Magnum Mining and Exploration Limited

A.B.N. 70 003 170 376

Annual Report
Year ended 31 December 2022

Contents

Corporate Directory

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Stock exchange listing
Magnum Mining and Exploration Limited shares are listed on the Australian Securities Exchange under the code MGU.

The Company is limited by shares, incorporated and domiciled in Australia.

Website address
www.mmel.com.au

Directors' Report

REIVEW OF OPERATIONS AND ACTIVITIES

BUENA VISTA PROJECT (UNITED STATES)

SUMMARY

The Buena Vista Project is directed towards an integrated mining and production facility for low emission green pig iron products for both the US domestic market and the premium Asian steelmakers. This Integrated Strategy positions Magnum to become a low-cost pig iron producer, the first green pig iron producer in North America, and currently the only pig iron producer on the West Coast of USA.

The steelmaking industry is increasingly seeking ways to lower emissions that has led to greater demand for 'Green' pig iron (pig iron made with a replacement for coal such as biochar).

Magnum's objective is to value-add to its in-house iron ore resource and supply green pig iron to the US and Asian markets.

PROJECT DESCRIPTION

The Buena Vista project ("**Project**") is an advanced magnetite iron ore and biochar green pig iron project. Settlement of the purchase of Buena Vista was completed on 9th February 2021. Over A$34 million has been expended on the Project over the past decade, including the completion of feasibility studies and permitting for the long-term production of a +63.0 % Fe magnetite concentrate with no harmful impurities. This is now proposed as feedstock to the green pig iron process plant.

<u>Booming Target Market and Macro Tailwind</u>

The United States is gearing up for an infrastructure development boom, focusing on American Made and low-carbon-intensive production. To support this boom and ESG initiatives, the United States needs green steel.

The steel industry accounts for 9% of global Green House Gas (GHG) emissions, so increased pressure is mounting to lower this environmental impact. Magnum's Integrated Strategy has been developed to supply this demand.

The Project intends to use biochar to substitute the use of coal, which makes Magnum's pig iron a green, low carbon footprint product. Magnum strives to become carbon neutral in production and generate maximum return for shareholders, including potentially lucrative carbon credits.

The Project is located less than 160 km from California, which is currently the world's fifth-largest economy as measured by GDP. The close access to major California ports for export allows Magnum's Project to serve both the US domestic and international markets, whilst reducing transportation costs.

The Project will be the only such facility in the Western USA and is surrounded by steel production facilities currently utilising over 1.5 million tonnes of pig iron. These steelmakers are expanding and lack a stable metallics supply.

The global pig iron market is forecasted to grow from USD5 billion (2019) to USD124 billion (2027). Magnum is strategically located to supply the growing demand and is continuing to fast track this value-add strategy for the establishment of a green pig iron facility at the Project.

In addition to low emission price premiums, the Project will also benefit from US carbon credit and related tax incentives.

<u>FY22 Project Achievements</u>

For the magnetite concentrate production, all major development permits and required technical work, such as drilling, metallurgy, hydrogeology, and plant design, have been secured for the Project.

The remaining permits associated with the biochar and pig iron plants will be completed in parallel with Bankable Feasibility Studies.

Directors' Report (continued)

LOCATION AND HISTORY

The Buena Vista Project is approximately 130km east-north-east of Reno in the mining-friendly state of Nevada, United States.

The Project was discovered in the 1890s. Between the late 1950s and early 1960s, approximately 900,000 tonnes of direct shipping magnetite ore were mined, with an estimated grade of 58% Fe.

In the 1960s, US Steel Corporation acquired the Project and carried out an extensive exploration program including 230 diamond drill holes and considerable metallurgical test work.

The Project was refreshed in 2009 when Richmond Mining Limited, an ASX-listed company, acquired the Project and commenced a detailed exploration program culminating in a definitive feasibility study in July 2011. The study was updated in 2013 for an expanded production rate.

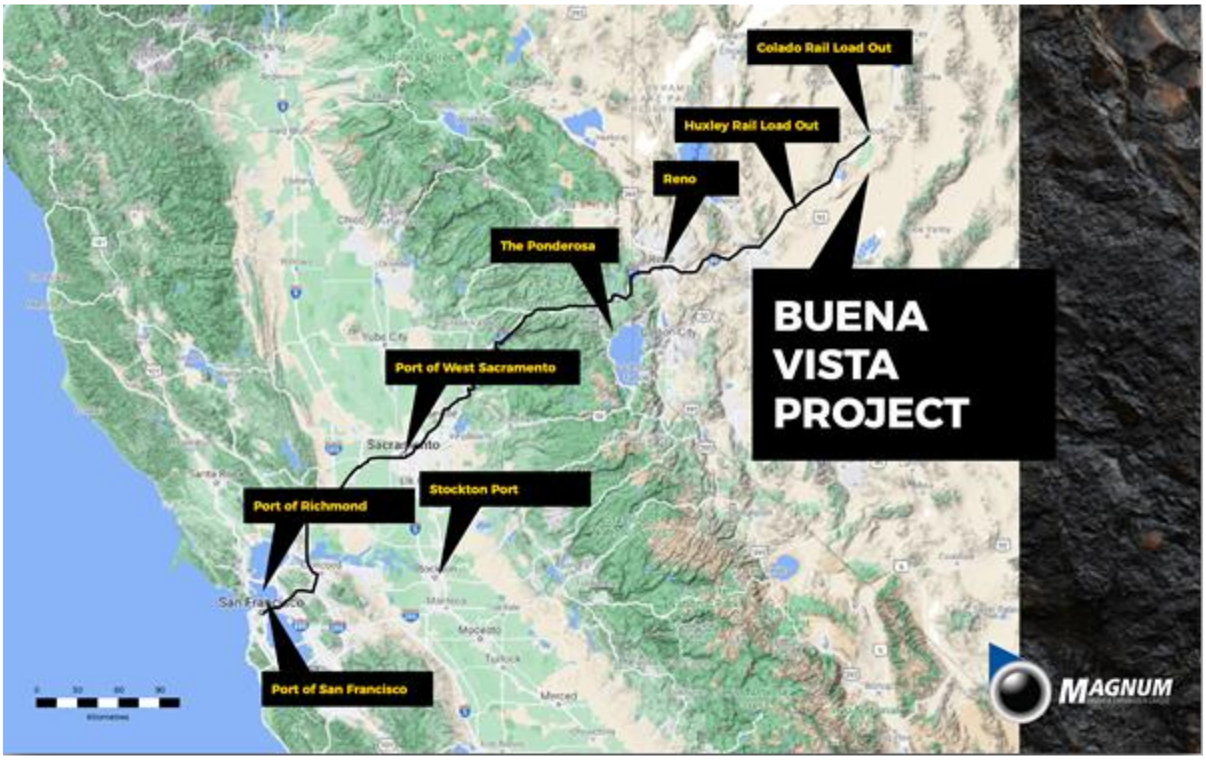

Figure 2: Project Location

KEY MILESTONES ACHIEVED

Throughout the FY22 period, Magnum achieved several material milestones.

- Buena Vista iron ore mine plan and pit design completed.
- Strategic land purchase for railway logistics hub close to Buena Vista mine. The Company purchased over 104 acres of land which lies adjacent to the main railway line and interstate highway at the Buena Vista Project in 2021.
- Engaged MinRizon Projects Pty Ltd, to undertake an Engineering Study (Study) for its Nevada Iron Buena Vista Project. The Study consisted of a technology review and a series of trade-off studies to define the most appropriate technology that should be deployed at site to process the magnetite ores from the Buena Vista Project and the subsequent manufacturing of Pig Iron.
- Sale of Gravelotte Project to London Stock Exchange listed company URA Holdings PLC (LSE:URAH) (URA).
- Secured a $20 million funding facility with IRIS.

