



Magnum Mining and Exploration Limited

A.B.N. 70 003 170 376

**Interim Report
for the half-year ended
30 June 2009**

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Contents

Directors' report	1
Auditor's independence declaration	3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of financial position	5
Condensed consolidated statement of changes in equity	6
Condensed consolidated statement of cash flows	7
Notes to the financial statements	8
Directors' declaration	11
Independent review report	12

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of Magnum Mining and Exploration Limited (referred to hereafter as the "Company") and the entities it controlled at the end of, or during the half-year ended 30 June 2009.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

G M Button
G A Nealon
D F Lynton-Brown

Operating results

The consolidated loss of the Group for the half-year after income tax was \$551,644 (2008 half-year loss \$811,567).

Review of operations

Tantalite Valley Project, Namibia

The Tantalite Valley project is located on Mining Licence 77, near Karasburg and Warmbad, within the Magisterial district of Karas in the south of Namibia.

The Company has placed the operation onto a limited activity basis to ensure compliance with the terms of the license and to ensure the plant and equipment at site is maintained in working order. These limited activities are consistent with the significant reduction in administration arrangements put in place to reduce the ongoing expenditure of the Company.

The Company has received renewed interest in the project from third parties and the Company will continue to implement a strategy to forge an alliance with a tantalite mining house or end-user to assist in the development of the project.

Other activities

The Company is continuing to search for and assess suitable acquisition opportunities that would add substantial value for Magnum shareholders. Significant progress has been made, with a number of potential projects having been reviewed to date. The Company is actively pursuing a number of opportunities but at this stage has not been able to bring the opportunities to fruition. The Company will continue to pursue these opportunities during the forthcoming half-year.

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376
Directors Report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors.

A handwritten signature in black ink that reads "G. Button". The signature is written in a cursive style with a large, looping initial "G".

G M Button
Chief Executive Officer

10th September 2009

Auditor's independence declaration



Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Magnum Mining and Exploration Limited for the half year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review;
and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Magnum Mining and Exploration Limited.

A handwritten signature in blue ink, appearing to read 'W M Clark'.

Perth, Western Australia
10 September 2009

W M CLARK
Partner, HLB Mann Judd

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Condensed consolidated statement of comprehensive income
For the half-year ended 30 June 2009

	2009	2008
	\$	\$
Revenue	61,291	111,012
Raw materials and consumables used	(14,458)	(18,663)
Share based payment expense	(281,960)	(243,821)
Investment write down	-	(149,018)
Depreciation expense	(6,800)	(29,344)
Other expenses	(309,717)	(481,733)
	<hr/>	<hr/>
Loss before income tax expense	(551,644)	(811,567)
Income tax expense	-	-
Loss for the period	(551,644)	(811,567)
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Other comprehensive income		
Net loss revaluation reserve	-	16,661
Currency translation differences	9,309	(499,759)
Total other comprehensive income for the period	9,309	(483,098)
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Total comprehensive income for the period	(542,335)	(1,294,665)
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	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic earnings per share	(0.38)	(0.56)
Diluted earnings per share	(0.38)	(0.56)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376
Condensed consolidated statement of financial position
As at 30 June 2009

	30 June 2009	31 December 2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	2,936,858	3,157,425
Trade and other receivables	51,464	38,218
Total current assets	2,988,322	3,195,643
Non-current assets		
Investments accounted for using the equity method	185,557	175,752
Available-for-sale financial assets	-	14,522
Plant and equipment	20,146	57,850
Total non-current assets	205,703	248,124
Total assets	3,194,025	3,443,767
Liabilities		
Current liabilities		
Trade and other payables	148,021	137,388
Total current liabilities	148,021	137,388
Total liabilities	148,021	137,388
Net assets	3,046,004	3,306,379
Equity		
Issued capital	17,099,141	17,099,141
Reserves	781,644	490,375
Accumulated losses	(14,834,781)	(14,283,137)
Total Equity	3,046,004	3,306,379

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

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376
Condensed consolidated statement of changes in equity
For the half-year ended 30 June 2009

