

# PROSPECTUS

SALE OF 49,292,515

ORDINARY FULLY PAID SHARES IN

MAGNUM GOLD N.L. (ACN 003 170 376) (**MAGNUM GOLD**)

AT A PRICE OF 3.3 CENTS PER SHARE (Plus brokerage and GST)

## IMPORTANT INFORMATION

*This document is important and requires your immediate attention.*

An investment in the Shares offered by this Prospectus should be considered speculative. Before deciding to apply for Shares, you should carefully read this Prospectus in its entirety, make further enquiries as to the current status of the Company and then consider whether they are a suitable investment for you. Their value can go down as well as up. If you are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

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This Prospectus is dated 22 June 2004. It was lodged with ASIC on 22 June 2004. ASIC takes no responsibility for the contents of this Prospectus.

Applicants should read the full text of this Prospectus.

Some words used in this Prospectus have defined meanings. The Glossary in Section 9 of this Prospectus defines those words.

No Shares or other securities will be sold on the basis of this Prospectus later than 31 December 2004.

The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia may be restricted by law and persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer or invitation in relation to securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

#### **Disclaimer**

No person is authorised to give any information or make any representation in connection with the Sale Shares which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Selling Shareholders or by State One Equities Pty Ltd or State One Stockbroking Ltd.

#### **Privacy**

If you apply for Sale Shares, you will provide personal information to the Selling Shareholders, State One Equities, State One Stockbroking, Magnum Gold and the Registry. The Selling Shareholders, State One Equities, State One Stockbroking, Magnum Gold and the Registry collect, hold and use your personal information in order to assess your Application and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Selling Shareholders, State One Equities, State One Stockbroking, Magnum Gold and the Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cwlth):

- State One Equities and State One Stockbroking in order to effectuate the sale and transfer of the Sale Shares;
- the Registry for ongoing administration of the register; and
- the printers and the mailing house for the purposes of preparation and distribution of statements and for handling of mail.

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Under the *Privacy Act 1988*, you may request access to your personal information held by (or on behalf of) Magnum Gold, State One Equities, State One Stockbroking, the Selling Shareholders or the Registry. You can request access to your personal information by telephoning or writing as follows:

**Magnum Gold, Selling Shareholders, Registry**

Mitchell & Partners  
Suite 1, Level 2  
1 York Street  
Sydney NSW 2000

Telephone (02) 9251 3838  
Facsimile (02) 9251 3008

**State One Equities, State One Stockbroking**

Level 14  
State One House  
172 St. Georges Terrace  
PERTH WA 6000

Telephone (08) 9288 3388  
Facsimile (08) 9321 6997

**Definitions and Abbreviations**

Defined terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this Prospectus.

**Financial Amounts**

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise.

**Transaction Specific Prospectus**

This Prospectus is a "transaction-specific" prospectus issued under section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. The Prospectus is therefore intended to be read in conjunction with the publicly-available information in relation to Magnum Gold which has been notified to the ASX; it does not include all information that would be included in a prospectus for an initial offering of securities in a company that is not already listed on the ASX. Accordingly, prospective purchasers should also have regard to other publicly-available information in relation to Magnum Gold before deciding whether to apply for Sale Shares under this Prospectus.

**Electronic/Paper Prospectus**

This Prospectus is issued in both a printed and electronic version. The electronic version may be accessed at [www.stateone.com.au](http://www.stateone.com.au)

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The invitation to which this Prospectus relates is available only to persons receiving the Prospectus in Australia. This Prospectus should only be accessed from within Australia (whether in printed or electronic form) as the Sale Shares have only been qualified for offer or invitation in Australia. Where this Prospectus has been dispatched to, or accessed electronically in, a jurisdiction outside Australia, this Prospectus is provided for information purposes only.

Persons who receive the electronic version of this Prospectus should ensure they download and read the entire Prospectus. A paper copy of this Prospectus will be provided free of charge to any person who requests a copy by contacting the Registry (telephone (02) 9251 3838) or State One Stockbroking (telephone (08) 9288 3388)

The Corporations Act prohibits any person from passing onto another person the Application Form unless it is accompanied by a complete and unaltered version of this Prospectus. Sale Shares will only be transferred pursuant to Application Forms issued together with this Prospectus.