Directors' Report (continued)

Figure 3: Biochar Green Pig Iron

PROJECT LOGISTICS

The Project is ideally located with the towns of Fallon (20,000 population) and Lovelock (8,000 population) within close proximity to the Project. This provides site personnel and their families the opportunity to reside in local communities with existing infrastructure and facilities.

The Project is around 50kms from the Union Pacific rail line which connects with multiple export port options including Stockton, Long Beacg, West Sacramento, Oakland, San Francisco and Richmond (Levin).

Grid power (solar and gas) is available within 40km of the Project and sufficient water can be sourced from ground water aquifers located in the North Carson sink. The Nevada Department of Conservation and Natural Resources has already granted the required water rights for the life of the Project.

The Project is located in Churchill County in the State of Nevada which has a strong history of supporting mining developments and is easily accessed via the unsealed Pole Line Road from Huxley or the sealed Coal Canyon Road from Lovelock.

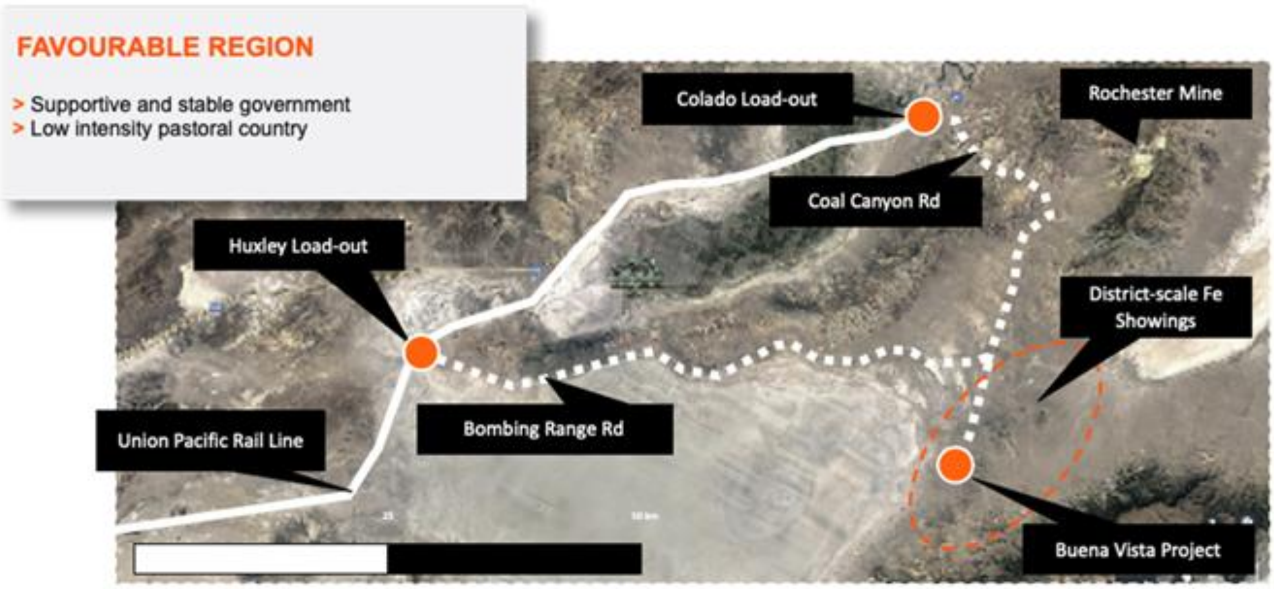

Figure 4: Magnum Buena Vista Logistics Options

Directors' Report (continued)

GEOLOGY

The magnetite deposits at the Project are the product of late-stage alteration of a localized intrusive gabbro that resulted in intensely scapolitised lithologies and the deposition of magnetite.

The most well-known example of this type of magnetite mineralization is the Kiruna magnetite deposit in Sweden which has been in production since the early 1900s.

The distribution and nature of the magnetite mineralization at the Project is a function of ground preparation by faulting and fracturing forming a series of open fractures, breccia zones and networks of fine fractures.

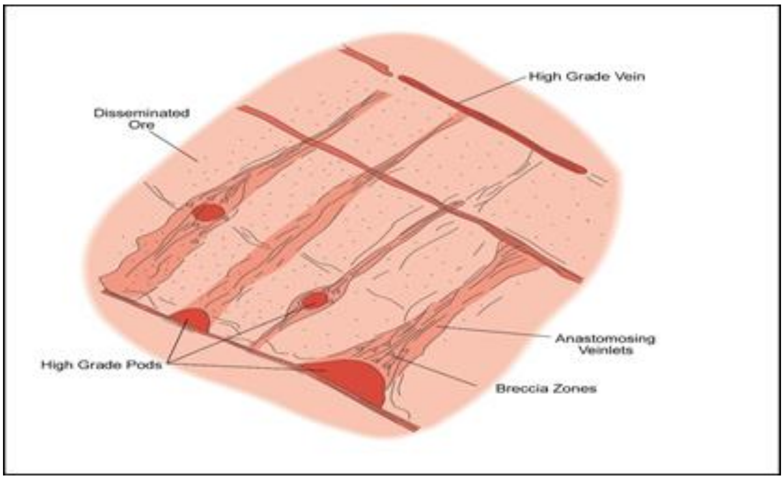

Figure 5: Mineralization at Buena Vista Project

As a consequence, the magnetite mineralization at the Project has been developed as disseminations within the altered gabbro through to massive pods and occasionally vein-like intrusions.

These ground conditions produce variations in mineralization types from massive pods grading +60% magnetite to lighter disseminations grading 10-20% magnetite.

The mineralisation has been best developed within a number of discrete but proximal deposits (Section 5, West and East deposits) that outcrop and exhibit a strong magnetic signature.

The strike of the deposits is approximately east-west for the Section 5 and West deposits and south west-north east for the east deposit. The dip is generally towards the north.

Figure 6: Drill cores showing metasomatic magnetite

Directors' Report (continued)

Metasomatic magnetite deposits such as those at the Project have important beneficiation advantages over the other main type of magnetite deposit which is a banded iron hosted magnetite, also sometimes known as a taconite.

	Buena Vista Project (Magmatic)	Taconite (Banded iron)
Genesis	Metasomatic (hot solutions)	Non-magmatic precipitate
Grain size	Coarse	Fine
Grind size to liberate magnetite	+100 microns	Sub 15-20 microns
Capex	Lower capital intensity	Higher capital intensity
Opex	Lower Opex	Higher Opex

Table 1: Advantages of Buena Vista metasomatic magnetite

DRILLING EVALUATION

The Project has been extensively drilled with multiple drill programs having been carried out in prior years.

The initial program was conducted by Columbia Mines (US Steel) in the early 1960s and was by BQ, NQ and HQ diamond drilling and holes were surveyed for dip using a Tropari instrument.

A total of around 112 holes for 18,215 meters was completed and all holes were geologically sampled and logged.

Around 5,000 samples across the magnetite mineralized zones were taken from the drill core and the magnetite content determined by Davis Tube. All testing was carried out at the Colorado School of Mines Research Foundation.

In 2010, a confirmatory diamond drill program of 8 holes comprising 1,415 meters was carried out by Richmond Mining Limited. This program was HQ and designed to twin various 1960s holes in order to test for vertical and lateral continuity as well as provide QA/QC information on the historic drilling.

All of the holes were geologically logged and then halved or quartered and samples assayed by American Assay Laboratories in Reno and SGS Laboratories in Perth.

In 2012, Nevada Iron Limited carried out a program comprising 19 drill holes for 3,431 meters of HQ diamond drilling and 50 holes for 13,024 meters of 138 mm reverse circulation drilling.

