

MAGNUM MINING AND EXPLORATION LIMITED
ABN 70 003 170 376

MINING EXPLORATION ENTITY QUARTERLY REPORT
FOR THE THREE MONTHS ENDED
30 SEPTEMBER 2006

The Directors submit herewith the Mining Exploration Entity Quarterly Report in respect of the quarter ended 30 September 2006, furnished pursuant to Chapter 5 of the Australian Stock Exchange Limited Listing Rules.

Steven J. Danielson
Secretary

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REVIEW OF OPERATIONS

Tantalite Valley Project, Namibia

During the quarter, the Company received shareholder approval for the acquisition of the Tantalite Valley Tantalum project through the purchase of certain Namibian companies for both cash and share consideration. The acquisition of the Namibian Companies included the purchase of the tenements, land, buildings and limited plant as detailed in the Explanatory memorandum accompanying the Notice of Meeting for the meeting held on 31 July 2006.

The Company has submitted an application for the transfer of the Mining License associated with the Tantalite Valley Tantalum project and is awaiting notification in relation to the application. It is currently anticipated that a decision in relation to the transfer of the Mining License should be forthcoming during the December quarter.

Bunawan Project, Philippines

The first drill hole at the Bunawan Project, BUN-001, was in progress at the end of the quarter. It has successfully intersected a 5.5m wide (down hole width) mineralized zone with quartz veins and low grade gold mineralization at the Maboyo Prospect. The drill hole is designed to test for epithermal quartz vein mineralisation in the upper part of the hole and possible indications of porphyry copper-gold mineralization in the lower part of the hole.

The drilling program is being managed by Magnum's joint venture partner, Philsaga Mining Corporation. A recent report to Magnum from the project manager is shown below.

“Drilling at the Bunawan Project commenced in September and is still in progress. It penetrated 142.10m at the end of the month. The hole is located at the Mayboyo Creek over a hydrothermally altered zone, which is associated with quartz veins containing gold values below 1 g/t Au at the surface and part of the 90 -100 ppm Cu drainage anomaly. The hole intersected quartz veins and brecciated rocks of porphyritic andesite below 100m of the surface. The intersected mineralised zone is associated with chalcedonic silica but gold values are less than 1 g/t and copper values mostly range from 86 to 173 ppm. Two of the copper values are very low (34 and 65 ppm) with one peak value of 311 ppm Cu. Disregarding the peak and the lows, the gold and copper values reflect assays recorded by rock and drainage sampling in the early exploration of the project.”

“The first 200m of the hole will determine the presence of gold-bearing veins and deeper intercepts down to 350m will probe indications of porphyry copper mineralisation or associated hydrothermal alteration.”

“Surface drill hole details and assay intercepts are shown below:

DDH No.	Northings	Eastings	Azi	Incl	Elev	Advance	Status
BUN-001	08° 12' 0.33”	126° 01' 28.6”	138	-50	115	142.10 m	142.10/Btm

From	To	Interval	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
117.50	118.05	0.55	0.26	2.10	311	46	70
118.05	119.00	0.95	0.20	1.60	34	35	13
119.00	120.00	1.00	0.32	2.00	171	32	32
120.00	121.00	1.00	0.44	2.60	86	155	28
121.00	122.00	1.00	0.32	2.40	160	165	50
122.00	123.00	1.00	0.27	2.90	142	35	83
123.00	124.00	1.00	No	Sample	No	Sample	
124.00	124.70	0.70	0.50	23.30	65	24	34
124.70	125.25	0.55	0.30	25.50	173	29	168

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REVIEW OF OPERATIONS (Continued)

“The intersected mineralised zone from 117.5m to 125.25m contained gold values grading 0.2 - 0.67 ppm Au and 34 - 311 ppm Cu. The host rock to mineralisation variably consisted of silicified and chloritised porphyritic andesite, quartz vein and pyritised breccia filled with chalcedonic quartz. The vein is described as light gray to white quartz, partly vuggy, and with disseminated specks of pyrite (1%). The breccia is grayish-green with 80 to 90% clasts of monomictic andesite and strong stockworks of calcite and quartz, and has a matrix of white and grey quartz and chalcedonic quartz.”

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr. Jeffrey Christopher Schiller BSc (Hons), PhD, who is a Member of The Australasian Institute of Mining and Metallurgy. Dr. Schiller is a self-employed consultant. Dr. Schiller has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Schiller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Expenditure Incurred

Exploration expenditure incurred during the quarter ended 30 September 2006 on the company's various projects was \$Nil.

Mining Exploration Entity Quarterly Report

Name of Entity

MAGNUM MINING AND EXPLORATION LIMITED

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Quarter Ended ("Current Quarter")

30 SEPTEMBER 2006

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Quarter \$A	Year to Date (9 Months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for:	--	(12,094)
(a) exploration and evaluation		
(b) development		
(c) production		
(d) administration	(78,633)	(212,548)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	14,795	22,928
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other – GST	(13,930)	(13,113)
Net operating cash flows	(77,768)	(214,827)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(8,399)	(8,399)
1.9 Proceeds from sales of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities	--	(1,944)
1.11 Loans repaid by other entities		
1.12 Other	--	(1,432)
Net investing cash flows	(8,399)	(11,775)
Cash flows related to financing activities		
1.13 Proceeds from issue of shares, options, etc.	2,900,000	2,900,000
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		
Net financing cash flows	2,900,000	2,900,000
Net increase (decrease) in cash held		
1.19 Cash at beginning of quarter/year to date	2,813,833	2,673,398
1.20 Exchange rate adjustments to Item 1.19 above	343,052	483,499
1.21 Cash at end of quarter	990	978
	3,157,875	3,157,875

Mining Exploration Entity Quarterly Report
Continued . . .

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**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	
1.23	Aggregate amount of loans to the parties included in item 1.10	
1.24	Explanation necessary for an understanding of the transactions	

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.

On 14 September 2006 the company allotted 15,000,000 fully paid ordinary shares as consideration for the acquisition of 100% of the issued capital of Namibian Tantalite Investment (Pty.) Ltd. ("NTI") together with all outstanding shareholder loans made by NTI. The agreed amount for this acquisition was A\$1,500,000 to be satisfied by the allotment of 15,000,000 fully paid Magnum Mining and Exploration Limited shares.

During the quarter an unrelated entity paid \$104,354 on behalf of the parent company for operating expenses, creating a liability of \$104,354 to that entity.

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		
3.2	Credit standby arrangements		

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

		\$A
4.1	Exploration and evaluation	2,000,000
4.2	Development	
Total		2,000,000

Mining Exploration Entity Quarterly Report
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Quarter Ended ("Current Quarter")

30 SEPTEMBER 2006

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	3,157,875	343,052
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other		
Total: cash at end of quarter (item 1.21)	3,157,875	343,052

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		
6.2		Interests in mining tenements acquired or increased		

Mining Exploration Entity Quarterly Report
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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)
7.1 Preference securities				
7.2 Changes during quarter				
a) Increases through issues				
b) Decreases Through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities	126,165,617	126,165,612	Various	Fully Paid
7.4 Changes during quarter				
a) Increases through issues	45,000,000	45,000,000	10 cents	Fully Paid
b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities				
7.6 Changes during quarter				
a) Increases through issues				
b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures				
7.12 Unsecured notes				

Mining Exploration Entity Quarterly Report
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Quarter Ended ("Current Quarter")

30 SEPTEMBER 2006

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 J. Danielson – Secretary

Date: 31 October 2006

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.