



Quarterly Activities Report 31 March 2020

ASX Release
30 April 2020

**Magnum Mining and
Exploration Limited**
ABN 70 003 170 376

ASX Code
MGU

Non-Executive Chairman
Howard Dawson

Chief Executive Officer
Grant Button

Non-Executive Director
Francesco Cannavo

Company Secretaries
Grant Button

Issued Shares
304,598,818

Listed Options
101,506,273
Exp 30/09/2022 @ \$0.05

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HIGHLIGHTS

- Veteran African based mining entrepreneur Terry McConnachie engaged by Magnum to provide consultancy services to advance the potential development of the Gravelotte emerald project, located in South Africa
- Additional test work on bulk samples is well advanced to finalise appropriate sorting technology – XRF or colour sorting or combination of both
- Key in country operation personnel retained whilst further on-site costs savings implemented
- Parcels of emeralds being provided to various potential buyers to gauge market assessment.

CORPORATE

Appointment of Mr Terry McConnachie

Mr Terry McConnachie has been engaged by Magnum Mining & Exploration Limited (“Magnum” or the “Company”) to provide consulting services to further advance the commercial development of the Company’s Gravelotte emerald project.

Gravelotte has now reached the pre-development stage and the Company is excited to secure the services of Terry, who has a proven track record of bringing mining operations into commercial production within Africa.

Terry will provide practical guidance to the CEO and board to advance the following key objectives:

- Assessing and defining the parameters and costs of achieving a commercial mining operation at Gravelotte.
- Assist with raising the investor profile of Magnum and raising the required development capital.
- Coordinate and supervise the construction and commissioning of the proposed commercial operation.
- Assist with the appointment of the key operational staff and consultants.
- Assist with the marketing of the emerald production.

Mr McConnachie has almost 45 years' experience in running mines, mining beneficiation and minerals processing companies.

Mr McConnachie was the founder and executive director of Merafe Resources, which listed on the JSE as SA Chrome and Alloys Limited and for the last 16 years Mr McConnachie was the CEO and Managing Director of AIM listed Sylvania Platinum limited.

Further Cost savings

Magnum undertook a number of significant cost reduction measures in December 2019 as a result of the completion of the Trial Mining and Processing operation at the Gravelotte emerald project.

In late March 2020, the South African Government instituted a country wide lockdown.

In response to Government directives all South African staff returned to their homes for the duration of the lockdown. The Company has maintained adequate armed security on-site, but onsite operating costs have been reduced for the duration of the lockdown. The Company's South African staff are currently taking accrued leave whilst the Company is assessing its eligibility for a Government job subsidy scheme being implemented in South Africa.

As at 28 April the government has commenced to ease some restrictions and this will be carefully monitored by Magnum to determine when staff can be re-engaged at site.

Corporately, the Board has forgone all payment or accrual of Directors Fees since June 2019 and this will continue for the foreseeable future. The Company's CEO, Mr Grant Button, has waived all payment or accrual of consultancy fees since May 2019 and will continue to do so for the foreseeable future.

VAT Refund

Whilst the anticipated VAT refund of AU\$80,000 from the South African Revenue Service (SARS) did not occur during the March quarter, as a result the lock down in South Africa, an initial payment was received in late April and the Company is confident of receiving the balance of funds during the June quarter.

OPERATIONS

Gravelotte Project, South Africa

Trial Mining and Processing

The trial mining of around 7,800 tonnes of hard rock from three benches within the historic Cobra pits was completed in May 2019.

The run of mine material was then stockpiled and around 900 tonnes then processed through to completion of XRF sorting to recover emeralds and to determine preferred host lithology, grade and stone quality.

Geology

The emerald mineralisation at Gravelotte is contained within a mafic schist that is bounded by a granite and a felsic porphyry. Historic production and drilling data shows that whilst the large majority of the schist is emerald mineralised, the grade distribution is inhomogeneous.

One of the targets of the processing operation completed in late 2019 was to gain an understanding of how to predict higher grade zones within the schist either in the pit prior to

mining or within the ROM stockpiles. This would allow higher grade material to comprise the bulk of the processed material, both in the current testing phase and a potential commercial operation.

The processing completed together with the logging of the blast hole material and visual examination of the run of mine material confirmed that the zones within the schist that contain biotite appear to be biased towards better grades and quality of emeralds.

It has also been noted that cubic pyrite is often, but not always associated with areas of better grade.

Assessment of sorting options for the recovery of emeralds

The Company has engaged with leading manufacturers of mining sorting solutions with a view to providing an effective, cost efficient sorting solution for the recovery of emeralds.

The brief has been to examine Gravelotte ROM and emeralds to determine which technology or combination of technologies will deliver the optimum sorting solution.

In this regard and whilst the use of XRF technology during the trial mining programme was successful, recent advances in colour sorting technology for emeralds has indicated that this technology should also be re-assessed.

Ongoing trials have received positive results with fine tuning underway, and the manufacturers all have practical operational experience in the gemstone sorting industry.

This work will continue remotely at manufacturer's sites in Europe and South Africa, but will be expedited once lockdowns in various parts of the world are wound back.