This program was designed to provide infill drilling for an expanded resource estimate, extend the boundaries of the known mineralized areas and provide additional core for definitive metallurgical beneficiation test work. All drill holes from this program were geologically logged and the diamond holes surveyed down hole.

Samples from this program were prepared by ALS Global Laboratories in Reno and analyzed by ALS Laboratories in Perth.

JORC 2012 MINERAL RESOURCE ESTIMATE UPDATE

On 23 March 2021, Magnum announced that the Buena Vista Mineral Resource had been updated in accordance with the 2012 edition of the JORC Code (JORC 2012) (refer to announcement dated 23 March 2021).

Magnum reported that the Mineral Resources previously reported in 2012/2013 under the 2004 JORC Code and the NI43-101 Code had undergone a comprehensive review and full evaluation by the Company's highly experienced and qualified independent consultant, MPR Geological Consultants.

Directors' Report (continued)

The total Mineral Resource estimate at the Project increased as a result of the aforementioned update with the following key changes:

- A 31% increase in total reported Mineral Resources from 177.3Mt to 232Mt
- A 6% increase in the indicated resource for the Section 5 area and a 25% increase in the DTR% (Davis Tube Recovery Percentage)
- An additional 40Mt of inferred mineral resources for the West Pit area and 13% increase in the DTR%
- A 14% increase in the inferred resource for the East Pit area

The Company confirms that it is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in the announcement of the 'Maiden JORC 2012 Resource for the Buena Vista Magnetite Project' dated 23 March 2021 continue to apply and have not materially changed.

Estimates at 10% Fe cut off										
Deposit	Resource Category	2013			2021			Difference		
		Mt	Fe%	DTR%	Mt	Fe%	DTR%	Mt	Fe%	DTR%
Section 5	Ind	32.1	17.7	16.8	34	17.4	21.0	6%	-2%	25%
	Inf	0	0.0	0.0	8.0	16	18	-	-	-
	Subtotal	32.1	17.7	16.8	42	17	20	31%	-3%	22%
West	Ind	116.6	19.1	21.2	117	19.5	23.9	0%	2%	13%
	Inf	0	0.0	0.0	40	17	21	-	-	-
	Subtotal	116.6	19.1	21.2	157	19	23	35%	-1%	9%
East	Ind	0	0.0	0.0	0.0	0.0	0.0	-	-	-
	Inf	28.9	19.6	23.4	33	19	23	14%	-3%	-2%
	Subtotal	28.9	19.6	23.4	33	19	23	14%	-3%	-2%
Total	Ind	148.7	18.8	20.3	151	19.0	23.2	2%	1%	15%
	Inf	28.9	19.6	23.4	81	18	22	180%	-10%	-8%
	Total	177.6	18.9	20.8	232	18.6	22.6	31%	-2%	9%

Table 2: JORC (2012) reported mineral resources compared with 2013 NI43-101 estimate.

The data base for the JORC 2012 mineral resource estimate utilized data from 139 diamond drill holes totaling 23,061 meters of drilling and 50 reverse circulation drill holes totaling 13,024 meters of drilling.

Mineralized domain wire-frames used for the resource modelling were interpreted from 3.05 meter down-hole composited Fe grades from the diamond and RC drilling. The domains captured zones of continuous Fe grades greater than approximately 10% and for the West Deposit were trimmed by several steeply dipping dykes the wire-frames interpreted from drill hole logging and Fe grades.

The combined mineralized domains lie within a corridor of around 3,300 meters by 500 meters and extend from surface to a depth of around 240 meters. Around 90% of the mineralization lies within 140 meters of the surface.

Total Fe, DTR mass recovery and density were estimated by ordinary Kriging of 3.05 meter down-hole composited grades within the mineralized domains. Densities were assigned to drill hole intervals from an Fe-density function.

The resource modelling did not employ upper Fe grade cuts reflecting the low to moderate variability of the attributes and lack of extreme Fe values.

The indicated and inferred mineral resource estimates were extrapolated to a maximum of generally around 40 meters and 60 meters from drill intercepts respectively.

Micromine software was used for the initial data compilation, domain wire-framing calculating and coding of composite values. GS3M was used for Kriging and the estimates then imported into a Micromine block model for reporting.

Model validation included visual comparison of model estimates, composite grades, comparison with historic estimates and trend (swath) plots.
All tonnages were estimated on a dry basis and the estimates reflect medium scale open pit mining.

Directors' Report (continued)

Cut-off Grades

The resource estimate was carried out across Total Fe cut-off grades of 10.0%, 15.0%, 20.0% and 25.0%.

Because of the favorable beneficiation characteristics of the Buena Vista Project ore the lower cut-off of 10.0% Total Fe was chosen to represent the headline resource estimate.

Cut off	Deposit	Indicated			Inferred			Total		
Fe %		Mt	Fe %	DTR %	Mt	Fe %	DTR %	Mt	Fe %	DTR %
10.0	Sect 5	34	17.4	21.0	8.0	16	18	42	17.1	20.5
	West	117	19.5	23.9	40	17	21	157	18.9	23.2
	East				33	19	23	33	19.0	23.0
	Total	**151**	**19.0**	**23.2**	**81**	**18**	**22**	**232**	**18.6**	**22.7**
15.0	Sect 5	21	20.2	25.1	3.8	19	24	25	20.0	24.9
	West	90	21.4	26.7	26	20	24	116	21.1	26.1
	East				25	21	26	25	21.0	26.0
	Total	**111**	**21.2**	**26.4**	**55**	**20**	**25**	**166**	**20.9**	**25.9**
20.0	Sect 5	9.1	24.1	30.9	1.3	23	29	10	24.0	30.7
	West	40	26.5	34.4	9.6	25	32	50	26.2	33.9
	East				13	24	31	13	24.0	31.0
	Total	**49**	**26.1**	**33.8**	**24**	**24**	**31**	**73**	**25.5**	**33.0**
25.0	Sect 5	2.8	28.6	37.7	0.3	27	36	3.1	28.4	37.5
	West	19	31.5	41.9	3.5	30	39	23	31.3	41.4
	East				3.6	29	38	3.6	29.0	38.0
	Total	**22**	**31.1**	**41.4**	**7.4**	**29**	**38**	**29**	**30.7**	**40.6**

Table 3: Buena Vista JORC 2012 Resource Estimates at various Total Fe cut-off grades DTR% is the estimated proportion of the rock mass recoverable by simple magnetic concentration estimated on the basis of the Davis Tube Recovery analyses for drill hole samples. It is strongly correlated to iron grades.

METALLURGY

Both west and dry beneficiation tests were carried out in 2022. The tests have proven that Buena Vista iron ore is capable of both a premium iron ore concentrate at 68%Fe for the export market, and a lower cost 63%Fe concentrate for the integrated green pig iron production on site.

<u>Wet Beneficiation for a 68% Fe Concentrate</u>

Unlike banded iron hosted magnetite deposits (taconites), where the magnetite mineralization is finely disseminated in siliceous bedding planes, the Buena Vista ore is of magmatic origin and as a consequence is coarser grained in association with the siliceous host rock.

The prime benefit of this is that metallurgical test work has shown that the primary crush of the Buena Vista ore on average increases the mill grade to +45% irrespective of the primary ore grade. This is an important distinction to taconites and results in reduced energy usage for the subsequent crushing and grinding upgrade to the concentrate grade of +67.5%.

The Buena Vista concentrate contains no deleterious concentrations of impurities with silica typically 1.4-1.5%, alumina less than 1% and negligible sulphur and phosphorous content (around-0.003% respectively).

In addition, titanium and vanadium levels are low in the Buena Vista concentrate, typical levels are around 0.2% TiO_2 and 0.3% V.

