



31 July 2017

The Manager
Company Announcements Office
ASX Limited
Level 40
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Dear Sir/Madam

Cloncurry East Project – Farm-in Announcement

Key Points

- Farm-in agreement to explore and earn up to 75% of the advanced Cu-Au +/- Co Cloncurry East Project
- Existing JORC 2004 mineral resource with strike and depth potential
- High priority exploration targets identified
- Farm-in provides Magnum with immediate exposure to a highly mineralised province within Queensland with an extensive data base to fast track exploration

Overview

Magnum Mining and Exploration Ltd (“Magnum” or the “Company”) is pleased to advise that it has reached agreement to farm into three exploration tenements held by Exco Resources Ltd (“Exco”) and CopperChem Limited (“CCL”) (together the “CopperChem Group” or “CCG”) located in the Cloncurry region of Queensland.

These tenements, which together comprise the Cloncurry East Project (“CEP”) are the following 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).

Farm-in

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.

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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.

CEP Overview

The CEP area is at an advanced stage of exploration and is highly prospective for iron oxide copper gold (“IOCG”) +/- cobalt mineralisation and variants of this style of mineralisation.

An initial mineral resource (JORC Code 2004) has already been defined at Salebury (refer to Exco’s ASX announcement of 12 October 2012). The information in this announcement relating to mineral resources and exploration results was prepared under JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The CEP presents Magnum with an advanced exploration opportunity with an existing resource, high priority drill targets, an extensive exploration data package and established infrastructure.

The CEP also provides Magnum with exposure to a region that is highly prospective for various styles of base and precious metal mineralisation. The underlying geology host rocks are part of the Mt Isa Eastern Succession, which contain many historical and current mines and deposits. These include Ernest Henry, Osborne, Eloise, Cannington and Dugald River, as well as a number of significant smaller deposits.

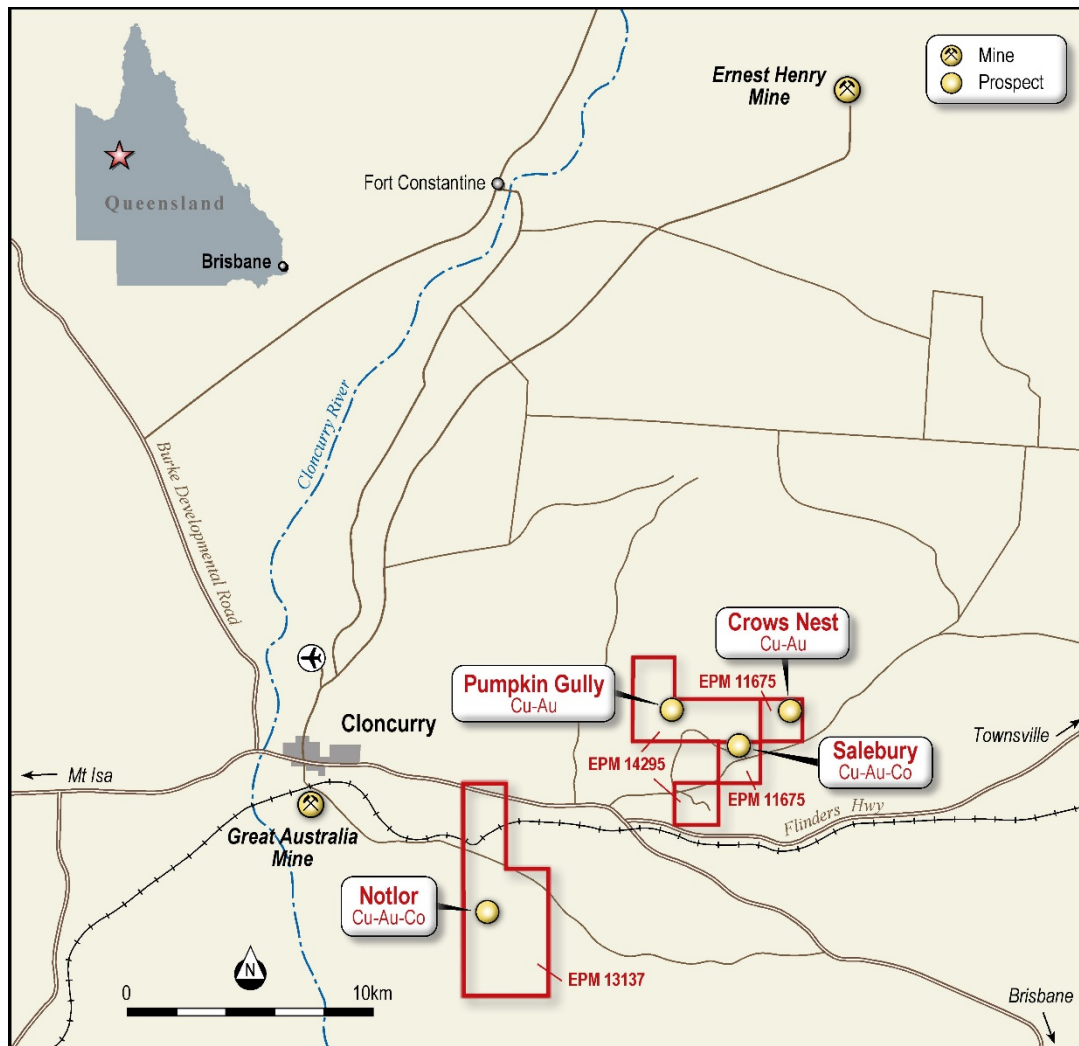


Figure 1: Tenement Location Plan

Proposed Program

Utilising an extensive CCG database existing over the EPMs, Magnum has delineated near term high priority exploration drill targets which it plans to test as soon as possible. The CCG database is a significant asset for the farm-in and includes information pertaining to airborne and ground geophysics, surface geochemistry and extensive drilling results, with an estimated replacement cost of well over \$4 million.

