



31 August 2015

The Manager
Company Announcements Office
ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir/Madam

Sale of Remaining 40% Interest in the Tantalite Valley Project, Namibia

Magnum Mining and Exploration Limited (**Magnum**) is pleased to announce that it has entered into a sale and purchase agreement (**SPA**) with African Tantalum (Pty) Ltd (**Aftan**) in respect of Magnum's remaining 40% interest in the Tantalite Valley Project in Namibia.

Under the terms of the SPA, Magnum will sell its remaining 40% shareholdings in, and outstanding loans to, the companies comprising the Tantalite Valley Project to Aftan for cash consideration of Rand 7,000,000 (approximately A\$750,000). The sale is unconditional with completion scheduled to occur on or before 11 September 2015.

Funds received in relation to the sale will be utilised to expand planned exploration, evaluation and development activities at the Gravelotte Emerald Project (including the Cobra mine) in South Africa. More specifically, the funds received will contribute to costs of the expansion of the current drilling program consisting of 800 metres of RC drilling with a further 3,000 metres of combined RC and core drilling; the purchase of an optical sorter; the construction of a plant eventually suitable for bulk sampling of both primary and dump material; and other associated exploration activities and infrastructure costs to support a bulk sampling operation.

Although Magnum has obtained gross production records of exported emerald for the general area around and including the Gravelotte Project, dating back to the late 1920's until 1982, due to inadequacies in information storage by previous licence holders, there is insufficient data to confirm production from the Gravelotte Project itself. Further, there is little detailed geological or other mining data available in respect of the Gravelotte Project. Magnum thus has to create its own geological database for the mining area.

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To this end, Magnum has commissioned international consultants, ACA Howe International Ltd (**ACAH**), who have a background with the deposit including site visits, to prepare a technical review report on the Gravelotte Project. As noted above, Magnum intends to conduct an initial 800m RC drilling programme at Cobra due to start in September, 2015. This work will be followed by a larger 3000m RC/core programme at a later date. The ACAH report will incorporate the results of the 800 metres of RC work.

At this time it is therefore not possible to provide a JORC-compliant estimate for the Cobra deposit. It is anticipated that the report which ACAH has been asked to provide will be to JORC standards and will be ready by early in 2016.

In order to further augment the information that is currently available, Magnum is also preparing to build a small modern emerald sampling and processing plant to process 4x1000t samples from each of the 4 largest coarse emerald tailings dumps (570,000 m³ in total) identified earlier in 2015. The ultimate aim of this exercise will be to expand the plant to include a crushing section to be able to cope with hard rock feed in due course. It is expected that the small plant will be operational early in 2016. At this time it is not envisaged that the emeralds produced from this programme will be sold although they will be submitted for independent valuation.

Magnum CEO Grant Button commented “Over the past 12 months, Magnum has undertaken a number of exploration and infrastructure activities at Gravelotte and has recently commenced an exploration and evaluation program. The funds received from the sale of our interest in the Tantalite Valley project will allow us to expand and expedite the exploration, evaluation and development of the Gravelotte project during the next few quarters. This will be a period of extensive exploration and evaluation activities and we look forward to reporting the results of these activities to shareholders.”

Gravelotte

The Gravelotte Project is located close to the town of Gravelotte in the Limpopo province of South Africa. 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.

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 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.

For further details please contact Grant Button.

Yours sincerely

Magnum Mining and Exploration Ltd

A handwritten signature in black ink that reads "G. Button." The signature is written in a cursive style with a large, looping initial "G" and a period at the end.

Grant Button
Managing Director