Cloncurry East Project
Exciting first pass result from King Edward

Magnum Mining provides an update in relation to the drilling programme completed in December 2017 at its Cloncurry East Project.

Key Points

- Initial 6 metre composite assay from the King Edward Prospect drill hole MNRC014 returned highly encouraging **six metre** intersection of **5.0% Cu & 14.4 g/t Au from 42m depth.**

- At the King Edward prospect (see Figure 1) two holes were drilled to test adjacent structural lineaments, both of which host minor historic workings and have coincident geochemical and magnetic anomalies.

Overview

Magnum's Cloncurry East Project consists of two tenement groups and is located between 10-20 kilometres east of Cloncurry in North West Queensland.

The Project lies within the highly mineralised Mt Isa Eastern succession 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 Cloncurry East project area is at an advanced stage of exploration and is considered by the Company to be highly prospective for iron oxide copper gold ("IOCG") +/- cobalt mineralisation and variants of this style of mineralisation.

A 2004 metre reverse circulation drilling programme was completed within the project area in December 2017. Three prospects – Notlor, Salebury and King Edward were drill tested.

All drill samples have been presented to the laboratory and receipt of results has commenced.

Initial results from the two holes drilled at the King Edward prospect are highly encouraging.

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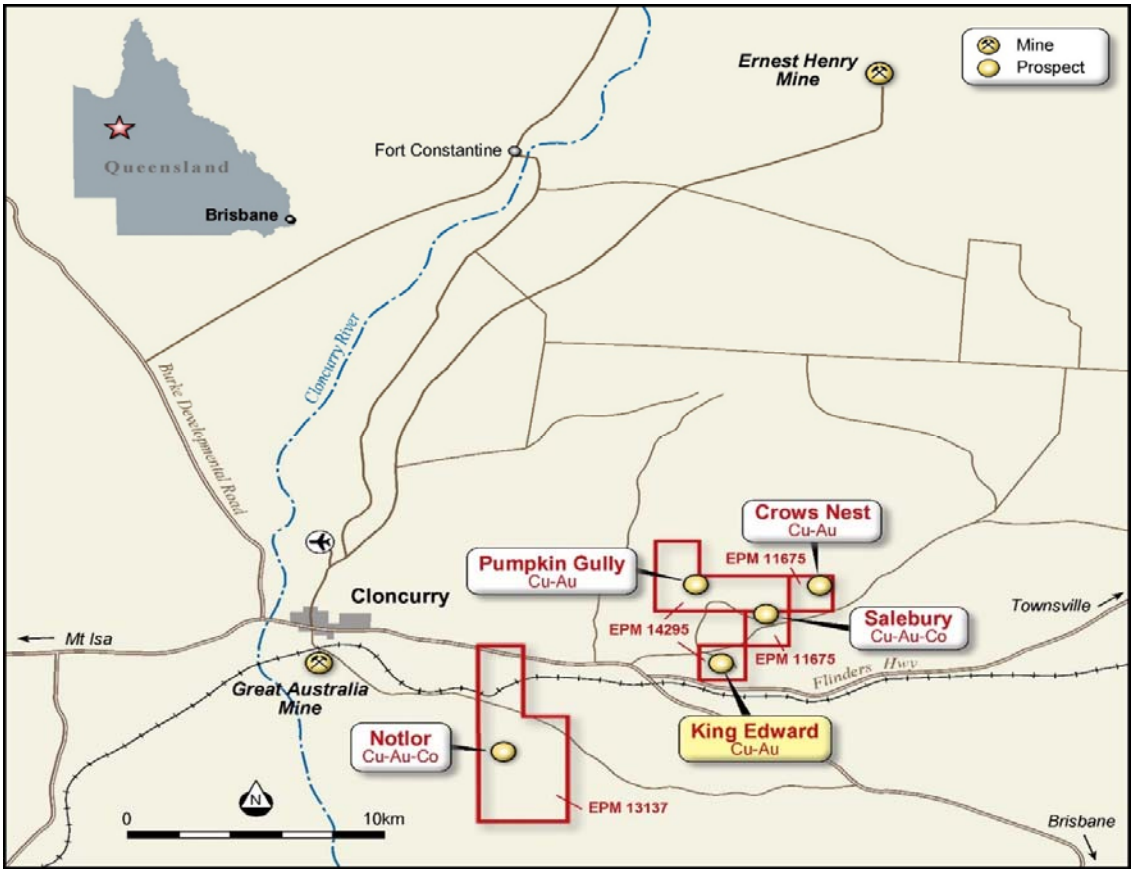


Figure 1: Cloncurry East Project: Location of EPM's

King Edward 6m composite Drill Results

Two reverse circulation drill holes were completed at King Edward, both along structural lineaments and targeting coincident surface geochemistry and magnetic anomalies.

