



# **Magnum Mining and Exploration Limited**

**A.B.N. 70 003 170 376**

**Report**

**Half year ended 30 June 2017**

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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 2017.

### 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	Chief Executive Officer
D F Lynton-Brown	Non-Executive Chairman
H Dawson	Non-Executive Director

### Operating results

The consolidated loss of the Group for the half year after income tax was \$105,067 (2016 half year: loss of \$471,717).

### Review of operations

#### Gravelotte Project, South Africa

In June 2014, the Company acquired the rights to the historic Gravelotte (Cobra) emerald mine which had ceased operations in 2002. Through a wholly owned subsidiary, the Company has a 70% interest in the mine with the balance held under a Black Empowerment (BEE) agreement.

The Gravelotte Project is located near the town of Gravelotte in the Limpopo province of South Africa. Emeralds were discovered in the Gravelotte area in 1927 and since then several companies have mined and explored the area for emeralds.

From 1929 to 2002 the total recorded emerald production from the Gravelotte Project and areas surrounding the Gravelotte township has been estimated as exceeding 113 million carats. It is reported that during the 1960s the Gravelotte Project was the largest emerald mine in the world, employing over 400 sorters.

The emerald mineralisation at Gravelotte is hosted by schists that form a star-shaped outcrop pattern defined by two structural trends and northeast-trending steep-sided granite bodies. The emerald-bearing zones and their sub-divisions are contained within four main areas:

- Cobra – comprising Cobra North, Cobra South and Cobra Underground;
- Discovery – comprising Discovery Pit, Discovery East and Discovery South;
- Beryl Kop – comprising Beryl Kop East and Beryl Kop West; and
- Sable Kop

During the half year the Company has assembled a team of consultants to assess the available data and provide technical input towards a proposed bulk sample.

To ensure a robust data base for this technical assessment, the Company completed the cataloguing and indexing of all the historical data and the digitised data that was assembled and generated by ACA Howe when they were consulting on the project.

**Review of operations (continued)****Gravelotte Project, South Africa (continued)**

This data is being reviewed to assist with geological interpretations as well as grade distribution in order to identify the best and most feasible location(s) for the bulk sample mining operation.

The bulk sample is planned to mine sufficient ore to provide a representative sample of emeralds to be used for sale price determination.

In parallel with this planning, the Company is reviewing various processing alternatives for recovering the emeralds. Consequently, the bulk sample will be also designed to test and optimise the preferred processing and recovery route appropriate for the project.

**Compliance**

During the half year the Company continue the focus on completing all regulatory processes required to fully permit the project for future activities.

Following a meeting with the Assistant Regional Manager of the Department of Mineral Resources in Polokwane in February 2017, the Company has appointed a local company in Polokwane to prepare and lodge the Environmental Management Plan and Water Usage License applications. These are the last two matters to be completed, along with Section 11 which will finalise the outstanding compliance issue.

**Corporate**

On 9 June 2017, the Company announced that it had issued 50,000,006 fully paid ordinary shares in the capital of the Company (**the Placement Shares**) at \$0.03 per share to raise approximately \$1,500,000 (before costs). The Placement Shares were issued to sophisticated and institutional investors.

The funds raised from the issue of the Placement Shares was used to repay the \$200,000 working capital loan from Sunshore Holdings Pty Ltd.

The funds will also be used to carry out bulk sampling at the Company's Gravelotte project, to meet future permitting costs and statutory commitments relating to its exploration tenements, to provide general working capital to allow the Company to carry out its business plans in respect of the continued evaluation and development of its existing projects, and to seek further strategic acquisition opportunities in the exploration and mining industry.

**Events occurring after the balance date**

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than those detailed below:

**Farm-in of the Cloncurry East Project (CEP)**

On 31 July 2017, the Company announced that it has reached agreement to farm into three exploration tenements held by Exco Resource Ltd ("Exco") and CopperChem Limited ("CCL") (together the "CopperChem Group" or "CCG") located in the Cloncurry region of Queensland.

These tenements, which together are termed the Cloncurry East project, comprise Exploration Permits for Minerals ("EPM"), EPM 13137 containing the Notlor Prospect (held by CCL), EPM11675 containing the Salebury Deposit (held by Exco) and EPM14295 which contains the Pumpkin Gully and Crow's Nest Prospects (held by Exco).

**Review of operations (continued)****Events occurring after the balance date (continued)****Farm-in of the Cloncurry East Project (CEP) (continued)**

Pursuant to the terms of the farm-in, the Company can earn a 50% equity stake in the Cloncurry East project by expending \$2 million over a three year period with a minimum of \$350,000 to be expended in year one. The Company can withdraw from the farm-in at any time after its year one expenditure obligation has been fulfilled.