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## 1. THE INVITATION

The entities listed in section 2 are Shareholders of Magnum Gold. They are inviting offers for the purpose of selling their Sale Shares on the following terms and those in Sections 3.1 to 3.8:

- Price: 3.3 cents a Sale Share (plus brokerage and GST- see Section 3.7).
- After an acquisition of Sale Shares no Applicant is to have a Voting Power in Magnum Gold of 15% or more.
- Each invitation is conditional upon all the Sale Shares being sold. If Applications, accompanied by the appropriate (cleared) Application Moneys are not received for all of the Sale Shares by the Closing Date, Application Moneys will be returned within 7 days to Applicants (see section 3).

## 2. SELLING SHAREHOLDERS

The Selling Shareholders and their Sale Shares are as follows:

- Pada Pty Limited: 21,466,970
- Malewi Investments Pty Limited: 550,545
- Carbon Minerals NL: 27,275,000

After settlement of the sales, Pada Pty Ltd and Carbon Minerals NL will each retain 1 million Shares.

Pada Pty Limited and Malewi Investments Pty Limited are owned (directly or indirectly) and controlled by Mr P A Lincoln Smith, and Mr P A Lincoln Smith is a director of each of them.

Mr P A Lincoln Smith is also a director of Carbon Minerals NL, and owns (directly or indirectly) 78.4% of and controls Carbon Minerals NL.

Mr P.A. Lincoln Smith is also a director of Magnum Gold.

Mr W.V. Annis-Brown, a director of and shareholder in Carbon Minerals NL and Malewi Investments Pty Limited, is a director of Magnum Gold.

Mr M.P. Lincoln Smith, a director of and shareholder in Carbon Minerals NL and a director of Pada Pty Limited and Malewi Investments Pty Limited, is a director of Magnum Gold.

The Selling Shareholders have entered into a mandate agreement dated 22 June 2004 with State One Equities for State One Equities as their agent to use its best endeavours to arrange the sale of all of the Sale Shares for the Sale Price. The agreement is revocable by State One Equities giving notice to the Selling Shareholders, but if not so revoked terminates on the earlier of (i) settlement of the sales and (ii) 30 June 2004 (or such other date as may be agreed between the Selling Shareholders and State One Equities). Further

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information about this agreement is referred to or set out in Sections 3.8, 6(b)(iv) and 8.1 of this Prospectus.

### 3. APPLICATION FOR SHARES

#### 3.1 Application for Shares

An application must only be made by completing and lodging an Application Form attached to or accompanying this Prospectus.

Applications must be for a minimum of 25,000 Shares and thereafter multiples of 25,000 Shares (unless otherwise agreed by the Selling Shareholders)

Application Forms (together with Application Moneys) should be lodged with or mailed to:

**State One Stockbroking Ltd**

**By Delivery**

Level 14, State One House, 172 St Georges Terrace  
PERTH WA 6000

**By Mail**

PO Box 7625  
CLOISTERS SQUARE WA 6850

so as to reach State One Stockbroking BEFORE 5pm (Perth time) on the Closing Date.

Only State One Stockbroking (and not the Selling Shareholders) will receive Application Forms and Application Moneys (which are payable to State One Stockbroking Ltd - Trust Account- see Section 3.8 below). The Application Moneys will be held in trust for the Applicants until such time as Application Moneys for all of the Sale Shares have been received and cleared and the Share Sales transferred. In the event that Application Moneys are not received for all of the Sale Shares by the Closing Date, the Application Moneys will be returned within 7 days to Applicants. No interest will be paid on refunded amounts.

The Selling Shareholders and the Registry take no responsibility for any acts of or omissions by State One Stockbroking in connection with any Application, Application Form, or Application Moneys.

Lodgment of an Application Form constitutes an irrevocable offer made in accordance with the provisions of the Application Form and this Prospectus.

#### 3.2 Validity of Application Forms

An Application Form may only be distributed attached to or accompanying a complete and unaltered copy of this Prospectus. Application Forms included with this Prospectus contain a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

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Selling Shareholders will not accept a completed Application Form if they have reason to believe that the Applicant has not received a complete copy of this Prospectus or reason to believe that the Application Form has been altered or tampered with in any way.

### **3.3 Allocation policy**

The Selling Shareholders in consultation with State One Equities reserve the right to reject any Application, including Applications that have not been correctly completed or are accompanied by cheques that are dishonoured, or to allocate to any Applicant a lesser number of Sales Shares than that Applicant applied for. If an Application is rejected, or accepted in part only, the relevant part of the Application Moneys will be refunded (rounded down to the nearest whole cent) in accordance with Section 3.1. No interest will be paid on any Application Moneys refunded.

### **3.4 Withdrawal**

The Selling Shareholders may at any time decide to withdraw this Prospectus, in which case all Application Moneys will be returned within 7 days of giving notice of its withdrawal in accordance with Section 3.1.

