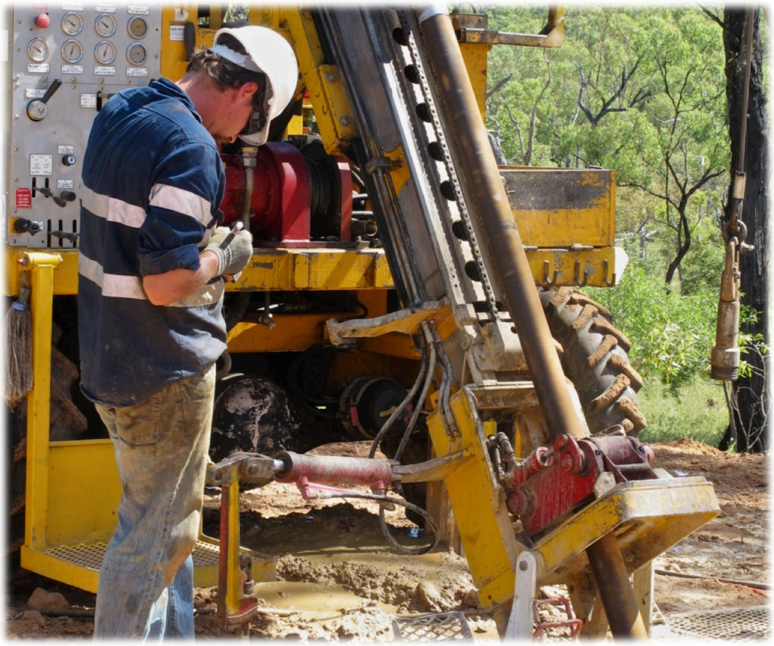
MGT Resources

Australia's newest tin producer



Quarterly Report

Quarter to 30 June 2013

ASX Code: MGS

Registry: Computershare

Issued Shares: 288,157,040

Tin Price: US$19.365/t

Gold Price: US$1,336/oz

Highlights

Solid start to 2013 Summer Hills Drilling Campaign

- Commenced three-phase drilling program at flagship Mt Garnet Tin Project with stage 2 plant upgrade to 250,000tpa capacity to commence upon reaching sufficient resource base

- Phase one diamond drilling consistent with new geological model

- Summer Hills drill targets located in close proximity to Mt Veteran Tin Processing Plant and can provide near-term cash flow generation

- Solid results from Phase One drilling program include **3.8m @ 0.4%** (DDHDAL104) between 17 and 21m, including **1m @ 0.72%**, **5m @ 0.43%** (DDHDAL108) between 33 and 38m, including **1m @ 1.0%**; **1m @ 0.7%** (DDHDAL110) between 49 and 50m, **1m @ 1.0%** (DDHDAL110) between 53 and 54m

- Phase Two drilling already completed and results are pending

Strong financial position

- $6 million financing facility secured to progress Tin Project

- Cash in bank as at 30 June 2013 $1.1 million

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1. MT GARNET TIN PROJECT, QUEENSLAND (MGT 86.48%)

Includes: Summer Hills ML20547; Mt Veteran Mill ML4349; Heads or Tails ML20655; Nymbool EPM16948

1.1 Mt Garnet Tin Project Exploration

Three Phase Drilling Program Commenced

A Three Phase drilling program is underway at Summer Hills ML20547. The program is designed to further define an easily mineable resource close to the Mt Veteran Mill in order to provide near term cash flow.

Phases One and Two have been completed and Phase Three is due to commence shortly. Analytical results have been received from Phase One, while Phase Two results are expected by the end of August.

Phase 1 – Diamond Program results confirm geological model at Summer Hills

Five diamond holes were drilled in Phase One – four at Dalcouth and one diamond tail at Extended for a total of 230 metres. The results support MGT's geological model at the Summer Hills Mining Lease.

Consistent with previous programs at Summer Hills, diamond drilling was shallow (approximately 50 metres vertical depth) and did not attempt to test the mineralisation at depth.

Encouraging tin intersections including:

- **3.8m @ 0.4%** (DDHDAL104) between 17 and 21m, including 1m @ 0.72%
- **5m @ 0.43%** (DDHDAL108) between 33 and 38m, including 1m @ 1.0%
- **1m @ 0.7%** (DDHDAL110) between 49 and 50m
- **1m @ 1.0%** (DDHDAL110) between 53 and 54m
- **2.8m @ 0.32%** (X23 tail) between 59.2 and 62m, including 1m @ 0.4%. This extends the mineralised zone at the bottom of the original hole to **5m @ 1.0%** between 57 and 62m.

An extensive brecciated zone was identified in all four Dalcouth holes which correlates generally with the mineralised zone. The rhyolite porphyry dyke was also intersected.

