



QUARTERLY REPORT 31 DECEMBER 2008

MAGNUM MINING AND EXPLORATION LIMITED

("Magnum" or the "Company") (ASX:MGU.AX)

HIGHLIGHTS

- **Company takes significant steps to reduce administration overhead costs**
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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.

During the previous quarter the Company formulated a strategy to forge an alliance with a tantalite mining house or end-user, to assist in the development of the project and marketing of the product. During the September quarter the Company received preliminary interest from parties interested in pursuing such a strategy and the possible formation of a suitable alliance to develop the project.

During the December quarter the negative ramifications of the economic turmoil began to flow through to the tantalum industry and the Company was unable to progress the preliminary interest received in the previous quarter. All discussions with interested partners have ceased and are unlikely to recommence until there is an improvement in the economic outlook.

The Company notes the suspension of mining operations at the Wodgina tantalum mine in Western Australia by Talison Minerals during the quarter as confirmation of the difficulties currently facing the tantalum industry.

Other activities

The Company has reviewed resource sector opportunities during the past year, however has not been able to identify a suitable opportunity for the Company. These activities continued during the December quarter and the Company notes that there has been a significant increase in the quality and quantity of these opportunities and that the pricing of such opportunities is moderating. The Company will continue to assess opportunities in the forthcoming quarter.

Corporate

The Company has reacted to the downturn in the commodity sector by making a number of administrative changes during the quarter to reduce costs. Most of these changes took effect from the end of the quarter and will be reflected in future periods.

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Subsequent to the end of the quarter, Mr Richard Jarvis and Mr Michael Langoulant resigned as joint Company Secretaries. Mr Grant Button was appointed Company Secretary and will combine this role with his role as Chief Executive Officer for the Company. Mr Button has agreed to take a significant reduction in remuneration, in order to preserve the Company's cash position, until such time that the global market and commodity conditions stabilise.

Other administrative changes have been made to reduce the consulting costs and it is estimated that once these changes have taken effect, the annual administration expenses will be reduced by approximately \$250,000. The Company is continuing to re-assess its costs to find ways of reducing the administration costs of the Company.

A handwritten signature in black ink that reads "G. Button". The signature is fluid and cursive, with a large initial "G" and a trailing flourish.

GRANT BUTTON
Chief Executive Officer/Company Secretary

Further information please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Magnum Mining and Exploration Limited

ABN

70 003 170 376

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(219)	(1,027)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	35	191
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	110	125
Net Operating Cash Flows	(74)	(711)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		(6)
1.9 Proceeds from sale 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 (provide details if material)		
Net investing cash flows		(6)
1.13 Total operating and investing cash flows (carried forward)	(74)	(717)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(74)	(717)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		(57)
1.18	Dividends paid		
1.19	Other – capital raising costs		
	Net financing cash flows		(57)
	Net increase (decrease) in cash held	(74)	(774)
1.20	Cash at beginning of quarter/year to date	3,228	4,009
1.21	Exchange rate adjustments to item 1.20	3	(78)
1.22	Cash at end of quarter	3,157	3,157

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'000
1.23	Aggregate amount of payments to the parties included in item 1.2	100
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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

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+ See chapter 19 for defined terms.

- 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

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	50
Total		50

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'000	Previous quarter \$A'000
5.1	550	649
5.2	2,607	2,579
5.3		
5.4		
Total: cash at end of quarter (item 1.22)	3,157	3,228

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	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			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	160,315,617	151,165,612	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<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 <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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 ASX (see note 4).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Print name: Grant Button
Company Secretary

Date: 30 January 2009

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **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.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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