### **3.5 Opening and closing dates**

The offers will open on the date of this Prospectus and the last date for receipt of Applications and Application Moneys is 5:00 pm (Perth time) on the Closing Date.

### **3.6 Overseas Participants**

The Sale Shares are not offered and may not be sold in any place in which, or to any person to whom, it would be unlawful to make such an offer or sale.

### **3.7 Brokerage Payable by Applicants**

As well as 3.3 cents per Sale Share, Applicants must pay brokerage (to State One Stockbroking) at the rate of 2% plus GST, subject to a minimum of \$65 plus GST.

### **3.8 Payment for Sale Shares**

The price for each Sale Share is payable in full on Application by a payment of 3.3 cents per Share plus brokerage and GST (see Section 3.7). A Ready Reckoner accompanies the Application Form for ease of calculation.

Payment will be accepted only in Australian dollars by cheque drawn on and payable at any Australian bank.

Cheques should be made payable to State One Stockbroking Ltd – Trust Account - and crossed "not negotiable". You are asked not to forward cash. Receipts for Applications will not be issued, but a contract note for successful Applications will be issued by State One Stockbroking Ltd.

The Selling Shareholders and the Registry take no responsibility for any acts of or omissions by State One Stockbroking in connection with any Application, Application Form, or Application Moneys.

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When Applications have been received for all of the Sale Shares, and accepted by the Selling Shareholders, and Application Moneys cleared, State One Equities will, as agent of the Selling Shareholders, arrange for the Sale Shares to be transferred to Applicants, and the Sale Price (less commission to State One Equities referred to in Section 8.1) paid to the Selling Shareholders.

### 3.9 Enquiries

For further information please contact State One Stockbroking Ltd at:

Level 14, State One House, 172 St Georges Terrace  
PERTH WA 6000

Telephone: (08) 9 288 3388

Facsimile: (08) 9 321 5997

### 4. CAPITAL STRUCTURE OF MAGNUM GOLD

As at the date of this Prospectus Magnum Gold's issued capital is 64,165,617 Shares.

The Shares on issue immediately after the sales are completed will remain the same, although the attention of Applicants is drawn to the subscription agreement entered into by Magnum Gold and referred to in Sections 6(b)(iv), 7, and 8.1. The principal rights and liabilities attaching to Shares are summarised in Section 8.3 of this Prospectus.

The highest and lowest recorded sale prices for Shares during the 3 months ending on the day immediately before the day on which this Prospectus was lodged with the ASIC were as follows:

Date	Highest Price	Date	Lowest Price
21 May 2004	3.9 cents	30 April 2004	2.7 cents

The latest recorded sale price of Shares before the date on which this Prospectus was lodged with the ASIC was 2.9 cents on 21 June 2004.

### 5. EFFECT OF THE ISSUE ON MAGNUM GOLD

Magnum Gold presently has 64,165,617 Shares on issue. The sale of the Sale Shares will not affect this, or the cash or other assets of Magnum Gold.

### 6. INFORMATION ABOUT MAGNUM GOLD

Magnum Gold, as a company which is admitted to the Official List of the ASX, is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to Magnum Gold may be obtained from, or inspected at, an office of ASIC. Copies of such documents may also be obtained from the Selling Shareholders.

The Selling Shareholders will provide a copy of the documents referred to below, free of charge, to a person who asks for them during the Application period in relation to this Prospectus.

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- (a) the financial report of Magnum Gold for the year ended 31 December 2003, being the last financial report for a financial year to be lodged with ASIC in relation to Magnum Gold before the issue of the Prospectus; and
- (b) all documents issued by Magnum Gold to notify the ASX of information relating to Magnum Gold under the Listing Rules of the ASX since lodgement of the financial report referred to in paragraph (a) above. These are as follows:

<b>Document</b>	<b>Issued</b>
(i) Quarterly Report	31 March 2004
(ii) Notice of Annual General Meeting	20 April 2004
(iii) Market report on outcome of Annual General Meeting	27 May 2004
(iv) Notice of proposed subscription for Shares by Mr J B Rodger and notice of Mandate Agreement between the Selling Shareholders and State One Equities to arrange the sale of the Sale Shares	22 June 2004

To obtain a copy of any of these documents, please call Mr S Danielson at the Registry on 02 9251 3838 during business hours.