% Fe	% SiO_2	% Al_2O_3	% CaO	% MgO	% P	% S	% TiO_2	% V	% LOI
69.5	1.72	0.67	0.16	0.22	0.003	0.002	0.20	0.26	3.15

Table 4: Buena Vista Composite Wet Concentrate -150 mesh (106 microns) (After GR Engineering 2011)

Directors' Report (continued)

Magnum has commissioned MinRizon projects to start an Engineering Scoping Study. This study will incorporate the mine, beneficiation plant
and pig iron plant. It is expected that this study will be complete in the next few months and the results will be made public.

This is an exciting opportunity for Magnum as it will be the first mover in producing environmentally friendly steel making raw material for supply to the US domestic and international steel markets.

KEY INFRASTRUCTUE LAND PACKAGES AT COLADO AND HUXLEY SECURED

Colado

The Company has purchased over 104 acres of land which lies adjacent to the main railway line and interstate highway at the Project. The property is 40km from our Buena Vista iron ore mine via easy access of the Coal Canyon Road.

This property is to be used as a staff staging site during the initial construction phase of the project. All site administrations will also locate at the site.

This land will be developed to become the logistic hub for our unit train loading and discharging operations. The following cargoes are to be handled at our Colado site:

- Biochar from California and surrounding states
- Secondary raw materials for pig iron making
- Pig iron supply to US steelmakers
- Pig Iron & Iron ore export to international markets

Figure 7: Magnum Colado Logistic Hub

Huxley
As part of the advancement of the Project, Magnum has secured a key land package around the abandoned historic town site of Huxley.

This land which totals 769.9 acres in three parcels is now owned unencumbered by Magnum through its wholly owned United States subsidiary Iron Horse Transportation LLC. The land package is located around 55kms WSW from the Project and has been secured as a potential alternate rail load out facility to Colado, which is located approximately 45 kms NNW from the Project.

The land package is free from infrastructure and restrictive covenants and is accessed via Pole Line Road which is a flat lying local County gravel road following the southern boundary of the Humboldt Ranges (see plan below).

Directors' Report (continued)

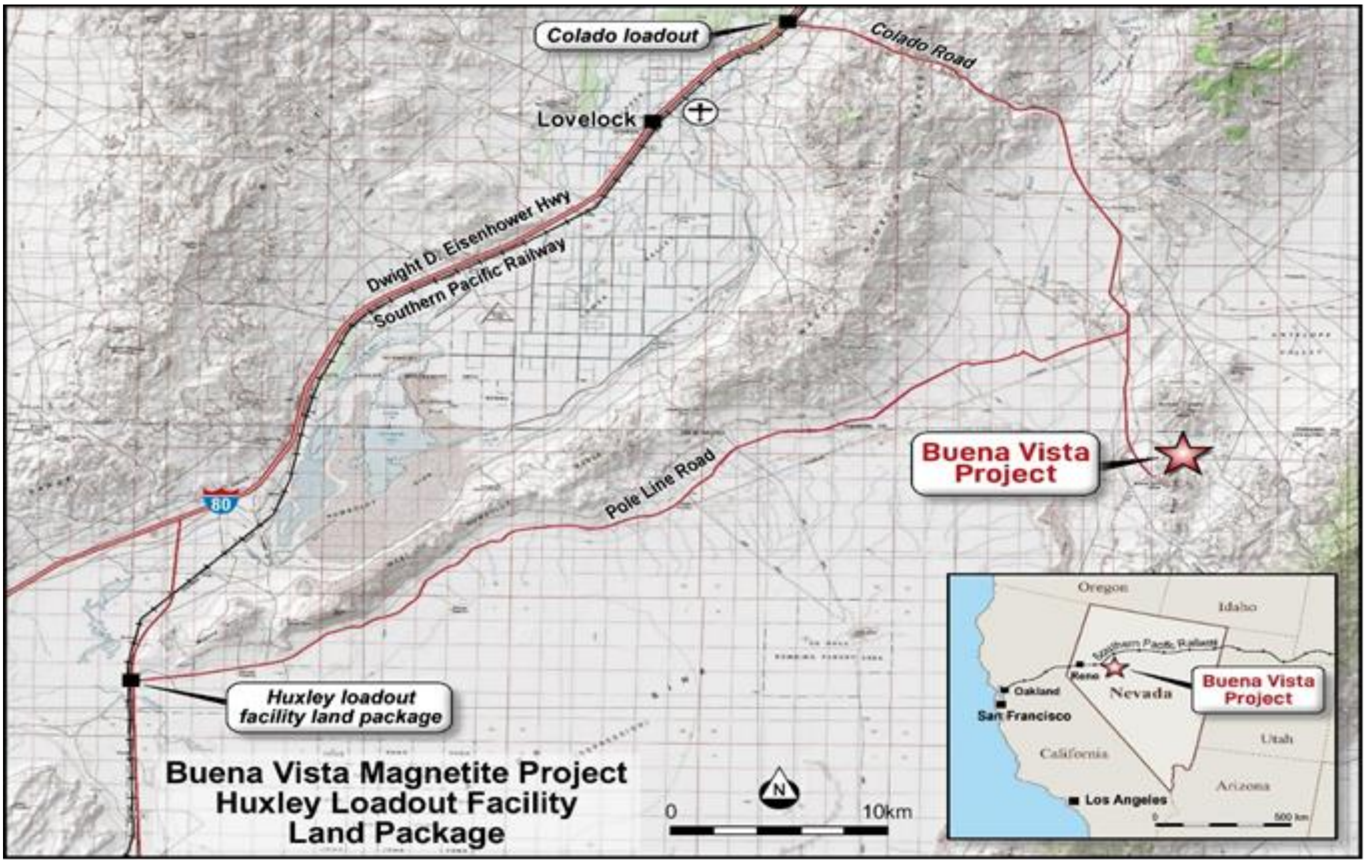

Figure 8: Huxley Loadout Facility

The land is also ideally suited for the provision of potential infrastructure for the value-add opportunities as part of the expanded development strategy for the Buena Vista Project.

Land Parcel	Description	Area	Property Key
004 431-39	Huxley	311.15 acres	443139
004 431-42	Huxley	98.66 acres	443142
004 431-43	NE Huxley	360.12 acres	443143

Table 5: Huxley Land Package details

Directors' Report (continued)

