



Magnum Mining and Exploration Limited

A.B.N. 70 003 170 376

Report

Half - year ended 30 June 2011

Contents	Page
Directors' Report	1
Auditor's Independence Declaration	3
Condensed Consolidated Statement of Comprehensive Income	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Condensed Financial Statements	8
Directors' Declaration	11
Independent Auditor's Report	12

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 2011.

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
G A Nealon	Non-Executive Chairman
D F Lynton-Brown	Non-Executive Director
M McMahan	Non-Executive Director

Operating results

The consolidated loss of the Group for the half-year after income tax was \$218,114 (2010 half-year loss \$326,998).

Review of operations

Tantalite Valley Project, Namibia

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

Since acquiring the project in 2007, Magnum Mining and Exploration Limited (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 the Company to re-evaluate its strategy for developing the Tantalite Valley project. The Company decided to pursue an alliance with an industry player to assist in the development of the project and to mitigate the marketing risks of the operation.

The Company has received interest from various parties and this interest is ongoing. The Company notes that there has been a general improvement in sentiment toward the tantalum industry over the past year.

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.

Directors' Report

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 interim financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 30 June 2011.

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.

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

31st August 2011

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 2011, 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
31 August 2011



W M CLARK
Partner, HLB Mann Judd

**Condensed Consolidated Statement of Comprehensive Income
for the half-year ended 30 June 2011**

	2011	2010
	\$	\$
Revenue	85,730	70,180
Share of loss of associate accounted for using the equity method	(625)	(622)
Raw materials and consumables used	(4,610)	(11,326)
Share based payment expense	(19,999)	(66,206)
Depreciation expense	(3,393)	(3,516)
Exploration	(46,730)	-
Other expenses	(228,487)	(315,508)
Loss before income tax expense	(218,114)	(326,998)
Income tax expense	-	-
Loss for the period	(218,114)	(326,998)
Other comprehensive income		
Currency translation differences	(15,239)	(6,851)
Total other comprehensive income for the period	(15,239)	(6,851)
Total comprehensive loss for the period	(233,353)	(333,849)
	Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company:		
Basic loss per share	(0.14)	(0.21)

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 2011**

	30 June 2011 \$	31 December 2010 \$
Assets		
Current assets		
Cash and cash equivalents	2,552,973	2,749,747
Trade and other receivables	49,205	71,570
Total current assets	2,602,178	2,821,317
Non-current assets		
Receivables	434,500	434,500
Investments accounted for using the equity method	148,987	164,837
Plant and equipment	8,116	10,444
Total non-current assets	591,603	609,781
Total assets	3,193,781	3,431,098
Liabilities		
Current liabilities		
Trade and other payables	91,836	115,799
Total current liabilities	91,836	115,799
Total liabilities	91,836	115,799
Net assets	3,101,945	3,315,299
Equity		
Issued capital	18,682,792	18,682,792
Reserves	476,081	471,321
Accumulated losses	(16,056,928)	(15,838,814)
Total Equity	3,101,945	3,315,299

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 2011**

	Issued Capital \$	Accumulated losses \$	Reserves \$	Total \$
Balance as at 1 January 2011	18,682,792	(15,838,814)	471,321	3,315,299
Total comprehensive income for the period	-	(218,114)	(15,239)	(233,353)
Share based compensation reserve	-	-	19,999	19,999
Balance as at 30 June 2011	<u>18,682,792</u>	<u>(16,056,928)</u>	<u>476,081</u>	<u>3,101,945</u>

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	<u>17,781,434</u>	<u>(15,503,620)</u>	<u>928,123</u>	<u>3,205,937</u>

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 2011**

	2011 \$	2010 \$
Cash flows from operating activities		
Payments for exploration and evaluation (exclusive of GST)	(49,388)	(10,557)
Payments to suppliers and employees (exclusive of GST)	(246,149)	(310,608)
Interest received	77,224	48,852
Other revenue	22,604	15,604
Net cash (outflow) from operating activities	(195,709)	(256,709)
Cash flows from investing activities		
Payments for purchases of plant and equipment	(1,065)	-
Proceeds from sale of financial assets	-	-
Net cash (outflow) from investing activities	(1,065)	-
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	(196,774)	(274,409)
Cash and cash equivalents at the beginning of the half-year	2,749,747	3,352,685
Effects of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the half-year	2,552,973	3,078,276

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 2011****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

These interim consolidated financial statements are a general purpose financial report 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 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 2010 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.

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

Basis of preparation

The interim 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 interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of interim 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 interim 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 2010.

Adoption of new and revised Accounting Standards

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.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT 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 periods ended 30 June 2011 and 30 June 2010.

	Australia \$	Namibia \$	South Africa \$	Consolidated \$
30 June 2011				
Segment Revenue	77,189	8,541	-	85,730
Segment result	200,409	14,108	3,597	218,114
Unallocated Results from operating activities				-
				218,114
Segment assets	3,192,264	62	1,455	3,193,781
Segment liabilities	80,936	10,834	66	91,836
Included within segment results:				
Depreciation	3,393	-	-	3,393
Share of loss from investment in equity method associates	-	625	-	625
Share based payments	19,999	-	-	19,999
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 2011

3. Equity securities issued

No securities were issued during the current period.

4. Contingencies

There were no contingencies of the group at 30 June 2011.

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 HLB 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 consolidated entity's financial position as at 30 June 2011 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.



G M Button
Chief Executive Officer

Perth, Australia

31st August 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Magnum Mining and Exploration Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Magnum Mining and Exploration Limited ("the Company") which comprises the condensed consolidated statement of financial position as at 30 June 2011, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and 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 of the consolidated entity 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 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 2011 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 2011 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



W M CLARK
Partner

Perth, Western Australia
31 August 2011