The Company can earn an additional 25% equity stake in the CEP through the expenditure of an additional \$2 million in year four. CCG retains the right to claw back to 50% ownership in consideration of the payment of \$2.66 million to the Company.

The Cloncurry East project is at an advanced stage of exploration and is highly prospective for iron oxide copper gold ("IOCG") +/- cobalt mineralisation and variants of this style of mineralisation. It presents the Company with an advanced exploration opportunity with an existing resource, high priority drill targets, an extensive exploration data package and established infrastructure.

The Cloncurry East project also provides the Company with exposure to a region that is highly prospective for various styles of base and precious metal mineralisation. The underlying geology host rocks are part of the Mt Isa Eastern Succession, which contain many historical and current mines and deposits. These include Ernest Henry, Osborne, Eloise, Cannington and Dugald River, as well as a number of significant smaller deposits.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is set out on page 4 and forms part of this Directors' Report for the half year ended 30 June 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



**Grant M Button**  
**Chief Executive Officer**  
Perth, Australia  
13 September 2017

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Magnum Mining & Exploration Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia  
13 September 2017**



**D I Buckley  
Partner**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the half year ended 30 June 2017**

	Note	2017 \$	2016 \$
<b>Revenue</b>		<b>54,547</b>	39,604
Depreciation expense		(1,312)	(1,859)
Raw materials and consumables used		(14,112)	(12,565)
Exploration expensed as incurred		(39,673)	(228,088)
Other expenses		(104,517)	(268,809)
		<hr/>	<hr/>
Loss before income tax expense		(105,067)	(471,717)
Income tax expense		-	-
		<hr/>	<hr/>
<b>Loss for the period</b>		<b>(105,067)</b>	<b>(471,717)</b>
		<hr/>	<hr/>
<b>Other comprehensive income/ (loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		16,351	(3,995)
		<hr/>	<hr/>
<b>Other comprehensive income/ (loss) for the period</b>		<b>16,351</b>	<b>(3,995)</b>
		<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>		<b>(88,716)</b>	<b>(475,712)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss attributable to:</b>			
Equity holders of the parent		(88,751)	(408,616)
Non-controlling interests		(16,316)	(63,101)
		<hr/>	<hr/>
<b>Net loss for the period</b>		<b>(105,067)</b>	<b>(471,717)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the parent		(72,400)	(412,611)
Non-controlling interests		(16,316)	(63,101)
		<hr/>	<hr/>
<b>Total comprehensive loss for the period</b>		<b>(88,716)</b>	<b>(475,712)</b>
		<hr/> <hr/>	<hr/> <hr/>

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the half year ended 30 June 2017**

	<b>Note</b>	<b>2017 \$</b>	<b>2016 \$</b>
<b>Basic loss per share (cents)</b>		<b>(0.04)</b>	<b>(0.21)</b>

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

**Condensed Consolidated Statement of Financial Position**  
as at 30 June 2017

	Note	30 June 2017 \$	31 December 2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,165,228	206,492
Trade and other receivables		62,228	48,269
<b>Total current assets</b>		<b>1,227,456</b>	<b>254,761</b>
<b>Non-current assets</b>			
Plant and equipment		9,210	5,931
Exploration and evaluation expenditure		2,060,834	2,060,834
Rehabilitation guarantee		36,902	36,902
<b>Total non-current assets</b>		<b>2,106,946</b>	<b>2,103,667</b>
<b>Total assets</b>		<b>3,334,402</b>	<b>2,358,428</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		145,543	275,228
Borrowings		-	200,000
<b>Total current liabilities</b>		<b>145,543</b>	<b>475,228</b>
<b>Total liabilities</b>		<b>145,543</b>	<b>475,228</b>
<b>Net assets</b>		<b>3,188,859</b>	<b>1,883,200</b>
<b>Equity</b>			
Issued capital	4	21,911,710	20,517,335
Reserves		67,070	50,719
Accumulated losses		(18,986,647)	(18,897,896)
<b>Equity attributable to owners of the parent</b>		<b>2,992,133</b>	<b>1,670,158</b>
Non-controlling interests		196,726	213,042
<b>Total equity</b>		<b>3,188,859</b>	<b>1,883,200</b>

