



QUARTERLY REPORT 31 December 2014

MAGNUM MINING AND EXPLORATION LIMITED

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

CORPORATE MATTERS

Non-Renounceable Rights Issue - Placement of Shortfall

Following the completion of the Non Renounceable Rights Issue, the Directors reserved the right to place any shortfall shares not taken up by the eligible shareholders at their discretion with persons interested in subscribing for shares in the Company.

During the quarter, the Company completed a placement with a number of existing shareholders and one new investor of the Company, each being a sophisticated or professional investor. Applications for all of the shortfall shares (totaling 19,133,994 shares) were received at an issue price of \$0.02 per share raising \$382,680.

Board Changes

During the quarter the Company announced the appointment of Mr Roy Spencer B.Sc (Geol)., F.Aus.I.M.M., M.G.S.A.G.A to the Company's Board of Directors as a non-executive director.

Mr Spencer has had over 40 years experience as a successful exploration and mining geologist in the international mineral resource industry in a number of commodities, including gemstones and diamonds. He has worked in various senior roles with major and junior companies and in corporate positions with various organisations, implementing and managing exploration and evaluation programmes in remote and challenging regions to PFS and Bankable FS level to JORC, SAMREC and 43-101 standards.

The Company also announced that Mr Michael McMahon has resigned as a non-executive director of the Company. The Board wishes to thank Mr McMahon for his contribution to the Company over the past 5 years.

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.

On 31 July 2014 Magnum Mining and Exploration Limited ('**Magnum**') announced the execution of a binding Heads of Agreement with African Tantalum (Pty) Ltd (**Aftan**) for the 60% sell-down of, and creation of a joint venture in respect of, Magnum's Tantalite Valley Project (**TV Project**) located in Namibia (**Sell-Down**).

Magnum Mining & Exploration Ltd

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On 16 December 2014, Magnum announced that it has entered into a long form sale and purchase agreement in respect of the Sell-Down (**SPA**). Under the SPA the Sell-Down remained conditional upon, among other things, execution of shareholders' agreements that will govern Magnum and Aftan's joint holdings in the companies comprising the TV Project from completion under the SPA.

Subsequent to the end of the quarter, the Company announced on 26 January 2016 that all the conditions precedent to the 60% sell-down of, and creation of a joint venture in respect of, Magnum's Tantalite Valley Project (**Transaction**) have been either waived or satisfied and the Transaction is now unconditional.

Completion is scheduled to occur on Monday, 2 February 2015 (unless the parties agree on a different date).

Gravelotte Project, South Africa

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
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.

The work undertaken during the last quarter of 2014 has revolved around consolidating the company's knowledge/understanding of the historic emerald mining area at Cobra and securing and rehabilitating access within the area to prepare the groundwork for an evaluation programme during 2015.

Magnum completed a 300 line kilometre low level, ultra-high precision helicopter-based magnetic and radiometric survey over an area of 12 km², centred on the old emerald workings. This is the first time that modern geophysics has been used over the project area and was undertaken in order to firstly locate the emerald workings in a geological context and secondly, to investigate whether additional, as yet unrecognised, mineralisation may exist within the tenement area.

The survey was successfully concluded in October with some indication that both aims of the survey have been achieved. Follow-up ground truthing will be undertaken during the 1st quarter of 2015.

A topographic survey was instituted to map both open pits at Cobra and rehabilitate old mining base lines and this work is on-going. During the first quarter of 2015, this survey work will be extended to map the tailings dumps around the pits.

Steps have been taken to rehabilitate firebreaks around the mining tenement and to initiate various H&S programmes and address communication issues.

A programme of tailings dump sampling and a drill programme is being developed for later in 2015 to recover the first emeralds from the project area.

EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2014:

1. Listing of tenements held:

Location	Project	Tenement Type	Number	Interest	Status
Namibia	Tantalite Valley	Mining Lease	Mining License Number 77	100%	Granted
Limpopo Province, South Africa	Gravelotte	Mining Right	MPT 85/2013	74%	Granted
Limpopo Province, South Africa	Gravelotte	Prospecting Right	LP 204 PR	74%	Granted

No tenements were acquired or disposed of during the quarter.



GRANT BUTTON
Chief Executive Officer/Company Secretary

Further information please contact:

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Information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Roy Spencer, a Competent Person and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Spencer is a director and employee of the Company and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Spencer consents to inclusion in this document of the information in the form and context in which it appears.

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 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 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	(179)	(340)
1.3 Dividends received	(109)	(355)
1.4 Interest and other items of a similar nature received	-	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other	8	24
Net Operating Cash Flows	(280)	(669)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) G.E.M Project acquisition	-	(905)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	206
1.10 Loans to other entities	(52)	(55)
1.11 Loans repaid by other entities	-	15
1.12 Other (provide details if material)	(32)	(74)
Net investing cash flows	(84)	(813)
1.13 Total operating and investing cash flows (carried forward)	(364)	(1,482)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(364)	(1,482)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	377	766
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	-	150
1.17	Repayment of borrowings	(150)	(150)
1.18	Dividends paid		
1.19	Other – capital raising costs	(18)	(30)
	Net financing cash flows	209	736
	Net increase (decrease) in cash held	(155)	(746)
1.20	Cash at beginning of quarter/year to date	604	1,196
1.21	Exchange rate adjustments to item 1.20	(1)	(2)
1.22	Cash at end of quarter	448	448

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	25
1.24	Aggregate amount of loans to the parties included in item 1.10	52

1.25 Explanation necessary for an understanding of the transactions

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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

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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

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Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

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	75
4.2 Development	-
4.3 Production	-
4.4 Administration	50
Total	125

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	237	397
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (restricted cash)	211	207
Total: cash at end of quarter (item 1.22)	448	604

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	229,578,812	223,628,812	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	19,133,994	19,133,994	\$0.02	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: 30 January 2015

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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+ See chapter 19 for defined terms.