

MAGNUM MINING AND EXPLORATION LIMITED

ABN 70 003 170 376

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: 30 May 2008

Time of Meeting: 11.00 am (WST)

Place of Meeting: Celtic Club
48 Ord Street
West Perth
WA 6005

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

NOTICE OF ANNUAL GENERAL MEETING
MAGNUM MINING AND EXPLORATION LIMITED
ABN 70 003 170 376

Notice is hereby given that the Annual General Meeting of Magnum Mining and Exploration Limited ("**Magnum**" or "**Company**") will be held at 48 Ord Street, West Perth on 30 May 2008 at 11.00am to conduct the following business.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms that are not defined in full in this Notice of Meeting.

AGENDA

Financial Statements and Reports

To receive and consider the financial statements, the Directors' reports and auditor's report for the Company and its controlled entities for the year ended 31 December 2007

RESOLUTIONS

1. Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

"That the remunerations report for the Company and its controlled entities for the year ended 31 December 2007 be adopted"

The vote on this resolution is advisory only and does not bind the directors or the Company.
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2. Re-election of Mr Darryl Lynton-Brown as a Director

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

"That Mr Darryl Lynton-Brown, who was appointed as a director of the Company to fill a casual vacancy on 8 October 2007, retires in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

3. Re-election of Mr Grant Button as a Director

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

"That Mr Grant Button, who retires by rotation in accordance with the Company's constitution and being eligible, offers himself for re-election, be re-elected as a Director."

4. Issue of Shares to Mr Grant Button under the Share Plan

To consider and, if thought fit, to pass the following as an **ordinary resolution**:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 1,500,000 Shares

at an issue price of \$0.18 per Share to Mr Grant Button and the provision of a loan for up to \$270,000 to acquire up to 1,500,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Issue of Shares to Mr Gerard Nealon under the Share Plan

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 1,500,000 Shares at an issue price of \$0.18 per Share to Mr Gerry Nealon and the provision of a loan for up to \$270,000 to acquire up to 1,500,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Issue of Shares to Mr Darryl Lynton-Brown under the Share Plan

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 900,000 Shares at an issue price of \$0.18 per Share to Mr Darryl Lynton-Brown and the provision of a loan for up to \$162,000 to acquire up to 900,000 Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such person. However, the Company need not disregard a vote if it is cast by a director as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Ratification of placement to exempt offerees

To consider and, if thought fit, to pass the following as an ordinary resolution:

"That for the purpose of Listing Rule 7.4 and for all other purposes, shareholders of the Company hereby approve and ratify the issue of 19,642,857 Shares at \$0.21 to exempt offerees on 1 August 2007, on the terms and conditions contained in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a person who participated in the issue and an associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on

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

Other Business

To transact any other business that may be lawfully brought forward in accordance with the constitution of the Company and the Corporations Act.

BY ORDER OF THE BOARD

A handwritten signature in cursive script that reads "G. Button".

Grant Button
Director

15 April 2008

EXPLANATORY MEMORANDUM
MAGNUM MINING AND EXPLORATION LIMITED
ABN 70 003 170 376

1. Financial Report and Directors' Report

The Corporations Act and the constitution of the Company require the following reports in respect to the financial year of the Company ended 31 December 2007 to be laid before the meeting:

- The Financial Report (which includes the financial statements and Directors' declaration); and
- The Directors' Report, the Corporate Governance Statement and the Auditor's Report.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these Reports and on the business, operations and management of the Company and the consolidated group.

There is no requirement in the Corporations Act or in the Company's constitution for shareholders to approve the Financial Statements and Reports.

2. Resolution 1 - Remuneration Report

The Corporations Act requires that the section of the Directors' Report dealing with the remuneration of the Directors and senior executives ('Remuneration Report') be put to shareholders.

This resolution is an 'advisory only' resolution which does not bind the Directors or the Company.

Following consideration of the Remuneration Report, the Chairman will give Shareholders a reasonable opportunity to ask questions about or make comments upon the Remuneration Report.

3. Resolution 2 - Re-election of Mr Darryl Lynton-Brown

Mr Lynton-Brown was elected as director to fill a casual vacancy under Rule 8.1 of the Company's constitution. It is a requirement under Rule 8.2 of the Company's constitution that Mr Lynton-Brown retire at the next Annual General Meeting. Mr Lynton-Brown, being eligible for re-election pursuant to the Company's constitution, offers himself for re-election.

The remaining directors recommend to shareholders that Mr Lynton-Brown be re-elected.

Mr Lynton-Brown has been involved in the Mining Industry for nearly forty years with particular emphasis on corporate development and promotional activities. Mr Lynton Brown is currently a director of Pelican Resources Limited and has held no other directorships in the last three years.

