



Magnum Mining and Exploration Limited

A.B.N. 70 003 170 376

**Half yearly report
Year ended 30 June 2010**

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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 2010.

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
M McMahon

Operating results

The consolidated loss of the Group for the half-year after income tax was \$326,998 (2009 half-year loss \$551,644).

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.

Since acquiring the project in 2007, the Company has undertaken various exploration and evaluation activities to increase the understanding of the project, and to plan for development activities.

Since acquisition, the Tantalum industry has experienced depressed prices related to supplies of Tantalum and the Global Financial Crisis. These difficulties led to the closure of production across the industry and led the Company to re-evaluate its strategy for developing the Tantalite Valley project.

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 preserve the Company's cash resources.

During the half-year, the Company undertook an independent review of the project to evaluate proposed exploration and development options and to assess product off-take and investment demand from potential end users.

The Company has now committed to a phase of actively seeking investment in the project from end users or other parties interested in developing the project. The Company has received initial encouragement of its activities and will continue to assess the international interest in the Company's project.

Directors' Report

Other activities

The Company is continuing to search for and assess suitable acquisition opportunities that would add substantial value for Magnum shareholders. The Company is actively pursuing 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.

Auditor 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.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the 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".

Grant M Button
Chief Executive Officer
Perth, Australia

13TH September 2010

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 2010, 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.

This declaration is in respect of Magnum Mining and Exploration Limited and the entities it controlled during the period.



**Perth, Western Australia
13 September 2010**

**W M CLARK
Partner, HLB Mann Judd**

**Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 30 June 2010**

	2010 \$	2009 \$
Revenue	70,180	63,361
Share of loss of associate accounted for using the equity method	(622)	(2,070)
Raw materials and consumables used	(11,326)	(14,458)
Share based payment expense	(66,206)	(281,960)
Depreciation expense	(3,516)	(6,800)
Other expenses	(315,508)	(309,717)
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Loss before income tax expense	(326,998)	(551,644)
Income tax expense	-	-
Loss for the period	(326,998)	(551,644)
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Other comprehensive income		
Currency translation differences	(6,851)	9,309
Total other comprehensive income for the period	(6,851)	9,309
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Total comprehensive loss for the period	(333,849)	(542,335)
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	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic earnings per share	(0.21)	(0.38)

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 2010**

	30 June 2010	31 December 2009
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	3,078,276	3,352,685
Trade and other receivables	45,597	37,750
Total current assets	3,123,873	3,390,435
Non-current assets		
Investments accounted for using the equity method	172,878	180,636
Plant and equipment	13,961	17,477
Total non-current assets	186,839	198,113
Total assets	3,310,712	3,588,548
Liabilities		
Current liabilities		
Trade and other payables	104,775	114,968
Total current liabilities	104,775	114,968
Total liabilities	104,775	114,968
Net assets	3,205,937	3,473,580
Equity		
Issued capital	17,781,434	17,781,434
Reserves	928,123	868,768
Accumulated losses	(15,503,620)	(15,176,622)
Total Equity	3,205,937	3,473,580

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

Condensed Consolidated Statement of Changes in Equity**Half-Year ended 30 June 2010**

	Issued capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2010	17,781,434	(15,176,622)	868,768	3,473,580
Total comprehensive income for the period	-	(326,998)	(6,851)	(333,849)
Share based compensation reserve	-	-	66,206	66,206
Balance as at 30 June 2010	17,781,434	(15,503,620)	928,123	3,205,937

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
Balance as at 30 June 2009	17,099,141	(14,834,781)	781,644	3,046,004

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 2010**

	2010	2009
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (exclusive of GST)	(321,165)	(369,309)
Interest received	48,852	68,744
Other revenue - GST	15,604	28,318
Net cash (outflow) from operating activities	(256,709)	(272,247)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	32,714
Proceeds from sale of financial assets	-	18,966
Net cash (inflow) from investing activities	-	51,680
Cash flows from financing activities		
Share issue transaction costs	(17,700)	-
Net cash (outflow) from financing activities	(17,700)	-
Net decrease in cash and cash equivalents	(274,409)	(220,567)
Cash and cash equivalents at the beginning of the half-year	3,352,685	3,157,425
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the half-year	3,078,276	2,936,858

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

NOTES TO THE FINANCIAL STATEMENTS**FOR THE HALF YEAR ENDED 30 JUNE 2010****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

This general purpose financial report for the half-year reporting period ended 30 June 2010 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 2009 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* and the ASX listing Rules.

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

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

2. Segment information

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

The following table presents the financial information regarding these segments provided to the Board of Directors for the interim period ended 30 June 2010 and 30 June 2009.

	Australia	Namibia	South Africa	Consolidated
	\$	\$	\$	\$
30 June 2010				
Segment Revenue	69,847	-	333	70,180
Segment result	286,748	38,130	2,120	326,998
Unallocated				-
Results from operating activities				326,998
Segment assets	3,304,315	2,153	4,244	3,310,712
Segment liabilities	82,560	22,215	-	104,775
Included within segment results:				
Depreciation	3,516	-	-	3,516
Share of loss from investment in equity method associates	-	622	-	622
Share based payments	66,206	-	-	66,206

NOTES TO THE FINANCIAL STATEMENTS**FOR THE HALF YEAR ENDED 30 JUNE 2010****2. Segment information (continued)**

	Australia	Namibia	South Africa	Consolidated
	\$	\$	\$	\$
30 June 2009				
Segment Revenue	59,922	-	3,439	63,361
Segment result	492,761	57,878	1,005	551,644
Unallocated Results from operating activities				- 551,644
Segment assets	3,545,026	4,420	39,102	3,588,548
Segment liabilities	94,935	20,033	-	114,968
Included within segment results:				
Depreciation	5,220	-	1,580	6,800
Share of loss from investment in equity method associates	-	2,070	-	2,070
Share based payments	281,960	-	-	281,960

3. Equity securities issued

No securities were issued during the current period.

4. Contingencies

There were no contingencies of the group at 30 June 2010.

5. Events occurring after the balance sheet date

There have been no significant events occurring after balance date.

Directors' declaration

In the opinion of the directors of Magnum Mining & Exploration Ltd:

- a. the financial statements, notes and additional disclosures of the consolidated entity are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year then ended; and
 - ii. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; 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 signed in accordance with a resolution of the Board of Directors.



G M Button
Chief Executive Officer

Perth, Australia

13th September 2010

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 2010, 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 2010 ("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 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 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 2010 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*.

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 as at 30 June 2010 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
13 September 2010

W M CLARK
Partner