## 7. RISK FACTORS

Magnum Gold is exposed to a number of business risks. Risk factors associated with investing in Magnum Gold include:

- The working capital of Magnum Gold has been reduced to about \$35000, and accordingly further working capital is required to be raised. An agreement dated 22 June 2004 has been entered into between Magnum Gold, Mr J B Rodger and Palmarc Investments Pty Limited whereby Mr Rodger (to be financed by Palmarc, to be secured by a mortgage over the subscription Shares) has agreed, subject to a number of conditions, to subscribe (at 3.3 cents a Share) for 12,000,000 Shares. See Section 8.1 for further details.

However, there is no assurance that the conditions will be met or that this subscription will proceed or that any other fund raising (borrowing or otherwise) will occur or be able to occur. If this is the case, then Magnum Gold's ability to continue as a viable company will be at risk.

- exploration and development risks associated with the identification and accessing of resources and reserves;
- the market for, and Australian dollar price of, gold, methane, and other minerals which may decline;
- environmental risks including the risk of new or more stringent environmental regulations;

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- native title claims;
  - that no dividend by Magnum Gold is currently declared or proposed;
  - the general state of the Australian and international economies including inflation, currency fluctuations, and interest rates may change adversely;
  - the general state of the Australian and international stock markets may change adversely;
  - adverse changes in Australian fiscal policy (including changes to taxes, charges, imposts and royalties); and
  - Magnum Gold may not have the ability to raise funding, as and when required, for any projects it may happen to have at any time.

## 8. ADDITIONAL INFORMATION

### 8.1 Interests of Directors and other persons

Other than as set out below or elsewhere in this Prospectus, no Director or proposed director of Magnum Gold, or any person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, or any financial services licensee named in the Prospectus as a financial services licensee involved in the offer of the Sale Shares or any promoter of Magnum Gold:

- (a) holds any interests, or held any interests in the last 2 years, in:
  - (i) the formation or promotion of Magnum Gold;
  - (ii) property acquired or proposed to be acquired by Magnum Gold in connection with:
    - (A) its formation or promotion; or
    - (B) the offer of the Sale Shares;
  - (iii) the offer of the Sale Shares;
- (b) has been paid or agreed to be paid by anyone or given or agreed to be given a benefit by anyone:
  - (i) to induce a Director or proposed director to become, or qualify as, a director of Magnum Gold;
  - (ii) for services provided in connection with:
    - (A) the formation or promotion of Magnum Gold;
    - (B) the offer of the Sale Shares.

An agreement dated 22 June 2004 has been entered into between Magnum Gold, John Brian Rodger (**Mr Rodger**), and Palmarc Investments Pty Ltd (**Palmarc**) whereby Mr Rodger (to be financed by Palmarc secured by a mortgage over the subscription Shares)

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has agreed, subject to a number of conditions (to be satisfied by 31 July 2004 or other agreed date), to subscribe (at 3.3 cents a Share) for 12,000,000 Shares. One of the conditions is that all of the Sale Shares are disposed of prior to the subscription. Other conditions include Magnum Gold being listed on the ASX at completion of the subscription, and all approvals of shareholders required under the Listing Rules or otherwise being obtained. Palmarc is a company owned and controlled by Mr P A Lincoln Smith. If the subscription takes place it is currently proposed that Mr Rodger will become a director of Magnum Gold, and he will thereby hold about 15.8% in the Company. By virtue of its mortgage, Palmarc will then have a Voting Power of about 18.4% in the Company.

The Selling Shareholders have entered into a mandate agreement dated 22 June 2004 with State One Equities for State One Equities to use its best endeavours to sell all of the Sale Shares for the Sale Price. Under this agreement, the Selling Shareholders have agreed to pay State One Equities commission at the rate of 1% (a total of \$16,267) on the sale of the Sale Shares. See Section 2 of this Prospectus for further details.

State One Stockbroking will also receive (from Applicants) brokerage of 2% of the Sale Price plus GST, subject to a minimum of \$65 plus GST. See Sections 3.7 and 3.8 of this Prospectus

The Registry will receive fees of \$8 per member per annum for each new shareholder on the share register.

## 8.2 Shareholdings of Directors

The table below shows the interests of each Director (whether held directly or indirectly) in securities of Magnum Gold as at the date of this Prospectus.

Director	Shares
P A Lincoln Smith	51,335,864
W V Annis-Brown	36,291
M Lincoln Smith	17,300

Directors may hold the interests in Shares directly, or through holdings by companies, trusts or other persons with whom they are associated.