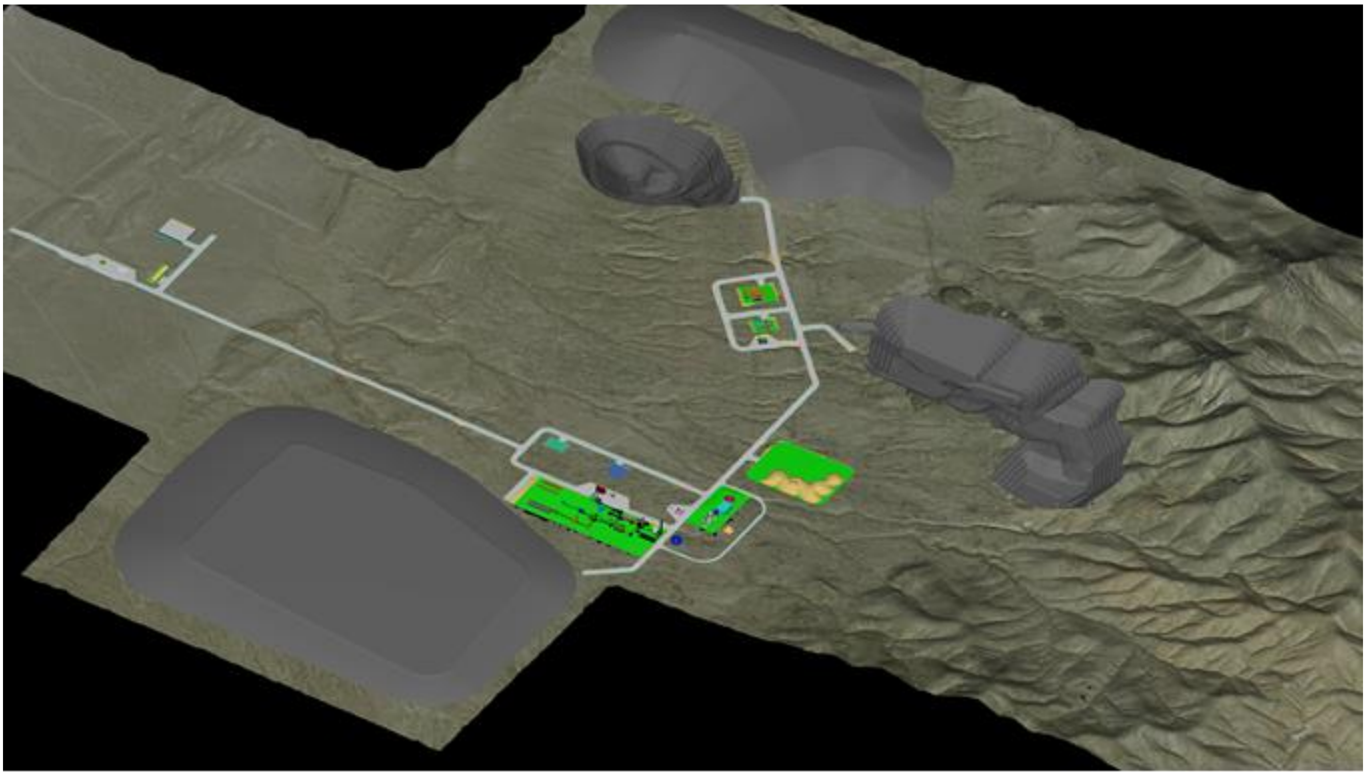

Figure 9: Buena Vista Operation Site Layout

Rapid Expansion of US EAF capacity as steel prices surge
During this financial year, US steel producers have announced significant expansions in steel production using electric arc furnaces. Steel scrap supply is limited, and these furnaces will require significant volumes of pig iron for quality feed. The United States is the largest pig iron importer in the world. For FY 2022, pig iron inconsistently traded at above US$550 per tonne. Unlike iron ore, the prices for pig iron is expected to remain high due to supply restraints.

Russia and Ukraine supply over 55% of global pig iron trade. Sanctions on Russia and blockade of Ukraine ports have created an acute shortage which will last for a foreseeable future.

Directors' Report (continued)

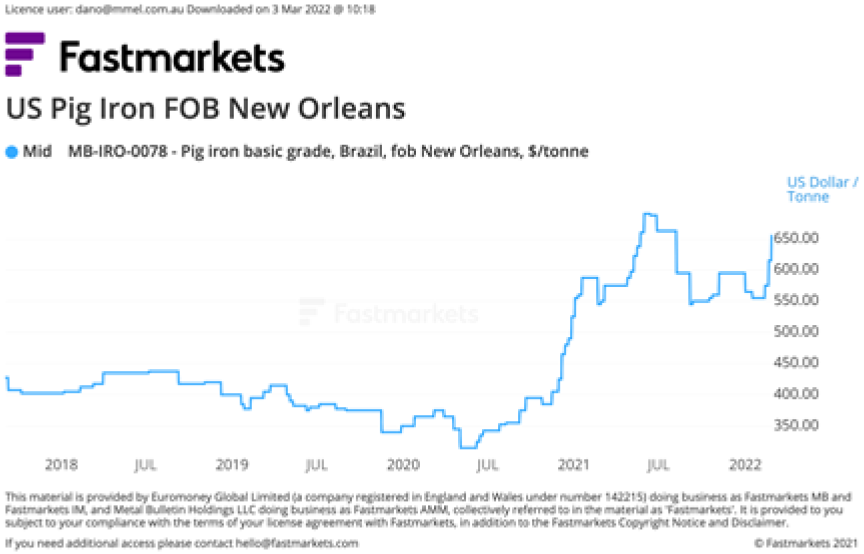

Figure 10: Historic USA Pig Iron Price (FOB New Orleans)

<u>Magnum Marketing Plans</u>

Through the period, Magnum extended the exclusive offtake & financing Mandate Letter with Anglo American until 30th November 2022. After this date, Magnum continued discussions with Anglo American but also engaged with other potential trading companies interested in shipping iron ore concentrate, biochar and pig iron to steel producers. The Project is strategically located to supply steel producers in Asia and the west coast of North America

Directors' Report (continued)

Figure 11: Existing EAF Pig Iron Buyers in Western USA

The location of the Nevada Iron plant close to West Coast steel producers compared to alternative suppliers provides competitive advantage and diversification of end user options and will ensure that the Company captures a transportation premium.

GRAVELOTTE EMERALD PROJECT (SOUTH AFRICA)

On 24 March 2022, the Company entered into a sale and purchase agreement (SPA) for the sale of its 74% interest in the Gravelotte Project in South Africa. The divestment is part of the Company's strategy of crystalising value from its portfolio of non-core assets while maintain a strong focus on progressing the Company's Buena Vista Project for green pig iron production. Magnum has agreed to sell its wholly owned South African subsidiary Gem Venus Holdings (Proprietary) Limited (Gem Venus) which holds Magnum's interest in the Gravelotte Project to London Stock Exchange listed company URA Holdings PLC (LSE:URAH) (URA) (Company No. 5329401).

URA will pay Magnum, as consideration for the Transaction, a total of $2,000,000 cash consideration to be paid as follows:

(a) The sum of A$200,000 for each 5,000,000 carats of gemstones produced at the Gravelotte Project, and this sum is payable within 30 days of the date on which the production has been determined,

(b) Thereafter, the sum of A$200,000 for each successive 5,000,000 carats of gemstones produced at the Gravelotte Project, and this sum is payable within 30 days of the date on which the production has been determined,

(Collectively, Cash Consideration), provided that that Cash Consideration shall not exceed a maximum aggregate sum of A$2,000,000.

URA will also issue to Magnum GBP100,000 (one hundred thousand British Pounds) in URA fully paid ordinary shares (Consideration Shares)

COMPETENT PERSONS STATEMENT

All information in this report that relates to Exploration Results and/or Mineral Resources has previously been reported to ASX.

Directors' Report (continued)

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcements by the Company to ASX and that all material assumptions and technical parameters underpinning the data released in the relevant ASX market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons findings were presented have not been materially modified from the original ASX market announcements.

Directors' Report (continued)

TENEMENT INFORMATION AS AT 31 DECEMBER 2022

Buena Vista Project

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
KMD 1	NMC956471	NMC956471	Lode
KMD 2	NMC956472	NMC956471	Lode
KMD 3	NMC956473	NMC956471	Lode
KMD 4	NMC956474	NMC956471	Lode
KMD 5	NMC956475	NMC956471	Lode
KMD 6	NMC956476	NMC956471	Lode
KMD 7	NMC956477	NMC956471	Lode
KMD 8	NMC956478	NMC956471	Lode
KMD 9	NMC956479	NMC956471	Lode
KMD 10	NMC1049632	NMC1049632	Lode
KMD 11	NMC956481	NMC956471	Lode
KMO 12	NMC956482	NMC956471	Lode
KMO 13	МИС956483	NMC956471	Lode
KMD 14	NMC956484	NMC956471	Lode
KMD 15	NMC956485	NMC956471	Lode
KMD 16	NMC956486	NMC956471	Lode
KM0 17	NMC956487	NMC956471	Lode
KMD 18	NMC956488	NMC956471	Lode
KMD 19	NMC956489	NMC956471	Lode
KMD 20	NMC956490	NMC956471	Lode
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KMD 39	NMC956509	NMC956471	Lode
KMD 40	NMC956510	NMC956471	Lode
KMD 41	NMC956511	NMC956471	Lode
KMD 42	NMC956512	NMC956471	Lode

