



27 October 2017

The Manager  
Company Announcements Office  
ASX Limited  
Level 40  
Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Sir/Madam

### **Cloncurry East Project – Drilling Programme to Commence**

#### Key Points

- The proposed drilling programme at the Cloncurry East project is now scheduled to commence during the week commencing 30 October 2017.
- Drilling will be by reverse circulation and a programme of 15-20 holes totaling 2,000- 2,500 metres of drilling is planned.
- Whilst the majority of the drilling will be focused on the known mineralised areas within the Notlor and Salebury prospects, key structural and geochemical targets will also be tested at the Pumpkin Gully, Prince Edward, Kind Edward and Crow's Nest prospects.

#### Overview

Magnum's Cloncurry East project consists of two tenements groups and is located between 10-20 kilometres east of Cloncurry in North West Queensland.

The project lies within the highly mineralised Mt Isa Eastern succession with nearby mining operations and advanced projects including Ernest Henry (Cu-Au), Monakoff (Cu-Au-Pb-U), Great Australia (Cu-Au), Rocklands (Cu-Au) and Dugald River (Zn-Pb-Ag).

The Cloncurry East project area is at an advanced stage of exploration and is considered by the Company to be highly prospective for iron oxide copper gold ("IOCG") +/- cobalt mineralisation and variants of this style of mineralisation.

The project area contains two advanced resource targets – Salebury, which already has initial (2004 JORC) indicated and inferred resource of 1.3 million tonnes grading 0.9% Cu and 0.5g/t Au and Notlor where previous exploration has outlined a zone of coherent mineralisation at similar grades to Salebury and which is also open at depth and along strike.

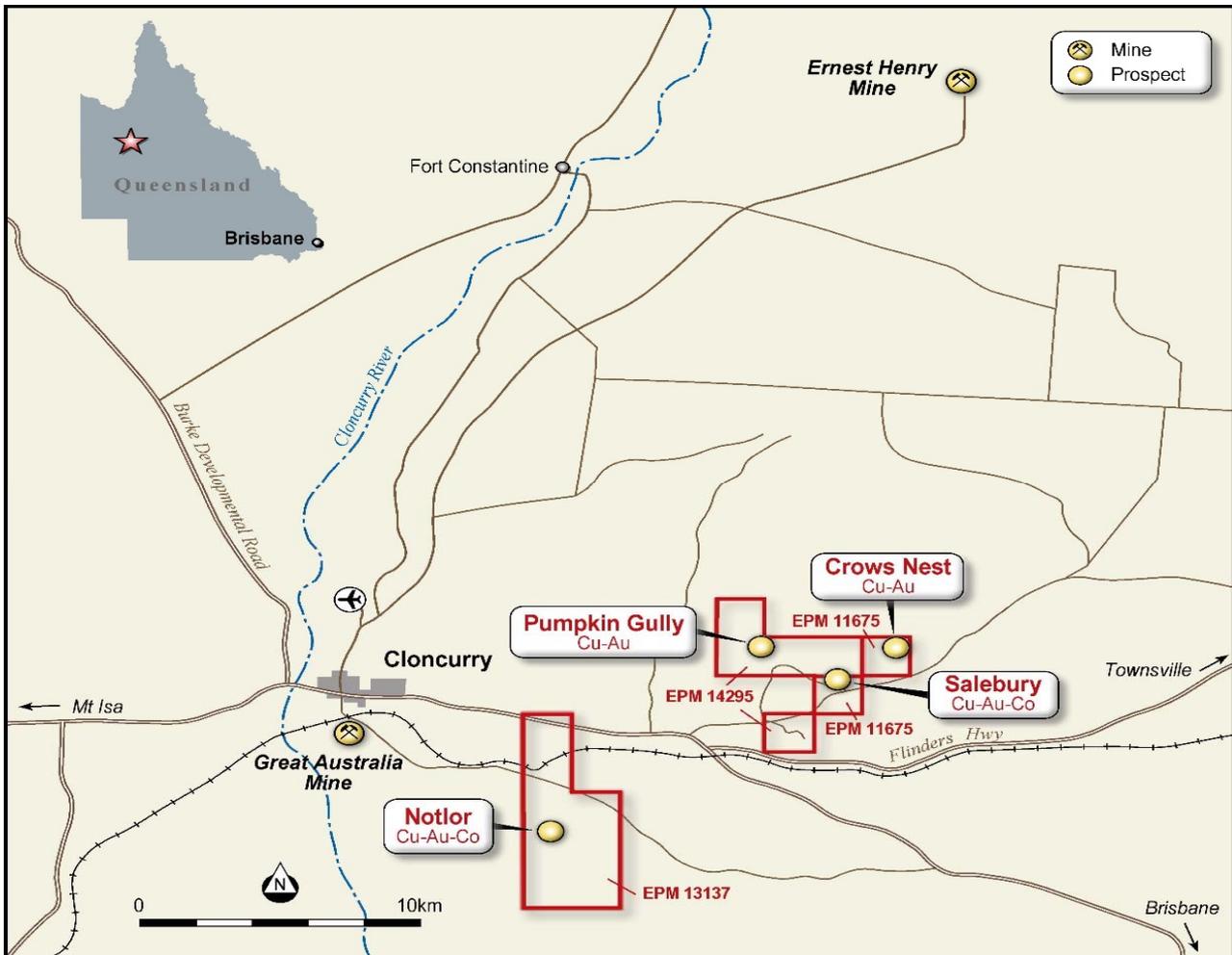
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The Cloncurry East project also contains a number of advanced exploration targets where a combination of geochemical surveys, historic mining and in some cases limited drilling has defined drilling targets. These targets include Pumpkin Gully, Prince Edward, King Edward and Crow's Nest.



