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Company Announcements Office
Australian Stock Exchange
By electronic transmission

Dear Sirs,

Announcement to ASX

MAGNUM ACQUIRES “WAY LINGGO” GOLD PROJECT

The Directors of Magnum Gold NL (“Magnum”) wish to announce they have signed a Letter of Intent to purchase the Way Linggo Project, Sumatra, Indonesia, subject to satisfactory due diligence.

The property is in the Lampung Province, south eastern Sumatra, and covers an area of 12,790 hectares under its recently extended Contract of Work. The project fits the criteria of Magnum’s stated aim of acquiring a mining project that contains defined gold resources that previous feasibility studies indicate can be profitably mined.

All approvals for the start of mining including camp sites, mill sites, tailings dams, etc., are in place and it is hoped that construction and stockpiling can be commenced immediately due diligence is completed.

Way Linggo has been extensively explored, initially by Ashton Mining Limited and later by Meekatharra Minerals Limited, with, reputedly, in excess of US\$9 million being spent on exploration, resource definition and mining, metallurgical and other studies. Magnum’s assessment of the project will be made easier by the vast array of information available. This includes extensive technical information and numerous experts’ reports that include a bankable feasibility study by ACA Howe for Macquarie Bank.

The Way Linggo Project is part of a mineralised epithermal system containing gold and silver bearing quartz veins. Veins and alteration have been identified over approximately 800m strike length in dacite and andesite volcanic host rocks. Within this zone drilling and trenching have identified three main zones of quartz veining – the North Vein, the Southern Extension and the Central Vein Zone.

Extensive drilling of the North Vein indicates that it is the best target for early mining. It has a strike length of 350m, dips at 85° and has an average width of approximately 4.5m. The North Vein is open at depth and down plunge to the north. Although the Southern Extension and the Central Vein Zone have many high grade drill intersections, they require further work, especially at depth, and remain as exploration targets.

Exploration at Way Linggo comprised a total of 11,283 metres of diamond core drilling, in 112 drill holes to a maximum vertical depth of 150 metres. The North Vein was drilled at 20 metre spacings. In addition, 11 trenches from surface were excavated and channel sampled. All technical work appears to have been conducted to high standards.

Several resource and reserve estimates have been made based on various geological and mining parameters. JORC compliant estimates were made by Advanced Mining and Exploration Technology Pty Ltd and are shown in the Tables 1 and 2. The Mineral Resources represent the North Vein and the Southern Extension whereas the Ore Reserves apply only to the North Vein zone. The Ore Reserves reflect an underground mining operation using a mixture of several stoping methods.

Category	Measured	Indicated	Inferred	Total
Tonnes	303,755	96,912	39,329	439,996
Grade Au (g/t)	11.3	8.0	5.2	10.1
Grade Ag (g/t)	173	126	81	154

Category	Proven	Probable	Total
Tonnes	332,554	75,918	408,472
Grade Au (g/t)	9.5	7.5	9.1
Grade Ag (g/t)	151	120	145

As part of the due diligence study, Magnum will recalculate the Ore Reserves at Way Linggo using new parameters and mining methods. Therefore, the figures in Tables 1 and 2, though JORC compliant, are considered to be a guide only. The new reserves will be based on narrow vein underground mining techniques that are more selective than those used in earlier studies, and that is expected to result in higher average grades and less dilution. The project's vendors have already successfully modelled this mining technique using a production rate of 60,000 tonnes per annum over a period of 6 years to produce totals of 135,000 ounces of gold and 1,350,000 ounces of silver at average operating costs of approximately US\$200 per ounce.

Discussions are also being held with a resource management company that can provide a turnkey mill on site and be responsible for funding, operating and maintaining the mill. Magnum would pay the management company a fee from cash flow. Details, including costings, are being discussed but we hope that such a concept will allow the Company to keep its tight capital structure without having to go to the marketplace for high cost additional funding.

Preliminary studies indicate that with an anticipated recovery of more than 20,000 oz Au per year the Company should be debt free within 18 months and, with costs below US\$200 per oz Au, show a profit in excess of US\$4 million per year – or more than 5 cents per share on current issued capital.

The Directors are confident that additional resources can be found and that the mine will have a life longer than the expected 6 years.

The consideration for the purchase of Way Linggo will be US\$3 million cash and 9 million Fully Paid shares on the following terms:

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\$US300,000 upon signing of a final Agreement following due diligence
\$US300,000 90 days after signing the Agreement
\$US400,000 12 months after signing of the Agreement
\$1,000,000 18 months after signing of the Agreement
\$1,000,000 24 months after signing of the Agreement

3,000,000 Fully Paid shares released upon signing of the Agreement
3,000,000 Fully Paid shares released after 12 months escrow
3,000,000 Fully Paid shares released after 24 months escrow

Once 100,000 oz Au have been extracted the Company will pay the vendors a royalty of US\$20 per oz Au on further production up to a maximum of 500,000 oz Au.

The share component terms of escrow will be subject to the approval of the ASX and any of the other governing bodies.

The above is subject to a successful due diligence to be conducted by independent consultants appointed by the Company.

For further information please contact the Directors:

Sydney: John Rodger – Tel: (02) 9360 0080

Perth: Dr Jeff Schiller - Tel: Mob 0417 912273

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.

Yours faithfully,

Steven J. Danielson
Company Secretary