

MAGNUM MINING AND EXPLORATION LIMITED
(Formerly Magnum Gold N.L.)
ABN 70 003 170 376

9 October 2006

To: Company Announcements Office
Australian Stock Exchange Limited

By: Electronic Transmission

DRILLING COMMENCES AT BUNAWAN PROJECT, PHILIPPINES

The Company is pleased to advise that the first drill hole at the Bunawan Joint Venture Project has commenced. A diamond drill hole is testing the Maboyo Prospect which is considered prospective for epithermal gold-silver quartz veins and for near surface porphyry copper-gold mineralisation.

Two drill holes are planned, each to approximately 350m depth. The second hole will proceed only if encouraging results are obtained from the first hole.

The Bunawan Project is a joint venture between Magnum and Philsaga Mining Corporation (“Philsaga”). Philsaga is the manager of the joint venture and is the operator of the nearby Co-O Mine, an underground gold mining operation of high grade epithermal quartz veins. Magnum is sole funding all exploration in the project to earn a 50% interest by total expenditure of US\$2.5 million.

The Maboyo Prospect area was highlighted initially by moderately anomalous gold and copper assay results from stream sediment samples. Maboyo occurs at the intersection of two photo-lineaments. Follow up mapping, trenching and sampling revealed that the volcanic and volcanoclastic rocks in the prospect area were mineralogically altered (silica-clay-pyrite alteration). In addition, numerous quartz veins were found in outcrop and trenches that reported anomalous gold contents between 0.2 – 0.4 g/t Au.

The district surrounding the Bunawan Project is emerging as a significant gold district. To the south of Bunawan is the rich Diwalwal Mine, an underground mine that is reputed to have produced several million ounces of high grade gold from epithermal quartz veins. Six kilometres north of Bunawan is the currently producing Co-O Mine with reserves grading 29 g/t Au. Much of the volcanic belt north and south of the Co-O Mine is controlled jointly by Philsaga and Medusa Mining Limited. In its recent announcements Medusa has highlighted the high potential of the belt to host

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additional epithermal gold veins and also porphyry copper-gold systems. In particular, Medusa has stated that two new gold deposits, Tambis and Sinug-Ang have been evaluated and are scheduled or planned, respectively, for production. The exploration potential of the Bunawan Project is further enhanced by regional studies by Medusa and Philsaga which suggest that the Bunawan Project is located within the southern portion of an inferred caldera (see figure). The Co-O and Sinug-Ang vein systems lie within the northern margins of the same inferred caldera. A caldera is a volcanic subsidence structure that is commonly associated with precious metal mineralization due to high heat flow and hydrothermal activity.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Danielson', with a long horizontal flourish extending to the right.

Steven J. Danielson
Company Secretary

