



Magnum to Drill Tanami Gold-Copper Project, NT

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KEY POINTS

- Earn-in agreement to explore drill ready project in Tanami province of Northern Territory.
- Magnum targeting a geologically and structurally complex area where rocks of the targeted Tanami Group are interpreted to lie under cover.
- All site clearances achieved.
- Air core drilling programme of between 2,000-3,000 metres scheduled to commence on or around 30 August 2018.
- Earn-in provides Magnum with immediate exposure to a highly mineralised province hosting world class gold deposits.

OVERVIEW

Magnum Mining and Exploration Ltd ("Magnum" or "the Company") is pleased to advise that it has reached an earn-in agreement with Ferdies Find Pty Ltd ("Ferdies"), 100% owner of exploration licence 30256 ("Exploration Licence" or "Tenement") located in the Tanami region of the Northern Territory.

Pursuant to the agreement, Magnum can earn up to an initial 80% of the issued capital of Ferdies subject to an exploration expenditure of \$0.9 million over a minimum of three years.

The large majority of the Exploration Licence is soil and sand covered and apart from a reconnaissance drilling programme within the western half of the exploration licence in 2017 by Ferdies, has never been sampled or drill tested.

The widely spaced air core drilling by Ferdies intersected a mixed sequence of volcanics and sediments with elevated copper and cobalt values across sections of the weathered profile.

Magnum is targeting gold and copper and will concentrate its exploration across the untested south eastern corner of the Tenement ("Targeted Area"). This Targeted Area is geologically and structurally complex and is interpreted to contain the highly prospective Callie Member of the Tanami Group.

The site clearances from the Central Land Council and the Northern Territory Department of Primary Industry and Resources have been received.

Commenting on the Tanami West project CEO of Magnum, Grant Button said “whilst the Gravelotte emerald project remains a focus of Magnum as it offers near term production potential, the board is still actively seeking projects that can offer significant upside through a modest exploration expenditure.”

“In this regard, the Tanami West project provides Magnum with exposure to a rich mineral province with a project area that appears to offer many of the attributes for a potential gold or polymetallic discovery.”

“A key component of the project is that all access approvals are in place and the drilling programme is scheduled to commence in less than three weeks. As well as a geochemical programme there are already a number of specific drill targets and the Company is excited to be exploring in this region.”

The Tanami West project presents an opportunity for Magnum to quickly test an area which appears to host the key mineralised lithologies of the Tanami Province in addition to a number of attractive structural and magnetic targets.

Location

The Tanami West project is located in the Northern Territory approximately 570km northwest from Alice Springs, 33km east of the West Australian border and 140km north of Lake MacKay (Figure 1).