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2009	(17,099,141)	14,283,137	(490,375)	(3,306,379)
Total comprehensive income for the period	-	551,644	(9,309)	542,335
Share based compensation reserve	-	-	(281,960)	(281,960)
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Balance as at 30 June 2009	(17,099,141)	14,834,781	(781,644)	(3,046,004)

Half-Year ended 30 June 2008

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2008	(17,103,153)	10,628,652	(136,073)	(6,610,574)
Shares issued during the period net of expenses	4,012	-	-	4,012
Total comprehensive income for the period	-	811,567	483,098	1,294,665
Share based compensation reserve	-	-	(243,821)	(243,821)
Balance as at 30 June 2008	(17,099,141)	11,440,219	103,204	(5,555,718)

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

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Condensed consolidated statement of cash flows
For the half-year ended 30 June 2009

	2009	2008
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(340,991)	(674,677)
Interest received	68,744	100,550
Other revenue	-	10,462
Net cash (outflow) from operating activities	(272,247)	(563,665)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	32,714	(5,296)
Proceeds from sale of financial assets	18,966	-
Net cash (outflow) from investing activities	51,680	(5,296)
Cash flows from financing activities		
Share issue transactions costs	-	(4,011)
Net cash (outflow) from financing activities	-	(4,011)
Net decrease in cash and cash equivalents	(220,567)	(572,972)
Cash and cash equivalents at the beginning of the half-year	3,157,425	4,009,036
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the half-year	2,936,858	3,436,064

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

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Notes to the financial statements
For the half-year ended 30 June 2009

1. Basis of preparation of half-yearly report

This general purpose financial report for the interim half-year reporting period ended 30 June 2009 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Accounting standards not previously applied:

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in the financial report on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income;
- other financial statements are renamed in accordance with the Standard

Operating segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors.

Business Combinations and Consolidation Procedures

Revised AASB 3 is applicable prospectively from 1 July 2008. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376
Notes to the financial statements
For the half-year ended 30 June 2009
(Continued)

- All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments and are recognised through profit or loss unless the change relates to circumstances which existed at acquisition date
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

Revenue Recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in the profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

2. Segment information

The Group's primary segment reporting format is geographical segments:

Half year ended 30 June 2009	Australia	Namibia	South Africa	Consolidated
Revenue	-	-	-	-
Share of loss from investment in equity method associates	-	(2,070)	-	(2,070)
Other income	4,444	-	-	4,444
Unallocated revenue	-	-	-	58,917
Total revenue	4,444	(2,070)	-	61,291
Segment result	492,761	57,878	1,005	551,644
Segment assets	2,919,081	191,358	83,586	3,194,025
Segment liabilities	58,839	86,302	2,880	148,021
Depreciation	5,220	-	1,580	6,800
Share based payment expense	281,960	-	-	281,960

Half year ended 30 June 2008	Australia	Namibia	South Africa	Consolidated
Revenue	-	-	-	-
Share of loss from investment in equity method associates	-	-	-	-
Other income	10,462	-	-	10,462
Unallocated revenue	-	-	-	100,550
Total revenue	10,462	-	-	111,012
Segment result	711,080	63,431	37,056	811,567
Segment assets	3,675,237	1,968,455	67,250	5,710,942
Segment liabilities	84,913	59,299	11,009	155,241
Depreciation	5,210	19,726	4,408	29,344
Share based payment expense	243,821	-	-	243,821

3. Equity securities issued

	Half-year		Half-year	
	2009	2008	2009	2008
	Shares	Shares	\$	\$
Issued during the period	-	9,150,000	-	-

No securities were issued during the current period.

4. Contingencies

There were no contingencies as at balance sheet date.

5. Events occurring after the balance sheet date

There have been no significant events occurring after balance sheet date.

Magnum Mining and Exploration Limited
A.B.N. 70 003 170 376

Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 10 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
- (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.

This declaration is made in accordance with a resolution of the directors.



G M Button
Chief Executive Officer

10th September 2009

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of****MAGNUM MINING AND EXPLORATION LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 30 June 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Magnum Mining and Exploration Limited and the entities it controlled during the half-year ended 30 June 2009 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Magnum Mining and Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Magnum Mining and Exploration Limited on 10 September 2009.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Magnum Mining and Exploration Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
10 September 2009