

**MAGNUM GOLD N.L.**  
**ABN 70 003 170 376**

**MINING EXPLORATION ENTITY QUARTERLY REPORT  
FOR THE THREE MONTHS ENDED  
30 SEPTEMBER 2004**

The Directors submit herewith the Mining Exploration Entity Quarterly Report in respect of the quarter ended 30 September 2004, furnished pursuant to Chapter 5 of the Australian Stock Exchange Limited Listing Rules.

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S.J. DANIELSON – SECRETARY

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30 SEPTEMBER 2004**

**REVIEW OF OPERATIONS**

*(This document summarising the company's exploration activities for the reporting period has been prepared by M.R. Bunny BSc (Hons); FAusIMM (CP Geo); MMICA; MAIG, Principal Consultant of Earth Resources Australia Pty Limited, consultants to Magnum Gold NL. Mr. Bunny is a "competent person" as defined in Appendix 5A of the ASX Listing Rules, and has consented in writing to the inclusion of this document - in the form and context in which it appears - with the company's report.)*

**NEW SOUTH WALES**

**Murray Basin Coalbed Methane Project**

**(PEL 440. This tenement is subject to a joint venture agreement with associated company, Carbon Minerals NL which is the project operator.)**

PEL 439 in the eastern Murray Basin has been relinquished as a consequence of poor results from Carbon Minerals' adjacent tenement (PEL 436 which has also been relinquished).

During the reporting period a final phase of gas-in-water testing was conducted principally in Carbon Minerals' PSPA 8 (which adjoins to the north), but also the extreme north-west corner of Magnum Gold's PEL 440. Virtually all available/accessible bores have now been assessed in this region, and the current work has confirmed the previously reported distribution of elevated gas contents to the south-east of the Iona Fault.

If efficiently separated, the extent of gas in groundwater within the defined zone is certainly sufficient to use for running small pump motors or generators, and there is little doubt that the amount of gas currently being vented to the atmosphere when these gassy bores are producing water must constitute a significant greenhouse pollutant. Despite this, commercial utilisation will require accumulation of gas in conventional structural and/or stratigraphic traps. The Iona Fault and related structures may provide adequate structural traps (unless gas is leaking along the fault), while the marine Geera Clay may provide a regional stratigraphic trap. Further assessment of the likelihood of either of these situations providing an economic target will require either wildcat drilling, or (preferably) the initial application of seismic work. Expert advice regarding the efficacy of seismic surveys in these poorly consolidated and water-charged sediments has been sought, and will influence future activities.

**WESTERN AUSTRALIA**

**Kalgoorlie Tenements (ML M26/497 and ML M26/498 - "Corsair North")**

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

**Other Activities**

The company continues to monitor opportunities to expand its activities.

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**30 SEPTEMBER 2004**

**Qualifications and Consent**

I, Malcolm Robert Bunny, Consulting Geologist, hereby consent to the inclusion of the attached document entitled "Review of Operations" (in the form and context in which it appears) with the Quarterly ASX Report for the period ending September 30, 2004 of Magnum Gold NL. I declare that I am a qualified geologist with more than 30 years' experience, and that I am a "competent person" as defined in Appendix 5A of the ASX Listing Rules.

.....  
(M.R. Bunny, BSc(Hons); FAusIMM (CP Geo), MMICA; MAIG #0129)  
Principal Consultant  
**EARTH RESOURCES AUSTRALIA PTY LIMITED**  
October, 2004

**DECLARATION OF INTEREST**

A company controlled by Mr Bunny holds shares in Magnum Gold N.L.

**Exploration Expenditure Incurred**

Exploration expenditure incurred during the quarter ended 30 September 2004 on the company's various projects is set out below:-

<b>Project</b>		<b>Amount Incurred</b>
New South Wales	-	PEL 440 (Murray Basin)
		\$ 1000
		=====

## Mining Exploration Entity Quarterly Report

Name of Entity

**MAGNUM GOLD N.L.**

ABN

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Quarter Ended ("Current Quarter")

**30 SEPTEMBER 2004**

### CONSOLIDATED STATEMENT OF CASH FLOWS

		Current Quarter	Year to Date (9 Months)
		\$A	\$A
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors		
1.2	Payments for: (a) exploration and evaluation	(1,000)	(1,000)
	(b) development		
	(c) production		
	(d) administration	(38,913)	(71,402)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2,970	5,145
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other – GST & exploration expenditure recouped	(1,857)	(2,285)
	<b>Net Operating Cash Flows</b>	<b>(38,800)</b>	<b>(69,542)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sales of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other – Treasury Notes		
	<b>Net investing cash flows</b>		
<b>Cash flows related to financing activities</b>			
1.13	Proceeds from issue of shares, options, etc.	396,000	396,000
1.14	Proceeds from sale of forfeited shares		
1.15	Proceeds from borrowings		
1.16	Repayments of borrowings		
1.17	Dividends paid		
1.18	Other (costs of controlled entity share issue)		
	<b>Net financing cash flows</b>	<b>396,000</b>	<b>396,000</b>
	<b>Net increase (decrease) in cash held</b>	<b>357,200</b>	<b>326,458</b>
1.19	Cash at beginning of quarter/year to date	66,003	96,745
1.20	Exchange rate adjustments to Item 1.19 above		
<b>1.21</b>	<b>Cash at end of quarter</b>	<b>423,203</b>	<b>423,203</b>

