Quarterly Activities Report
31 December 2017

ASX Release
31 January 2018

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
Scott Robertson

Company Secretaries
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HIGHLIGHTS

Gravelotte Emerald Project

- Positive advances in data base including better understanding of emerald mineralisation controls and mining targets within historic Cobra and Discovery open cuts.
- Planning of two phase trial mining exercise finalised with phase 1 (processing of selected waste dumps) expected to commence by late February and Phase 2 (hard rock mining and processing) expected to commence in late March.
- Targeting a recovery of +250,000 carats of emeralds from the trial mining exercise

Cloncurry East Cu-Au-Co Project

- Seventeen hole, 2,004 metres reverse circulation drilling programme completed during quarter.
- All 6 metre assay results now received and being reviewed and collated for release.
- **As previously reported initial results from King Edward highly encouraging with drill hole MNRC014 returning a high grade six metre intersection of 5.0% Cu & 14.4 g/t Au from 42m depth.**

OPERATIONS

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 with a current market valuation of in excess of $US1 billion.

It is reported that during the 1960's the Gravelotte Project itself was the largest mine of its type in the world, employing over 400 sorters.

Geology

The host rocks at Gravelotte are 3.3 billion year old Archaean greenstone schists enclosed and intruded by younger Archaean granitic rock and late stage albite-quartz pegmatoids. The emerald mineralisation is closely related to the pegmatoids.

The emerald-bearing zones and their sub-divisions 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

Trial Mining Exercise (Bulk Sample)

During the December quarter, a new team of consultants was engaged in South Africa with the specific task to advance the trial mining exercise.

This new team has advanced the technical review of Gravelotte to a point where the proposed trial mining exercise (bulk sample) can be initiated with a high degree of confidence.

The trial mining exercise will be conducted in two phases with the initial phase comprising the processing of around 2,000 tonnes of material from four of the historic mining waste dumps.

Limited processing of selected dumps in the 1990's returned run of mine grades averaging around 3g/t per tonne of emerald and it is projected that the four dumps to be processed should average around this grade.

The second phase of the trial mining exercise will be to mine and process around 8,000 tonnes of hard rock from the historic Cobra and Discovery open pits.

Based on the average recovered grades from the hard rock and waste dump processing over the near 70 year production history of Gravelotte, the trial mining exercise is projected to produce in excess of 250,000 carats of emerald.

The key objectives of the trial mining exercise are:

- Confirm historic emerald grades within the waste dumps and the respective Cobra and Discovery open pits;

- Optimise the mining and processing techniques to be used in a potential commercial operation including determining the optimum blast pattern, the best type and size of mining equipment to be used, the preferred crushing and screening technique and how best to process and recover the resultant emeralds; and

- Using the recovered emeralds determine the likely value of Gravelotte emeralds in the open market place.

The use of optical sorting as an alternate or in conjunction with the proposed hand sorting of the processed material will be considered as part of the trial mining exercise.

Timing of the Trial Mining Exercise

Processing of the waste dumps (phase 1 of the trial mining exercise) is expected to commence by late February and take between 7 and 11 weeks to be completed – the time variance for completion is the consequence of the need to train the hand sorters and provide time for their expertise to develop.

Mining of the hard rock is expected to commence by late in the March quarter with a more precise timing to be advised once scheduling of the mining equipment has been confirmed.

Permitting

During the quarter the Company finalised both the Environmental Management Program ("EMP") and the Water Usage License submissions, and these were lodged with the appropriate regulatory authorities. This is the culmination of a significant amount of work over an extended period of time and is a significant milestone for Magnum.

Cloncurry East Project, Queensland, Australia

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

The project lies within the highly mineralised Mt Isa Eastern succession of rocks 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 project was selected by Magnum as a result of the tenements being at an advanced stage of exploration and considered by our technical consultants 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 an 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.

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.

During the initial stages of the December quarter the historic drilling and geological data from the targeted prospects was incorporated into a Vulcan 3D data base by Maptek to assist in the selection of definitive drill locations.

The subsequent drilling locations were selected to test a range of targets and objectives within the Cloncurry East project with the prime objectives being:

- Confirm historic robust thicknesses and copper-gold grades within parts of the Notlor and Salebury prospects;
- Test the northern section of the Notlor prospect where historic drilling had indicated a zone of elevated cobalt grades;
- Test for extensions to the Notlor and Salebury mineralised envelopes; and
- Test unexplored and/or underexplored targets at Pumpkin Gully, Prince Edward, King Edward and Crow's Nest.

