Australia's newest tin producer

Highlights

Summer Hills Drilling Campaign Better than Expected

- Phases one and two delivered better than expected results; consistent with the new geological model
- Multiple high-grade tin intercepts at the Dalcouth Prospect which is less than 500 metres from MGT's Mt Veteran Tin Processing Plant
- Mineralised zones at shallow depths suggest significant savings on extraction costs
- Phase Three drilling already completed and assay processing underway
- Dalcouth remains open at depth and laterally in three directions
- Results from initial phases of drilling have encouraged drilling at Dalcouth right up to the wet season

Corporate

- Increased ownership in MGT Mining to 89.48%
- Cash in bank as at 30 September 2013 $5.78 million
- Shareholders approved $6 million in convertible note securities

Photo above – drilling at the Dalcouth Prospect

QUARTERLY REPORT

September 2013

ASX CODE

MGS

REGISTRY

Computershare

SHARES ON ISSUE

288,157,040

Tin Price: US$23,225/t

Gold Price: US$1,352/oz

MGT
Resources Limited
2.05/68 York Street
Sydney NSW 2000
Australia

T: 61 2 9262 1122
F: 61 2 9299 5175

www.mgt.net.au
info@mgt.net.au

ABN: 38 131 715 645

1. MT GARNET TIN PROJECT, QUEENSLAND (MGT 89.48%)

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

1.1 Mt Garnet Tin Project Exploration

MGT Resources Limited ('MGT' or 'Company', ASX:MGS) has completed three phases of the scheduled drilling at Summer Hills, the primary mining lease at the Company's Mt Garnet Tin Project, located in far north Queensland. Results from Phase Two were announced to the market on 27 August 2013, including significant high-grade tin mineralisation intersected within 45 metres from surface at the Dalcouth prospect.

Phase Three drilling is also complete, with laboratory assay results pending. On site XRF analysis has assisted with planning a fourth phase of drilling, in order to utilise the rest of the 'dry season', before expected rains come around November/December.

The Summer Hills campaign is designed to expand and update the tin resource estimate at the Dalcouth prospect in order to provide feed for the Mt Veteran tin processing plant ('Plant'), which is around 500 metres from the Plant.

Phase Two drilling produced better than expected results, including some of the best results achieved by MGT at Dalcouth to date.

Phase Two was comprised of 23 RC percussion holes (1035m). Phase One constituted five diamond drill holes and the results from those holes were previously announced to the ASX on 26 June 2013.

Drilling Objectives

The aim of the Phase Two drilling at Dalcouth was threefold:

- to continue to test extension of mineralisation downdip (to the southwest) from earlier intersections, where the rhyolite porphyry dyke is projected to dip;
- to test extension of mineralisation along strike to the northwest; and
- to test a potential parallel zone to the northeast of the main mineralised zone.

The Dalcouth mineralisation remains open to the northwest and downdip to the southwest, as well as to the northeast in a potential parallel zone which may be connected at depth to the main mineralised zone.

Best Intersections

- Significant tin intersections including:

• 4m @ 2.24% Sn from 19m, including 1m @ 5.88% (DAL99)
• 8m @ 1.1% Sn from 11m, including 1m @ 2.35% (DAL105)
• 8m @ 0.56% Sn from 38m, including 1m @ 1.09% (DAL107)
• 6m @ 1.2% Sn from 42m, including 1m @ 3.34% (DAL113)
• 3m @ 1.78% Sn from 16m, including 1m @ 5.03% (DAL114)
• 3m @ 1.68% Sn from 57m, including 1m @ 4.37% (X21)

Possible Extensions To Mineralisation At Dalcouth Open In Three Directions

Assay results from Phase Two of the drilling program suggest that mineralisation is still open in three directions:

Mineralisation to the Southwest
A number of drill holes targeting the downdip projection of the rhyolite porphyry dyke (~60 degrees to the southwest) returned multiple positive intersections, including DAL101 (3m @ 0.35% Sn), DAL103 (1m @ 0.55% Sn), DAL107 (8m @ 0.56% Sn), DAL113 (6m @ 1.2% Sn) (see figure 2), DAL115 (10m @ 0.28% Sn) and DAL116 (6m @ 0.34%). Intersections indicate that the mineralised zone potentially dips in that direction, sub-parallel to the dyke.

Mineralisation to the Northwest
Rhyolite has been mapped to the northwest along strike from the main mineralised zone and a zone of intense alteration continues in this direction. Two holes were drilled to test this extension, DAL116 and DAL117. DAL116 produced positive results, an intersection of 6m @ 0.34% Sn and a number of other short intersections >0.1% Sn. DAL117 gave poor results, with only a metre intersection above 0.1% at the bottom of the hole. Results from Phase Two suggest that to the northwest, the rhyolite dyke may strike west-northwest rather than northwest, and if so, this hole will have missed that mineralised zone.

