options).

The unlisted options were granted with a range of strike prices with an expiry date of 31 December 2023. The numbers of unlisted options granted for each strike price is set out below:

Mr H Dawson and Mr G M Button

Options exercise price	\$0.03	\$0.10	\$0.20	\$0.40
Number of Options	10,000,000	1,000,000	1,000,000	1,000,000

Mr S Baldwin

Options exercise price	\$0.03	\$0.05	\$0.10	\$0.20	\$0.40
Number of Options	2,000,000	2,000,000	2,000,000	5,000,000	5,000,000

On 22 January 2021, the Company announced the completion of its due diligence of Buena Vista iron ore project and made a decision to proceed with the acquisition. Please refer to "Buena Vista Project, United States" in the review of operations and activities section for further details.

On 3 March 2021, the Company completed a share placement and issued 50,000,000 shares at an issue price of \$0.04 together with 1:2 free attaching listed option with an exercise price of \$0.05 and an expiry date of 30 September 2022 to raise \$2 million (before costs). This issue was subject to shareholders approval which was received on 3 March 2021.

The funds received from the placement will be used to update the Buena Vista feasibility study and advance funding options for the project development, continue ongoing pre-development activities at Gravelotte and provide general working capital.

On 10 March 2021, the Company announced the appointment of Mr Hugh Callaghan and Mr Donald Carroll to the Company's Board with effect from 10 March 2021.

Mr Callaghan is currently based in Mexico but is re-locating to Nevada to provide high level assistance to Magnum's existing US based team of project consultants.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 24: Events occurring after the reporting date (continued)

Mr Carroll is based in Melbourne, Australia.

The Company also announced Mr F Cannovo resigned as a Non-Executive Director of the Company and Mr G Button resigned as Chief Executive Officer of the Company with effect from 10 March 2021.

Mr Button will continue to act as Company Secretary for a transitional period of 2 to 3 months and will remain with the Company as a key consultant to advance the potential development of Gravelotte Project.

The Chief Executive Officer role was assumed by the Chairman for an interim period whilst the new Board determines the executive team for Magnum moving forward.

On 16 March 2021, the Company announced that it has issued 510,000 Ordinary Shares on the exercised of 500,000 Unlisted Options (exercisable at \$0.03 on or before 31 December 2023) and 10,000 Listed Options (exercisable at \$0.05 on or before 30 September 2022).

Note 25: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2020	2019
	\$	\$
Loss for the year	(812,524)	(1,500,005)
Depreciation	27,367	22,072
Profit on sale of tenement	-	(125,625)
Provision for annual leave	-	(8,622)
Fair value movement of derivative liability	-	(486,655)
Foreign exchange loss	(82)	7,297
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	97,818	2,445
Increase /(decrease) in trade payables	130,232	454,779
Net cash outflow from operating activities	(557,189)	(1,634,314)

Note 26: Changes in liabilities arising from financing activities

	Convertible notes \$	Other loans and borrowings \$	Total \$
Balance at 1 January 2020	-	-	-
Proceeds from short-term borrowings	-	163,186	163,186
Balance at 31 December 2020	-	163,186	163,186
Balance at 1 January 2019	848,529	-	848,529
Conversion to shares	(1,250,000)	-	(1,250,000)
Amortisation	401,471	-	401,471
Balance at 31 December 2019	-	-	-

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 27: Earnings/(loss) per share**

	Consolidated	
	2020	2019
	Cents	Cents
Basic earnings/(loss) per share	(0.23)	(0.42)
Basic earnings/(loss) per share from continuing operations	(0.23)	(0.42)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/(loss) per share	310,507,286	288,263,805
	\$	\$
Profit/(loss) attributable to ordinary equity holders of the Group used in calculating basic earnings/(loss) per share	(718,638)	(1,216,421)
Loss attributable to ordinary equity holders of the Group used in calculating basic earnings/(loss) per share from continuing operations	(718,638)	(1,216,421)

Note 28: Financial Instruments**(a) Capital risk management**

The Group manages its capital to ensure that companies within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2019.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings.