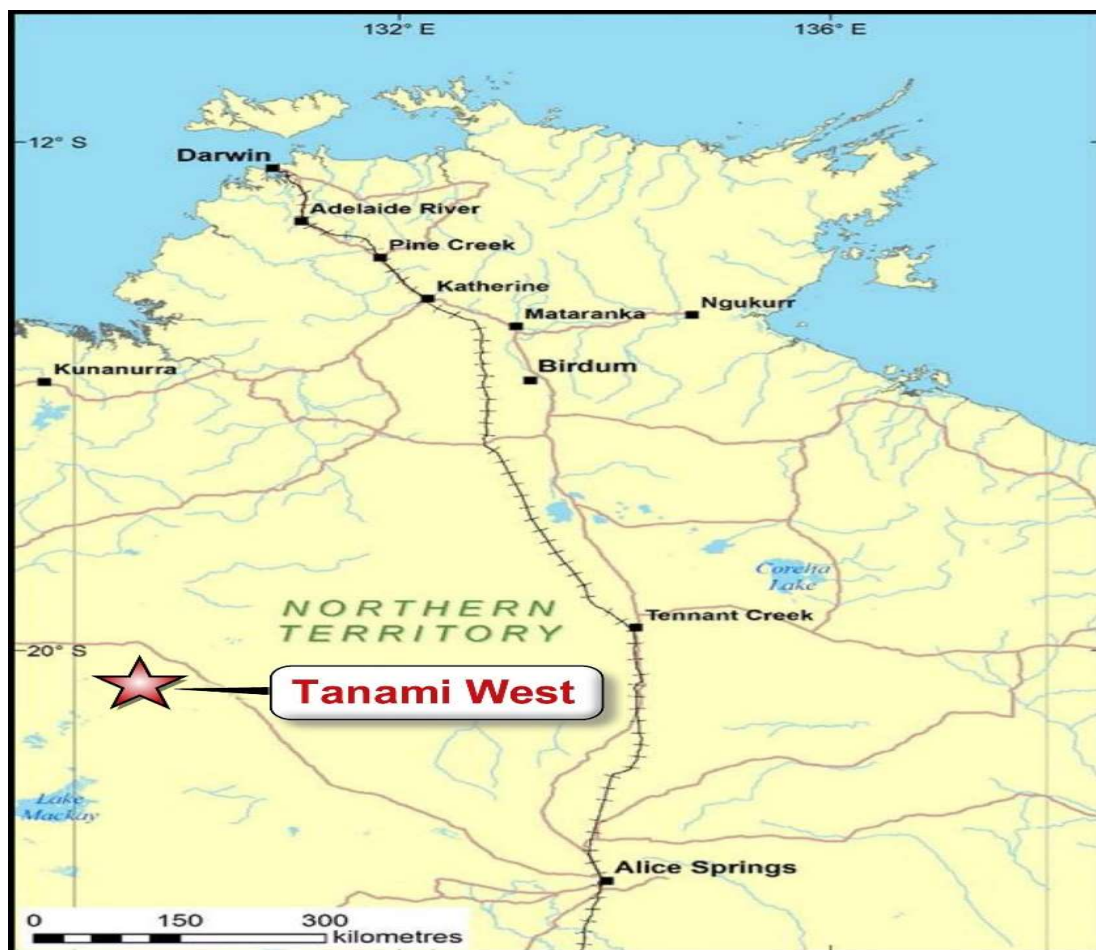


Figure 1: Tanami West Location Map

The project area is located to the south-east of Graveyard Bore (see Figure 3) in a soil and sand covered area with grass and mulga scrub.

Regional Geology

Exploration Licence 30256 is located in the south west portion of the Granites 1:250,000 geological sheet SF 52-03.

Regionally the tenement is situated on the south western margin of the Granites-Tanami Paleoproterozoic Orogen that is host to the large gold deposits of The Granites, The Tanami and Callie goldfields (+12.8 million ozs of resource), with the Arunta Province lying to the south.