**Mining Exploration Entity Quarterly Report**  
Continued . . .

Name of Entity

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Quarter Ended ("Current Quarter")

**30 SEPTEMBER 2004**

**PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS**  
**PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE**  
**RELATED ENTITIES**

		Current Quarter \$A
1.22	Aggregate amount of payments to the parties included in item 1.2	2,130
1.23	Aggregate amount of loans to the parties included in item 1.10	
1.24	Explanation necessary for an understanding of the transactions	
Item 1.22 represents office representation fees of \$2,130 paid to a company controlled by a company director.		

**NON-CASH FINANCING AND INVESTING ACTIVITIES**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

**FINANCING FACILITIES AVAILABLE**

		Amount Available \$A	Amount Used \$A
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

**ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER**

		\$A
4.1	Exploration and evaluation	2,000
4.2	Development	
<b>Total</b>		2,000

**Mining Exploration Entity Quarterly Report**  
Continued . . .

Name of Entity

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Quarter Ended ("Current Quarter")

**30 SEPTEMBER 2004**

**RECONCILIATION OF CASH**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current Quarter \$A	Previous Quarter \$A
5.1	Cash on hand and at bank		1,045
5.2	Deposits at call	394,543	34,958
5.3	Bank overdraft	(1,340)	
5.4	Other – Security Deposits	30,000	30,000
<b>Total: cash at end of quarter (item 1.21)</b>		423,203	66,003

**CHANGES IN INTERESTS IN MINING TENEMENTS**

		Tenement Reference	Nature of Interest	Interest at Beginning Of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	PEL 439	Registered Holder	100%	Nil
6.2	Interests in mining tenements acquired or increased				

**Mining Exploration Entity Quarterly Report**  
Continued . . .

Name of Entity

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Quarter Ended ("Current Quarter")

**30 SEPTEMBER 2004**

**ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER**

	Total Number	Number Quoted	Issue Price per Security (see note 1) (cents)	Amount paid up per security (see note 1) (cents)
<b>7.1 Preference securities</b>				
<b>7.2</b> Changes during quarter				
a) Increases through issues				
b) Decreases Through returns of capital, buy-backs, redemptions				
<b>7.3 Ordinary securities</b>	76,165,617	76,165,612	Various	Fully Paid
<b>7.4</b> Changes during quarter				
a) Increases through issues	12,000,000	12,000,000	3.3	3.3
b) Decreases through returns of capital, buy-backs				
<b>7.5 Convertible debt securities</b>				
<b>7.6</b> Changes during quarter				
a) Increases through issues				
b) Decreases through securities matured, converted				
<b>7.7 Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
<b>7.8</b> Issued during quarter				
<b>7.9</b> Exercised during quarter				
<b>7.10</b> Expired during quarter				
<b>7.11 Debentures</b>				
<b>7.12 Unsecured notes</b>				

**Mining Exploration Entity Quarterly Report**  
**Continued . . .**

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Quarter Ended ("Current Quarter")

**30 SEPTEMBER 2004**

**COMPLIANCE STATEMENT**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This statement does give a true and fair view of the matters disclosed.

Signed by

\_\_\_\_\_  
Steven John Danielson – Secretary

Date

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**Notes**

- 1 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

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**SCHEDULE OF MINERAL TENEMENTS AS AT 30 SEPTEMBER 2004**

<b>LOCATION</b>	<b>TENEMENT</b>	<b>HOLDER</b>	<b>INTEREST</b>	<b>AREA</b>	<b>CURRENT TO</b>
<b>New South Wales:</b> Balranald	PEL 440	Magnum	100%	99 blocks	23/10/07* <sup>1</sup>
<b>Western Australia:</b> <b>Kalgoorlie Area</b>					
Corsair North	PL 26/1965	Magnum	100%	200ha	* <sup>2</sup>
Corsair North	PL 26/1966	Magnum	100%	185ha	* <sup>2</sup>
Corsair North	PL 26/1967	Magnum	100%	200ha	* <sup>2</sup>
Corsair North	PL 26/1968	Magnum	100%	200ha	* <sup>2</sup>
Corsair North	PL 26/1969	Magnum	100%	200ha	* <sup>2</sup>
Corsair North	PL 26/1970	Magnum	100%	126ha	* <sup>2</sup>

\*<sup>1</sup> Subject to farmin agreement with associated company, Carbon Minerals N.L.

\*<sup>2</sup> Kalgoorlie Consolidated Gold Mines has withdrawn from the joint venture and Magnum Gold retains 100% interest in these tenements which are subject to pending ML applications M26/497 and M26/498.

**Key to Tenement Types**

PEL	Petroleum Exploration Licence
PL	Prospecting Licence
ML	Mining Lease

**Key to Tenement Holders**

Magnum	Magnum Gold N.L.
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