Mineralisation of the Northeast Parallel Zone
Two holes (DAL114 and DAL106 – see fig. 2 and 3) were designed to test the postulated northeast parallel zone; a potentially mineralised, sub-parallel structure. These holes returned encouraging results, in particular DAL114, with a one metre intersection of very high grade (5.03% Sn). Drilling results indicate that this zone is mineralised.

1.2 Plant Upgrade

Plans are underway to upgrade the Mt Veteran Tin Processing Plant capacity when sufficient JORC resource targets at Summer Hills have been met.

Initial plans to increase capacity to 250,000 tpa include an enlargement of the current tailings dam and geotechnical work on the processing plant.

1.3 Next steps

Results Encourage Extension of Drilling Program

Phase Three of the program was recently completed with assay results pending. Initial in-house XRF assays have encouraged MGT geologists to progress to a fourth Phase of the drilling program which has already commenced.

The focus remains on shallow depths to keep extraction costs low and to provide short term cash flow from mill production.

MGT is also in the final stages of submitting a Level 1 Environmental Authority Application with the Department of Environment Heritage Protection. This represents the final regulatory process required for MGT to upgrade its current mill to 250,000 tpa.

2. MGT CORPORATE

2.1 $6 million in Convertible Notes Approved by Shareholders

An extraordinary general meeting of shareholders (EGM) was held on 13 August 2013 where shareholders approved A$6 million in convertible note securities.

2.2 Placement taken up in MGT Mining Limited

A placement of new ordinary shares in MGT Mining Limited to the Company takes MGT's total shareholding in its subsidiary to 89.48%. MGT Mining Limited and its wholly owned subsidiary Garimperos Pty Limited own 100% of the Mt Garnet Project, Pyramid Gold Project and Southern Queensland Projects.

2.3 Cash

Cash at hand as at 30 September 2013 was $5.78 million.

2.4 Tin Market Summary

The tin price rose slightly in the quarter to September 2013 to around $23,000 per tonne. Tin has been identified by a number of brokers' reports as being the metal most likely to experience a price rise over the next twelve months.[1]

ENDS

For more information:

Investor and media enquiries:

Alexander Moody

Company Secretary

T: +61 2 9262 1122
alex.moody@mgt.net.au

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 of its Pyramid Gold Project near Charters Towers and its Southern Queensland Gold Project near Gayndah.

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.

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.

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

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 September 2013

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter 30/09/2013 $A	Year to date (3 months) $A
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) administration	(712,887)	(712,887)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	11,106	11,106
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	3,814	3,814
	Net Operating Cash Flows	(697,967)	(697,967)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) exploration & evaluation	(607,815)	(607,815)
	(c) other fixed assets	(11,796)	(11,796)
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	(619,611)	(619,611)
1.13	Total operating and investing cash flows (carried forward)	(1,317,578)	(1,317,578)

1.13	Total operating and investing cash flows (brought forward)	(1,317,578)	(1,317,578)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from issue of convertible notes	6,000,000	6,000,000
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	6,000,000	6,000,000
	Net increase (decrease) in cash held	4,682,422	4,682,422
1.20	Cash at beginning of quarter/year to date	1,104,967	1,104,967
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	5,787,389	5,787,389

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 30/09/2013 $A
1.23	Aggregate amount of payments to the parties included in item 1.2	103,600
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	495,000
4.2	Development	120,000
4.3	Production	
4.4	Administration	700,000
	Total	**1,315,000**

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 30/09/2013 $A	Previous quarter 30/06/2013 $A
5.1	Cash on hand and at bank	5,787,389	1,104,967
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	5,787,389	1,104,967

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	N/A	N/A	N/A	N/A

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	Nil	139,931,455- Note 7	N/A per Note 3 below – all fully paid	N/A per Note 3 below – all fully paid
	(b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*	1,500,000 1,500,000 3,000,000 3,000,000 See Note 6 below for more information.	Nil Nil Nil Nil	$0.15 $0.20 $0.11 $0.11	$1 $1 $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
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	N/A	N/A	N/A	N/A
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: 29 October 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

+ See chapter 19 for defined terms.

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.

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 2 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 3 years and a coupon of 8% per annum, and is convertible at 20 cents per share.

On 16 August 2013 the Company received $3,000,000 from Marvel Network Limited in the form of a 3 year convertible note. Interest on the convertible notes is payable at the rate of 8% per annum. The convertible notes may be redeemed or converted into 27,272,728 ordinary if the share price is 11 cents per share or less at maturity.

On 16 August 2013 the Company received $3,000,000 from Cloud Adventurer Limited in the form of a 3 year convertible note. Interest on the convertible notes is payable at the rate of 8% per annum. The convertible notes may be redeemed or converted into 27,272,728 ordinary if the share price is 11 cents per share or less at maturity.

There have been no additional convertible notes issued during the Quarter to 30/9/2013.

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.

== == == == ==