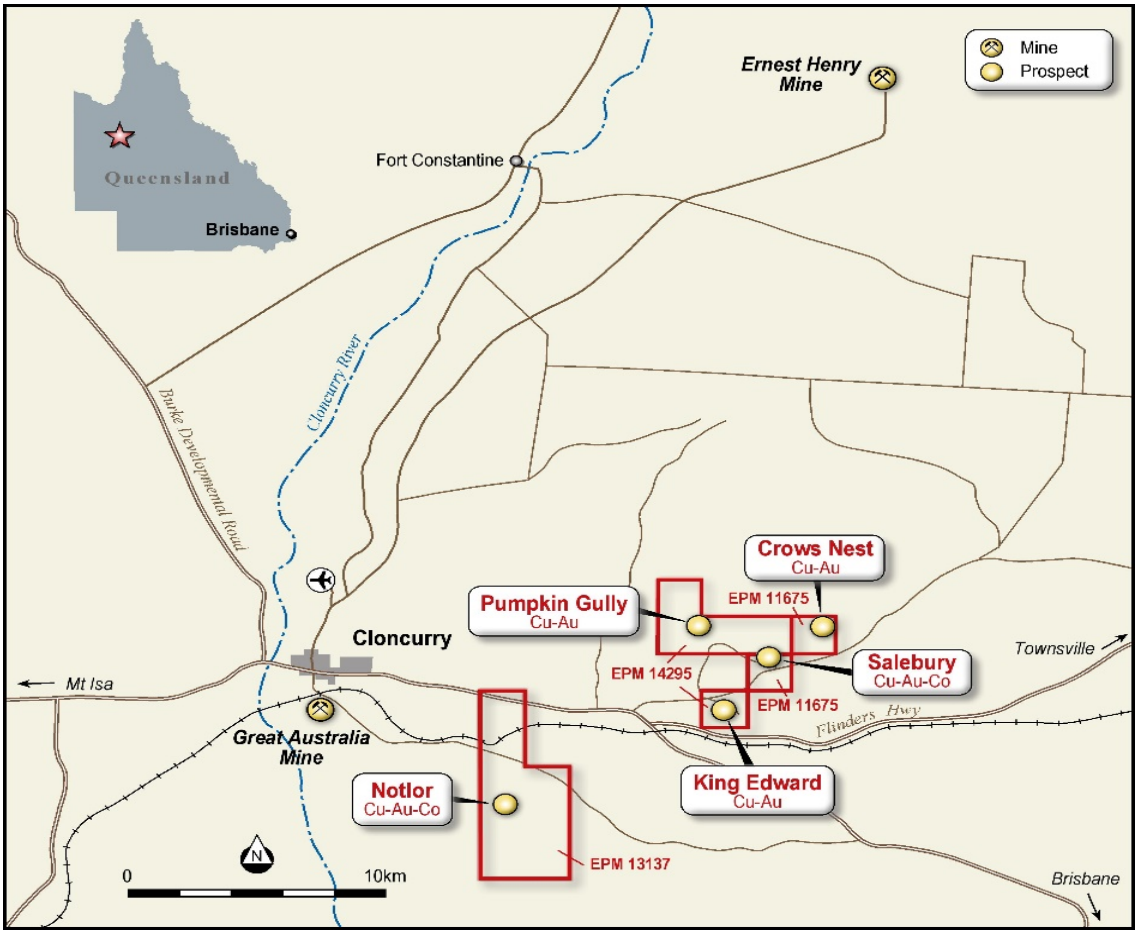

Figure 1: Project and tenement location plan

A seventeen hole, 2,004 metre reverse circulation drilling programme was subsequently carried out within the project area and completed in December 2017.

Samples were collected at 2 metre intervals with selected zones composited to 6 metres for initial analyses.

As a result of wet weather and some ground access restrictions only the holes planned over the Notlor, Salebury and King Edward were able to be drilled.

All drill samples were forwarded to the laboratory by late December all of the six metre composite results have now been received and are being reviewed and collated prior to release to the market.