Dalcouth 500 metres from the plant

The Dalcouth prospect is approximately 500 metres from the plant. The resource known to shallow depths (down to approximately 50 metres), the host rock is easy to drill and it has favourable metallurgical characteristics. MGT plans to prove up sufficient tonnages at Dalcouth to provide near term cash flow generation through processing at the Mt Veteran plant.

The diamond drill holes were drilled through the centre of the main Dalcouth mineralised zone to improve MGT's understanding of lithology, structure and mineralisation. The holes were also essential for providing geotechnical information. A diamond tail (30m) was also drilled at the end of percussion hole X23 at Extended, to close off the mineralised zone at the bottom of that hole.

Brecciated Zone at Dalcouth and porphyry dyke intersections

The diamond holes at Dalcouth intersected a wide brecciated zone, which appears to be associated with the rhyolitic porphyry dyke and is roughly correlatable with the higher grade mineralised zone present in the central part of the deposit. The plotted mineralised zones appear to be locally offset which may have taken place along one of the faults that have been mapped at surface. Further structural interpretation is necessary to determine if this is the case.

Diamond Tail at Extended

A diamond tail was drilled from RC hole X23 which ended in mineralisation. Samples from the bottom 3m of the RC hole averaged 1.68% Sn. The diamond tail showed that this mineralised zone extended for a few more metres, bringing the overall intersection to 5m @ 1.0% between 57 and 62m. A mineralised vein was intersected at 87.4m with that metre returning 0.27% Sn. Results from the tail at Extended suggest that the mineralised zone may be narrow but high grade with significant mineralisation also carried in veins through the system.

1.2 Operations – mining and processing

Planned processing of tailings from the Heads or Tails mining lease 20655 has been delayed by extra environmental approval requirements. The company is working diligently with the Department of Environment and Heritage Protection so that processing can commence as soon as possible.

1.3 Next steps

Phase Two & Three Summer Hills Drilling Program

Phase Two of the program was recently completed with assay results pending. This phase was a reverse circulation (RC) program. MGT geologists were able to use initial petrographic studies on the core from the Phase One diamond holes to help plan Phase Two. Planning of Phase Three (follow-up RC holes) will be completed when the assay results from Phase Two are returned, allowing the new information to optimise targeting of follow-up holes.

2. MGT CORPORATE

2.1 $6 million raised in Convertible Notes

On 9 July 2013 MGT agreed to binding terms with two separate parties for the provision of A$6 million in convertible note facilities (together ‘Convertible Notes’ or ‘Notes’).

SUMMARY OF THE TERMS

Subscribers	Marvel Network Limited for $3,000,000 & Cloud Adventurer Limited for $3,000,000
Conversion	Convertible at $0.11 per share
Coupon	8% paid semi-annually in arrears
Security	Unsecured
Maturity	3 years from date of issue
Redemption	If not previously converted or redeemed, the Notes will be redeemed at the Maturity Date provided the price of MGT shares on the maturity date is $0.11 or less

CONDITIONS PRECEDENT

The Convertible Notes are subject to MGT shareholder approval. ASX Listing Rule 7.1 limits the number of equity securities (including convertible securities) that a company can issue within any 12 month period to 15% of the company's existing issued capital without shareholder approval.

An extraordinary general meeting of shareholders (EGM) will be held on 13 August 2013 where shareholder approval for the Notes will be sought. If Shareholders vote to approve the Convertible Notes then the issue of Shares on conversion of the Notes will be excluded from the calculation of the 15% limit under ASX Listing Rule 7.1.

2.2 Options Expired

On 29 June 2013 11,400,000 unlisted options expired.

2.3 Cash

Cash at hand as at 30 June 2013 was $1.1 million

2.4 Tin Market Summary

Along with other commodity prices, there has been softness in the tin price thanks to an uncertain macroeconomic environment in the June quarter. This has kept tin prices fairly stable at around US$19,000 - $20,000 per tonne.[1]

ENDS

For more information:

Investor and media enquiries:

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Company Secretary

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ABOUT MGT RESOURCES

MGT is an Australian mining and exploration company listed on the Australian Securities Exchange (ASX:MGS) focused on tin mining at the Mt Garnet Tin Project in far North Queensland, and on exploration on its Pyramid Gold Project near Charters Towers, Queensland.

The Mt Garnet Tin Project is located in the historic Herberton Tin Fields, 3 hours west of Cairns in Queensland. Dams, roads, power, water and stage 1 plant upgrade to 70,000 input tonnes per annum is now complete.

[1] CRU International Ltd, 'CRU Monitor: Tin' June 2013

ABOUT THE MT GARNET TIN PROJECT

MGT's flagship Mt Garnet Tin Project is 3 hours' drive south west of Cairns in far North Queensland.

MGT's primary mining lease Summer Hills ML20547 (Summer Hills ML) was granted in late January 2013. The Summer Hills ML, the main tenement on MGT's flagship Mt Garnet Tin Project, is 1,170 Ha in area, making it one of the largest mining leases in the region. The mining lease was granted for a period of 21 years.

