



## QUARTERLY REPORT 30 September 2014

*MAGNUM MINING AND EXPLORATION LIMITED*

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

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### **CORPORATE MATTERS**

The Company announced a non-renounceable pro rata rights issue of approximately 38,263,122 new shares in Magnum at an issue price of A\$0.02 per New Share to raise up to approximately A\$765,262 before offer costs.

The Company received valid applications for 19,129,206 New Shares representing 49.99% of the maximum number of 38,263,122 New Shares offered to eligible shareholders and total funds raised of \$382,584.12 before the costs of the Rights Issue.

During the quarter, the Company announced that Grant Button advanced Magnum A\$150,000 by way of an unsecured loan. Subsequent to the end of the quarter, the loan has been repaid in full.

### **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.

During the quarter, the Company entered into a binding conditional Heads of Agreement (HOA) with African Tantalum (Pty) Ltd (Aftan).

Under the HOA, Magnum will sell 60% of the shares in the TV Project companies (Namibia Tantalite Investments Pty Ltd and Tameka Shelf Company Four (Pty) Ltd to Aftan for total consideration of R 8,000,000 (approximately A\$806,160) and Aftan will assume sole responsibility for funding and operating the TV Project and have an assignable, 100% interest in any revenues generated by the TV Project in the 30 months following completion (**Transaction**).

Completion of the Transaction is conditional on confirmation of mining tenure at the TV Project to the reasonable satisfaction of Aftan. Completion is also conditional on Magnum and Aftan obtaining any in-country regulatory approvals that may be required.

Each of the conditions to the Transaction must be satisfied or waived by 31 December 2014 or such later date agreed by Magnum and Aftan.

Magnum and Aftan intend to enter into a detailed sale and purchase agreement and joint venture agreement to regulate their joint holding of the Project – however completion of the Transaction is not subject to the successful negotiation and execution of either agreement.

**Magnum Mining & Exploration Ltd**

ABN: 70 003 170 376

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## Gravelotte Project, South Africa

Field activities have commenced. During the quarter a heli-mag survey comprising 247 line kilometres was completed over the project area.

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 Company intends to conduct exploration activities to produce a JORC compliant resource estimate as soon as possible. The Project also includes several tailings dumps which may provide an early source of revenue.

## EXPLORATION INTERESTS

The following information is provided in accordance with ASX Listing Rule 5.3 for the quarter ended 30 September 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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**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")

30 September 2014

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (9 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	(71)	(161)
1.3 Dividends received	(91)	(246)
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	6	16
<b>Net Operating Cash Flows</b>	<b>(156)</b>	<b>(389)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets (d) G.E.M Project acquisition	(19)	(905)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	206	206
1.10 Loans to other entities	-	(3)
1.11 Loans repaid by other entities	15	15
1.12 Other (provide details if material)	(42)	(42)
<b>Net investing cash flows</b>	<b>160</b>	<b>(729)</b>
1.13 Total operating and investing cash flows (carried forward)	4	(1,118)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	4	(1,118)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	389	389
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	150	150
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – capital raising costs	(12)	(12)
<b>Net financing cash flows</b>		<b>527</b>	<b>527</b>
<b>Net increase (decrease) in cash held</b>		<b>531</b>	<b>(591)</b>
1.20	Cash at beginning of quarter/year to date	73	1,196
1.21	Exchange rate adjustments to item 1.20	-	(1)
1.22	<b>Cash at end of quarter</b>	<b>604</b>	<b>604</b>

**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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Other cash flows related to investing activities (Item 1.9 (c)) represents an increase in restricted cash due to the deposit received by Aftan Tantalum (Pty) Limited for the sale of 60% of the shares in the TVE Project companies.

**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.

**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	50
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>100</b>

**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	397	73
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (restricted cash)	207	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>604</b>	<b>73</b>

**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 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	210,444,818	204,494,818	Various	Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	19,129,206	19,129,206	\$0.02	Fully paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 October 2014

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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