



## QUARTERLY REPORT 31 December 2015

*MAGNUM MINING AND EXPLORATION LIMITED*

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

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### **HIGHLIGHTS**

- Pitting programme - 82 pits completed
- Work programme submitted to DMR
- Section 11 document finalised and submitted
- Drill Hole sampling ongoing
- Commissioning of SRK Consulting (UK) Limited (SRK) to undertake a structural/geological survey of the Cobra and Discovery open pits
- A.C.A. Howe International (ACAH) appointed to prepare a Competent Person's Report (CPR) on the Cobra Beryl Project

### **OPERATIONS**

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

The Gravelotte Project is located close to the town of Gravelotte in the Limpopo province of South Africa. Emeralds were discovered in the Gravelotte area in 1927 and since then several companies have mined and explored the area for emeralds. From 1929 to 1982 the total recorded emerald production from the Gravelotte Project and areas surrounding the Gravelotte township was reported as nearly 113 million carats. It is reported that during the 1960s the Gravelotte Project was the largest mine of its type in the world, employing over 400 sorters.

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

The 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

**Magnum Mining & Exploration Ltd**

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## **Pitting Programme**

During the quarter, the pitting programme continued throughout the tenement as an essential part in understanding the regional geology. A total of 82 holes have been dug down to a maximum of 3 metres by TLB. Thus far, we have outlined the new granitic body located at the dam west of the open pits, and established that the talc chlorite schist package extends an additional 400 metres on strike to the eastern licence boundary.

## **Drill Hole Sampling**

This work is on-going with a target to complete sieving and concentrating activities by the end of January 2016. Logging of the drill holes will also re-commence in January with a completion target of the end of February. We will then be in a position to finalise the concentrate examination programme.

## **Work Programme**

During the quarter a mine work programme was completed and was submitted to the Department of Mineral Resources (DMR).

The Company is now focussing its attention on finalising the Social and Labour Plan and to that end have organised a meeting with the local and regional authorities early in the new year.

## **Compliance Issues**

The MSA Group has continued with their work with the DMR on finalising the outstanding compliance issues.

The Section 11 document has now been finalised and has been submitted to the ministry.

## **Geological Mapping**

Magnum has commissioned SRK, the Cardiff-based consultancy to undertake a week-long site visit in January to consolidate the various geological plans that we have recovered to date and further to undertake a structural survey of both open pits – Cobra and Discovery. SRK have been commissioned to produce a modern geological/structural plan that can be used to guide future mapping/sampling/drilling programmes and evaluation efforts going forward.

## **Data Search & ACA Howe**

The Company has also commissioned ACAH to prepare a CPR on the Cobra Beryl Project.

The CPR will provide a JORC-standard assessment of the resource as the tenement stands today. The data that is available now, does not include geological grades nor up to date stone valuation information and these topics will need to be addressed in the future.

The search for lost mine data continues and we have shifted our search back to the UK where we have accessed ACAH's archives in Edinburgh and in England.

## Property Maintenance

During the quarter the Company completed the electrical upgrade of both the in-coming power line and the domestic service line. Security upgrade of the accommodation area is underway and will be completed during the next quarter.

## EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2015:

### 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:

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Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Roy Spencer, a Competent Person and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Spencer is a director and employee of the Company and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Spencer consents to inclusion in this document of the information in the form and context in which it appears.

**Appendix 5B**

**Mining exploration entity quarterly report**

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Magnum Mining and Exploration Limited

ABN

70 003 170 376

Quarter ended ("current quarter")

31 December 2015

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(276)	(556)
(b) development		
(c) production		
(d) administration	(192)	(457)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	2	21
<b>Net Operating Cash Flows</b>	<b>(466)</b>	<b>(992)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	(2)	(5)
(d) G.E.M Project acquisition		
1.9 Proceeds from sale of:		
(a) prospects	(10)	575
(b) equity investments		
(c) other fixed assets	-	714
1.10 Loans to other entities		(25)
1.11 Loans repaid by other entities		52
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(12)</b>	<b>1,311</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(478)</b>	<b>319</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(478)	319
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(478)	319
1.20	Cash at beginning of quarter/year to date	1,246	448
1.21	Exchange rate adjustments to item 1.20	-	1
1.22	<b>Cash at end of quarter</b>	768	768

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	42
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
4.3	Production	-
4.4	Administration	60
	<b>Total</b>	<b>210</b>

+ See chapter 19 for defined terms.

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	182	264
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (restricted cash)	586	982
<b>Total: cash at end of quarter (item 1.22)</b>	<b>768</b>	<b>1,246</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference</b> <b>+ securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3 <b>+ Ordinary securities</b>	229,578,812	223,628,812	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5 <b>+ Convertible debt</b> <b>securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

	<b>Options</b> ( <i>description and conversion factor</i> )		<i>Exercise price</i>	<i>Expiry date</i>
7.7				
7.8	Issued during quarter			
7.9	Exercised during quarter			
7.10	Expired during quarter			
7.11	<b>Debentures</b> ( <i>totals only</i> )			
7.12	<b>Unsecured notes</b> ( <i>totals only</i> )			

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 29 January 2016

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flow* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.