**Tenement Location Plan**

As previously advised to the market, there is an extensive data base available over the Cloncurry East project.

During the past three months Magnum has undertaken a detailed review of this data base. This review has included a 3D analysis of previous drilling over Salebury and Notlor by Maptek Pty Ltd, using deep learning algorithms to better understand the stratigraphic and structural controls on the mineralisation. In addition, detailed field studies including the ground truthing of both existing and potential exploration targets has also been carried out.

This review has determined that both the Salebury and Notlor resource targets are structurally complex and has indicated that fold repetition of the known mineralisation at both of these prospects is possible at depth and along strike. There could also be repetitions' located under cover up and down dip.

The drilling programme will test for these possible repetitions' within these target areas.

At the Pumpkin Gully prospect previous drilling intersected zones of mineralisation which showed poor continuity down dip and along strike. The data review has determined that this lack of continuity is likely the result of some structural complexity as the Pumpkin Gully prospect lies within and adjacent to a large fold axis.

As a consequence, the mineralisation could be structurally controlled and a number of drilling targets have been selected to test this hypothesis.

The Crow's Nest and Prince Edward and King Edward exploration targets represent early stage targets with surface geochemistry and in some cases historic workings indication the presence of anomalous Cu.



***Overturned synclinal fold at Salebury***

The Salebury and Notlor targets also have zones of Co enrichment although information from the existing data package is limited. These zones be explored through the drilling also.

Previously released drill intersections at Salebury that are anomalous in Co include:

Hole No.	From (m)	To (m)	Interval (m)	Cu	Au	Co
ECDD002	69	135	66	1.82%	1.55 g/t	515 ppm
ECRC 307	78	108	30	1.93%	1.25 g/t	1128 ppm
ECRC 045	0	14	14	1.67%	0.91 g/t	841 ppm

Previously released drill intersections at Notlor that are anomalous in Co include:

Hole No.	From (m)	To (m)	Interval (m)	Cu	Au	Co
ENRC 029	0	84	84	1.72%	1.12 g/t	1000 ppm
ENRC 023	18	81	63	0.81%	0.41 g/t	2305 ppm
ENRC 004	22	68	46	2.33%	1.0 g/t	2642 ppm

As part of the drilling, metallurgical test work will be carried out on selected drill samples to determine the most favourable treatment options.

## About the Cloncurry East Project

The Cloncurry East Project is a farm in between Magnum Mining and Exploration Ltd (“Magnum” or the “Company”) and Exco Resources Ltd (“Exco”) and CopperChem Limited (“CCL”) (together the “CopperChem Group” or “CCG”) in which Magnum is farming in to three exploration tenements located in the Cloncurry region of Queensland.

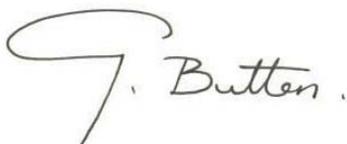
These tenements, are Exploration Permits for Minerals (“EPM”), EPM 13137 containing the Notlor Prospect (held by CCL), EPM11675 containing the Salebury Deposit (held by Exco) and EPM14295 which contains the Pumpkin Gully and Crow’s Nest Prospects (held by Exco).

Pursuant to the terms of the farm-in, Magnum can earn a 50% equity stake in the CEP by expending \$2 million over a three year period with a minimum of \$350,000 to be expended in year one. Magnum can withdraw from the farm-in at any time after its year one expenditure obligation has been fulfilled.

The Company can earn an additional 25% equity stake in the CEP through the expenditure of an additional \$2 million in year four. CCG retains the right to claw back to 50% ownership in consideration of the payment of \$2.66 million to Magnum.

