



## QUARTERLY REPORT 30 June 2014

*MAGNUM MINING AND EXPLORATION LIMITED*

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

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### **CORPORATE MATTERS**

Subsequent to the end of the quarter, the Company announced a non-renounceable pro rata rights issue of approximately 38,263,122 new shares in Magnum at an issue price of A\$0.02 per New Share to raise up to approximately A\$765,262 before offer costs.

The Company further announced that in order to ensure that corporate costs could be met until the receipt of proceeds from the Rights Issue, Grant Button advanced Magnum A\$150,000 by way of an unsecured loan. The loan will be repaid by Magnum upon receipt of the proceeds of the Rights Issue (assuming sufficient proceeds are raised). No interest or fees are payable by Magnum in connection with the loan.

### **OPERATIONS**

#### **Tantalite Valley Project, Namibia**

The Tantalite Valley project is located on Mining Licence 77, near Karasburg and Warmbad, within the Magisterial district of Karas in the south of Namibia.

The Company has actively sought investment in the project from end users or other parties interested in developing the project. Subsequent to the end of the quarter, the Company has entered into a binding conditional Heads of Agreement with African Tantalum (Pty) Ltd to sell 60% of the Tantalite Valley Project for R8,000,000 (approximately \$806,160).

### **OTHER ACTIVITIES**

#### **Acquisition of Gravelotte Project**

Further to the Company's announcements on 28 January 2014 and 23 April 2014, the Company further announced on 19 June 2014, that it reached settlement for the purchase of G.E.M. Venus Holdings (Pty) Ltd (**GEM Venus**) and made the final payment of R5.5million.

GEM Venus ultimately holds 74% of the Gravelotte Project which comprises a mining lease in respect of emeralds and on-site infrastructure. Under the sale and purchase agreement (**SPA**), the vendors (who also hold legal title to the land underlying the Gravelotte Project) have also agreed to enter into a long term lease agreement with GEM Venus which will provide Magnum with all access and rights required for on-going exploration and development at the Gravelotte Project.

**Magnum Mining & Exploration Ltd**

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As announced on 28 January 2014, an aggregate total of 20 million shares in Magnum were issued to the vendors in part consideration for the sale of the Gravelotte Project. The SPA originally provided for these shares to be issued upon the earlier of economic production at the Gravelotte Project and the second anniversary of the completion of the sale (**Milestone Date**). The parties subsequently amended this arrangement and the shares were issued on 19 June 2014, subject to a voluntary holding lock that will apply to the shares until the Milestone Date. The vendors have executed a written undertaking to sell the shares and apply to proceeds to meet any liability of the vendors owing to Magnum under the SPA on the Milestone Date.

### Gravelotte Project

The Gravelotte Project is located close to the town of Gravelotte in the Limpopo province of South Africa. The Gravelotte Project shares a boundary with the Consolidated Murchison Mine, the oldest known antimony deposit in the world. 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.

During the period from 1978 to 1982 the following Plant Throughput, Consigned Emerald rough and Grades were reported for the plant at the Gravelotte Mine:

**Figure 1**

Year	Source	Plant Throughput (tonne)	Consigned Emerald Grade (gram)	Grade (gram/tonnes)
1978-1982	Production from primary ore	394,686	3,252,152	8.24
1978-1982	Production from tailings and dumps only	73,798	508,423	6.89
1978-1982	Total Production	468,484	3,760,575	8.03

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 and steep-sided granite bodies. The emerald-bearing zones and their subdivisions 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.

The Company intends to conduct exploration activities to produce a JORC compliant resource estimate as soon as possible. The Project also includes several tailings dumps which may provide an early source of revenue.

## EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 June 2014:

### 1. Listing of tenements held:

Location	Project	Tenement Type	Number	Interest	Status
Namibia	Tantalite Valley	Mining Lease	Mining License Number 77	100%	Granted
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. Listing of tenements acquired (directly or beneficially) during the quarter:

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 disposed of during the quarter.



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

Further information please contact:

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**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 June 2014

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(19)	(90)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	3	10
<b>Net Operating Cash Flows</b>	<b>(100)</b>	<b>(233)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) G.E.M Project acquisition	(886)	(886)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	-	(3)
1.11 Loans repaid by other entities		
1.12 Other		
<b>Net investing cash flows</b>	<b>(886)</b>	<b>(889)</b>
1.13 Total operating and investing cash flows (carried forward)	(986)	(1,122)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(986)	(1,122)
	<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>	(986)	(1,122)
1.20	Cash at beginning of quarter/year to date	1,059	1,196
1.21	Exchange rate adjustments to item 1.20	-	(1)
1.22	<b>Cash at end of quarter</b>	73	73

**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	-
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

During the quarter, the company issued 20,000,000 fully paid ordinary shares as part of the consideration for the purchase of G.E.M Venus Holdings.

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	30
4.2 Development	-
4.3 Production	-
4.4 Administration	30
<b>Total</b>	<b>60</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	73	1,059
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>73</b>	<b>1,059</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	MPT 85/2013 LP 204 PR	Mining Right Prospecting Right	0% 0%	74% 74%

+ 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>	191,315,612	185,365,612	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	20,000,000	20,000,000	Issued as part consideration for acquisition of G.E.M Venus Holdings which owns 74% of the Gravelotte Project (in accordance with the terms of the Share Purchase Agreement announced to ASX on 23 April 2014).	Fully paid
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: 31 July 2014

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.