## 8.3 Constitution

The following is a broad summary (though not an exhaustive or definitive statement) of the rights, privileges and restrictions which attach to existing Shares and which (in the absence of any amendment of applicable law or the Constitution of Magnum Gold) attach to the Sale Shares as set out in the Constitution of Magnum Gold:

### (a) Meetings and Voting

Each member is entitled to notice of, and to attend and vote at, general meetings.

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At a general meeting every member present in person or by proxy or by attorney under power or in the case of a corporation by its duly authorised representative has (subject to the Listing Rules) one vote on a show of hands (unless the member has appointed two proxies) and, on a poll, one vote for each Share held.

(b) **Dividends**

Subject to the rights of the persons entitled to Shares with special rights as to dividends (at present there are none), the profits of Magnum Gold which the directors from time to time determine to distribute by way of dividends are divisible amongst the members in proportion to the amount of Shares held by them, irrespective of the amount paid up or credited as paid up on those Shares.

No dividend by Magnum Gold is currently declared or proposed.

(c) **Issue of Further Shares**

Except where required by law or the Constitution and subject to the Listing Rules and the Corporations Act, the directors may allot or otherwise dispose of further shares on such terms and conditions as they see fit.

(d) **Transfer of Shares**

Except where required by law or the Constitution and subject to the Listing Rules and the SCH Business Rules, there are no restrictions on the transfer of shares.

(e) **Variation of Rights Attaching to Shares**

At present, Magnum Gold has only one class of Shares on issue. The issue of another class of shares is deemed to be a variation of the rights attaching to the Shares and would require the consent in writing of the holders of 75% of the Shares or the sanction of a special resolution of the holders of the Shares. If shares of another class were issued, the rights attaching to those shares could thereafter only be varied with the consent in writing of the holders of 75% of those shares or the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

(f) **Rights on Winding Up**

If Magnum Gold is wound up the liquidator may, subject to a special resolution of Magnum Gold and after all the liabilities of Magnum Gold are satisfied, divide the remaining assets of Magnum Gold amongst the members, and may determine how the division shall be carried out as between members and different classes of members.

(g) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three-quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

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#### 8.4 **Income Tax Considerations**

The tax effect of the purchase of Sale Shares will depend on the position of each particular Applicant. Applicants should consult a suitably qualified adviser about their individual position.

#### 8.5 **Statement by Selling Shareholders**

Each of the Selling Shareholders (and when a Selling Shareholder is a corporation, every director thereof) has consented to the lodgment of this Prospectus as required by section 720 of the *Corporations Act*. These consents are available for inspection free of charge during normal business hours at the Registry.

#### 8.6 **Consents**

The following persons have given their written consent to be named in this Prospectus and have not withdrawn such consent before lodgement of this Prospectus with ASIC:

- (a) Magnum Gold;
- (b) State One Equities;
- (c) State One Stockbroking; and
- (d) the Registry.

None of the abovementioned persons has authorised or caused the issue of this Prospectus.

Neither State One Equities Pty Ltd nor State One Stockbroking Ltd nor Magnum Gold nor the Registry make any representations whatsoever about the value or quality of the Shares being offered by this Prospectus.

These consents are available for inspection free of charge during normal business hours at the Registry.

#### 8.7 **Electronic Prospectus**

Pursuant to Class Order 00/44 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC and the transfer of Shares in response to an electronic Application Form, subject to compliance with certain provisions.

If you have received this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact Mr S Danielson at the Registry on 02 9251 3838 or State One Stockbroking (telephone (08) 9288 3388) and you will be sent free, either a hard copy or a further electronic copy of the Prospectus or both.

The Selling Shareholders, in consultation with State One Equities, reserve the right not to accept an Application Form from a person if they have reason to believe that when that person was given access to the electronic Application Form, it was not provided together

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with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Moneys received will be dealt with in accordance with Section 3.1.

9. **GLOSSARY**

The following terms are used in this Prospectus.

**Applicant** means a person who submits an Application Form.

**Application** means an application to purchase Sale Shares pursuant to this Prospectus.

**Application Form** means an application form attached or accompanying this Prospectus.

**Application Moneys** means the moneys payable in respect of an Application being the Sale Price multiplied by the number of Sale Shares applied for (plus brokerage and GST- see Sections 3.7 and 3.8).

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Stock Exchange Limited.

