



19 June 2014

Magnum Mining and Exploration Limited
(Magnum or the Company)

Settlement reached for the purchase of 100% of shares in G.E.M Venus Holdings (Pty) Ltd

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

GEM Venus is the ultimate holding company 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.

As announced in the 28 January 2014 release, an aggregate total of 20 million shares in Magnum will be 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 will now be issued today 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

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1978-1982	Total Production	468,484	3,760,575	8.03
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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 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.

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



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