Directors' Report (continued)

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
KMD 43	NMC956513	NMC956471	Lode
KMD 44	NMC956514	NMC956471	Lode
KMD 45	NMC956515	NMC956471	Lode
KMD 46	NMC956516	NMC956471	Lode
KMD 47	NMC956517	NMC956471	Lode
KMD 48	NMC956518	NMC956471	Lode
KMD 49	NMC956519	NMC956471	Lode
KMD 50	NMC956520	NMC956471	Lode
KMD 51	NMC956521	NMC956471	Lode
KMD 52	NMC956522	NMC956471	Lode
KMD 53	NMC956523	NMC956471	Lode
KMD 54	NMC956524	NMC956471	Lode
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KMD 56	NMC956526	NMC956471	Lode
KMD 57	NMC1049633	NMC1049632	Lode
KMD 58	NMC1049634	NMC1049632	Lode
KMD 59	NMC979428	NMC979387	Lode
KMD 60	NMC979429	NMC979387	Lode
KMD 61	NMC979430	NMC979387	Lode
KMD 62	NMC979431	NMC979387	Lode
KMD 63	NMC979432	NMC979387	Lode
KMD 64	NMC979433	NMC979387	Lode
KMD 65	NMC979434	NMC979387	Lode
KMD 66	NMC979435	NMC979387	Lode
KMD 67	NMC979436	NMC979387	Lode
KMD 68	NMC979437	NMC979387	Lode
KMD 69	NMC979438	NMC979387	Lode
KMD 70	NMC979439	NMC979387	Lode
NvFe 1	NMC1045283	NMC1045283	Lode
NvFe 2	NMC1045284	NMC1045283	Lode
NvFe 3	NMC1045285	NMC1045283	Lode
NvFe 4	NMC1045286	NMC1045283	Lode
NvFe 5	NMC1045287	NMC1045283	Lode
NvFe 6	NMC1045288	NMC1045283	Lode
NvFe 7	NMC1045289	NMC1045283	Lode
NvFe 8	NMC1045290	NMC1045283	Lode
NvFe 9	NMC1068429	NMC1068429	Lode
NvFe 10	NMC1068430	NMC1068429	Lode
NvFe 11	NMC1068431	NMC1068429	Lode
NvFe 12	NMC1068432	NMC1068429	Lode
NvFe 13	NMC1068433	NMC1068429	Lode
NvFe 14	NMC1068434	NMC1068429	Lode
NvFe 15	NMC1068435	NMC1068429	Lode
NvFe 16	NMC1068436	NMC1068429	Lode
NvFe 17	NMC1068437	NMC1068429	Lode
NvFe 18	NMC1068438	NMC1068429	Lode

Directors' Report (continued)

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
NvFe 19	NMC1068439	NMC1068429	Lode
NvFe 20	NMC1075996	NMC1075996	Lode
NvFe 21	NMC1075997	NMC1075996	Lode
NvFe 22	NMC1075998	NMC1075996	Lode
NvFe 23	NMC1075999	NMC1075996	Lode
NvFe 24	NMC1076000	NMC1075996	Lode
NvFe 25	NMC1076001	NMC1075996	Lode
NvFe 26	NMC1076002	NMC1075996	Lode
NvFe 27	NMC1076003	NMC1075996	Lode
NvFe 28	NMC1076004	NMC1075996	Lode
NvFe 29	NMC1076005	NMC1075996	Lode
NvFe 30	NMC1076006	NMC1075996	Lode
NvFe 31	NMC1076007	NMC1075996	Lode
NvFe 32	NMC1076008	NMC1075996	Lode
NvFe 33	NMC1076009	NMC1075996	Lode
NvFe 34	NMC1076010	NMC1075996	Lode
NvFe 35	NMC1076011	NMC1075996	Lode
NvFe 36	NMC1076012	NMC1075996	Lode
NvFe 37	NMC1076013	NMC1075996	Lode
NvFe 38	NMC1076014	NMC1075996	Lode
NvFe 39	NMC1076015	NMC1075996	Lode
NvFe 40	NMC1076016	NMC1075996	Lode
NvFe 41	NMC1076017	NMC1075996	Lode
NvFe 42	NMC1076018	NMC1075996	Lode
NvFe 43	NMC1076019	NMC1075996	Lode
NvFe 44	NMC1076020	NMC1075996	Lode
NvFe 45	NMC1076021	NMC1075996	Lode
NvFe 46	NMC1076022	NMC1075996	Lode
NvFe 47	NMC1076023	NMC1075996	Lode
NvFe 48	NMC1076024	NMC1075996	Lode
NvFe 49	NMC1076025	NMC1075996	Lode
NvFe 50	NMC1076026	NMC1075996	Lode
NvFe 51	NMC1076027	NMC1075996	Lode
NvFe 52	NMC1076028	NMC1075996	Lode
NvFe 53	NMC1076029	NMC1075996	Lode
NvFe 54	NMC1076030	NMC1075996	Lode
NvFe 55	NMC1076031	NMC1075996	Lode
NvFe 56	NMC1076032	NMC1075996	Lode
NvFe 57	NMC1076033	NMC1075996	Lode
NvFe 58	NMC1076034	NMC1075996	Lode
NvFe 59	NMC1076035	NMC1075996	Lode
NvFe 60	NMC1076036	NMC1075996	Lode
NvFe 61	NMC1076037	NMC1075996	Lode
NvFe 62	NMC1076038	NMC1075996	Lode
NvFe 63	NMC1076039	NMC1075996	Lode
NvFe 64	NMC1076040	NMC1075996	Lode

Directors' Report (continued)

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
NvFe 65	NMC1076041	NMC1075996	Lode
NvFe 66	NMC1076042	NMC1075996	Lode
NvFe 67	NMC1076043	NMC1075996	Lode
NvFe 68	NMC1076044	NMC1075996	Lode
NvFe 69	NMC1076045	NMC1075996	Lode
NvFe 70	NMC1076046	NMC1075996	Lode
NvFe 71	NMC1076047	NMC1075996	Lode
NvFe 72	NMC1076048	NMC1075996	Lode
NvFe 73	NMC1076049	NMC1075996	Lode
NvFe 74	NMC1076050	NMC1075996	Lode
NvFe 75	NMC1076051	NMC1075996	Lode
NvFe 76	NMC1076052	NMC1075996	Lode
NvFe 77	NMC1076053	NMC1075996	Lode
NvFe 78	NMC1076054	NMC1075996	Lode
NvFe 79	NMC1076055	NMC1075996	Lode
NvFe 80	NMC1076056	NMC1075996	Lode
NvFe 81	NMC1076057	NMC1075996	Lode
NvFe 82	NMC1076058	NMC1075996	Lode
NvFe 83	NMC1076059	NMC1075996	Lode
NvFe 84	NMC1076060	NMC1075996	Lode
NvFe 85	NMC1076061	NMC1075996	Lode
NvFe 86	NMC1076062	NMC1075996	Lode
NvFe 87	NMC1076063	NMC1075996	Lode
NvFe 88	NMC1076064	NMC1075996	Lode
NvFe 89	NMC1076065	NMC1075996	Lode
NvFe 90	NMC1076066	NMC1075996	Lode
NvFe 91	NMC1076067	NMC1075996	Lode
NvFe 92	NMC1076068	NMC1075996	Lode
NvFe 93	NMC1076069	NMC1075996	Lode
NvFe 94	NMC1076070	NMC1075996	Lode
NvFe 95	NMC1076071	NMC1075996	Lode
NvFe 96	NMC1076072	NMC1075996	Lode
NvFe 97	NMC1076073	NMC1075996	Lode
NvFe 98	NMC1076074	NMC1075996	Lode
NvFe 99	NMC1076075	NMC1075996	Lode
NvFe 100	NMC1076076	NMC1075996	Lode
NvFe 101	NMC1076077	NMC1075996	Lode
NvFe 102	NMC1076078	NMC1075996	Lode
NvFe 103	NMC1076079	NMC1075996	Lode
NvFe 104	NMC1076080	NMC1075996	Lode
NvFe 105	NMC1076081	NMC1075996	Lode
NvFe 106	NMC1076082	NMC1075996	Lode
NvFe 108	NMC1076083	NMC1075996	Lode
NvFe 109	NMC1076084	NMC1075996	Lode
NvFe 110	NMC1076085	NMC1075996	Lode
NvFe 111	NMC1076086	NMC1075996	Lode

