



QUARTERLY REPORT 31 MARCH 2014

MAGNUM MINING AND EXPLORATION LIMITED

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

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 continues to actively explore development options for the project.

OTHER ACTIVITIES

Conditional Acquisition of Gravelotte Project

On 28 January 2014, the Company announced that it has signed a binding agreement (Binding Agreement) to acquire 100% of the issued shares in GEM Venus for consideration of R8,500,000. The vendors of GEM Venus will also be issued, in aggregate, 20 million shares in Magnum (having an aggregate market value of approximately A\$260,000 based on the market price at that date) on the earlier of the commencement of economic production at the Gravelotte Project and two years from completion.

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 Binding Agreement, 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. The Binding Agreement requires the vendors to assist Magnum in undertaking further due diligence enquiries and the transaction is conditional upon the satisfactory completion of those enquiries, as well as other customary conditions precedent. Subject to these conditions, the transaction is expected to complete in March 2014.

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:

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

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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.

Subject to completion of the acquisition, 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.

Subsequent to the end of the quarter, the Company signed a Share Purchase Agreement for the purchase of 100% of shares in G.E.M Venus Holdings (Pty) Ltd, including acquisition of surface and mineral rights in respect of emerald mining and extraction at the Gravelotte Emerald Mine, South Africa.

Magnum has paid a R3 million deposit and will now proceed to settlement once certain conditions precedent are met. It is anticipated that final settlement will occur in May 2014, with the final payment of R5.5 million payable at settlement.

EXPLORATION INTERESTS

As at 31 March 2014, the Company has an interest in the following Mining Licence.

Location	Mining Licence Number	Interest	Status
Namibia	Mining License Number 77	100%	Granted

No licences were acquired or disposed of during the quarter.

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

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")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 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	(71)	(71)
1.3 Dividends received	(70)	(70)
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	7	7
Net Operating Cash Flows	(133)	(133)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) financial assets (e) Businesses		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(3)	(3)
1.11 Loans repaid by other entities		
1.12 Other		
Net investing cash flows	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(136)	(136)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(136)	(136)
	Cash flows related to financing activities		
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		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(136)	(136)
1.20	Cash at beginning of quarter/year to date	1,196	1,196
1.21	Exchange rate adjustments to item 1.20	(1)	(1)
1.22	Cash at end of quarter	1,059	1,059

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	41
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	40
4.2 Development	-
4.3 Production	-
4.4 Administration	40
Total	80

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	1,059	1,196
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,059	1,196

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			

+ 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 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	171,315,612	165,365,612	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			-	Fully paid
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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: 28 April 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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