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.

These zones were **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.

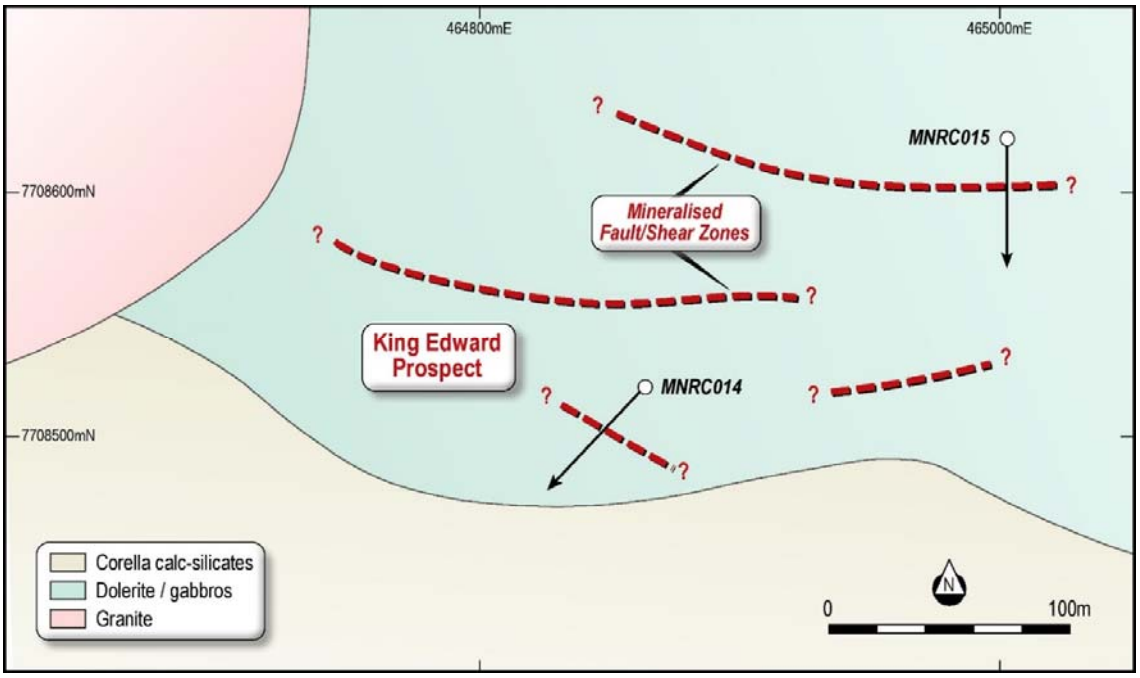
A zone of semi massive chalcopyrite is present from 42-44 metres.

MNRC015 (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.

The intersection in MNRC015 was of 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.

These intersections are highly encouraging from the first pass drilling of King Edward and demonstrate the potential to significantly upgrade this prospect.

The mineralisation intersected in both holes has been field logged as dominantly chalcopyrite with some traces of bornite and minor amounts of pyrite. Magnetite occurs throughout both drill holes and zones of carbonate and quartz are also present.



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.

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

Hole No.	Total Depth	East (metres)	North (metres)	Dip (degrees)	Azimuth (grid)	Elevation
MNRC 014	100 metres	464864	7708519	60	232	199.5 metres
MNRC 015	84 metres	465002	7708662	60	180	195.3 metres

Background

The Cloncurry East Project is a farm in between Magnum Mining and Exploration Ltd ("Magnum"), and Exco Resources Ltd ("Exco") and Copperchem Limited ("CCL"). Together Exco and CCL form the CopperChem Group or "CCG".

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 King Edward, 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.

Yours faithfully

Magnum Mining and Exploration Ltd

Grant Button
Director/CEO/Joint Company Secretary

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.

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.