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

**Condensed Consolidated Statement of Changes in Equity  
for the half year ended 30 June 2017**

	Issued capital \$	Accumulated losses \$	Reserves \$	Non- controlling interests \$	Total \$
<b>2017</b>					
Balance as at 1 January 2017	20,517,335	(18,897,896)	50,719	213,042	1,883,200
Shares issued	1,500,000	-	-	-	1,500,000
Share issue costs	(105,625)	-	-	-	(105,625)
Loss for the period	-	(88,751)	-	(16,316)	(105,067)
Other comprehensive income:					
Currency translation differences	-	-	16,351	-	16,351
<b>Total comprehensive income/ (loss)</b>	<b>-</b>	<b>(88,751)</b>	<b>16,351</b>	<b>(16,316)</b>	<b>(88,716)</b>
<b>Balance as at 30 June 2017</b>	<b>21,911,710</b>	<b>(18,986,647)</b>	<b>67,070</b>	<b>196,726</b>	<b>3,188,859</b>
<b>2016</b>					
Balance as at 1 January 2016	20,517,335	(18,129,236)	64,022	329,121	2,781,242
Loss for the period	-	(408,616)	-	(63,101)	(471,717)
Other comprehensive income:					
Currency translation differences	-	-	(3,995)	-	(3,995)
<b>Total comprehensive loss</b>	<b>-</b>	<b>(408,616)</b>	<b>(3,995)</b>	<b>(63,101)</b>	<b>(475,712)</b>
<b>Balance as at 30 June 2016</b>	<b>20,517,335</b>	<b>(18,537,852)</b>	<b>60,027</b>	<b>266,020</b>	<b>2,305,530</b>

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

**Condensed Consolidated Statement of Cash Flows  
for the half year ended 30 June 2017**

	Note	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		41,636	25,297
Payments for exploration and evaluation		(94,159)	(211,526)
Payments to suppliers and employees		(188,488)	(169,571)
Interest received		187	151
<b>Net cash (outflow) from operating activities</b>		<u>(240,824)</u>	<u>(355,649)</u>
<b>Cash flows from investing activities</b>			
Payments for purchases of plant and equipment		(3,327)	(2,418)
<b>Net cash (outflow) from investing activities</b>		<u>(3,327)</u>	<u>(2,418)</u>
<b>Cash flows from financing activities</b>			
Proceed from the issue of shares		1,300,000	-
Payments for share issue costs		(99,000)	-
<b>Net cash inflow from financing activities</b>		<u>1,201,000</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>956,849</b>	<b>(358,067)</b>
Cash and cash equivalents at the beginning of the half year		206,492	772,280
Effects of exchange rate changes on cash and cash equivalents		1,887	(54,066)
<b>Cash and cash equivalents at the end of the half year</b>		<u><u>1,165,228</u></u>	<u><u>360,147</u></u>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2017****1. Statement of Significant Accounting Policies**

These half year consolidated financial statements are a general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2016 and any public announcements made by the Company and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

**Basis of preparation**

The half year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

**Significant accounting judgments and key estimates**

The preparation of half year financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2016.

**New, revised or amended Accounting Standards and Interpretations**

In the half year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no material impact of the new and revised Standards and Interpretations on the Group's business and therefore, no material change is necessary to the Group's accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant on the Group's operations and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on its business and, therefore, no material change necessary to Group's accounting policies.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2017****1. Statement of Significant Accounting Policies (continued)****Going concern**

The Group has a cash balance at 30 June 2017 of \$1,165,228 and as disclosed in the review of operations, the Group intends to progress its projects.

The Directors are of the opinion that the Group is a going concern due to the following:

- i. The Company has the ability to sell approximately 11 million shares which were forfeited from the staff incentive scheme in prior years. Should these be taken up by the shareholders, the Company could raise approximately \$550,000;
- ii. Should the need arise, the Company will seek to raise additional working capital from raising capital; and
- iii. Should the need arise, the Directors have the ability to reduce discretionary expenditure of the Group, which has been demonstrated in the past.

Whilst the Directors are confident that the above initiatives will generate sufficient funds to enable the Group to continue as a going concern for at least a period of 12 months from the date of signing this financial report, should these initiatives be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS****FOR THE HALF YEAR ENDED 30 JUNE 2017****2. Segment information**

For management purposes the chief operating decision maker, being the Board of Directors of Magnum Mining and Exploration Limited, reports its results per geographical segment.

The following table presents the financial information regarding these segments provided to the Board of Directors for the half year ended 30 June 2017 and 30 June 2016.

	Australia \$	South Africa \$	Consolidated \$
<b>30 June 2017</b>			
<b>Segment Revenue</b>	<b>54,547</b>	-	<b>54,547</b>
<b>Segment result</b>	<b>(26,239)</b>	<b>(78,828)</b>	<b>(105,067)</b>
<b>Unallocated</b>			-
<b>Results from operating activities</b>			<b>(105,067)</b>
<b>Segment assets</b>	<b>1,212,706</b>	<b>2,121,696</b>	<b>3,334,402</b>
<b>Segment liabilities</b>	<b>84,437</b>	<b>61,106</b>	<b>145,543</b>
<b>Included within segment results:</b>			
<b>Depreciation</b>	<b>1,029</b>	<b>283</b>	<b>1,312</b>
<b>30 June 2016</b>			
<b>Segment Revenue</b>	<b>39,596</b>	8	<b>39,604</b>
<b>Segment result</b>	<b>(228,892)</b>	<b>(242,825)</b>	<b>(471,717)</b>
<b>Unallocated</b>			-
<b>Results from operating activities</b>			<b>(471,717)</b>
<b>Segment assets</b>	<b>420,539</b>	<b>2,110,947</b>	<b>2,531,486</b>
<b>Segment liabilities</b>	<b>142,972</b>	<b>82,984</b>	<b>225,956</b>
<b>Included within segment results:</b>			
<b>Depreciation</b>	<b>1,801</b>	<b>58</b>	<b>1,859</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2017