4. Resolution 3 - Re-election of Mr Grant Button

It is a requirement under Rule 5.1 of the Company's constitution that Mr Button retire at the Annual General Meeting. Mr Button, being eligible for re-election pursuant to the Company's constitution, offers himself for re-election.

The remaining directors recommend to shareholders that Mr Button be re-elected.

5. Resolutions 4 to 6 - Issue of Shares to Directors under the Share Plan

5.1 Details of proposed issues of Shares to Directors

The Company proposes to issue Shares to the directors of the Company, Mr Button, Mr Nealon and Mr Lynton-Brown, in accordance with the terms of the Share Plan.

The proposed issue of Shares to the Recipient Directors (Mr Button, Mr Nealon and Mr Lynton-Brown) is intended to:

- (a) provide an appropriate and adequate incentive for the Directors;
- (b) ensure that the Company may retain the services of the Directors; and
- (c) reinforce the commitment of the Directors to the Company.

The Recipient Directors will only benefit from an issue of Shares under the Share Plan when there is an improvement in the Company's share price since the date on which they were offered the Shares.

Resolutions 4 to 6 seek shareholder approval for the issue of Shares to the Recipient Directors as follows:

Name of Director	Maximum Number of Shares to be Issued
G.M. Button	1,500,000
G.A. Nealon	1,500,000
D.F Lynton-Brown	900,000

The number of Shares proposed to be issued to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Shares proposed to be issued to the Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company.

The issue price of the Shares offered to the Recipient Directors under the Share Plan is \$0.18, being greater than the weighted average price of Shares during the 5 day trading period immediately before the date on which the Shares were offered to the Directors, being \$0.17.

The Shares to be issued pursuant to Resolutions 4 to 6 may not be transferred or otherwise dealt with and will not be quoted until the later to occur of the following:

- (a) the loan amount in respect of the relevant share being paid; and
- (b) in respect of:
 - (i) one half of the Shares issued (**Tranche 1**), 12 months after the date of issue of the Shares; and
 - (ii) the remaining one half of the Shares issued (**Tranche 2**), 24 months after the date of issue of the Shares.

The Shares to be issued pursuant to Resolutions 4 to 6 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors. In calculating the fee and remuneration packages provided to the Recipient Directors as set out in section 5.2(h) of the Explanatory Memorandum, the Board has taken into consideration the issue of Shares proposed in Resolutions 4 to 6. The Board considers that the appropriate remuneration package for each of the Directors comprises both the remuneration set out in 5.2(h) and the Shares to be issued if Resolutions 4 to 6 are passed by Shareholders. Although issuing shares to non-executive directors does not generally comply with corporate governance principles, given the size of the Company, the Board considers it appropriate for part of the remuneration package to comprise non-cash, incentive-based remuneration.

5.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party and the issue of Shares and provision of loans by the Company to fund payment of the subscription price of the Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares and the provisions of loans by the Company to fund payment of the subscription price of the Shares:

- (a) the Recipient Directors are each related parties of the Company to whom proposed Resolutions 4 to 6 would permit the financial benefit to be given;
- (b) the nature of the financial benefit to be given to Mr Button is the issue of 1,500,000 Shares and a loan in respect of those Shares, being \$270,000 as at the date of this Notice of Meeting;
- (c) the nature of the financial benefit to be given to Mr Nealon is the issue of 1,500,000 Shares and a loan in respect of those Shares, being \$270,000 as at the date of this Notice of Meeting;
- (d) the nature of the financial benefit to be given to Mr Lynton-Brown is the issue of 900,000 Shares and a loan in respect of those Shares, being \$162,000 as at the date of this Notice of Meeting;
- (e) the Shares will be issued and the loans will be provided under the Share Plan;
- (f) as at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	156,415,612

If Shareholders approve all resolutions in this Notice and all Shares are issued as contemplated by this Notice, the issued capital of the Company would be as follows:

Capital	Number
Ordinary Shares	160,315,612

If Shareholders approve the issue of 3,900,000 Shares to Recipient Directors, the effect will be to dilute the shareholding of existing members by approximately 2.5%, based on the existing number of Shares as at the date of this Notice.

