

**THIS IS AN IMPORTANT DOCUMENT
AND REQUIRES YOUR IMMEDIATE ATTENTION**

MAGNUM GOLD NL

ACN 003 170 876

**NOTICE OF MEETING AND
EXPLANATORY NOTES**

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PROXY FORM

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MAGNUM GOLD NL
ACN 003 170 876

NOTICE OF MEETING

NOTICE IS GIVEN that an extraordinary general meeting of Magnum Gold NL will be held at Mitchell & Partners, Suite 1, Level 2, 1 York Street, Sydney NSW 2000 on 10 August 2004 at 2.30 pm.

BUSINESS

1. APPROVAL (FOR ASX LISTING RULES 7.1 AND 10.11) OF PROPOSED ISSUE OF SHARES

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"The proposed issue of 12 million fully paid ordinary shares to John Brian Rodger, at a price of 3.3 cents per share, be approved under Listing Rules 7.1 and 10.11 of the Australian Stock Exchange Listing Rules".

2. APPOINTMENT OF DIRECTOR

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That John Brian Rodger be appointed a director of the Company effective from the issue to him of 12 million fully paid ordinary shares"

EXCLUDED VOTES

The Company will disregard any votes cast on resolution 1 by the following persons, namely John Brian Rodger and his associates and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and their associates.

The Company, however, need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING DETERMINATION

For the purposes of regulation 7.11.37 of the Corporations Regulations, the persons eligible to vote at the meeting will be those persons who are registered shareholders as at 5.00 pm (Sydney time) on 8 August 2004. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY NOTES

Shareholders are referred to the Explanatory Notes accompanying, and forming part of, this Notice of Meeting. The Explanatory Notes contain information about the resolutions.

Approval under Listing Rule 7.1 is not required where an issue is made with the approval of shareholders under Listing Rule 10.11, but the Company regards it as appropriate to comply with the provisions of both Listing Rules.

PROXIES

You can appoint not more than 2 proxies to attend and vote on your behalf. You can direct the proxy (or proxies) how to vote. If you appoint more than 1 proxy, each proxy may be appointed to represent a specified proportion of your voting rights, and if this is not so specified, each proxy may exercise half the votes. A proxy does not need to be a shareholder.

If the proxy form is signed under a power of attorney, you must also lodge the power of attorney with the Company not less than 48 hours before the meeting, unless you have previously sent the power of attorney to the Company.

To appoint a proxy (or proxies) you must complete the attached proxy form and lodge it, not less than 48 hours before the meeting (ie. by 2.30 pm on 8 August 2004) at the following address or fax number:

Address: Mitchell & Partners
Suite 1, Level 2, 1 York Street, SYDNEY

Fax no: (02) 9251 3008

By Order of the Board
5 July 2004

S. Danielson
Company Secretary

EXPLANATORY NOTES

Background

On 22 June 2004 the Company announced that it had entered into a subscription agreement dated 22 June 2004 with John Brian Rodger (**Mr Rodger**) and Palmarc Investments Pty Ltd (**Palmarc**) whereby Mr Rodger (to be financed by Palmarc, secured by mortgage over the subscription shares) has agreed, subject to a number of conditions (to be satisfied by 31 July 2004 or other agreed date - now 10 August) to subscribe (at 3.3 cents per share) for 12 million ordinary fully paid shares. One of the conditions is that the shares held by the Company's major shareholders Carbon Minerals NL (**Carbon**), Pada Pty Ltd (**Pada**) and Malewi Investments Pty Ltd (**Malewi**) (other than 1 million shares to be retained by each of Carbon and Pada) are disposed of prior to the subscription and the others are that the Company is listed on the ASX at completion of the subscription, and the obtaining of all approvals of shareholders required under the Listing Rules and otherwise.

Palmarc is a company owned and controlled by Mr P A Lincoln Smith, a director of the Company. If the subscription takes place it is proposed that Mr Rodger will become a director of the Company, and he will hold at that point about 15.8% in the Company, and by virtue of its mortgage Palmarc will then have a voting power of about 18.4% in the Company.

The Company will seek the approval of shareholders under the Listing Rules in relation to the proposed issue, and is calling the meeting for this purpose and for the purpose of appointing Mr Rodger a director.

The Company has been informed by Carbon, Pada and Malewi (holding between them about 79%) that they have entered into a mandate agreement with State One Equities Pty Ltd (**State One**) for State One (as agent) to arrange for the sale of their holdings, other than 1 million shares to be retained by each of Carbon and Pada. The sale shares amount to about 76% of the issued capital of the Company, being 27,275,000 shares by Carbon, 550,545 shares by Malewi, and 21,466,970 shares by Pada.

