



QUARTERLY REPORT 31 March 2017

MAGNUM MINING AND EXPLORATION LIMITED

("Magnum" or the "Company") (ASX:MGU)

OPERATIONS

Gravelotte Project, South Africa

Magnum's Gravelotte Project is located in the Limpopo province of South Africa. Emeralds were discovered in the province in 1927 and since then several companies have explored for and mined within the area for emeralds. From 1929 to 1982 the total recorded emerald production from the Gravelotte Project as well as the area surrounding the nearby Gravelotte township was nearly 113 million carats.

It is reported that during the 1960's the Gravelotte Project itself was the largest mine of its type in the world, employing over 400 sorters.

The host rocks at Gravelotte are 3.3 billion year old Archaean greenstone schists enclosed and intruded by younger Archaean granitic rock and late stage albite-quartz pegmatoids. The emerald mineralisation is closely related to the pegmatoids.

The Gravelotte Project mine area hosts schists that form a star-shaped outcrop pattern defined by two structural trends and northeast-trending steep-sided granite bodies. The emerald-bearing zones and their sub-divisions are as follows:

- Cobra – comprising Cobra North, Cobra South and Cobra Underground;
- Discovery – comprising Discovery Pit, Discovery East and Discovery South;
- Beryl Kop – comprising Beryl Kop East and Beryl Kop West; and
- Sable Kop

Bulk Sampling

A detailed assessment and costing of the proposed bulk sampling programme, and timetable for the proposed programme was completed during the quarter.

The results of this assessment is being reviewed prior to the calling of tenders to undertake the bulk sampling.

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Suite 6, Ground Floor, South Mill Centre, 9 Bowman Street, South Perth WA 6151 PO Box 189, South Perth WA 6951

Tel: +61 8 9474 2956 Fax: +61 8 9474 2937 Email: info@mmel.com.au Web: www.mmel.com.au

Compliance

During the quarter the focus has been on completing all regulatory processes required to fully permit the project for future activities.

Following a meeting with the Assistant Regional Manager of the Department of Mineral Resources in Polokwane in February 2017, the Company has appointed a local company in Polokwane to prepare and lodge the Environmental Management Plan and Water Usage Licence applications. These are the last two matters to be completed, along with the Section 11 which will finalise the outstanding compliance issues. It is anticipated that all applications will be completed and lodged shortly.

During the quarter, the Company also lodged a BEE compliance update, after extensive negotiations with stakeholders, and is awaiting the registration documents.

The finalisation of these applications is the culmination of various activities undertaken over the past two years to gather appropriate information required to be included in the applications.

EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 March 2017:

1. Listing of tenements held:

Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province, South Africa	Gravelotte	Mining Right	MPT 85/2013	74%	Granted
Limpopo Province, South Africa	Gravelotte	Prospecting Right	LP 204 PR	74%	Granted

No tenements were acquired or relinquished during the quarter.



GRANT BUTTON
Chief Executive Officer/Joint Company Secretary

Further information please contact:

Magnum Mining and Exploration Limited
Grant Button
+61 8 9474 2956
email: info@mmel.com.au

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Magnum Mining and Exploration Limited

ABN

70 003 170 376

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(75)	(75)
(b) development		
(c) production		
(d) staff costs	(18)	(18)
(e) administration and corporate costs	(35)	(35)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(128)	(128)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans from other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	206	206
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(128)	(128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	78	78

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	78	206
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	78	206

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	7
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Consulting fees paid to Grosvenor Exploration & Mining Services (Ireland) Ltd, where Mr R Spencer is a director.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	200,000	200,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

A\$200,000 working capital loan from Sunshore Holdings Pty Ltd (**Loan**) was provided at the end of the December 2016 Quarter. The Loan is unsecured and interest free and is only repayable in cash and from the proceeds of a fund raising conducted by the Company.

The Company will hold an Annual General Meeting on 18 May 2017, and is seeking approval from Shareholders to issue 50,000,000 shares at AU\$0.03 per share to raise up to AU\$1,500,000 (before costs).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	
9.3 Production	
9.4 Staff costs	18
9.5 Administration and corporate costs	22
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	60

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 28 April 2017

Print name: Grant Button
Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.