None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

(b) Categories of financial instruments

	Consolidated	
	2020	2019
	\$	\$
Financial assets		
Trade and other receivables	64,846	147,233
Cash and cash equivalents	205,502	147,063
Other financial assets	162,500	50,000
	432,848	344,296
Financial liabilities		
Trade and other payables	200,606	237,948
Borrowings	163,186	-
	363,792	237,948

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 28: Financial Instruments (continued)

(c) Financial risk management objectives

The Group does not speculate in the trading of derivatives. The Group is exposed to market risk (including currency risk, fair value interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market risk

The Group's activities expose it primarily to the financial risks of foreign currency exchange rates. There has been no change at the reporting date to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

(ii) Price risk

Given the current level of operations, the Group is not materially exposed to price risk.

(iii) Interest rate risk

The Company has exposure to the risks of changes in market interest rates relating to its cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising return.

	31 December 2020		31 December 2019	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash balances	0.05%	205,502	0.10%	147,063

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency exposure in light of exchange rate movements.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2020 \$	2019 \$	2020 \$	2019 \$
South African Rand (ZAR)	(18,995)	(150,089)	249,159	326,062
Great British Pound (GBP)	-	-	953	1,016

(f) Foreign currency sensitivity analysis

The Group has no material exposure to foreign currency fluctuations.

Notes to the Financial Statements

For the Year Ended 31 December 2020

Note 28: Financial Instruments (continued)

(g) Interest rate risk management

The Company has exposure to the risks of changes in market interest rates relating to its cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising return.

The Group and parent entity's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(h) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

(i) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

Liquidity and interest rate risk tables

Consolidated

	Weighted average effective interest rates %	Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5 + years \$
2020						
Non-interest bearing	-	-	200,606	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	10%	-	163,186	-	-	-

Notes to the Financial Statements**For the Year Ended 31 December 2020****Note 28: Financial Instruments (continued)****(i) Liquidity risk management (continued)**

Consolidated

	Weighted average effective interest rates %	Less than 1 month \$	1 – 3 months \$	3 months – 1 year \$	1 – 5 years \$	5 + years \$
2019						
Non-interest bearing	-	-	88,678	149,270	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-

The above table details the Group's contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, the carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Directors' Declaration

1. In the opinion of the directors of Magnum Mining and Exploration Limited (the 'Company'):
 - a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2020.

This declaration is signed in accordance with a resolution of the Board of Directors.



Howard Dawson
Director
30 March 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Magnum Mining and Exploration Limited

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Magnum Mining and Exploration Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As at balance date the Group has completed Trial Mining Phase 1 and Trial Mining Phase 2. 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(g) the Directors believe that prior to getting 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 audit evidence about the carrying amount of inventory as at 31 December 2020. We were unable to attend a stock take 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 sales.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* 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 audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(z) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter. In addition, as disclosed in Note 24, as the scale and duration of the COVID-19 outbreak remains uncertain, it could significantly impact the Company's operations, activities and financial condition.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hbw.com.au

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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis of qualified opinion* section and Material uncertainty related to going concern section, we have determined the matter below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of exploration and evaluation asset Note 12</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition.</p> <p>Our audit focussed on the Group’s assessment of the carrying amount of the capitalised exploration and evaluation asset, because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard and whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management’s review of the exploration and evaluation asset carrying values; • We considered the Director’s assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for 2021 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors’ meeting to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2020, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Magnum Mining and Exploration Limited for the year ended 31 December 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 March 2021



D I Buckley
Partner

Shareholder Information

The shareholder information set out below was applicable as at 15 March 2021.

1. Substantial Holders

Substantial holders in the Company are set out below:

Ordinary Shares	Fully Paid Shares	%
First Growth Funds Limited	22,500,000	5.30
Valens International Pty Limited	18,150,000	4.27
Farmingacre Limited	17,000,000	4.00

2. Voting Rights

The voting rights attaching to the shares are, on a show of hands every member present in person or by proxy shall have one vote and upon a poll, each share shall have one vote.

3. On-Market Buy-Back

There is no current on-market buy-back.

4. Distribution of Shareholders

(i) Fully Paid Ordinary Shares:

Ordinary Shares No. of Shares	No. of Shareholders
1 – 1,000	137
1,001 – 5,000	414
5,001 – 10,000	243
10,001 – 100,000	595
100,001 and over	310
	1,699

(ii) There were 465 holders of less than a marketable parcel of shares.