Cloncurry East Project: Drill Holes Completed December 2017 Programme

Hole No.	Total Depth	East (metres)	North (metres)	Dip (degrees)	Azimuth (magnetic)	Elevation
MNRC 001	162 metres	456527	7702758	60	226	231 metres
MNRC 002	108 metres	456597	7702554	60	226	235 metres
MNRC 003	108 metres	456622	770359	60	226	239 metres
MNRC 004	85 metres	456263	7703069	60	226	230 metres
MNRC 005	150 metres	455953	7703369	60	223	224 metres
MNRC 006	138 metres	455848	7703435	60	226	221 metres
MNRC 007	120 metres	456206	7703024	60	226	228 metres
MNRC 008	84 metres	456139	7702949	60	226	224 metres
MNRC 009	100 metres	455878	7703330	60	075	225 metres
MNRC 010	96 metres	455929	7703296	60	304	228 metres
MNRC 011	76 metres	465870	7710972	90	0	196 metres
MNRC 012	156 metres	465812	7710925	60	354	197 metres
MNRC 013	131 metres	466223	7711126	90	0	194 metres
MNRC 014	100 metres	464864	7703519	60	232	199.5 metres
MNRC 015	84 metres	465002	7708662	60	180	195.3 metres
MNRC 016	192 metres	466220	7711001	90	0	197 metres
MNRC 017	114 metres	465829	7710975	60	64	194 metres

King Edward

Results from the King Edward drilling were received earlier this month and reported in the ASX release dated 22 January 2018.

The results from these two holes completed over this prospect were **highly encouraging** and in the case of MNRC 014 considered above expectations

The King Edward prospect area occurs within dolerite / gabbro adjacent to a granitic intrusive, and is surrounded by laminated and brecciated calc-silicate rocks of the Corrella Formation.

Historical small scale mining is evident with small shallow pits developed on copper oxide and copper carbonate occurrences.

MNRC014 (total depth 100m) was drilled beneath the main area of historical workings and intersected two 2 discrete zones of copper (Cu) -gold (Au) mineralisation.

MNRC015 (total depth 84m) was drilled beneath a line of small pits located on a separate structure approximately 170 metres from MNRC 014 and also intersected Cu and Au mineralisation.

MNRC014 intersected **6m @ 5.0% Cu and 14.4 g/t Au** from 42m downhole depth and **6m @ 0.48% Cu and 1.0 g/t Au** from 72-78m. A zone of semi massive chalcopyrite is present from 42-44 metres.

MNRC015 intersected a broader lower grade zone **of 24m @ 0.26% Cu and 0.11 g/t Au** from 24-48m, including **6m @ 0.55% Cu and 0.19 g/t** Au from 24-30m.

The tenor of the Cu-Au mineralisation was unexpected and provides impetus to King Edward as a potential stand-alone target.

Of interest is that the prospect lies broadly on trend from the Malachite Resources operated Lorena gold mine which is located around 1.5kms to the west of King Edward and scheduled to produce around 30-35,000 ozs of Au over 18 months.

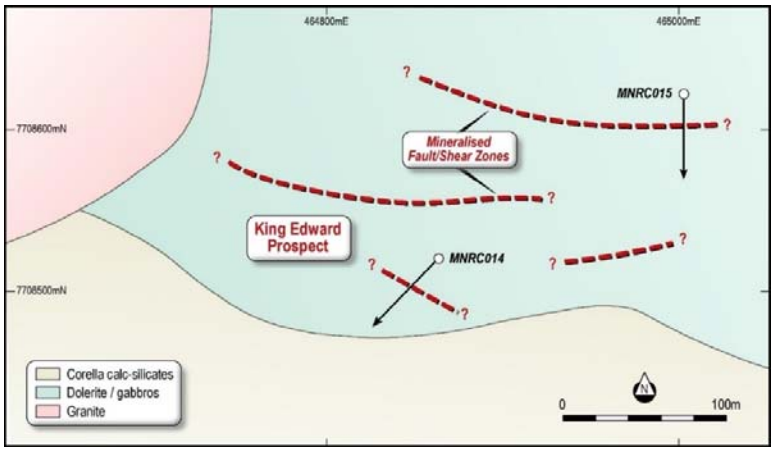

Figure 2: King Edward Drill Location Plan with Geology

Whether the drill intersections at King Edward indicate a regional mineralised trend will form the basis of a follow up programme.

It is expected that additional results from the drilling will be available for release in the first and second weeks of February.

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.

Lake Rebecca

During the December quarter exploration licence 31/1172 was applied for. This tenement application covers part of the Lake Rebecca Tertiary lake system located in the Pinjin region of Western Australia. It has been applied for to test for magnesium and lithium brines.

