



MAGNUM
MINING & EXPLORATION LIMITED

QUARTERLY REPORT 30 June 2017

MAGNUM MINING AND EXPLORATION LIMITED

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

31 July 2017

HIGHLIGHTS

- Capital raising of \$1.5 million completed during the quarter.
- Appointment of Richard Jurak, experienced mining engineer as Project Manager
- Detailed planning in progress for the proposed bulk mining sample at Gravelotte Project.

OPERATIONS

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 mine of its type in the world, employing over 400 sorters.

Geology

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 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

During the quarter, Magnum appointed Mr Richard Jurak, an experienced Perth based Mining Engineer, on a contract basis to manage and coordinate the bulk sample mining program proposed for

Magnum Mining & Exploration Ltd

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Gravelotte. Richard has over 20 year's of underground and surface mining experience in various hard rock commodities.

Richard has already undertaken a field visit to the Gravelotte mine site and assisted in coordinating the various planning activities for the bulk sample. As part of that visit Richard has assembled a number of local contractors, in particular an experienced mining geologist and mining engineer to together be part of his team.

To ensure a robust data base, during the June quarter the Company completed the cataloguing and indexing of all the historical data and the digitised data that was assembled and generated by ACA Howe when they were consulting on the project.

This data is now being reviewed to assist with geological interpretation as well as grade distribution in order to identify the best and most feasible location(s) for the bulk sample mining operation.

The bulk sample is planned to be in the range of 5-6,000 tonnes which is projected to provide around 100,000 carats of emerald to be used for sale price determination.

In parallel with this planning, the Company is reviewing various processing alternatives for recovering the emeralds. Consequently, the Bulk sample will be designed to test and optimise the preferred processing and recovery route appropriate for the project.

During the quarter the Company commenced determining the costs and availability of contractors for the drill and blast, mining and crushing phases of the bulk sample. This is a critical aspect of the proposed operation and a number of innovative techniques to ensure preservation of the emeralds during the mining, crushing and recovery process will be reviewed.

Liaison with the South African Department of Mineral Resources ("DMR") is ongoing for the necessary approvals and permits required to undertake the bulk sample.

Corporate

On 9th June 2017, the Company announced that it had issued 50,000,006 fully paid ordinary shares in the capital of the Company (the **Placement Shares**) at \$0.03 per share to raise approximately \$1,500,000 (before costs). The Placement Shares were issued to sophisticated and institutional investors. Shareholder approval for the issue of 50,000,000 of the Placement Shares was obtained at the Company's Annual General Meeting on 18 May 2017. The remainder of the Placement Shares were issued utilising the Company's 15% placement capacity under Listing Rule 7.1.

The funds raised from the issue of the Placement Shares was used to repay the AU\$200,000 working capital loan from Sunshore Holdings Pty Ltd (as announced in the 31 December 2016 Quarterly Report).

Funds will also be used to carry out bulk sampling at the Company's Gravelotte Project, to meet future permitting costs and statutory commitments relating to its exploration tenements, to provide general working capital to allow the Company to carry out its business plans in respect of the continued evaluation and development of its existing projects, and to seek further strategic acquisition opportunities in the exploration and mining industry.


EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 June 2017:

1. Listing of tenements held:

Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province, South Africa	Gravelotte	Mining Right	LP 153 CMR	74%	Granted
Limpopo Province, South Africa	Gravelotte	Prospecting Right	LP 30/5/1/1/3/2/1/20 4PR	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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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")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(29)	(104)
(b) development		
(c) production		
(d) staff costs	(16)	(34)
(e) administration and corporate costs	(82)	(117)
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	(127)	(255)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(3)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)	(3)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,500	1,500
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	(90)	(90)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings	(200)	(200)
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	1,210	1,210

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	78	206
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(127)	(255)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,210	1,210
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,158	1,158

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	1,158	78
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)	1,158	78

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

8

Consulting fees paid to Wilberforce Pty Ltd, where Mr G Button is a director.

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

- 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.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	200
9.2	Development	
9.3	Production	
9.4	Staff costs	69
9.5	Administration and corporate costs	80
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	349

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: 31 July 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.