



28 January 2014

Magnum Mining and Exploration Limited (Magnum or the Company)

Execution of conditional binding agreements for the purchase of 100% of shares in G.E.M Venus Holdings (Pty) Ltd, including acquisition of surface and mineral rights in respect of emerald mining and extraction at the Gravelotte Emerald Mine, South Africa (Gravelotte Project)

Highlights:

Conditional acquisition of Gravelotte Project

- Purchase of 100% of shares in G.E.M Venus Holdings (Pty) Ltd (**GEM Venus**) which holds 74% of the issued shares in ADIT Mining (Pty) Ltd and Venus Emeralds (Pty) Ltd which hold all surface and mineral rights in respect of emerald mining and extraction at the Gravelotte Project, one of the largest historical emerald mines in the world.
- Large emerald tailings dump for potential re-treatment.
- Acquisition includes a database of historic mining data and grades and existing mine infrastructure and buildings on the site.

Grant Button, Chief Executive Officer of Magnum, commented:

“Securing the mining and surface rights to the historic Gravelotte Emerald mine in South Africa will mark the beginning of a new phase for Magnum and follows an extensive search for a suitable, near production, low capex mining project. The mine has a long production history, established mine infrastructure, large tailings dumps with potential for retreatment and significant further exploration potential.”

CONDITIONAL ACQUISITION OF GRAVELOTTE PROJECT

Binding Agreement

Magnum is pleased to announce that it has signed a binding agreement (**Binding Agreement**) to acquire 100% of the issued shares in GEM Venus for consideration of R8,500,000. The vendors of GEM Venus will also be issued, in aggregate, 20 million shares in Magnum (having an aggregate market value of approximately A\$260,000 based on current prices) on the earlier of the commencement of economic production at the Gravelotte Project and two years from completion.

GEM Venus is the ultimate holding company of the Gravelotte Project which comprises a mining lease in respect of emeralds and on-site infrastructure. Under the Binding Agreement, the vendors (who also hold legal title to the land underlying the Gravelotte Project) have also agreed to enter into a long term lease agreement with GEM Venus which will provide Magnum with all access and rights required for on-going exploration and development at the Gravelotte Project. The Binding Agreement requires the vendors to assist Magnum in undertaking further due diligence enquiries and the transaction is conditional upon the satisfactory completion of those enquiries, as well as other customary conditions precedent. Subject to these conditions, the transaction is expected to complete in March 2014.

Gravelotte Project

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

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Unit 2, Level 1, Churchill Court, 331-335 Hay Street, Subiaco WA 6008 PO Box 524, Wembley WA 6913

Tel: +61 8 9481 5099 Fax: +61 8 9481 5044 Email: info@mmel.com.au Web: www.mmel.com.au

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 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.

Subject to completion of the acquisition, 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.



Grant Button
Chief Executive Officer
Magnum Mining and Exploration Limited

Further information please contact:

Magnum Mining and Exploration Limited
 Grant Button
 +61 8 9481 5099
 email: info@mmel.com.au