CORPORATE

On 3 October 2017, Magnum announced the appointment of Mr Scott Robertson to the Company's Board of Directors as a non-executive director.

Scott has 9 years of capital markets experience having most recently worked as Director of Corporate Finance with a prominent West Australian corporate advisory and stockbroking firm focusing on emerging company advisory, M&A advisory, equity capital markets transactions and financing strategy across a wide range of sectors. Scott holds a Bachelor of Economics and Finance from Curtin University and is currently studying towards an MBA at the University of Western Australia.

The Company also advised that Mr Darryl Lynton-Brown had resigned as non-executive Chairman of the Company.

Further, Mr Howard Dawson assumed the role of non-executive Chairman of the Company.

On 14 December 2017 Magnum granted 2 million unlisted options, exercisable at $0.075 per share on or before 31 December 2019, to the Company's Senior Geological Consultant, Mr Stephen Konecny.

Mr Konecny is the supervising geologist over the Company's Queensland exploration activities and is assisting the Company in evaluating potential new opportunities. The Company has agreed the option package with Mr Konecny as part of a reduced consultancy rate for his services.

EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 31 December 2017:

1. Listing of tenements held:

Location	Project	Tenement Type	Number	Interest	Status
Limpopo Province, South Africa	Gravelotte	Mining Right	LP 153 CMR	74%	Granted
Limpopo Province, South Africa	Gravelotte	Prospecting Right	LP 30/5/1/1/3/2/1/204PR	74%	Granted
Kalgoorlie Boulder, Western Australia	Lake Rebecca	Exploration Licence	E31/1172	100%	Application pending grant

2. Listing of tenements acquired (directly or beneficially) during the quarter:

Location	Project	Tenement Type	Number	Interest	Status
Kalgoorlie Boulder, Western Australia	Lake Rebecca	Exploration Licence	E31/1172	100%	Application pending grant

No tenements were disposed of during the quarter.

GRANT BUTTON
Chief Executive Officer/Joint Company Secretary

Further information please contact:

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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 Howard Dawson, who a Director of the Company. Mr Dawson is a member of the Australian Institute of Geoscientists (AIG) 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 Dawson consents to the inclusion of the information in the form and context in which it appears.

THIS IS ANNEXURE A 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
Sampling techniques	*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.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *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.*	Reverse Circulation drilling was used to collect 1 metre bulk samples via a cyclone mounted on the drill Rig. A 2-3kg sample was also obtained via a splitter mounted on the rigs cyclone for each metre drilled. 6 metre composite samples were collected from the 1 metre split samples by spearing the 1m splits and were sent to Australian Laboratory Services, a reputable company with many laboratories operating worldwide. Where Cu is above 0.2% in the composite samples the intervals will be submitted for further analysis with duplicates standards and blanks inserted for each drill hole. Analysis is by fire assay using a 50 g charge for gold, and copper and cobalt will be assayed as part of a multi element suite. The multi element analysis is by mixed acid digest with HF and analysis by ICPAES. Ore grade samples are analysed by four acid digest and ICPAES finish.
Drilling techniques	*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.).*	Reverse Circulation drilling was conducted by a reputable contractor (Tulla Drilling) based in Mt Isa using a shramm drill rig with on board and auxiliary compressor to keep samples dry in the case of water in the hole. The vast majority of samples have been dry. Several holes were terminated early where excess water prevented collection of representative dry samples/
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *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.*	RC sample recovery is good with no issues encountered due to water as holes encountering excess water were terminated. Samples were dry and recovery good with uniform sample sizes. Fine and coarse samples are all recovered in the bulk samples collected in large plastic bags. The fines of the sieved geological chip sampling has been collected to ascertain if there is any bias in the fine material but this is not expected to be the case as samples are dry and recovery is good.