- (g) as at the date of this Notice, the Directors hold the following securities in the Company, representing 2% of the issued capital of the Company:

Director	Number of Shares held directly	Number of Shares held indirectly
G.M. Button	1,500,000	100,000
G.A. Nealon	1,500,000	Nil
D.F Lynton-Brown	Nil	20,000

If Shareholders approve all Resolutions contained in this Notice, the Shares are issued as contemplated by this Notice, the Recipient Directors will hold the following securities in the Company, representing 4.38% of the issued capital of the Company:

Director	Number of Shares held directly	Number of Shares held indirectly
G.M. Button	3,000,000	100,000
G.A. Nealon	3,000,000	Nil
D.F Lynton-Brown	900,000	20,000

- (h) details of the Recipient Directors' remuneration for the year end 31 December 2007 (based on information extracted from the Company's 2007 Annual Report) are as follows:

Director	Consulting fees (\$)	Fees (\$)	Superannuation (\$)	Equity (\$)	Total (\$)
G.M. Button	130,000	25,000	2,250	50,279	207,529
G.A. Nealon	64,000	25,000	2,250	50,279	141,529
D.F Lynton-Brown	Nil	5,813	524	Nil	6,337

Details of the estimated remuneration payable to the Recipient Directors for the year beginning 1 January 2008 are as follows:

Director	Consulting fees (\$)	Fees (\$)	Superannuation (\$)	Equity (\$)	Total (\$)
G.M. Button	200,000	25,000	2,250	63,750	291,000
G.A. Nealon	70,400	25,000	2,250	63,750	161,400
D.F Lynton-Brown	Nil	25,000	2,250	38,250	65,500

- (i) the subscription price at which 3,900,000 Shares may be issued to the Recipient Directors will be \$0.18 per Share (being greater than the weighted average price of Shares on ASX over the past 5 trading days immediately before the date on which the Shares were offered to Directors being \$0.17), with the subscription price being loaned to the Directors on the terms set out in Section 5.4(k) of the Explanatory Memorandum, in accordance with the terms of the Share Plan;
- (j) during the last 12 months before the date of lodgement of this Notice with the ASIC, the highest trading price of the Shares was \$0.45 on 20 July 2007 and the lowest trading price of the Shares was \$0.13 on 10 March 2008. The market price of the Company's Shares over the 5 day trading on ASX up to and including 14 April 2008 has been between a minimum of \$0.15 per Share to a maximum of \$0.185 per Share. On 14 April 2008, the last trading day before this Notice of Meeting was lodged with the ASIC, the Shares closed at a price of \$0.15 per Share;
- (k) assuming a market price on the date of repayment of the loans of \$585,000, being the market price on the last trading day before this Notice of Meeting was lodged with the ASIC, the Company will receive \$585,000 from the issue of the Shares to the Recipient Directors;
- (l) the primary purpose of the issue of the Shares to the Recipient Directors under the Share Plan is to provide an incentive and reward to the Directors. Given this purpose, the Board does not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Shares proposed by Resolutions 4 to 6;
- (m) the issue of Shares to the Recipient Directors is a more cost effective incentive for the Company as opposed to the payment of cash compensation;
- (n) Mr Button has a material personal interest in the outcome of Resolution 4, Mr Nealon has a material personal interest in the outcome of Resolution 5, Mr Lynton-Brown has a material personal interest in the outcome of Resolution 6;
- (o) none of the Recipient Directors wish to make a recommendation to Shareholders about Resolutions 4 to 6 because each has an interest in the outcome of those Resolutions;
- (p) a valuation of the Shares proposed to be issued to the Recipient Directors has been calculated by Deloitte using the Black and Scholes pricing model and based on the following assumptions:
 - (i) the underlying valuation of each share in the Company is based on the closing price of \$0.16 as at 8 April 2008;
 - (ii) Risk free rate or return -6.07% for Tranche 1 and 6.04% for Tranche 2 (based on prevailing AGB rates converted to a continuous compounding rate as at 8 April 2008);;

- (iii) share price volatility of 93%, based on Magnum's and comparable companies' historical share price volatility;
- (iv) shares may not be transferred or otherwise dealt with, and will not be quoted on ASX, until the later of the following occurs:
 - A. any loan in respect of the shares is repaid;
 - B. in respect of:
 - 1) one half of the Shares issued under the offer, the expiry of 12 months from the date of issue of the Shares; and
 - 2) the remaining one half of the Shares issued under the offer, the expiry of 24 months after the date of issue of the Shares;
- (v) issue price of \$0.18; and
- (vi) a dividend yield of zero.

Based on the assumptions outlined above, the Black and Scholes pricing model attributes a theoretical value of 8.50 cents per Share for Tranche 1 and 9.25 cents per Share for Tranche 2. Therefore, the average Share value is 8.88 cents.