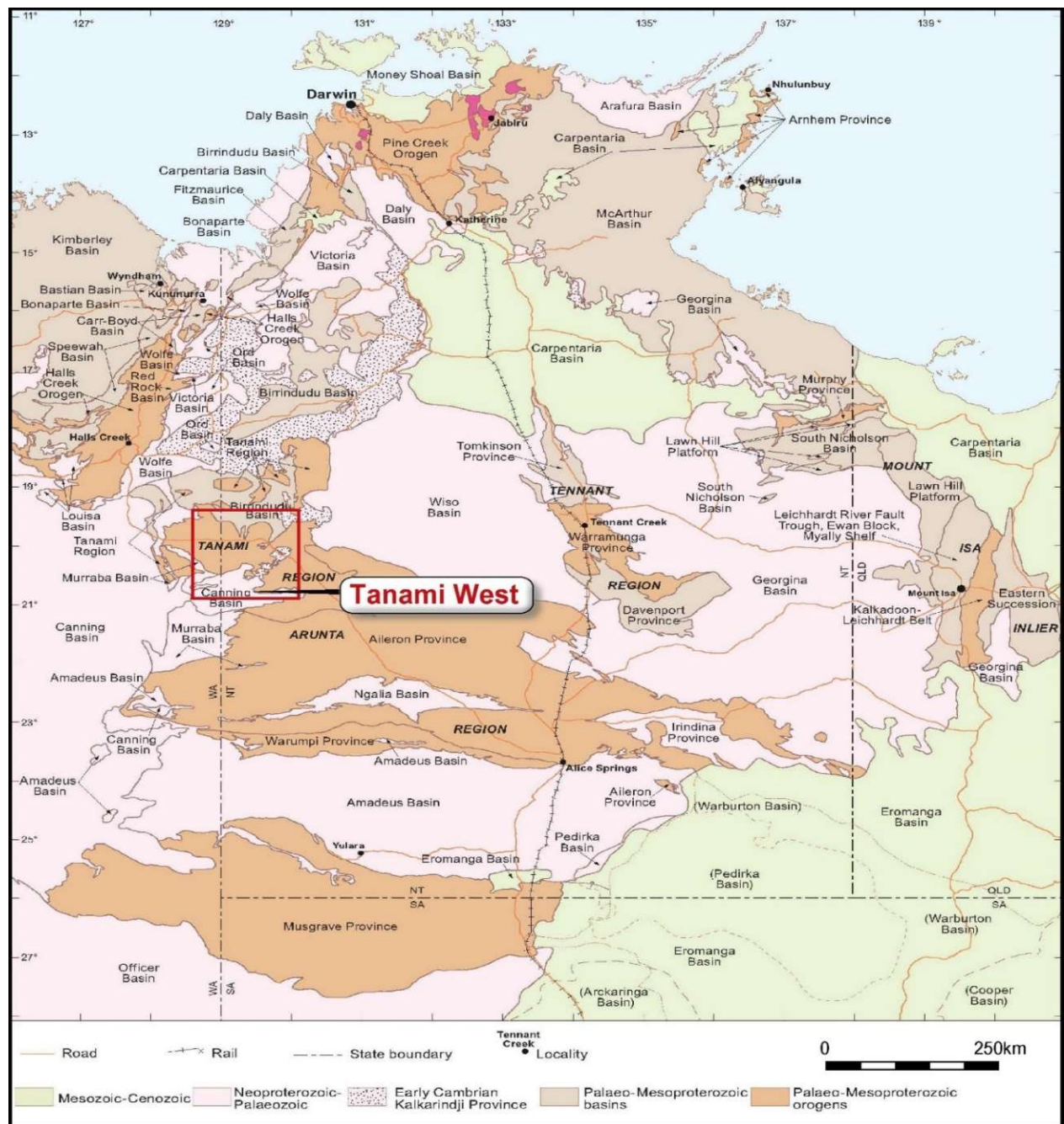


Figure 2: Tanami West Location Map

Superficial Cenozoic sediments cover the older sediments in the project area, and include aeolian sand sheets and longitudinal dune fields, calcrete, silcrete, ferricrete, alluvial sediments and lacustrine deposits.

Proposed Programme

Magnum is to concentrate the upcoming exploration programme across the Targeted Area shown in Figure 3.

