

**ASX Release**

30 July 2020

**Magnum Mining and  
Exploration Limited**

ABN 70 003 170 376

**ASX Code**

MGU

**Non-Executive Chairman**

Howard Dawson

**Chief Executive Officer**

Grant Button

**Non-Executive Director**

Francesco Cannavo

**Company Secretary**

Grant Button

**Issued Shares**

312,932,148

**Listed Options**

109,839,603

Exp 30/09/2022 @ \$0.05

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## Quarterly Activities Report for three months ending 30 June 2020

### HIGHLIGHTS

- Additional test work on bulk samples to determine best sorting technology proceeding to schedule
- Key in country operation personnel retained and certain key personnel re-mobilised back to site as Covid-19 restrictions progressively lifted
- Successful placement of new shares and options completed in mid-July to provide working capital for completion of pre-development logistics planning and sorter test work

### CORPORATE

#### *Placement of new shares*

On 16 July 2020 Magnum issued 8,333,330 new shares and 8,333,330 free attaching options pursuant to a placement to raise \$300,000 to provide working capital for completion of pre-development logistics planning and sorter test work for Gravelotte.

The shares were issued at \$0.03 and the shares and options were issued without disclosure to existing shareholders in Magnum pursuant to Part 6D.2 in reliance to Section 708(5) of the Corporations Act (refer to ASX announcement dated 16 July 2020).

#### *Further Cost savings*

Corporately, the Magnum Board has forgone all payment or accrual of Directors Fees since June 2019 and this will continue for the foreseeable future. The Company's CEO, Mr Grant Button, has waived all payment or accrual of consultancy fees since May 2019 and will continue to do so for the foreseeable future.

#### *VAT Refund*

The VAT refund of AU\$80,000 from the South African Revenue Service (SARS) did not occur during the June quarter.

It is hoped that payment will be received in the current quarter.

## **OPERATIONS**

### **Gravelotte Project, South Africa**

#### ***Trial Mining and Processing***

The trial mining of around 7,800 tonnes of hard rock from three benches within the historic Cobra pits was completed in May 2019.

The Gravelotte Project has reached the pre-development stage and activities during the quarter were focused on completion of the sorter testing – both optical and XRF and the remobilisation of selected staff back to mine site.

It is currently proposed to mine around 300,000 tonnes per annum under stage 1 of the mine development. It is expected that around 100,000 tonnes of this mined material will be processed annually with 100,000 tonnes reporting as waste and 100,000 tonnes reporting as low grade.

Targeted base case production is for around 3,000,000 carats of emeralds per annum.

Operations will commence within the Cobra North pit where current planning is for around 5 years of production before potential underground mining is required.

The Cobra South and Discovery Pits will provide additional sources of material for potential expansion of operations during this period.

During the current quarter it is anticipated that mine planning design will be completed together with ROM stockpile, low grade and waste location logistics. In addition, design planning for the expanded processing circuit (crusher, trommel, washing circuit) will commence.

#### ***Geology***

The emerald mineralisation at Gravelotte is contained within a mafic schist that is bounded by a granite and a felsic porphyry. Historic production and drilling data shows that whilst the large majority of the schist is emerald mineralised, the grade distribution is inhomogeneous.

As a consequence the majority of grade control within the proposed mining operation will rely on other indicators of emerald mineralization such as the presence of discolouration of the schist, biotite alteration and development of pyrite.

This grade control will be carried out through the logging of the blast hole material and visual examination of the run of mine material.

#### **Assessment of sorting options for the recovery of emeralds**

The Company has engaged with leading manufacturers of material sorting solutions with a view to providing an effective, cost efficient sorting solution for the recovery of emeralds.

The brief has been to examine Gravelotte ROM and emeralds to determine which technology or combination of technologies will deliver the optimum sorting solution.

In this regard and whilst the use of XRF technology during the trail mining programme was successful, recent advances in colour sorting technology for emeralds has indicated that this technology should also be re-assessed.

Ongoing trials have received positive results with fine tuning continuing, and the manufacturers used all have practical operational experience in the gemstone sorting industry.

The finalisation of this test work will allow the Company to confirm both the costs and lead time for the delivery of the appropriate sorting technology.



Photo 1: Gravelotte Project showing existing infrastructure and mining stockpiles

### ***About the Gravelotte Project (South Africa)***

Magnum's 74%-owned 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 broader region 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 emerald mine of its type in the world, employing over 400 sorters.