**Closing Date** means 31 July 2004 or such earlier date as the Selling Shareholders and State One Equities agree.

**Constitution** means the Constitution of Magnum Gold.

**Corporations Act** means the *Corporations Act of 2001*.

**Directors** means the directors of Magnum Gold at the date of this Prospectus.

**Dollar** means the lawful currency of Australia.

**Listing Rules** means the Listing Rules of the ASX.

**Magnum Gold** means Magnum Gold N.L. ACN 003 170 376.

**Prospectus** means this Prospectus dated 22 June 2004 relating to the Sale Shares.

**Registry** means Mitchell & Partners, Suite 1, Level 2, 1 York Street, Sydney, NSW, 2000.

**Sale Price** is 3.3 cents per Sale Share.

**Sale Shares** means the 49,292,515 Shares the subject of this Prospectus (held by the Selling Shareholders as set out in Section 2 of this Prospectus).

**Shares** means ordinary shares (fully paid) in the capital of Magnum Gold.

**Selling Shareholders** means the shareholders of Magnum Gold listed in Section 2 of this Prospectus who hold the Sale Shares.

**State One Equities** means State One Equities Pty Limited ACN 009 062 219.

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**State One Stockbroking** means State One Stockbroking Ltd ABN 95 092 989 083

**Voting Power** means that term as defined in section 610 of the Corporations Act

10. **CORPORATE DIRECTORY OF MAGNUM GOLD**

Directors	P.A. Lincoln Smith, LL.B. (Chairman)
	W.V. Annis-Brown, LL.B., LL.M. (Director)
	M.P. Lincoln Smith B.A., B.Sc. (Hons.), MSc. (Director)
Secretary	Steven J. Danielson, B.B.S., F.C.A.
Share Registry	Mitchell & Partners Suite 1, Level 2 1 York Street SYDNEY NSW 2000 Telephone: (02) 9251 3838 Facsimile: (02) 9251 3008
Registered Office	Level 26, Piccadilly House 133 Castlereagh Street SYDNEY NSW 2000 Telephone: (02) 9283 3330 Facsimile: (02) 9283 3340

Share Registry Use Only

Licensed Securities  
Dealer's Stamp

Advisor No.:

# APPLICATION FORM & INSTRUCTIONS

## MAGNUM GOLD NL [ACN 003 170 376]

Please use **BLOCK LETTERS** – refer to reverse side for instructions on completing this form.

This Application Form relates to the sale of 49,292,515 Shares in Magnum Gold NL at 3.3 cents per Sale Share plus brokerage and GST pursuant to a Prospectus dated 22 June 2004. The expiry date of the Prospectus is 31 December 2004. Applications must be for a minimum of 25,000 Shares (\$825.00 plus brokerage) and thereafter multiples of 25,000 Shares (unless otherwise agreed by the Selling Shareholders).

**Please note:** The Prospectus contains information about the Sale Shares and it is advisable to read the Prospectus (and any supplementary Prospectus) before applying for Shares. Applications will only be accepted if made on an Application Form issued together with the Prospectus (and any supplementary Prospectus). Application Forms printed from a downloaded version of the Prospectus located at [www.stateone.com.au](http://www.stateone.com.au) will be accepted. Paper copies of the Prospectus (and any supplementary Prospectus) and this Application Form can be obtained without charge from State One Stockbroking Ltd [ABN 95 092 989 083] on (618) 9288-3388 or 1300 651 898, or Mitchell & Partners on (612) 9251 3838.

**Photocopied Application Forms cannot be accepted.** If any person downloads the Application Form and gives a copy of it to another person or sends it by mail or some electronic means to another person, they must at the same time and by the same means, give a copy, or access to, the Prospectus (and any supplementary Prospectus). By applying for Shares, each Applicant declares that the Applicant has personally received the complete and unaltered Prospectus (and any supplementary Prospectus) prior to completing the Application Form.

### 1. APPLICATION FOR SHARES

I/ We apply for 

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 Shares at \$0.033 per Share plus brokerage and GST.

or such lesser number of Shares which may be allocated to me/us by Pada Pty Ltd, Malewi Investments Pty Ltd and Carbon Minerals NL ("Selling Shareholders") in consultation with State One Equities Pty Ltd.

I/We lodge in full the application monies of  
SEE READY RECKONER OVERLEAF FIRST

A\$

Being payment for the above Shares at \$0.033 plus brokerage of 2.0% plus GST, subject to a minimum of \$65.00 plus GST.