Yours faithfully

**Magnum Mining and Exploration Ltd**

A handwritten signature in black ink that reads "G. Button". The signature is written in a cursive style with a large, stylized initial "G".

**Grant Button**  
**Director/CEO/Joint Company Secretary**

## Competent Persons Statement

*The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stephen Konecny, who is engaged as a consultant by the Company. Mr Konecny is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience of relevance to the style of mineralisation, the type of deposit under consideration and the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. The resources quoted in this announcement were estimated in accordance with the JORC Code 2004. They have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Konecny consents to the inclusion of the information in the form and context in which it appears.*

**THIS IS ANNEXURE A OF 1 PAGE**

Hole	Prospect	Hole Type	Depth	Dip	Azimuth	Grid	East	North	RL	EPM	Completed
ECRC044	Salebury	RC	60	-60	181	MGA94_54	466170	7711215	187	EPM14295	29-Aug-07
ECRC163	Salebury	RC	60	-60	360	MGA94_54	465921	7710907	194	EPM11675	05-Feb-08
ECRC307	Salebury	RC	108	-60	360	MGA94_54	466221	7711087	190	EPM11675	18-Sep-08
ECRC397	Salebury	RC	120	-60	360	MGA94_54	465921	7710888	192	EPM11675	03-Sep-10
ECRC517	Salebury	RC	111	-60	0	MGA94_54	465867	7710914	192	EPM11675	23-Jun-11
ECRC596	Salebury	RC	126	-60	0	MGA94_54	466024	7711076	190	EPM11675	02-Apr-12
ECRC612	Salebury	RC	147	-60	0	MGA94_54	465870	7710876	188	EPM11675	21-Apr-12
ECRC620	Salebury	RC	108	-60	0	MGA94_54	466217	7711139	188	EPM11675	08-May-12
ECDD002	Salebury	DDH	170	-60	1	MGA94_54	466218	7711077	191	EPM11675	22-Jul-10
ECDD007	Salebury	DDH	217	-60	181	MGA94_54	466219	7711192	188	EPM14295	15-Sep-10
ECDD015	Salebury	DDH	159.6	-55	91	MGA94_54	466152	7711132	192	EPM11675	10-Aug-12
ENDD002	Notlor	DDH	98.7	-60	256	MGA94_54	455923	7703332	222	EPM13137	06-Dec-06
ENRC002	Notlor	RC	50	-90	0	MGA94_54	455907	7703336	222	EPM13137	12-Apr-05
ENRC004	Notlor	RC	68	-90	0	MGA94_54	455900	7703330	223	EPM13137	12-Oct-05
ENRC029	Notlor	RC	118	-60	180	MGA94_54	455900	7703354	221	EPM13137	26-Nov-05
ENRC053	Notlor	RC	52	-90	0	MGA94_54	455922	7703351	221	EPM13137	22-May-06
ENRC060	Notlor	RC	40	-90	0	MGA94_54	455898	7703264	228	EPM13137	27-May-06
NTRC030	Notlor	RC	82	-90	0	MGA94_54	455897	7703328	223	EPM13137	09-Nov-13

**THIS IS ANNEXURE B OF 5 PAGES**

**JORC CODE, 2012 EDITION – TABLE 1 REPORT**

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li>• <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li>• <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li>• <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Diamond Drillholes are cut into 1 metre half core samples for analysis.</li> <li>• Reverse Circulation drilling was used to collect 1 and 2 metre samples via a cyclone mounted on the drill Rig. A 2-3kg composite sample was obtained and where Cu was above 0.1% the intervals were resampled at 1 and 2 metre intervals.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>• <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i></li> </ul>	<ul style="list-style-type: none"> <li>• Diamond (NQ2) standard tube and Reverse Circulation drilling was conducted by a reputable contractor.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>• <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li>• <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li>• <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Diamond core recovery within the Salebury resource area averaged 92%, with 88% of samples having a sample recovery greater than 80% and 12% of samples having a recovery less than 80%. • RC sample recovery was good with no issues encountered.</li> <li>• Similar recoveries were obtained from the Notlor Drilling.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li>• <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical</i></li> </ul>	<ul style="list-style-type: none"> <li>• Diamond core and RC chips were logged into a validated Excel spread sheet logging system. • All core was photographed. • All</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>studies.</p> <ul style="list-style-type: none"> <li>• Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>• The total length and percentage of the relevant intersections logged.</li> </ul>	<p>core is stored at Exco's Cloncurry yard.</p>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>• If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>• If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>• For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>• Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>• Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>• Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>• Core is oriented along the bottom of the hole. All samples were taken as half core using a diamond core saw.</li> <li>• RC chips were sampled using a spear to create a 2-3kg, 6m composite. All composites with a copper grade greater than 0.1% were re-split.</li> <li>• Prior to 2011 re-splitting was carried out with a riffle splitter.</li> <li>• From 2011, 1m samples were collected from the cyclone of the rig and stored for later sample submission. Wet samples were sub-sampled with a scoop and air dried on site prior to dispatch to the laboratory.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>• For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>• Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>• Quality control for all drilling was carried out involving certified reference standards (1:36), field duplicates (1:26) and blank samples (1:46) to monitor the accuracy and precision of the laboratory data.</li> <li>• Copper and Cobalt grades were determined using Aqua Regia digest ICP Atomic Emission Spectrometry by ALS Townsville.</li> <li>• Gold grades were determined by 50g Fire Assay with AAS finish by ALS Townsville.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>• The verification of significant intersections by either independent or alternative company personnel.</li> <li>• The use of twinned holes.</li> <li>• Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>• Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>• No umpire assay completed.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>• Specification of the grid system used.</li> <li>• Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>• Holes were surveyed by differential mode GPS (DGPS) with sub metre accuracy</li> </ul>