Directors' Report (continued)

Claim Name	BLM Serial Nos.	BLM Lead Serial No.	Claim Type
NvFe 112	NMC1076087	NMC1075996	Lode
NvFe 113	NMC1076088	NMC1075996	Lode
NvFe 114	NMC1076089	NMC1075996	Lode
NvFe 115	NMC1076090	NMC1075996	Lode
HNVFE NO 1	NMC1093640	NMC1093640	Mill Site
HNVFE NO 2	NMC1093641	NMC1093640	Mill Site
HNVFE NO 3	NMC1093642	NMC1093640	Mill Site
HNVFE NO 4	NMC1093643	NMC1093640	Mill Site
HNVFE NO 5	NMC1093644	NMC1093640	Mill Site
HNVFE NO 6	NMC1093645	NMC1093640	Mill Site
HNVFE NO 7	NMC1093646	NMC1093640	Mill Site
HNVFE NO 8	NMC1093647	NMC1093640	Mill Site
HNVFE NO 9	NMC1093648	NMC1093640	Mill Site
HNVFE NO 10	NMC1093649	NMC1093640	Mill Site
HNVFE NO 11	NMC1093650	NMC1093640	Mill Site
HNVFE NO 12	NMC1093651	NMC1093640	Mill Site
HNVFE NO 13	NMC1093652	NMC1093640	Mill Site
HNVFE NO 14	NMC1093653	NMC1093640	Mill Site
HNVFE NO 15	NMC1093654	NMC1093640	Mill Site
HNVFE NO 16	NMC1093655	NMC1093640	Mill Site
HNVFE NO 17	NMC1093656	NMC1093640	Mill Site
HNVFE NO 18	NMC1093657	NMC1093640	Mill Site
HNVFE NO 26	NMC1093665	NMC1093640	Mill Site
HNVFE NO 27	NMC1093666	NMC1093640	Mill Site
HNVFE NO 28	NMC1093667	NMC1093640	Mill Site
HNVFE NO 29	NMC1093668	NMC1093640	Mill Site
HNVFE NO 30	NMC1093669	NMC1093640	Mill Site
HNVFE NO 31	NMC1093670	NMC1093640	Mill Site
HNVFE NO 32	NMC1093671	NMC1093640	Mill Site
HNVFE NO 33	NMC1093672	NMC1093640	Mill Site
HNVFE NO 34	NMC1093673	NMC1093640	Mill Site
HNVFE NO 35	NMC1093674	NMC1093640	Mill Site
HNVFE NO 36	NMC1093675	NMC1093640	Mill Site
HNVFE NO 37	NMC1093676	NMC1093640	Mill Site
HNVFE NO 38	NMC1093677	NMC1093640	Mill Site
HNVFE NO 39	NMC1093678	NMC1093640	Mill Site
HNVFE NO 40	NMC1093679	NMC1093640	Mill Site
HNVFE NO 41	NMC1093680	NMC1093640	Mill Site
HNVFE NO 42	NMC1093681	NMC1093640	Mill Site
HNVFE NO 43	NMC1093682	NMC1093640	Mill Site
HNVFE NO 44	NMC1093683	NMC1093640	Mill Site
HNVFE NO 45	NMC1093684	NMC1093640	Mill Site
HNVFE NO 46	NMC1093685	NMC1093640	Mill Site
HNVFE NO 47	NMC1093686	NMC1093640	Mill Site
HNVFE NO 48	NMC1093687	NMC1093640	Mill Site

Directors' Report (continued)

CORPORATE

APPOINTMENT OF DIRECTORS

During the reporting period the Company undertook a board reshuffle which saw the appointment of:

- Anoosh Manzoori, Non-Executive Director & Chairman
- Athan Lekkas, Non-Executive Director
- Resignation of Dano Chan, Managing Director;
- Resignation of Donald Carroll, Executive Chairman
- Resignation of John Dinan as Non-Executive Director. John Dinan remains the Company Secretary

(Collectively, "**Company Directors**") (refer to announcements dated 11 May 2022).

CAPITAL RAISING

On 2 May 2022, the Company announced the signing of a $20 Million Facility by IRIS, an institutional investor based in Europe. The investment structure provides for a single first tranche of $1,300,000, with the Company having the option to draw down further funding, when required, over a 24-month term and subject to funding conditions. This staged funding solution minimizes the dilution to shareholders versus taking the entire funding amount at the same time.

The conversion price of the Notes will be at 95% of the 5 lowest daily VWAPs of the Company's shares (Shares) of the 20 most recent trading days prior to the date of a conversion notice and rounded where necessary to the lowest three decimal places. This allows the Company to potentially issue new Shares at prices that are linked to the prices prevailing at the time of conversion (i.e. potentially at a premium to the then current share price) and minimize (comparatively) the dilution for its shareholders.

The Company is not subject to any financial covenants other than the Company issuing 24,096,386 Shares to the Investor ("Collateral Shares"). If at any time the price of the Company's Shares quoted on ASX falls such that the value of all Shares currently held by the Investor and issued as Collateral Shares falls below A$500,000, the Investor may by notice in writing to the Company and subject to shareholder approval require the Company to issue additional Shares so that the minimum value of Collateral Shares held by the Investor is at least A$1,000,000 ("Additional Collateral Shares"). The total number of Additional Collateral Shares must not exceed 50,000,000 Shares.

The Company is restricted on the amount of funding in any given tranche (except Tranche 1) by the following:

a. If the average daily traded value of Shares traded on the ASX over a period of 20 consecutive trading days, preceding the date that a tranche request is given by the Company to the Investor (as applicable), has fallen below A$250,000, the Investor may notify the Company in writing (at any time) that any proposed Additional Tranche will be no more than $500,000.

b. If the average daily traded value of Shares traded on the ASX over a period of 20 consecutive trading days, preceding the date that a tranche request is given by the Company to the Investor (as applicable), has fallen below A$100,000, the Investor may notify the Company in writing (at any time) that any proposed Additional Tranche will be up to 20% of the average daily traded value of Shares traded on the ASX over a period of 20 consecutive trading days.