### 2. TITLE GIVEN NAMES OR COMPANY NAMES SURNAME/ACN/ABN

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### 3. TITLE joint applicants or designated account eg. <super fund a/c>

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### 4. TAX FILE NUMBER OR EXEMPTION CATEGORY


(First Applicant)

(Second Applicant)

CHESS HIN (if applicable)

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### 5. FULL ADDRESS

STREET NUMBER	STREET	
SUBURB/CITY/TOWN	STATE:	POSTCODE:

### 6. CONTACT DETAILS

CONTACT NAME:	TEL (HM):	TEL (WK):
FAX:	EMAIL:	

### 7. PAYMENT DETAILS - ALL CHEQUES SHOULD BE MADE PAYABLE TO "STATE ONE STOCKBROKING LTD TRUST ACCOUNT" AND CROSSED "NOT NEGOTIABLE"

DRAWER:	BANK:	BRANCH:	AMOUNT OF CHEQUE A\$:
DRAWER:	BANK:	BRANCH:	AMOUNT OF CHEQUE A\$:
TOTAL AMOUNT			

## INSTRUCTIONS

This Application Form relates to a Prospectus dated 22 June 2004 for an offer of 49,292,515 Shares in MAGNUM GOLD NL [ACN 003 170 376] ("Company") at 3.3 cents each plus brokerage and GST.

### 1. Application for Shares

To calculate the total Application monies due, multiply the number of Shares that have been applied for by \$0.033, and add brokerage at the rate of 2.0% plus 0.2% GST, subject to a minimum of \$65.00 plus GST. SEE READY RECKONER OVERLEAF TO ASSIST YOU. Please forward the completed Application Form and cheque to:

**By Mail:**  
State One Stockbroking Ltd.  
PO BOX 7625  
CLOISTERS SQUARE WA 6850

**By Delivery:**  
State One Stockbroking Ltd.  
Level 14, State One House  
172 St Georges Terrace  
PERTH WA 6000

so that they are received no later than 5pm (Perth time) on 31 July 2004 (or such earlier date as the Selling Shareholders and State One Equities Pty Ltd agree).

### 2. Name of Applicant

Write the Applicant's FULL NAME in Item 2. This must be either an individual's name or the name of a company. If a company, please also include the ACN/ABN. Note that ONLY legal entities are allowed to hold securities and therefore Applications must be in the name(s) of a natural person(s), company, or other legal entity acceptable to the Company.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decisions of the Selling Shareholders in consultation with State One Equities Pty Ltd, as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however be treated as having applied for more Shares than is indicated by the amount of the accompanying cheque for the Application monies referred to in Item 1.

### 3. Joint Applicants and/or Account Designations

If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required complete Items 2 & 3.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual <i>Use given names, not initials</i>	John Alfred Smith	JA Smith
Company <i>Use company title, not abbreviations</i>	XYZ Pty Ltd	XYZ P/L XYZ Co
Trusts <i>Use trustee(s) personal name(s). Do not use the name of the trust</i>	Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships <i>Use partners' personal names, do not use the name of the partnership</i>	John Smith and Michael Smith <John Smith and Son A/C>	John Smith and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s). Do not use the names of the clubs etc.</i>	Michael Smith <XYZ Cricket Association A/C>	XYZ Cricket Association
Superannuation Funds <i>Use of name of trustee of fund, do not use the name of the fund.</i>	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

### 4. Tax File Number or Exemption

An Applicant is not obliged to quote their Tax File Number ("TFN"). However in cases where no TFN is quoted, the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus the Medicare levy.

### 5. Address

Enter the Applicant's postal address for all correspondence.

### 6. Contact Details

Please provide a contact name and daytime telephone number so that the Applicant can be contacted if there is an irregularity regarding the Application Form.

### 7. Payment Details

Payment must be made in Australia currency by cheque or bank cheque drawn on an Australian bank. The amount of the cheque should agree with the amount shown in Item 1 of the Application Form. Cheques are to be made payable to "State One Stockbroking Ltd - Trust Account" and should be crossed "Not Negotiable". Cash should not be forwarded.

**READY RECKONER:**

This table can be used to calculate how many shares you wish to Apply for at 3.3 cents plus brokerage and GST.