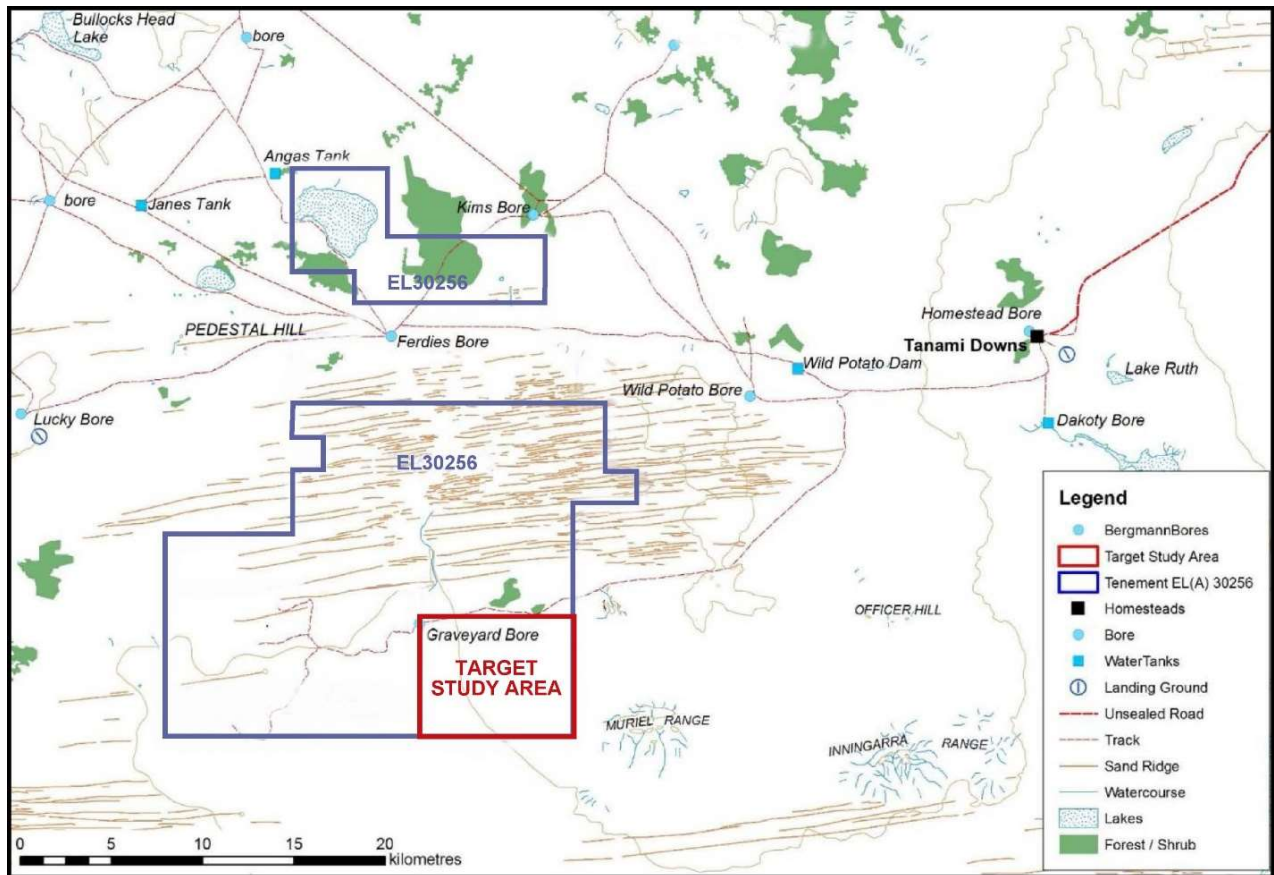


Figure 3: Tanami West Exploration Programme Target Study Area

A 2,000-3,000 metre air core drilling programme is scheduled to commence on or around 30 August. This programme will be to provide stratigraphic and geochemical information across the Targeted Area as well as test a number of attractive structural and magnetic targets with deeper holes.

The structural and magnetic targets have been developed using regional mapping and geophysics and re-processed magnetic data across the Targeted Area.

Apart from minor outcrop in the extreme south eastern corner of the Tenement the large majority of the Exploration Licence is soil and sand covered and this has formed an effective geochemical blanket across the Tenement and the Targeted Area.

As a consequence, a proportion of the proposed drilling programme will be directed to seek geological and geochemical information below this cover through a series of shallow drill holes to weathered bedrock.