The Black and Scholes pricing model assumes that the equity instruments the subject of the valuation can be sold on a secondary market. The terms and conditions of the Share Plan state that no application will be made for the shares to be listed for official quotation on ASX, until certain milestones are met. Accordingly, the expected life of the options has been adjusted to reflect early exercise to access liquidity. A reduction in the expected life reduces the option value. Deloitte has assumed an expected life for the Shares of 2.5 years for Tranche 1 and 3 years for Tranche 2, which is the duration between 8 April 2008 and the mid point between the respective vesting dates (8 April 2009 for Tranche 1 and 8 April 2010 for Tranche 2) and the expiry date of 8 April 2012.

The table below summarises the values attributed by Deloitte to the Share issues:

Allottee	Value of Tranche 1 (\$)	Value of Tranche 2 (\$)	Number of Shares issued to each Allottee	Total value (\$)
G.M. Button	63,750	69,375	1,500,000	133,125
G.A. Nealon	63,750	69,375	1,500,000	133,125
D.F Lynton-Brown	38,250	41,625	900,000	79,875

Source: Magnum and Deloitte calculation

Note 1. The value of each Tranche is calculated as: (Total number of Options x 50%) x Option price

Note 2. Due to rounding the total value shown may differ from the sum of the individual Tranche values

- (q) additional information in relation to Resolutions 4 to 8 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 4 to 6;

- (r) the Company will incur no liabilities or costs in respect of the proposed issue of the Shares to the Recipient Directors other than:
- (i) the fees payable to ASX for quotation of the Shares. At the rates applying at the date of this Notice, these fees would be approximately \$3405.00. However, these fees will not be payable until after the later of loans in respect of the Shares have been repaid and the vesting periods have expired; and
 - (ii) a value equal to the weighted average trading price of Shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and *the Taxation Administration Act 2003 (WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
- (s) neither the Board nor the Company is aware of any other information that would be reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 4 to 6, other than as stated in this Explanatory Memorandum.

5.3 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of ordinary shareholders by ordinary resolutions is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for the Recipient Directors to acquire Shares under the Share Plan, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

5.4 Listing Rule disclosure requirements

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 4 to 6:

- (a) Mr Button, Mr Nealon, Mr Lynton-Brown are Directors;
- (b) the maximum number of Shares that may be issued to Mr Button under Resolution 4 is 1,500,000 Shares, to Mr Nealon under Resolution 5 is 1,500,000 Shares, to Mr Lynton-Brown under Resolution 6 is 900,0000;
- (c) Shares have been issued under the Share Plan;
- (d) directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries, may participate in the Share Plan;

- (e) it is proposed that the Shares will be issued on one date within 12 months from the date of the Meeting, but the Company reserves the right to issue the Shares progressively;
- (f) the issue price of the Shares is \$0.18, being greater than the weighted average price of Shares on ASX over the 5 trading days prior to the offer being made;
- (g) subject to compliance with the Listing Rules, the Shares to be issued to Mr Button, Mr Nealon and Mr Lynton-Brown pursuant to Resolutions 4 to 6 will not be quoted on ASX and may not be transferred or otherwise dealt with until the later to occur of the following:
 - (i) the loan in respect of those Shares has been repaid; and
 - (ii) in respect of:
 - A. Tranche 1, 12 months after the date of issue of the Shares; and
 - B. Tranche 2, 24 months after the date of issue of the Shares;
- (h) other than the restriction on trading referred to above, the Shares issued pursuant to Resolutions 4 to 6 will rank equally with all other Shares on issue;
- (i) the Company will provide loans ("**Loan**") to Mr Button, Mr Nealon and Mr Lynton-Brown in relation to the acquisition of the Shares under the Share Plan. The loans are repayable within 4 years and on the following terms:
 - (i) Loans must be made solely to the Director and in the name of the Director.
 - (ii) Loans will be interest free.
 - (iii) Any Loan made available to a Director shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.
 - (iv) The term of the Loan, the time in which repayment of the Loan must be made by the Director and the manner for making such payments shall be determined by the Board and set out in the invitation.
 - (v) The amount repayable on the Loan by the Director will be the lesser of:
 - A. the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company to the Loan and any amount of the Loan repaid by the Recipient Director; and
 - B. the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
 - (ii) A Recipient Director must repay the Loan in full prior to the expiry of the term of the Loan.
 - (iii) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Recipient Director.

- (iv) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
- (v) A Share issued under the Share Plan will not be tradeable by the Recipient Director until the Loan amount in respect of that Share has been repaid.
- (j) initially no funds will be raised by the issue of Shares due to the provision of the loans to Directors. However, when the loans have been repaid, the funds raised by the issue of the Shares will be used for working capital purposes of the Company as the Board thinks fit; and
- (k) if, prior to the repayment in full of a loan by a Director, the Director:
 - (i) becomes bankrupt; or
 - (ii) ceases to be a Director of, or a consultant, to the Company or any of its subsidiaries,

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

Alternative 1

To have the Company sell the Plan Shares on ASX and apply the proceeds of sale in repayment of the Loan and refund the surplus (if any) to the Director.

