



MAGNUM
MINING & EXPLORATION LIMITED

ABN 70 003 170 376

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MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

1 August 2014

Dear Shareholder

MAGNUM MINING AND EXPLORATION LIMITED NON-RENOUNCEABLE RIGHTS ISSUE

On 31 July 2014, Magnum Mining and Exploration Limited (**Magnum** or the **Company**) announced a 1:5 non-renounceable pro rata rights issue of new shares in the capital of the Company (**New Shares**) to raise up to approximately A\$765,000 (**Rights Issue**).

1. THE RIGHTS ISSUE

Magnum is pleased to announce an opportunity for holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand, the United Kingdom, Hong Kong, South Africa, Indonesia, Malaysia, Singapore or Isle of Mann (**Eligible Shareholders**) as at 5.00pm (AWST) on 7 August 2014 (**Record Date**) to participate in the Rights Issue (**Offer**). Further details as to the Shareholders who are considered to be Eligible Shareholders for the purpose of the Rights Issue are set out in the Offer Booklet.

Pursuant to the Rights Issue, the Company will issue up to 38,263,122 New Shares at an issue price of A\$0.02 per New Share to raise up to A\$765,262 (before costs). If you are an Eligible Shareholder you will be able to subscribe for 1 New Share for every 5 existing shares held by you as at the Record Date. Any fractional entitlements will be rounded up to the nearest whole number.

The New Shares will be fully paid and will rank equally with the Company's existing issued ordinary shares. If the Rights Issue is fully subscribed, Magnum will have issued approximately 38,263,122 New Shares resulting in a total of 229,578,734 ordinary shares in the Company on issue.

The Rights Issue is not underwritten.

2. USE OF PROCEEDS

The proceeds from the Rights Issue will be used to:

- (a) repay the A\$150,000 interest free loan advanced to Magnum by CEO Grant Button;
- (b) fund the exploration of the Gravelotte Emeralds Project in South Africa; and
- (c) if the conditions of the sale of a 60% interest in Magnum's Namibian Tantalite Valley Project are not satisfied, fund the exploration of the Tantalite Valley Project.

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Level 4, Suite 5, South Shore Centre, 85 The Esplanade, South Perth WA 6151 PO Box 189, South Perth WA 6951
Tel: +61 8 9367 5327 Fax: +61 8 9238 0722 Email: info@mmel.com.au Web: www.mmel.com.au

3. OFFER BOOKLET

The Offer Booklet for the Rights Issue, together with the Appendix 3B and Cleansing Notice, were lodged with ASX on 31 July 2014. The Offer Booklet is available for download from both the ASX website (www.asx.com.au) and the Company's website (www.mmel.com.au) and will be despatched to Eligible Shareholders on 11 August 2014. You should read the entire Offer Booklet carefully before deciding whether to participate in the Rights Issue.

4. DISCLOSURE OF INFORMATION

The number of issued shares at the date of this notice and the total number of issued shares at the close of the Offer (if the Offer is fully subscribed) are as follows:

Shares	Number
Number of Shares on issue as of 30 July 2014 (the trading day immediately prior to the Announcement Date)	191,315,612
Maximum number of New Shares to be issued pursuant to the Rights Issue	38,263,122
Maximum number of Shares on issue upon completion of the Rights Issue	229,578,734

Shareholder approval is not required for the Rights Issue and, therefore, no Shareholder approval will be sought.

The Rights Issue will be conducted without a disclosure document in accordance with section 708AA of the Corporations Act 2001 (Cth).

5. ACTION REQUIRED BY QUALIFYING SHAREHOLDERS

If you are an Eligible Shareholder, subject to any restrictions imposed under applicable foreign securities laws, you may either:

- take up all or part of your entitlement to acquire New Shares under the Rights Issue;
- allow all or part of your entitlement to lapse; or
- do nothing.

Eligible Shareholders should refer to Section 6 of the Offer Booklet for further information regarding these options. The indicative timetable for the Rights Issue is set out in the Annexure to this letter.

Your entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your entitlement. Eligible Shareholders should read all of the information set out in the Offer Booklet, including the risk factors, before making a decision in respect of the Rights Issue. You should ensure that you understand the tax consequences of any action that you take or of doing nothing.

For further information on your entitlement to the Rights Issue, or how to deal with the Rights Issue, please contact Grant Button on +61 8 9367 5327.

For other questions, you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

The Magnum Board is pleased to offer this opportunity to you.

Yours faithfully



Grant Button
Director



MAGNUM
MINING & EXPLORATION LIMITED

ABN 70 003 170 376



1 August 2014

Dear Shareholder

MAGNUM MINING AND EXPLORATION LIMITED NON-RENOUNCEABLE RIGHTS ISSUE

On 31 July 2014, Magnum Mining and Exploration Limited (ABN 70 003 170 376) (**Magnum** or the **Company**) announced that it was conducting a 1:5 non-renounceable pro-rata rights issue to raise up to approximately A\$765,000 (**Rights Issue**).

Subject to certain exceptions, the Rights Issue is open to existing holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand, the United Kingdom, Hong Kong, South Africa, Indonesia, Malaysia, Singapore or the Isle of Mann as at 5.00pm (AWST) on 7 August 2014 (**Record Date**). Further details as to the Shareholders who are considered to be Eligible Shareholders for the purpose of the Rights Issue are set out in the Offer Booklet lodged with ASX on 31 July 2014.

Pursuant to the Rights Issue, the Company may issue a maximum of 38,263,122 fully paid ordinary shares in the capital of the Company (**New Shares**). The New Shares will be offered on the basis of 1 New Share for every 5 shares held on the Record Date at an issue price of A\$0.02 per New Share.

The Offer Booklet is available for download from both the ASX website (www.asx.com.au) and the Company's website (www.mmel.com.au).

Following careful consideration, no offer document in relation to the Rights Issue or an Entitlement or Acceptance Form will be sent to Shareholders with a registered address in the United States of America or Papua New Guinea (the **Excluded Territories**). Pursuant to the Corporations Act 2001 (Cth) and ASX Listing Rule 7.7.1(a), the Company has determined that it would be unreasonable to extend the Rights Issue to Shareholders who have a registered address in, or who are resident in, the Excluded Territories (**Ineligible Shareholders**) having regard to the potential cost of complying with the legal and regulatory requirements in the Excluded Territories.

Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and the Corporations Act, the Company wishes to inform you that it will not be extending the Rights Issue to Ineligible Shareholders and to confirm that you, as an Ineligible Shareholder, are not eligible to participate in the Rights Issue, except where you have been expressly informed by the Company otherwise.

This notice is to inform you about the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

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If you have any questions in relation to any of the above matters, please contact Grant Button on +61 8 9367 5327. For other questions, you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

I recognise that you are unable to participate in the Rights Issue and on behalf of the Board and management of Magnum, I thank for your continued interest in Magnum.

Yours faithfully

A handwritten signature in black ink, appearing to read "G. Button.", with a large, stylized initial "G" that loops around the first part of the name.

Grant Button
Director