ML Contains Mill And Mining And Exploration Targets

Within the Summer Hills ML sits the Mt Veteran Tin Processing Plant on its own ML4349, along with a number of tin mining and exploration targets, including the Dalcouth and Extended prospects.

Dalcouth is MGT's first open pit mining target. Recent petrographic reports confirmed the presence of rhyolite porphyry dykes throughout the ML, and present within the Dalcouth resource.

Grades of up to 15.75% tin have been intersected at Extended. For investors unfamiliar with tin, 1% tin is approximately equivalent in value terms to 4.5 grams per tonne of gold, or 3% copper.

Competent Persons statement

Information in this report related to exploration results or mineral resources are based on information compiled by MGT technical staff and checked by Max Rangott of Rangott Mineral Exploration Pty Ltd, who is a member of both the AIG and the AusIMM. Mr Rangott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ' Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Rangott consents to the inclusion in the report of the statements based on the information in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MGT Resources Limited and Its Controlled Entities

ABN	Quarter ended ("current quarter")
38 131 715 645	30 June 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter 30/06/2013 $A	Year to date (12 months) $A
1.1	Receipts from product sales and related debtors	172,461	172,461
1.2	Payments for (a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) administration	(493,752)	(2,555,168)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	10,630	85,695
1.5	Interest and other costs of finance paid	(60,000)	(240,049)
1.6	Income taxes paid		
1.7a	Other – Fuel Tax Rebate & Realised FX Gain	57,192	57,192
1.7b	Other	-	7,410
	Net Operating Cash Flows	(313,469)	(2,472,459)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) exploration & evaluation	(241,396)	(846,212)
	(c) other fixed assets	(37,987)	(195,633)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(279,383)	(1,041,845)
1.13	Total operating and investing cash flows (carried forward)	(592,852)	(3,514,304)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(592,852)	(3,514,304)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		1,455,361
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		(21,932)
	Net financing cash flows		1,433,429
	Net increase (decrease) in cash held	(592,852)	(2,080,875)
1.20	Cash at beginning of quarter/year to date	1,697,819	3,185,842
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,104,967	1,104,967

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 30/06/2013 $A
1.23	Aggregate amount of payments to the parties included in item 1.2	53,600
1.24	Aggregate amount of loans to the parties included in item 1.10	N/A

1.25 Explanation necessary for an understanding of the transactions

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

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

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A	Amount used $A
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

Estimated cash outflows for next quarter

		$A
4.1	Exploration and evaluation	160,000
4.2	Development	145,000
4.3	Production	135,000
4.4	Administration	535,000
	Total	**975,000**

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 30/06/2013 $A	Previous quarter 31/3/2013 $A
5.1	Cash on hand and at bank	1,104,967	1,697,819
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1,104,967	1,697,819

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				

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	288,157,040	139,931,455	Various	Various
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil	N/A per Note 3 below – all fully paid	N/A per Note 3 below – all fully paid
7.5	**+Convertible debt securities** *(description)*	1,500,000 1,500,000 See Note 6 below for more information.	Nil Nil	\$0.15 \$0.20	\$1 \$1
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7	**Options** *(description and conversion factor)*	2,000,000 250,000 300,000 2,250,000 1,200,000	Nil	*Exercise price* \$0.0625 \$0.25 \$0.30 \$0.30 \$0.20	*Expiry date* 17 December 2013 14 June 2014 17 October 2014 25 November 2014 25 November 2014

+ See chapter 19 for defined terms.

7.8	Issued during quarter	N/A	N/A	N/A	N/A
7.9	Exercised during quarter	N/A	N/A	N/A	N/A
7.10	Expired during quarter	3,000,000 8,400,000	Nil Nil	$0.10 $0.20	29 June 2013 29 June 2013
7.11	**Debentures** *(totals only)*	N/A	N/A		
7.12	**Unsecured notes** *(totals only)*	N/A	N/A		

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 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (Company secretary) Date: 26 July 2013

Print name: Alexander Moody

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.

+ See chapter 19 for defined terms.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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.

6 On 11 November 2011 the Company received an investment of $1,500,000 in the form of convertible note from Armstrong Industries HK Ltd. The note is unsecured, has a term of two years, a coupon of 8% per annum, and is convertible at 15 cents per share.

On 4 May 2012 the Company received a further $1,500,000 investment from Armstrong Industries HK Ltd in the form of another convertible note. This note is also unsecured, has a term of three years and a coupon of 8% per annum, and is convertible at 20 cents per share.

There have been no additional convertible notes issued during the Quarter to 30/6/2013.

7 There are 288,157,040 fully paid ordinary shares on issue, with 139,931,455 quoted on the ASX. The remaining 148,225,585 shares are fully paid ordinary shares that are restricted and have been escrowed for 24 months from the date of quotation. (Item 7.3)

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