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>At Salebury drilling has been completed on nominal north-south sections with 50m spacing. • A total of 6 Diamond holes and 87 RC holes intersect the mineralisation.</li> <li>At Notlor Drill Spacing is variable but generally on lines 100m apart over a 2km strike length with approximately 20m spacing's in several zones of higher grade mineralization.</li> </ul>
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>Drill lines are generally at 90 degrees to the regional geological strike, and have both angled (60 degrees) and vertical holes. In areas of high grade mineralization holes have been drilled in multiple directions to confirm geometry of mineralization.</li> </ul>
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Reputable Labs and transport companies were used and field sampling was carried out by trusted Employees.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>A high level audit of the interpretation, compositing, top cuts, estimations, modelling parameters and classifications was carried out by Cube Consulting for the Salebury Resource Estimate. No matters were noted that would impair the validity of the Mineral Resource Estimate.</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The drilling and geophysical data were collected within EPM 11675 EPM13137 and EPM14295 which are 100% owned by Exco Resources Ltd. A registered native title claim exists over EPM 25389 (Mitakoodi and Mayi People #5). Native title site clearances were conducted at each drill site prior to drilling. Conduct and Compensation Agreements are in place with the relevant landholders.</li> <li>The Abovementioned EPMs are secure and compliant with the Conditions of Grant. There are no known impediments to operate in the area.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Prior to Exco's drilling, previous exploration was carried out by a number of companies including RC and Percussion Drilling at the Notlor Prospect. This and other known drilling data is contained within Excoco database. Open file airborne magnetic surveys also cover the area of these EPMs</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Within the eastern portion of Mt Isa Block targeted mineralisation styles include: <ul style="list-style-type: none"> <li>iron oxide Cu-Au (IOCG) mineralisation and variants of this style (e.g. Ernest Henry, Eloise), as well as sediment-hosted Zn+Pb+Ag deposits e.g. Mt Isa, Cannington.</li> </ul> </li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>Collar easting and northing plus drillhole azimuth, dip and final depth for Holes mentioned in the report are appended. These drill results are not new and have been previously reported by Exco except for Cobalt assays which haven't previously been systematically reported.</li> <li>No data deemed material to the understanding of the exploration results have been excluded from this document.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>The weighted average of the mineralised intervals was calculated by multiplying the assay of each drill sample by the length of each sample, adding those products and dividing the product sum by the entire downhole length of the mineralised interval. No minimum or maximum cut-off has been applied to any of the assay data presented in this document.</li> <li>No short lengths of high-grade copper-gold mineralisation have been aggregated with longer lengths of low-grade copper-gold mineralisation. All assays included in the quoted weighted average for the mineralised intervals were 1 or 2 metre lengths.</li> <li>No metal equivalent values have been reported.</li> </ul>
<i>Relationship between mineralisation widths and</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Drillholes have been drilled as close as possible to perpendicular to the regional geological strike and particularly the strike of mineralized zones or geophysical target trends.</li> <li>The geometry of the mineralisation with respect to the drillhole</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>intercept lengths</i>	<ul style="list-style-type: none"> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</li> </ul>	<p>angle is uncertain in some areas with further drilling planned to resolve this.</p> <ul style="list-style-type: none"> <li>All depths and intervals referenced are downhole depths.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>	<ul style="list-style-type: none"> <li>The locations of the EPMS and prospects are shown in Figure 1 in the body of this document.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>The selective drill hole results reported are stated as being higher grade and some of the better results. The resource has been reported which indicates the overall grade of the mineralized zone.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>No other substantive data has been omitted in the context of this report. The extensive data is currently being reviewed and any material observations will be reported in due course.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>The Exploration program is currently being planned and will include further drilling and metallurgical test work.</li> </ul>