



31 July 2014

## Magnum Mining and Exploration Limited (Magnum or the Company)

### Execution of Conditional Binding Heads of Agreement for Tantalite Valley Project Partial Sale and Launch of Rights Issue

#### Highlights:

##### *Conditional Tantalite Valley Project sell-down and joint venture*

- Sale of 60% of the TV Project in Namibia to African Tantalum (Pty) Limited (**Aftan**) for R 8,000,000 (approximately A\$806,160) and formation of a joint venture.
- Aftan to operate and fund the TV Project in consideration for 100% of any revenues in the 30 months from completion.

##### *Rights Issue*

- 1 for 5 non-renounceable Rights Issue to raise up to approximately A\$765,000.
- Proceeds to be used to repay A\$150,000 interest free advance from Grant Button, to fund exploration on the Gravelotte Project in South Africa and, if the conditions of the sale of 60% of the Tantalite Valley Project are not satisfied, to fund exploration on the Tantalite Valley Project in Namibia.

#### **Grant Button, Chief Executive Officer of Magnum, commented:**

*"This is an exciting development for Magnum Shareholders. The Joint Venture will increase Magnum's cash balance as well as advancing the project through the proposed development activities. This Joint Venture and the Rights Issue will provide the funding to fast track the exploration and development of the Gravelotte Project."*

#### **CONDITIONAL TV PROJECT SELL-DOWN AND JOINT VENTURE**

Magnum is pleased to announce that it has signed a binding heads of agreement (**HOA**) with Namibian incorporated investment vehicle Aftan Tantalum (Pty) Limited (**Aftan**) that provides a way forward for the development of the Tantalite Valley Project in Namibia (**TV Project**).

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. Magnum has been advised that the Namibian Minister of Mines and Energy is conducting a review of the TV Project's mining licence as part of a broad-reaching review of mining tenure in Namibia generally. Whilst Magnum's Namibian legal advice is that it is unlikely that the review will result in the mining licence being cancelled, there can be no guarantee that the mining licence will not be cancelled as a result of the review.

**Magnum Mining & Exploration Ltd**

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Completion of the Transaction is also conditional on Magnum and Aftan obtaining any in-country regulatory approvals that may be required. Magnum is currently taking local law advice on the Namibian regulatory approvals that may be required in order to complete the Transaction (if any).

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.

### **ADVANCE OF GRANT BUTTON**

The launch of the Rights Issue was delayed as a result of negotiation of the terms of the Transaction and the execution of the HOA. In order to ensure that corporate costs could be met until the receipt of proceeds from the Rights Issue, Grant Button advanced Magnum A\$150,000 by way of an unsecured loan. The loan will be repaid by Magnum upon receipt of the proceeds of the Rights Issue (assuming sufficient proceeds are raised). No interest or fees are payable by Magnum in connection with loan.

### **RIGHTS ISSUE**

Magnum is pleased to announce a non-renounceable pro rata rights issue of up to approximately 38,250,000 new shares in Magnum (**New Shares**) at an issue price of A\$0.02 per New Share to raise up to approximately A\$765,000 before offer costs (**Rights Issue**). Under the Rights Issue, eligible shareholders will be entitled to subscribe for 1 New Share for every 5 existing shares held at 5:00pm AWST on the Record Date (see timetable below).

The offer price represents a 28.57% discount to both the closing price of Magnum shares on 30 July 2014 (being the last trading day before the announcement of the Rights Issue) and the volume weighted average market price of shares for the 5 trading days up to close of trade on 30 July 2014 (in both cases A\$0.028 per share).

The directors of Magnum reserve the right to issue any New Shares which are not subscribed for by eligible shareholders at their discretion within three months after the Closing Date (see below timetable).

The proceeds of the Rights Issue will be used to:

- fund the exploration of the Gravelotte Project in South Africa;
- if the conditions of the sale of 60% of the TV Project are not satisfied, to fund the exploration of TV Project in Namibia; and
- repay the A\$150,000 advanced to Magnum by CEO Grant Button pending confirmation of the Transaction and the launch of the Rights Issue (see below).

Full details of the Rights Issue (including the eligibility requirements) are set out in the Offer Booklet released on 31 July 2014. As the Rights Issue will be made under section 708AA of the Corporations Act, no prospectus or other disclosure document will be prepared in connection with the Rights Issue.

Rights Issue Timetable

Event	Date
Announcement of offer Magnum to lodge Appendix 3B applying for quotation and Cleansing Notice with ASX	Prior to the commencement of trading on Thursday 31 July 2014 ( <b>Day 0</b> )
Magnum dispatches letters to eligible shareholders containing information required by Appendix 3B and details of the timetable and letters to ineligible foreign shareholders advising those shareholders that they will not be offered shares under the offer	Friday 1 August 2014 ( <b>Day 1</b> )
<b>EX DATE</b> – shares are quoted on an “ex” basis	Tuesday 5 August 2014 ( <b>Day 2</b> )
<b>RECORD DATE</b> - the shareholders entitled to participate in the offer are identified	Thursday 7 August 2014 ( <b>Day 4</b> )
Magnum dispatches offer booklet and entitlement and acceptance forms to shareholders entitled to participate in the issue and announce the completion of dispatch	Monday 11 August 2015 ( <b>Day 6</b> )
Last day to extend the closing date of the offer	Friday 15 August 2014 ( <b>Day 10</b> )
<b>CLOSING DATE</b> - acceptances close at 5pm	Wednesday 20 August 2014 ( <b>Day 13</b> )
Securities are quoted on a deferred settlement basis	Thursday 21 August 2014 ( <b>Day 14</b> )
Magnum notifies ASX of any under subscriptions	Monday 25 August 2014 ( <b>Day 16</b> )
<b>ISSUE DATE</b> – Deferred settlement trading ends	Wednesday 27 August 2014 ( <b>Day 18</b> )



**Grant Button**  
**Company Secretary**  
 On behalf of Magnum Mining and Exploration Limited