The Minimum Application is 25,000 shares

Shares at \$0.033	Subscription Amount	Brokerage & GST	TOTAL PAYABLE
25,000	\$ 825	\$71.50	\$896.50
50,000	\$ 1,650	\$71.50	\$1,721.50
75,000	\$ 2,475	\$71.50	\$2,546.50
100,000	\$ 3,300	\$71.50	\$3,371.50
125,000	\$ 4,125	\$71.50	\$4,196.50
150,000	\$ 4,950	\$71.50	\$5,021.50
175,000	\$ 5,775	\$71.50	\$5,846.50
200,000	\$ 6,600	\$145.20	\$6,745.20
225,000	\$ 7,425	\$163.35	\$7,588.35
250,000	\$ 8,250	\$181.50	\$8,431.50
275,000	\$ 9,075	\$199.65	\$9,274.65
300,000	\$ 9,900	\$217.80	\$10,117.80
325,000	\$ 10,725	\$235.95	\$10,960.95
350,000	\$ 11,550	\$254.10	\$11,804.10
375,000	\$ 12,375	\$272.25	\$12,647.25
400,000	\$ 13,200	\$290.40	\$13,490.40
425,000	\$ 14,025	\$308.55	\$14,333.55
450,000	\$ 14,850	\$326.70	\$15,176.70
475,000	\$ 15,675	\$344.85	\$16,019.85
500,000	\$ 16,500	\$363.00	\$16,863.00
525,000	\$ 17,325	\$381.15	\$17,706.15
550,000	\$ 18,150	\$399.30	\$18,549.30
575,000	\$ 18,975	\$417.45	\$19,392.45
600,000	\$ 19,800	\$435.60	\$20,235.60
625,000	\$ 20,625	\$453.75	\$21,078.75
650,000	\$ 21,450	\$471.90	\$21,921.90
675,000	\$ 22,275	\$490.05	\$22,765.05
700,000	\$ 23,100	\$508.20	\$23,608.20
725,000	\$ 23,925	\$526.35	\$24,451.35
750,000	\$ 24,750	\$544.50	\$25,294.50
775,000	\$ 25,575	\$562.65	\$26,137.65
800,000	\$ 26,400	\$580.80	\$26,980.80
825,000	\$ 27,225	\$598.95	\$27,823.95
850,000	\$ 28,050	\$617.10	\$28,667.10
875,000	\$ 28,875	\$635.25	\$29,510.25
900,000	\$ 29,700	\$653.40	\$30,353.40
950,000	\$ 31,350	\$689.70	\$32,039.70
1,000,000	\$ 33,000	\$726.00	\$33,726.00

Shares at \$0.033	Subscription Amount	Brokerage & GST	TOTAL PAYABLE
1,050,000	\$ 34,650	\$762.30	\$35,412.30
1,100,000	\$ 36,300	\$798.60	\$37,098.60
1,150,000	\$ 37,950	\$834.90	\$38,784.90
1,200,000	\$ 39,600	\$871.20	\$40,471.20
1,250,000	\$ 41,250	\$907.50	\$42,157.50
1,300,000	\$ 42,900	\$943.80	\$43,843.80
1,350,000	\$ 44,550	\$980.10	\$45,530.10
1,400,000	\$ 46,200	\$1,016.40	\$47,216.40
1,450,000	\$ 47,850	\$1,052.70	\$48,902.70
1,500,000	\$ 49,500	\$1,089.00	\$50,589.00
1,550,000	\$ 51,150	\$1,125.30	\$52,275.30
1,600,000	\$ 52,800	\$1,161.60	\$53,961.60
1,650,000	\$ 54,450	\$1,197.90	\$55,647.90
1,700,000	\$ 56,100	\$1,234.20	\$57,334.20
1,750,000	\$ 57,750	\$1,270.50	\$59,020.50
1,800,000	\$ 59,400	\$1,306.80	\$60,706.80
1,850,000	\$ 61,050	\$1,343.10	\$62,393.10
1,900,000	\$ 62,700	\$1,379.40	\$64,079.40
1,950,000	\$ 64,350	\$1,415.70	\$65,765.70
2,000,000	\$ 66,000	\$1,452.00	\$67,452.00
2,500,000	\$ 82,500	\$1,815.00	\$84,315.00
3,000,000	\$ 99,000	\$2,178.00	\$101,178.00
3,500,000	\$ 115,500	\$2,541.00	\$118,041.00
4,000,000	\$ 132,000	\$2,904.00	\$134,904.00
4,500,000	\$ 148,500	\$3,267.00	\$151,767.00
5,000,000	\$ 165,000	\$3,630.00	\$168,630.00
5,500,000	\$ 181,500	\$3,993.00	\$185,493.00
6,000,000	\$ 198,000	\$4,356.00	\$202,356.00
6,500,000	\$ 214,500	\$4,719.00	\$219,219.00
7,000,000	\$ 231,000	\$5,082.00	\$236,082.00
7,500,000	\$ 247,500	\$5,445.00	\$252,945.00
8,000,000	\$ 264,000	\$5,808.00	\$269,808.00
8,500,000	\$ 280,500	\$6,171.00	\$286,671.00
9,000,000	\$ 297,000	\$6,534.00	\$303,534.00
9,500,000	\$ 313,500	\$6,897.00	\$320,397.00