The finalisation of this test work will allow the Company to confirm both the costs and lead time for the delivery of the appropriate sorting technology.



Photo 1: Gravelotte Project showing existing infrastructure and mining stockpiles

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

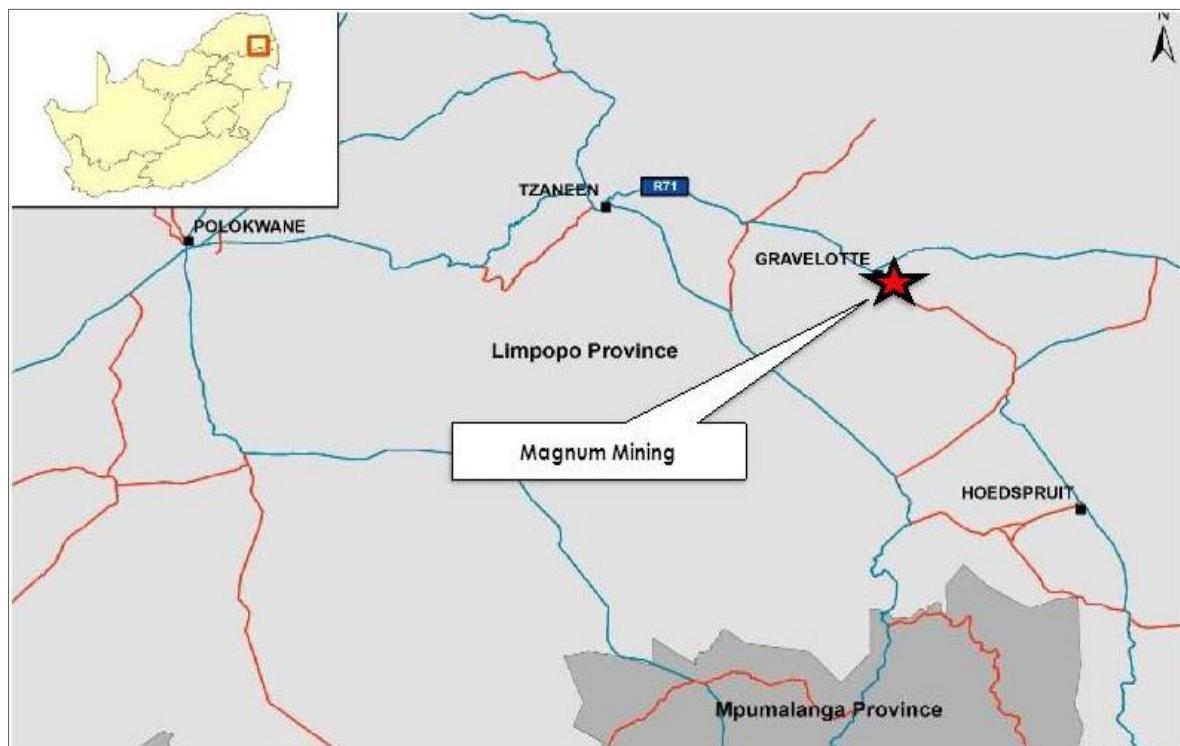


Figure 1: Gravelotte Location Map

Why is Magnum at Gravelotte?

The Gravelotte project provides Magnum with a medium term production opportunity in the niche commodity of emeralds where demand is growing.

The project offers established infrastructure, existing and accessible open cuts together with extensive low grade dumps, a large (albeit incomplete) historic data base, a nearby and available work force, local on-site technical expertise and a nearby township that can serve as a supply centre.

The Company has maintained and refurbished much of the extensive mine site infrastructure at Gravelotte including offices, laboratory, workshops, garages, management accommodation complex and a mine hostel to accommodate mine workers.

The mine site is well situated with utilities and logistics being serviced by ESKOM grid power, has a sealed road to the mine gate and has a working airstrip.

EXPLORATION INTERESTS

The following tenement information is provided in accordance with ASX Listing Rule 5.3.3 for the quarter ended 31 March 2020:

Location	Tenement Type	Number	Interest at beginning of Quarter	Interests relinquished, reduced or lapsed	Interests acquired or increased	Interest at end of Quarter	Status
Limpopo Province, South Africa	Mining Right	LP 153 CMR	74%	-	-	74%	Granted
Limpopo Province, South Africa	Prospecting Right	LP 30/5/1/1/3/2/1/204 PR	74%	-	-	74%	Granted

ASX: MGU Announcements Released During the March 2020 Quarter

- 30/03/20 Appendix 4G
30/03/20 Annual Report to Shareholders
21/02/20 Resignation of Joint Company Secretary
31/01/20 Quarterly Activities and Cashflow Report
02/01/20 Change of Directors Interests Notices x 2
02/01/20 Expiry of Unlisted Options



GRANT BUTTON
Chief Executive Officer/Joint Company Secretary

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Competent Persons Statement

*The information in this announcement that relates to Exploration Results and Mineral Resources complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and has been compiled and assessed under the supervision of Mr Howard Dawson, Non-Executive Director of Magnum Mining and Exploration Limited. Mr Dawson is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Dawson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*