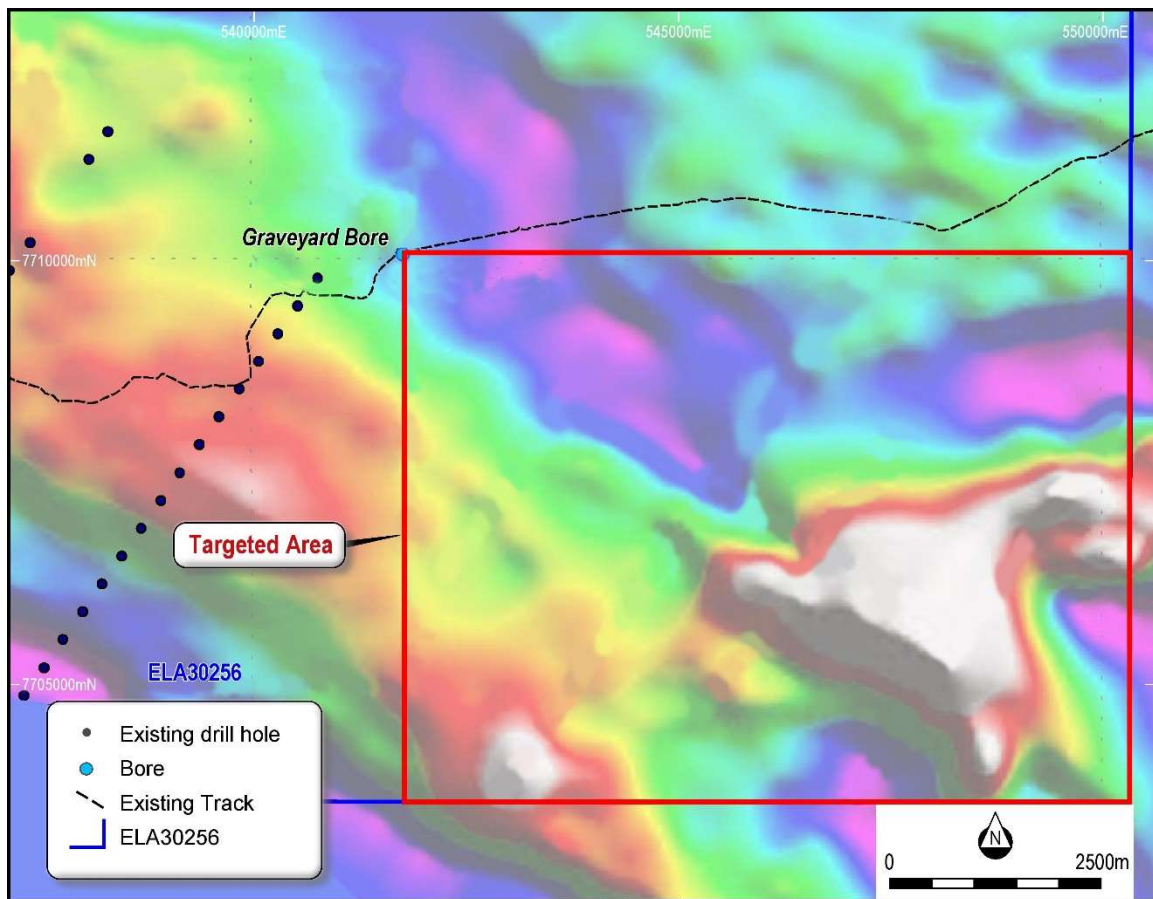


Figure 4: Reprocessed Aeromagnetics

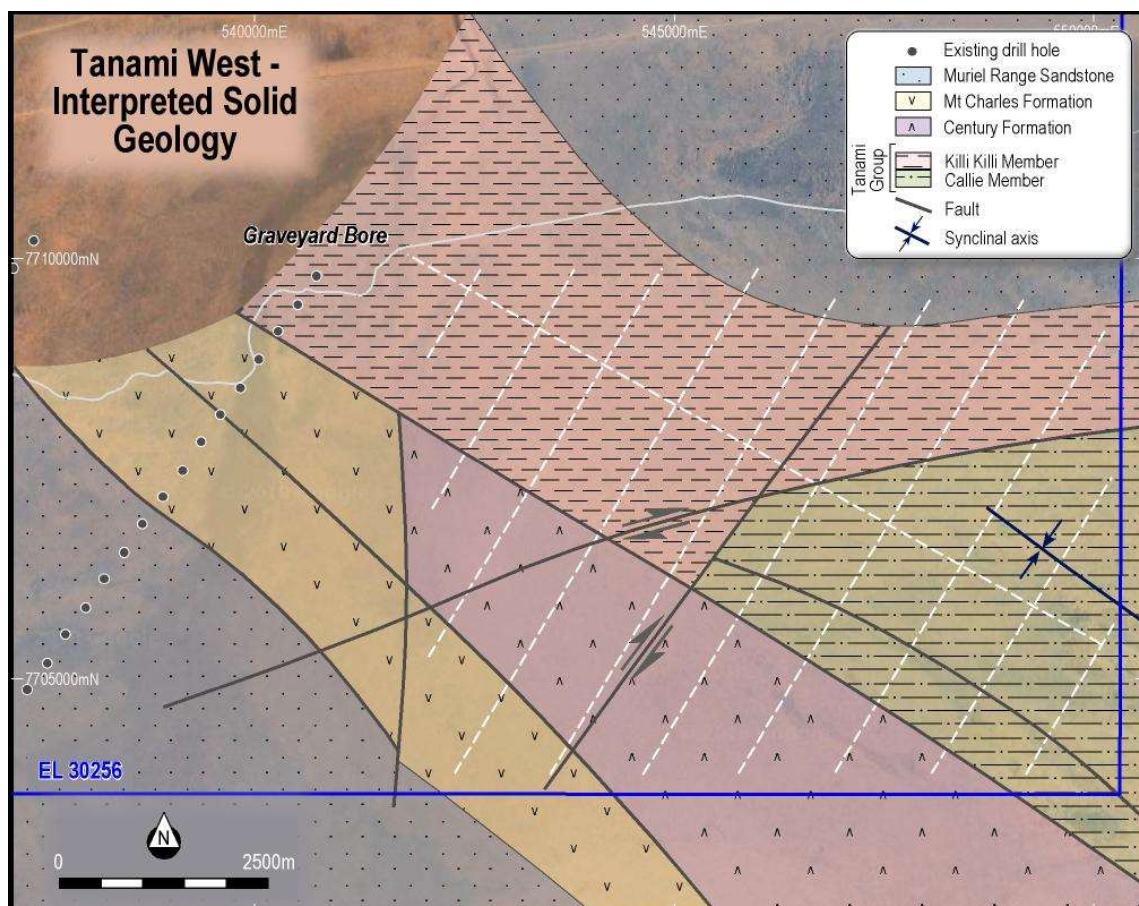


Figure 5: Interpreted Solid Geology

The proposed deeper drill holes will be to test both a number of intersecting structures which appear to be both oblique and strike-slip as well as a number of magnetic features which are prominent in the southern half of the Targeted Area. These magnetic features cannot be explained from the geological interpretation and consequently represent engaging drill targets.

Terms of the Ferdies Earn-in Agreement

Under the terms of the Agreement, Magnum has the right, subject to certain obligations being met to earn up to 100% ownership interest in Ferdies.

Pursuant to this agreement Magnum has the right to earn an initial 50% interest in Ferdies by the expenditure of \$400,000 under Stage 1 of the Agreement.

If Magnum elects to proceed to Stage 2, then it has the right to earn between 65% and 80%, depending on other shareholder contributions, through the expenditure of a further \$500,000.

Should the original shareholders in Ferdies have their shareholding diluted to 15% or lower, then the shareholders will be entitled to a 1.5% Net Smelter Royalty in addition to their shareholding.



GRANT BUTTON
Chief Executive Officer/Joint Company Secretary

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The information in this announcement that relates to Exploration Results and Mineral Resources complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr Howard Dawson, Non-Executive Director of Magnum Mining and Exploration Limited. Mr Dawson is a member of the Australian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Dawson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.