



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

Interim Report
for the half-year ended
30 June 2008

Magnum Mining and Exploration Limited
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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 2008.

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 \$811,567 (2007 half-year loss \$1,308,780).

Review of operations

Tantalite Valley Project, Namibia

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

Over the past six months the Company has established a permanent presence on site and has re-established and refurbished the extensive infrastructure already on site.

During this period the Company has had external consultants undertake various activities to plan and cost an extensive drilling and bulk sampling program. These activities highlighted the difficulty and excessive cost of getting a drilling rig to a remote location, due in large part to the competing demands of the current mineral boom.

These difficulties have lead the Company to re-evaluate its strategy for developing the Tantalite Valley project. The Company is looking to forge an alliance with a tantalite mining house or end-user to assist in the development of the project and mitigate the marketing risks of the operation. The Company is developing the concept of a joint venture to assist with the establishment of mining activities at the earliest time possible. The Company has held initial discussions with interested parties and will explore all avenues to expedite the development of the project.

Other activities

The Company announced that in accordance with the shareholders approval received on 30 May 2008, it issued 3,900,000 shares under the terms of the Magnum Share Plan (the "Plan") Rules to the directors of the Company on 4 of June 2008. The issue price of the shares was \$0.18 each.

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Director's 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, appearing to read "G. Button". The signature is written in a cursive style with a large, looping initial "G".

G M Button
Chief Executive Officer

5 September 2008

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 2008, 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.



Perth, Western Australia
5 September 2008

W M CLARK
Partner, HLB Mann Judd

Magnum Mining and Exploration Limited
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Consolidated income statement
For the half-year ended 30 June 2008

	Half-Year	
	2008	2007
	\$	\$
Revenue from continuing operations	111,012	48,601
Raw materials and consumables used	(18,663)	-
Amount written off on acquisition of subsidiary	-	(774,982)
Investment write down	(149,018)	-
Exploration expenditure written off	-	(237,610)
Depreciation expense	(29,344)	(4,373)
Other expenses	(725,554)	(340,416)
	<hr/>	<hr/>
Loss before income tax expense	(811,567)	(1,308,780)
Income tax expense	-	-
Loss from continuing operations	(811,567)	(1,308,780)
	<hr/>	<hr/>
Loss for the half-year	(811,567)	(1,308,780)
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Loss attributable to members of Magnum Mining and Exploration Limited	(811,567)	(1,308,780)
	<hr/>	<hr/>
	Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		
Basic earnings per share	(0.56)	(1.04)
Diluted earnings per share	(0.56)	(1.04)
Loss per share for loss attributable to the ordinary equity holders of the Company:		
Basic earnings per share	(0.56)	(1.04)
Diluted earnings per share	(0.56)	(1.04)

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

Magnum Mining and Exploration Limited
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Consolidated balance sheet
As at 30 June 2008

	30 June 2008	31 December 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	3,436,064	4,009,036
Trade and other receivables	120,204	128,096
Total current assets	3,556,268	4,137,132
Non-current assets		
Investments accounted for using the equity method	195,861	195,861
Available-for-sale financial assets	209,748	342,105
Plant and equipment	830,878	1,085,667
Intangible assets	913,901	1,174,133
Deferred exploration and evaluation expenditure	4,287	5,508
Total non-current assets	2,154,675	2,803,274
Total assets	5,710,943	6,940,406
Liabilities		
Current liabilities		
Trade and other payables	155,224	329,832
Total current liabilities	155,224	329,832
Total liabilities	155,224	329,832
Net assets	5,555,719	6,610,574
Equity		
Contributed equity	17,099,142	17,103,153
Reserves	(103,204)	136,073
Accumulated losses	(11,440,219)	(10,628,652)
Total Equity	5,555,719	6,610,574

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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Consolidated statement of changes in equity
For the 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	4,011	-	-	4,011
Loss for the period	-	811,567	-	811,567
Share based compensation reserve	-	-	(243,821)	(243,821)
Net loss revaluation reserve	-	-	(16,661)	(16,661)
Currency translation differences	-	-	499,759	499,759
Balance as at 30 June 2008	(17,099,142)	11,440,219	103,204	(5,555,719)

Half-Year ended 30 June 2007

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2007	(11,607,938)	8,512,548	(1,612)	(3,097,002)
Shares issued during the period	(1,500,000)	-	-	(1,500,000)
Loss for the period	-	1,308,780	-	1,308,780
Share based compensation reserve	-	-	(7,682)	(7,682)
Currency translation differences	-	-	73,816	73,816
Balance as at 30 June 2007	(13,107,938)	9,821,328	64,522	(3,222,088)

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

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Consolidated cash flow statement
For the half-year ended 30 June 2008

	Half-Year	
	2008	2007
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(674,677)	(403,294)
Interest received	100,550	48,601
Other revenue	10,462	-
Net cash (outflow) from operating activities	(563,665)	(354,693)
Cash flows from investing activities		
Payments for investment in associate	-	(85,947)
Payments for plant and equipment	(5,296)	(61,826)
Loans to related parties	-	(70,568)
Repayment of loans by related parties	-	18,932
Cash balance of subsidiary acquired	-	124
Net cash (outflow) from investing activities	(5,296)	(199,285)
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	(572,972)	(553,978)
Cash and cash equivalents at the beginning of the half-year	4,009,036	3,027,411
Effects of exchange rate changes on cash and cash equivalents	-	(12,529)
Cash and cash equivalents at the end of the half-year	3,436,064	2,460,904

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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Notes to the financial statements
For the half-year ended 30 June 2008

1. Basis of preparation of half-yearly report

This general purpose financial report for the interim half-year reporting period ended 30 June 2008 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 2007 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.

2. Segment information

The Group operates as a natural resources explorer in Southern Africa and manages this activity from its head office in Australia.

3. Equity securities issued

	Half-year		Half-year	
	2008	2007	2008	2007
	Shares	Shares	\$	\$
Issued during the period	9,150,000	5,500,000	-	-

The above securities are fully paid ordinary shares issued at \$0.18 (\$0.30) each under the Company's Employee Share Plan funded by way of a limited recourse loan.

4. Contingencies

There have been no changes to those Contingencies disclosed as at 31 December 2007.

5. Events occurring after the balance sheet date

The value of the Group's investment in Kimcor Diamonds PLC has decreased by \$114,128 since balance date to \$95,620 as at 3 September 2008.

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Directors' declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 4 to 8 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 2008 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

5 September 2008

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 balance sheet as at 30 June 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement 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 2008 ("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 2008 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.

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 2008 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



Perth, Western Australia
5 September 2008

W M CLARK
Partner