Criteria	JORC Code explanation	Commentary
Logging	*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 studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	RC chips are logged from a representative sample speared from the 1 metre samples. Due to the small size of these geological samples the logging is qualitative and visual estimates are therefore unreliable and laboratory analysis only will be reported. The logging will include noting whether mineralization is visually present.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *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.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	A bulk sample at 1 metre intervals is collected via a cyclone on the rig with an on board splitter collecting a further representative sample of approximately 2kg per metre. These samples are then speared to produce composite samples of 6 metres. If these samples are anomalous (generally greater than 0.1% copper or 0.05 g/t gold) then the l metre splits will be sent to the lab for further assay using approximately 2 kg for each sample.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *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.* *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.*	Australian Laboratory Services, a reputable company with many laboratories operating worldwide will be analyzing the samples. Where Cu is above 0.1% in the composite samples the intervals will be resampled at 1 and 2 metre intervals and submitted for further analysis with duplicates standards and blanks inserted for each drill hole. Analysis will be by fire assay using a 50 g charge for gold, and copper and cobalt will be assayed as part of a multi element suite. The multi element analysis will be by mixed acid digest with HF and analysis by ICPAES. Ore grade samples will be analysed by four acid digest and ICPAES finish.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Composite and 1 or 2 metre sub samples will be compared for consistency but the shorter intervals will take priority. If there is a material discrepancy the intervals will be resampled. Data will be collected and entered into a digital file.

Criteria	JORC Code explanation	Commentary
Location of data points	*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.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Holes were surveyed by GPS with sub metre accuracy Drill coordinates and azimuths are GDA_94 MGA zone 54 Any Downhole surveys will have magnetic azimuths but these will be converted to grid.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *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.* *Whether sample compositing has been applied.*	At Salebury previous 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. 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.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *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.*	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.
Sample security	*The measures taken to ensure sample security.*	Reputable Labs and transport companies will be used and field sampling is being carried out by trusted and experienced contractors.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	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.

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	*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.* *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.*	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 previously conducted at each area drilled. Conduct and Compensation Agreements are in place with the relevant landholders. The Abovementioned EPMs are secure and compliant with the Conditions of Grant. There are no known impediments to operate in the area.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Prior to Exco's drilling and geophysical surveys, 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 Excos database. Open file airborne magnetic surveys also cover the area of these EPMs
Geology	*Deposit type, geological setting and style of mineralisation.*	Within the eastern portion of Mt Isa Block targeted mineralisation styles include: • 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.
Drill hole Information	*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:* *easting and northing of the drill hole collar* *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *dip and azimuth of the hole* *down hole length and interception depth* *hole length.* *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.*	Collar easting and northing plus drill hole azimuth, dip and final depth for Holes will be advised when results are released. No data deemed material to the understanding of the exploration results have been excluded from this document.
Data aggregation methods	*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.*	Regarding previous drilling 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

Criteria	JORC Code explanation	Commentary
	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. *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	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. 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 1or 2 metre lengths. No metal equivalent values have been reported.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *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').*	Drill holes 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. The geometry of the mineralisation with respect to the drill hole angle is uncertain in some areas with further drilling done to resolve this. All depths and intervals referenced are downhole depths.
Diagrams	*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.*	The locations of the EPMs and prospects are shown in Figure 1 in the body of this document.
Balanced reporting	*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.*	Previously reported selective drill hole results 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.
Other substantive exploration data	*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.*	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.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The Exploration program is currently in progress but has paused due to the northern monsoon season, and when resumed will probably include further geophysics, drilling and metallurgical test work after results are fully reviewed and interpreted.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Magnum Mining and Exploration Limited

ABN	**Quarter ended ("current quarter")**
70 003 170 376	31 December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(345)	(491)
	(b) development		
	(c) production		
	(d) staff costs	(14)	(68)
	(e) administration and corporate costs	(125)	(345)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(484)**	**(904)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(1)	(4)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans from other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(1)**	**(4)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	1,500
3.2	Proceeds from issue of convertible notes	-	
3.3	Proceeds from exercise of share options	-	
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(97)
3.5	Proceeds from borrowings	-	
3.6	Repayment of borrowings	-	(200)
3.7	Transaction costs related to loans and borrowings	-	
3.8	Dividends paid	-	
3.9	Other (provide details if material)	-	
3.10	**Net cash from / (used in) financing activities**	**-**	**1,203**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	986	206
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(484)	(904)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,203
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**501**	**501**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	501	986
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**501**	**986**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	42
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Consulting fees paid to Wilberforce Pty Ltd, where Mr G Button is a director and consulting fees paid to HG & L Dawson Discretionary Trust, where Mr H Dawson is a trustee.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	150
9.2	Development	
9.3	Production	
9.4	Staff costs	15
9.5	Administration and corporate costs	65
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**230**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E31/1172, Lake Rebecca, Kalgoorlie Boulder, Western Australia	Exploration Licence - application pending grant	0%	100%

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 January 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.