## 3. Interest in subsidiaries

Name	Country of Incorporation	Percentage of equity interest held by consolidated entity	
		30 June 2017	31 December 2016
GEM Venus Holdings (Pty) Ltd	South Africa	100%	100%
Venus Emeralds (Pty) Ltd	South Africa	70%	74%
Audit Mining Consultants & Trading (Pty) Ltd	South Africa	70%	74%

## 4. Issued capital

## Share capital

(a) Share Capital		Consolidated		Consolidated	
		Six months 30 June 2017 Shares	Year to 31 December 2016 Shares	Six months 30 June 2017 \$	Year to 31 December 2016 \$
<b>Ordinary shares</b>					
Ordinary shares fully paid	(a)	274,078,818	224,078,812	21,010,352	19,615,977
Employee share plan shares that are subject to restrictions	(b)	5,500,000	5,500,000	901,358	901,358
At reporting date		279,578,818	229,578,812	21,911,710	20,517,335

## (a) Ordinary shares issued

Movements in ordinary share capital	Consolidated		Consolidated	
	Six months 30 June 2017 Shares	Six months 30 June 2017 \$	Year to 31 December 2016 Shares	Year to 31 December 2016 \$
Balance at the beginning of the year	224,078,812	19,615,977	218,128,812	19,615,977
Placement shares	50,000,006	1,500,000		
Employee share plan shares with restriction lifted	-	-	5,950,000	-
Less: Share issue costs	-	(105,625)		
Balance at end of the year	274,078,818	21,010,352	224,078,812	19,615,977

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

## FOR THE HALF YEAR ENDED 30 JUNE 2017

## 4. Issued capital (continued)

## (b) Shares issued under the employee share plan shares

	Consolidated		Consolidated	
	Six months 30 June 2017	Six months 30 June 2017	Year to 31 December 2016	Year to 31 December 2016
Movements in employee share plan shares	Shares	\$	Shares	\$
Balance at the beginning of the year	5,500,000	901,358	11,450,000	901,358
Employee share plan shares with restrictions lifted				
(i) May 2008 Share Plan	-	-	(3,450,000)	-
(ii) June 2008 Share Plan	-	-	(1,500,000)	-
(iii) July 2010 Share Plan	-	-	(1,000,000)	-
Balance at end of the year	5,500,000	901,358	5,500,000	901,358

## 5. Contingencies

There were no contingencies of the Group at 30 June 2017. (31 December 2016: \$Nil)

## 6. Events occurring after the balance date

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods other than those detailed below:

**Farm-in of the Cloncurry East Project**

On 31 July 2017, the Company announced that it has reached agreement to farm into three exploration tenements held by Exco Resource Ltd ("Exco") and CopperChem Limited ("CCL") (together the "CopperChem Group" or "CCG") located in the Cloncurry region of Queensland.

Please refer to the Farm-in of the Cloncurry East project summary contained within the Review of Operations report for further details.

## 7. Tenements on hand

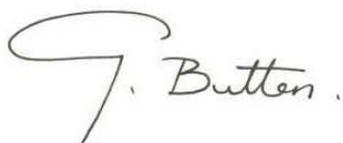
Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province South Africa	Gravelotte	Mining Right	MPT 85/2013	70%	Granted
Limpopo Province South Africa	Gravelotte	Prospecting Right	LP 204 PR	70%	Granted

**Directors' Declaration**

In the opinion of the directors of Magnum Mining and Exploration Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half year then ended.
2. 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 signed in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read "G. Button". The signature is written in a cursive, flowing style.

**Grant M Button**  
**Chief Executive Officer**  
Perth, Australia  
13 September 2017

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Magnum Mining &amp; Exploration Limited

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Magnum Mining & Exploration Limited ("the company") which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*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 a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2017 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 the company, 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*.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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*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 & Exploration Limited is not in accordance with the *Corporations Act 2001* including:

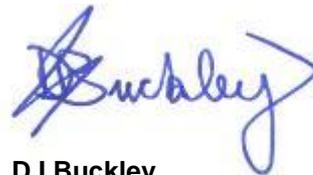
- (a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Material uncertainty regarding going concern*

We draw attention to Note 1 in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd**  
**Chartered Accountants**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**13 September 2017**