Alternative 2

To repay the loan:

- (i) within 12 months of the date of the event that caused the election where the Director either retired or is retrenched; or
- (ii) within one (1) month in the event that the Director resigns or is terminated.

7. Resolution 7 – Ratification of placement to exempt offerees

7.1 Listing Rule 7.4

The Company seeks shareholder approval and ratification for the issue of 19,642,857 Shares to exempt offerees on 1 August 2007 for the purposes of Listing Rule 7.4.

The purpose of seeking shareholder approval and ratification of the issue of Shares is to effectively reinstate the maximum limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without shareholder approval.

As announced on 1 August 2007, the Shares were placed with institutional and other investors at a price of \$0.21 per Share.

7.2 Disclosure Requirements

Set out below is the information required to be disclosed in compliance with Listing Rule 7.5:

- (a) The Shares were issued on 1 August 2007.
- (b) The number of Shares allotted and issued was 19,642,857

- (c) The issue price of the Shares was \$0.21 per Share.
- (d) The Shares issued rank equally with all existing Shares.
- (e) All allottees were exempt offerees under the Corporations Act.
- (f) The amount raised from the issue of the Shares was approximately \$4,125,000. The funds will be used to undertake evaluation and developmental activities at the Company's Tantalite Valley project in Namibia, to assess and pursue potential new projects and for working capital purposes.

The Directors unanimously recommend Shareholders vote in favour of Resolution 7.

Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

"**Annual General Meeting**" or "**Meeting**" means the annual general meeting of Shareholders to be held at 48 Ord Street, West Perth on 30 May 2008 at 11.00am or any adjournment thereof.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691.

"**Board**" means the board of Directors.

"**Company**" and "**Magnum**" means Magnum Mining and Exploration Limited ABN 70 003 170 376.

"**Corporations Act**" means the *Corporations Act 2001* (Commonwealth).

"**Directors**" means the directors of the Company, from time to time.

"**Explanatory Memorandum**" means this explanatory memorandum.

"**Listing Rules**" means the official listing rules of ASX.

"**Notice of Meeting**" means the notice of Meeting which accompanies the Explanatory Memorandum.

"**Plan Share**" means a Share issued pursuant to the Share Plan.

"**Recipient Directors**" means Mr Button, Mr Nealon and Mr Lynton-Brown.

"**Resolution**" means a resolution in this Notice of Meeting.

"**Shareholders**" means registered holders of Shares.

"**Share Plan**" means the Magnum Share Plan approved by Shareholders on 31 July 2006.

"**Shares**" means fully paid ordinary shares in the capital of the Company.

Proxies

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete the enclosed form of proxy. This form must be received by the company by 11.00am on 28 May 2007.

The completed form of proxy may be:

1. Mailed to Magnum Mining and Exploration Limited, PO Box 1346, West Perth WA 6872, or
2. Faxed to Magnum Mining and Exploration Limited on (08) 9481 5044.

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the company.

MAGNUM MINING AND EXPLORATION LIMITED

ABN 70 003 170 376

FORM OF PROXY

The Secretary
Magnum Mining and Exploration Limited
Level 4, HPPL House
28-42 Ventnor Avenue
West Perth WA 6005

I/We _____
(print shareholder(s) name(s))

of _____
(print address of shareholder(s))

being a member/members of Magnum Mining and Exploration Limited hereby appoint

(print proxy's name in full)

of _____
(print proxy's address)

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

of _____
(print second proxy's address)

or, in the proxy's/proxies' absence or if no other appointee is mentioned, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on 30 May 2008 and at any adjournment of that meeting.

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

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

Item	For	Against	Abstain
1. To adopt the remuneration report			
2. Re-election of Mr. D.F Lynton-Brown as a director			
3. Re-election of Mr G.M Button as a director			
4. Issue of Shares to Mr G. M Button under the Share Plan			
5. Issue of Shares to Mr G.A Nealon under the Share Plan			
6. Issue of Shares to Mr D.F Lynton-Brown under the Share Plan			
7. Ratification of placement to exempt offerees			

Voting of Chairman

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

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

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

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

Signed this _____ day of _____ 2008.

Signature(s) of members(s)

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

The completed form of proxy may be:

1. mailed to Magnum Mining and Exploration Limited, PO Box 1346, West Perth WA 6872 or
2. faxed to Magnum Mining and Exploration Limited on (08) 9481 5044.