

ASX ANNOUNCEMENT

6 SEPTEMBER 2012

ASX CODE: MAN

CONVERSION OF CREDITOR DEEDS AND CONVERSION OF LOAN DEED

The Company advises that 2 Conversion of Creditor Deeds have been executed between Magna Mining NL ("Magna") and Black Ridge Mining NL ("Black Ridge") in respect of an amount owing to Black Ridge by Magna of \$178,715 ("Outstanding Amount - BRD") and between Magna and Corporate Admin Services Pty Ltd ("CAS") in respect of an amount owing to CAS by Magna of \$731,915 ("Outstanding Amount - CAS"); both amounts arising from trading accounts payable.

The Company also advises that a Conversion of Loan Deed has been executed between Magna and NatWest Securities Limited ("NatWest") in respect of a Loan Agreement from NatWest to Magna of \$488,000, comprising principal plus interest ("Outstanding Amount - NatWest").

Magna and Black Ridge have agreed terms for the repayment of the Outstanding Amount - BRD by the issue of the following Settlement Securities to Black Ridge;

- a) 178,715,000 fully paid ordinary shares in Magna at a deemed issue price of \$0.001 per share; and
- b) 178,715,000 unlisted options in Magna exercisable at \$0.001, on or before 31 August 2017.

Magna and CAS have agreed terms for the repayment of the Outstanding Amount – CAS by the issue of the following Settlement Securities to CAS;

- a) 731,915,000 fully paid ordinary shares in Magna at a deemed issue price of \$0.001 per share; and
- b) 731,915,000 unlisted options in Magna exercisable at \$0.001, on or before 31 August 2017.

Magna and NatWest have agreed terms for the repayment of the Outstanding Amount – NatWest, by the issue of the following Settlement Securities to NatWest;

- a) 488,000,000 fully paid ordinary shares in Magna at a deemed issue price of \$0.001 per share; and
- b) 488,000,000 unlisted options in Magna exercisable at \$0.001, on or before 31 August 2017.

Conversion of the Debts to Equity

- a) Subject to the satisfaction of the condition outlined below, Black Ridge, CAS and NatWest (“the Parties”);
 - i) agree to convert the Outstanding Amounts to equity in Magna through the issue to the Parties of the Settlement Securities;
 - ii) apply to Magna for the issue of the Settlement Securities to the Parties and agree to be bound by the terms and conditions of Magna’s Constitution following the issue of those Settlement Securities to the Parties; and
 - iii) acknowledge that following the issue of the Settlement Securities, all outstanding amounts owed by Magna to the Parties will have been satisfied.
- b) Subject to (c) below, Magna agrees to issue the Settlement Securities no later than seven (7) days following the satisfaction of the Condition.
- c) If the Condition is not satisfied by the date that is two (2) months from the date of the Deeds, the obligations on the Parties created under the Deeds will be at an end and of no further force or effect.

Condition

The obligation of Magna to issue the Settlement Securities and the conversion of the Outstanding Amounts, is conditional upon the shareholders of Magna approving the issue of the Settlement Securities to the Parties in general meeting in compliance with the Listing Rules of ASX.

Release

Upon the conversion of the Outstanding Amounts as detailed above, each Party releases and discharges the other Party from any claim, action, judgement, damage, loss, liability, cost, charge, expense, outgoing or payment it has or may have against that Party in respect of or arising out of the Outstanding Amounts or the matters leading to the Outstanding Amounts becoming owing to Black Ridge, CAS and NatWest whether arising under contract, tort, statute or otherwise.

Security

NatWest acknowledges that upon the issue of the Settlement Securities to NatWest, its right to any security over Magna will have been satisfied and consequently any fixed and floating charge granted by Magna in favour of NatWest under the Loan Agreement shall have been fully satisfied.

NatWest shall take all action to remove any fixed and floating charge over Magna registered pursuant to the terms of the Loan Agreement.

Disclosure

Both Mr Winduss and Mr Nikolaenko disclose that they are directors of both Magna Mining NL and Black Ridge Mining NL. It is agreed that there is no personal benefit to be derived from this transaction to either of Mr Winduss or Mr Nikolaenko.

Mr Nikolaenko discloses that he is a Director of both Magna Mining NL and Corporate Admin Services Pty Ltd. It is agreed that there will be a personal benefit derived from this transaction to Mr Nikolaenko.



David Semmens
Company Secretary