



## QUARTERLY REPORT 30 September 2015

*MAGNUM MINING AND EXPLORATION LIMITED*

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

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### **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.

During the Quarter, the Company completed a total of 20 inclined Reverse Circulation drill holes along 2 traverses for 769 metres of drilling. The drilling took place at the northern extension of the Cobra Pit. Sample processing is in hand.

Two water drill holes were drilled on the edges of the licence area. One of these was successful and the second will be deepened when appropriate. Further water holes will be drilled in due course.

A further 22 pits were dug by TLB across the tenement to assist in understanding the geology of the area.

As part of the on-going review on the geology of the licence area, the Company has highlighted the southern Discovery area as having potential to contain near surface extensions of the emerald mineralisation in the Discovery Pit. An assessment trenching programme over this area will commence towards the end of this year once the study of available data is completed.

**Magnum Mining & Exploration Ltd**

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Discussions with equipment suppliers for the supply of remote ore sorters for both the planned dump sampling programme and for a desk-top sorting unit for the proposed sample processing laboratory and also for plant equipment are on-going.

A number of discussions have been held with the departmental authorities (DMR) both on site and at their offices as we continue to bring the mining and prospecting licences into compliance

During the quarter the Company also completed the sale of the remaining interest in Tantalite Valley Project, Namibia. Funds received in relation to the sale will be utilised to expand planned exploration, evaluation and development activities at the Gravelotte Emerald Project (including the Cobra mine) in South Africa. More specifically, the funds received will contribute to costs of a further significant program of combined RC and core drilling; the purchase of an optical sorter; the construction of a plant eventually suitable for bulk sampling of both primary and dump material; and other associated exploration activities and infrastructure costs to support a bulk sampling operation.

### **Sale of Remaining 40% Interest in the Tantalite Valley Project, Namibia**

Magnum announced on 31 August 2015 that it had entered into a sale and purchase agreement (**SPA**) with African Tantalum (Pty) Ltd (**Aftan**) in respect of Magnum's remaining 40% interest in the Tantalite Valley Project in Namibia.

Under the terms of the SPA, Magnum will sell its remaining 40% shareholdings in, and outstanding loans to, the companies comprising the Tantalite Valley Project to Aftan for cash consideration of Rand 7,000,000 (approximately A\$750,000).

As announced, the sale was completed on 11 September 2015.

### **EXPLORATION INTERESTS**

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 2015:

#### 1. Listing of tenements held:

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

2. Tenements which were relinquished during the quarter:

Location	Project	Tenement Type	Number	Interest	Status
Namibia	Tantalite Valley	Mining Licence	Mining Licence Number 77	40%	Granted

No other 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")

30 September 2015

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	(120)	(280)
(b) development		
(c) production		
(d) administration	(48)	(265)
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	3	19
<b>Net Operating Cash Flows</b>	<b>(165)</b>	<b>(526)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		(3)
(c) other fixed assets		
(d) G.E.M Project acquisition		
1.9 Proceeds from sale of:		585
(a) prospects		
(b) equity investments	714	714
(c) other fixed assets		
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>714</b>	<b>1,323</b>
1.13 Total operating and investing cash flows (carried forward)	<b>549</b>	<b>797</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	549	797
	<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>	549	797
1.20	Cash at beginning of quarter/year to date	697	448
1.21	Exchange rate adjustments to item 1.20	-	1
1.22	<b>Cash at end of quarter</b>	1,246	1,246

**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	0
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**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

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

**Financing facilities available**

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

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

	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	70
4.2 Development	-
4.3 Production	-
4.4 Administration	30
<b>Total</b>	<b>100</b>

**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	264	143
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (restricted cash)	982	554
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,246</b>	<b>697</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	Mining Licence Number 77	Mining Licence at Tantalite Valley Project	40%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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

**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 + 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 securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
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>				

+ See chapter 19 for defined terms.

**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: 30 October 2015

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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