Shareholder Information (continued)**5. Twenty-One Largest Shareholders**

	Name of Shareholder:	Number Held:	Percentage of Issued Shares:
1.	First Growth Funds Limited	22,500,000	5.30
2.	Valens International Pty Limited	18,150,000	4.27
3.	Farmingacre Limited	17,000,000	4.00
4.	Citi Corp Nominees Pty Ltd	16,066,236	3.78
5.	Juneday Pty Ltd	16,015,152	3.77
6.	Rogue Investments Pty Ltd	12,500,000	2.94
7.	New Nevada Resources LLC	12,401,876	2.92
8.	Sunshore Holdings Pty Ltd	11,152,200	2.63
9.	Aero Agencies International Ltd	8,000,000	1.88
10.	Mr Adrian Stephen Paul + Mrs Noelene Faye Paul <ZME Superannuation Fund A/C>	7,200,017	1.70
11.	Lilaid Pty Ltd <McMullen Family No 2 A/C>	7,068,010	1.66
12.	Timriki Pty Ltd	6,775,677	1.60
13.	Sunshore Holdings Pty Ltd	6,666,667	1.57
14.	Stately Glory Limited	6,000,000	1.41
15.	Cintra Holdings Pty Ltd <The Cintra A/C>	5,600,000	1.32
16.	Sunset Capital Management Pty Ltd <Sunset Superfund A/C>	5,490,000	1.29
17.	Allgreen Holdings Pty Ltd	5,000,000	1.18
17.	Juneday Pty Ltd	5,000,000	1.18
17.	Mr Colin Jee Fai Low	5,000,000	1.18
17.	Red and White Holdings Pty Ltd <Blood Super Fnd A/C>	5,000,000	1.18
17.	Wimalex Pty Ltd <Trio S/F A/C>	5,000,000	1.18
	Top 21 holders of Ordinary Shares (Total)	203,585,835	47.94

6. Schedule of TenementsGravelotte 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

Shareholder Information (continued)**6. Schedule of Tenements**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	MNC956483	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
	KMD 20	NMC956490	NMC956471	Lode
	KMD 21	NMC956491	NMC956471	Lode
	KMD 22	NMC956492	NMC956471	Lode
	KMD 23	NMC956493	NMC956471	Lode
	KMD 24	NMC956494	NMC956471	Lode
	KMD 25	NMC956495	NMC956471	Lode
	KMD 26	NMC956496	NMC956471	Lode
	KMD 27	NMC956497	NMC956471	Lode
	KMD 28	NMC956498	NMC956471	Lode
	KMD 29	NMC956499	NMC956471	Lode
	KMD 30	NMC956500	NMC956471	Lode
	KMD 31	NMC956501	NMC956471	Lode
	KMD 32	NMC956502	NMC956471	Lode
	KMD 33	NMC956503	NMC956471	Lode
	KMD 34	NMC956504	NMC956471	Lode
	KMD 35	NMC956505	NMC956471	Lode
	KMD 36	NMC956506	NMC956471	Lode
	KMD 37	NMC956507	NMC956471	Lode
	KMD 38	NMC956508	NMC956471	Lode
	KMD 39	NMC956509	NMC956471	Lode
	KMD 40	NMC956510	NMC956471	Lode
	KMD 41	NMC956511	NMC956471	Lode
	KMD 42	NMC956512	NMC956471	Lode

Shareholder Information (continued)**6. Schedule of Tenements**Buena Vista Project

	Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
	KMD 43	NMC956513	NMC956471	Lode
	KMD 44	NMC956514	NMC956471	Lode
	KMD 45	NMC956515	NMC956471	Lode
	KMD 46	NMC956515	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

Shareholder Information (continued)**6. Schedule of Tenements**Buena Vista Project

	Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
	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
	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

Shareholder Information (continued)**6. Schedule of Tenements**Buena Vista Project

	Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
	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
	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

Shareholder Information (continued)**6. Schedule of Tenements**Buena Vista Project

	Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
	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
	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

Shareholder Information (continued)**6. Schedule of Tenements**Buena Vista Project

	Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
	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

7. Competent Person's Statements:

All information in this report that relates to Exploration Results and/or Mineral Resources has previously been reported to ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements by the Company to ASX and that all material assumptions and technical parameters underpinning the data released in the relevant ASX market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings were presented have not been materially modified from the original ASX market announcements.

THIS PAGE IS LEFT BLANK INTENTIONALLY