In addition to the high priority exploration drill targets, Magnum plans to undertake a re-interpretation of the existing extensively mineralised areas within Notlor and Salebury. This work will focus on the potential for strike and depth extensions, particularly within the higher grade Cu-Au zones but also the cobalt enriched zones.

Metallurgical test work will also be carried out to determine the most favourable treatment options.

Salebury

Exco previously reported that an initial (JORC Code 2004) indicated and inferred mineral resource of **1.3 million tonnes grading 0.9% Cu and 0.5g/t Au** has been defined at Salebury (see Exco announcement of 12th October 2012). This includes an indicated mineral resource of 1.1 million tonnes grading 0.93% Cu and 0.56 g/t Au, and an inferred mineral resource of 0.2 million tonnes grading 0.75% Cu and 0.46 g/t Au. This resource is open at depth and along strike and has areas of cobalt enrichment. The main area drilled to date has a strike length of approximately 900 metres with several high grade domains. Previously released drill intersections (see Exco Quarterly report for three months ending June 30th 2011) within these higher grade zones include:

Hole No.	From (m)	To (m)	Interval (m)	Cu	Au
ECDD002	87	135	48	2.18%	1.97 g/t
ECRC 307	78	108	30	1.93%	1.25 g/t
ECRC 045	0	14	14	1.67%	0.91 g/t

Notlor

In relation to Notlor, Exco previously reported (see Exco Quarterly Report for three months ending 31st December 2007) that drilling has shown a zone of mineralisation at similar grades to Salebury, which is also open at depth and along strike. Magnum plans to convert this mineralisation to a JORC 2012 mineral resource estimate as part of the proposed program. The Notlor mineralisation occurs over an approximate 2 kilometre strike length hosted in metasediments, being dominantly black shale. Within this overall zone are areas of higher grade mineralisation, as indicated by the following previously released better drill intercepts:

Hole No.	From (m)	To (m)	Interval (m)	Cu	Au
ENRC 029	0	84	84	1.72%	1.12 g/t
ENRC 023	18	81	63	0.81%	0.41 g/t
ENRC 004	22	68	46	2.42%	0.97 g/t

Pumpkin Gully

The Pumpkin Gully prospect is located 15km east of Cloncurry, within EPM14295. The area was highlighted by a strong discrete magnetic and coincident radiometric anomaly, which is situated stratigraphically near the basal contact of the Toole Creek Volcanics and on the fold axis of the Pumpkin Gully Syncline. Metasomatic and sedimentary Cu-Au-U bearing ironstones occur as interflow sediments along a strike length of approximately 900m within a sequence of mafic volcanics.

Two phases of RC drilling were completed by Exco, with significant mineralisation intersected in complexly folded ironstones over a strike length of more than 400m. Best intersections reported to date are; 24m at 0.83% Cu and 0.26g/t Au from 24m in hole ECRC022 and 10m @ 0.67% Cu and 0.32g/t Au from 20m in hole ECRC298 (see Exco Quarterly report for three months ending June 30 2011).

Crow's Nest

The Crow's Nest prospect occurs within EPM11675. The prospect is situated within Toole Creek Volcanics on the southern limb of the Pumpkin Gully Syncline. The prospect is located along a NW striking sequence of calc-silicates and black shales that have been intruded by dolerite and are now partially masked with thin transported cover. Historical exploration included shallow RC drilling beneath workings and returned a best intersection of: 14m at 1.05% Cu and 1.0g/t Au from 40m in CNRC003 (refer to Exco Quarterly report for three months ending 30th June 2011). Crow's Nest forms one of the priority exploration drilling prospects.

Exploration Targets

The extensive database available to Magnum is still being actively reviewed. It is considered very likely that additional exploration targets will be identified.

Magnum is pleased to work with CCG to pursue positive outcomes for these tenements, and to maximise potential synergies going forward.

Exploration Management

Pursuant to this opportunity, the Company has engaged Stephen Konecny, a geologist with over 30 years' experience and extensive experience within the Cloncurry region, to lead the exploration program.

Stephen was previously with BHP for 18 years and was a key part of BHP's Exploration team that discovered and developed the Cannington Ag-Pb-Zn Mine in the region. He subsequently led BHP's Mt Isa Region Exploration Program.

Magnum looks forward to providing regular updates to the market as the exploration and resource evaluation of the CEP progresses.

Yours faithfully

Magnum Mining and Exploration Ltd



Grant Button
Director/Joint Company Secretary

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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.

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Hole	Prospect	Hole Type	Depth	Dip	Azimuth	Survey Method	Grid	Easting	Northing	RL	EPM	Date Completed
ENRC004	Notlor	RC	68	-90	0	DGPS	MGA94_54	455900.1925	7703329.51	222.787	EPM13137	12-Oct-05
ENRC023	Notlor	RC	81	-90	0	DGPS	MGA94_54	455911.0924	7703339.11	221.15	EPM13137	03-Nov-05
ENRC029	Notlor	RC	118	-60	180	DGPS	MGA94_54	455900.4925	7703354.11	220.558	EPM13137	26-Nov-05
ECRC045	Salebury	RC	14	-60	180.5	DGPS	MGA94_54	466164.5673	7711187.778	187.7	EPM14295	29-Aug-07
ECRC307	Salebury	RC	108	-60	360	DGPS	MGA94_54	466220.5571	7711086.708	190.29	EPM11675	18-Sep-08
ECDD002	Salebury	DDH	170	-60	0.5	DGPS	MGA94_54	466218.304	7711076.844	190.61	EPM11675	22-Jul-10