Pada and Malewi are owned, directly or indirectly, and controlled by Mr P A Lincoln Smith, a director of the Company, and Mr P A Lincoln Smith is also a director of Carbon and owns (directly or indirectly) 78.4% of and controls Carbon.

State One has been appointed as the agent of the selling shareholders to use its best endeavours to arrange the sale of the shares by 7 July 2004.

The obligation upon State One is to use its best endeavours to arrange the sale of all the sale shares at 3.3 cents a share, and use its reasonable endeavours to ensure that none of the persons to whom the sale shares are sold will have a voting power of 15% or more in the Company.

State One has the right to withdraw at any time from its appointment and the agreement is conditional upon the issue of a prospectus by the sellers on or before 22 June 2004. This has now been done, the prospectus being dated 22 June 2004.

The appointment terminates on the earlier of (i) the settlement of the sale; (ii) termination by State One; and (iii) 7 July 2004.

IMPORTANT - FURTHER ANNOUNCEMENTS

The Company is subject to ASX reporting and disclosure obligations, and strongly recommends that all shareholders regularly check the ASX website (www.asx.com.au) and search under the Company's reference (MGU) to see if there are any updates announced to the foregoing (which is current to 5 July 2004). The latest prices for the Company's shares may also be obtained under this reference.

Purpose of proposed fundraising

As should be apparent from the accounts of the Company to 31 December 2003, and as pointed out to shareholders at the Annual General Meeting held on 27 May 2004, further working capital is required. The current working capital is about \$35,000.

The Company does not intend (and may be unable) to borrow funds, and hence an issue of shares seems to be the only viable funding option for the Company. Accordingly all directors agreed that the Company enter into the Subscription Agreement.

Mr W V Annis Brown is a director of and shareholder in Carbon, and holds (directly or indirectly) 36,291 shares in the Company. Mr M P Lincoln Smith is a director of Carbon, Pada, and Malewi and a shareholder in Carbon, and holds 17,300 shares in the Company. Mr P A Lincoln Smith has the interests set out above under "Background".

Use of funds

The net proceeds of the subscription will be used primarily to provide funds to enable the Company to maintain existing mineral tenements, continue its natural resources exploration programme, comply with regulatory requirements, and to take advantage of any new opportunities which may present themselves in relation to (but not limited to) acquisitions of new tenement areas or joint ventures with other parties.

If the subscription proceeds, issued share capital will increase from 64,165,617 shares to 76,165,617 shares and funds raised will increase cash by \$396,000 and working capital from about \$35,000 to about \$430,000. The Company intends to issue the shares as soon as practicable after the resolution is passed, but in any case within 7 days.

Requirement for resolutions

Listing Rule 7.1 provides that, without the approval of existing shareholders, an entity must not issue or agree to issue more than 15% of the ordinary shares it has on issue in a 12 month period. The first resolution is put forward for this purpose, as the proposed issue will amount to about 18%.

Listing Rule 10.11 provides that, without the approval of existing shareholders, an entity must not issue or agree to issue ordinary shares to a related party. The first resolution is also put forward for this purpose, as Mr Rodger is a proposed director, and is accordingly such a related party.

Approval under Listing Rule 7.1 is not required where an issue is made with the approval of shareholders under Listing Rule 10.11, but the Company regards it as appropriate to comply with the provisions of both those Listing Rules.

Mr Rodger has requested that his appointment as a director be made by shareholders, and the second resolution is put forward for this purpose.

The resolutions require only an ordinary resolution which is a simple majority of those shareholders present or voting either in person or by proxy at the meeting, either on a show of hands or on a poll if one is called in accordance with the applicable requirements.

Voting is restricted as set out in the Notice of Meeting.

PROXY FORM

Name and address of member or joint members

Appoints

or failing that person or, if no person is named, the Chairman of the meeting to vote as directed below, or, if no directions are given, as the proxy or the Chairman sees fit at the general meeting of the Company described below.

Description of general meeting of the Company

The general meeting of the Company to be held at 2.30 pm on 10 August 2004 and at any adjournment of that meeting.

Name of Proxy

(please print)

Business

1. To approve the placement of 12 million Shares of the Company to John Brian Rodger at 3.3 cents per share.
2. To appoint John Brian Rodger as a director

For	Against	Abstain

Appointment of a second proxy

If appointing a second proxy, you may state the percentage of your voting rights applicable to the proxy appointed by this form.

%

Voting of Chairman

In relation to undirected proxies, the Chairman intends to vote in favour of each resolution.

*If you do **not** wish to direct your proxy how to vote, please place a mark in the box.*

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Date

2004

Signature(s) of member(s)

The completed form of proxy may be:

- mailed to Mitchell & Partners, Suite 1, Level 2, 1 York Street, Sydney, NSW, 2000; or
- faxed to Mitchell & Partners on (02) 9251 3008.