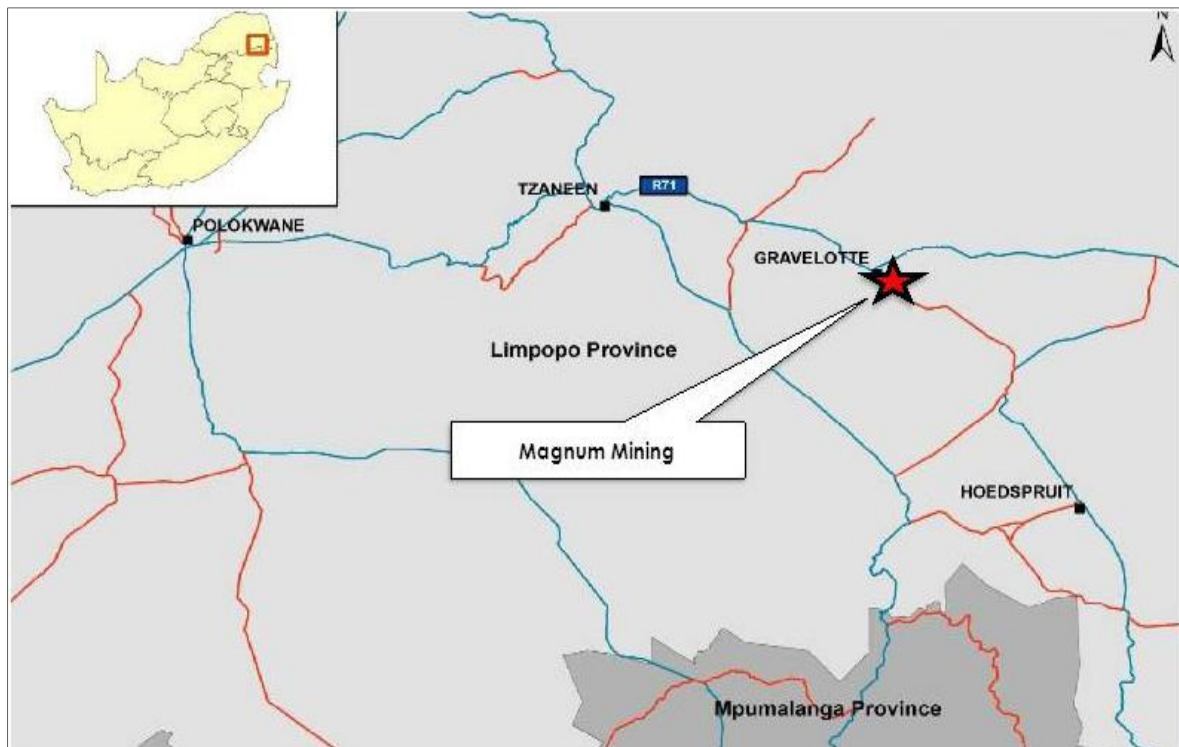


Figure 1: Gravelotte Location Map

### ***Why is Magnum at Gravelotte?***

The Gravelotte project provides Magnum with a medium term production opportunity in the niche commodity of emeralds where demand is growing.

The project offers established infrastructure, existing and accessible open cuts together with extensive low grade dumps, a large (albeit incomplete) historic data base, a nearby and available work force, local on-site technical expertise and a nearby township that can serve as a supply centre.

The Company has maintained and refurbished much of the extensive mine site infrastructure at Gravelotte including offices, laboratory, workshops, garages, management accommodation complex and a mine hostel to accommodate mine workers.

The mine site is well situated with utilities and logistics being serviced by ESKOM grid power, has a sealed road to the mine gate and has a working airstrip.

## EXPLORATION INTERESTS

The following tenement information is provided in accordance with ASX Listing Rule 5.3.3 for the quarter ended 30 June 2020:

Location	Tenement Type	Number	Interest at beginning of Quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of Quarter	Status
Limpopo Province, South Africa	Mining Right	LP 153 CMR	74%	-	-	74%	Granted
Limpopo Province, South Africa	Prospecting Right	LP 30/5/1/1/3/2/1/204 PR	74%	-	-	74%	Granted

### ASX: MGU Announcements Released During the June 2020 Quarter

17/06/2020 *Results of Meeting*  
15/05/2020 *Notice of Annual General Meeting and Proxy Form*  
30/04/2020 *Quarterly Activities and Cash flow Report*  
20/04/2020 *Appointment of consultant and Operational Update*



**GRANT BUTTON**  
**Chief Executive Officer/Joint Company Secretary**

Further information please contact:

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#### Competent Persons Statement

*The information in this announcement that relates to Exploration Results and Mineral Resources complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr Howard Dawson, Non-Executive Director of Magnum Mining and Exploration Limited. Mr Dawson is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Dawson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*