Issue of Securities to Directors and CEO

On 21 October 2022, the Company held an Extraordinary General Meeting. At that meeting, resolutions were passed to issue options to directors and performance rights to the CEO, as well as options to certain staff. The following details the options that were issued during the year:

SECURITIES

During the reporting period Magnum issued a total of 197,733,555 shares and 138,095,252 options and 25,000,000 performance rights as reflected below:

Directors' Report (continued)

Ordinary Shares

1. 23 March 2022, there was an amendment to the share register for an error, resulting in a reduction of 24,758 shares.
2. May 4, 2022, 8,433,735 shares were issued in lieu of the advisory fee payable in connection with the $20m convertible note agreement. The fee was AUD 700,000.
3. May 4, 2022, 24,096,386 shares were issued under the convertible note agreement as collateral shares. The shares are restricted with respect to trading, and can be purchased back by the company at a nominal amount ($1).
4. 8 June, 2022, 51,020 shares were issued on conversion of 1 note. The face value was AUD 2,500.
5. 17 June 2022, 597,826 shares were issued on conversion of 11 notes. The face value was AUD 27,500.
6. 1 July, 2022 292,015 shares were issued on conversion of 4 notes. The face value was AUD 10,000.
7. 8 July 2022 606,060 shares were issued on conversion of 8 notes. The face value was AUD 20,000.
8. 15 July, 2022 303,029 shares were issued on conversion of 4 notes. The face value was AUD 10,000.
9. 25 July 2022 681,817 shares were issued on conversion of 9 notes. The face value was AUD 22,500.
10. 1 August 2022, 808,822 shares were issued on conversion of 11 notes. The face value was AUD 27,500.
11. 24 October, 150,000 shares were issued on the exercise 150,000 listed options, with an exercise price of 5 cents per option.
12. 26 October, 2022 1,428,571 shares were issued to settle a AUD 50,000 invoice.
13. 31 October, 2022 127,428,572 shares were listed as part of the placement to raise AUD 4,460,000.
14. 2 November 2022, 15,428,570 shares were issued to the lead manager of the placement to raise AUD 540,000.
15. 3 November, 2022 5,000,000 shares were issued to settle a AUD 150,000 invoice.
16. 5 December 2022, 12,451,890 shares were issued on conversion of 166 notes. The face value was AUD 415,000.

Options

The Company issued the following options during the year: All Options have an exercise price of AUD 0.05 per share, and an expiry date of 31 October, 2025.

1. 71,428,571 options as part of the placement offer where 1 option was attached to 2 shares purchased.
2. 30,000,000 options as agreed as a success fee for the placement exercise.
3. 1,666,681 options as part of the shares issued (5,000,000) to settle an invoice, where 1 option was attached to 2 shares purchased.
4. 35,000,000 options to staff as agreed at the Extraordinary General meeting held October 21, 2022.

Of the 35,000,000 options issued to staff, 30,000,000 were issued to directors including:

12,500,000 each to Anoosh Manzoori and Athan Lekkas (or their nominee), and 5,000,000 to Matt Latimore (or nominee).
Also, during the period, on 30 September, 2022, 136,151,598 listed options lapsed. On November 7, 2022, the company cancelled 36,000,000 options that were issued to directors in the prior year, upon their exiting of the company.

Directors' Report (continued)

Performance Rights

The Company has issued to the CEO, Neil Goodman, 25,000,000 performance rights. The vesting details of the rights are as follows:

Tranche	No. of Performance Rights	Milestone	Expiry Date
Tranche 1	2,500,000	Each Tranche 1 Performance Right will vest on the execution of a third party off-take agreement for supply of pig iron produced by the Company.	9 months from the date of issue.
Tranche 2	2,500,000	Each Tranche 2 Performance Right will vest on the completion by the Company of a Bankable Feasibility Study.	18 months from the date of issue.
Tranche 3	2,500,000	Each Tranche 3 Performance Right will vest on the achievement of a total pig iron production quota of 1,000,000tpa by the Company pursuant to a binding third party off take agreement.	24 months from the date of issue.
Tranche 4	2,500,000	Each Tranche 4 Performance Right will vest on the achievement of a total pig iron production quota of 1,000,000tpa by the Company pursuant to a binding third party pre-pay agreement.	24 months from the date of issue.
Tranche 5	2,500,000	Each Tranche 5 Performance Right will vest on the achievement of a total supply quota of mill scale or other feed materials, relevant to 50% of the required ore for pig iron production (50% ore/50% millscale) by the Company pursuant to a third-party supply agreement linked to any bankable feasibility study requirements for at least the term of the bankable debt facilities.	24 months from the date of issue.
Tranche 6	3,750,000	Each Tranche 6 Performance Right will vest on the achievement of a total supply quota of 1,000,000tpa of biochar to service production of the Company's pig iron plant pursuant to a third-party supply agreement, linked to any bankable feasibility study requirements for at least the term of the bankable debt facilities.	24 months from the date of issue.
Tranche 7	3,750,000	Each Tranche 7 Performance Right will vest on the achievement of the first production of biochar by the Company.	24 months from the date of issue.
Tranche 8	5,000,000	Each Tranche 8 Performance Right will vest on the achievement of the first production of pig iron.	24 months from the date of issue.

Directors' Report (continued)

Directors

The names of directors who held office during or since the end of the year and up until the date of this report are as follows:

- Donald Carroll - Chairman (appointed director 10 March 2021, appointed Chairman 12 April 2021, resigned on 11 May 2022)
- Dano Chan – Managing Director (appointed 12 April 2021, resigned on 11 May 2022)
- John Dinan – Non-Executive Director and Company Secretary (appointed 12 April 2021, resigned as Non-Executive Director on 11 May 2022)
- Anoosh Manzoori - Non-Executive Director & Chairman (appointed 11 May 2022)
- Athan Lekkas – Non Execuitve Director (appointed 11 May 2022)
- Matthew Latimore – Non-executive Director (appointed 4 May 2021)

Principal Activities

The principal activity of the Group during the financial year was mineral exploration.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Review of operations

Information on the operations and activities of the Group is set out in the review of operations and activities section on pages 3 to 20 of this annual report.

Operating result for the year

The consolidated net loss of the Group for the year after income tax was $4,894,842 (2021: loss of $8,332,686).

Financial position

As at 31 December 2022, the Group had cash reserves of $5,005,720 (2021: $4,422,716).

Significant changes in the state of affairs

There were no other significant changes in the state of affairs of the Company during the year.

Directors' Report (continued)

Matters subsequent to the end of the financial year

Subsequent to year end, the following matters have occurred:

- Completion of the acquisition of Appalachian Iron Inc under the Share Sale Agreement with Mr Neil Goodman, which the Company has agreed to acquire 100% of the issued capital of Appalachian Iron Inc (an entity incorporated in Delaware, USA) was approved at General Meeting held 16 January 2023.

    - Per the Share Sale Agreement, the Company will acquire Appalachian Shares through the issue of 30,000,000 Performance Shares in the capital of the Company.
    - Both parties have agreed that the Performance Shares and any Shares issued on conversion of the Performance Shares will be subject to an escrow period of twelve months from the date of issue of the Performance Shares.

- The issue of 30,000,000 Performance shares to Neil Goodman. The respective milestones upon which Performance Shares will convert into Shares (one a one basis) are as follows:

    - PR1 – vest on execution of supply agreement of pig iron expire 9 months from the date of issue
    - PR2 – vest on completion of Bankable feasibility study expire 18 months from the date of issue
    - PR3 – vest on achievement of production of pig iron and building a pig iron plant in West Virginia expire on the date 24 months from the date of issue
    - PR4 – vest on achievement of production of pig iron expire 48 months from the date of issue

- URA has issued to Magnum GBP100,000 (one hundred thousand British Pounds) in URA fully paid ordinary shares (Consideration Shares) in March 2023.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, other operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely developments and expected results

Additional comments on expected results of certain operations of the Group are included in the review of operations and activities section.

Environmental legislation

The Group is subject to significant environmental legal regulations in respect of its exploration and evaluation activities in the United States. There have been no known breaches of these regulations and principles.

Information on directors

Anoosh Manzoori, BSc, Postgraduate (Business) (Non-Executive Director & Chairman) (Appointed 11 May 2022)

Experience and expertise
Mr Manzoori has extensive investment banking experience across many verticals. His transactional experience includes equity capital markets, M&A, and private placements. With over 25 years of transactional experience, he has advised many cross-border transactions between Australia and Canada and USA. He has completed private placements for serval public companies on the ASX and Canada, completed private to public M&A and taken companies public North America. He also has fund management experience and has extensive public company and board experience having served on serval public company boards. Mr Manzoori is a member of the Institute of Company Directors.

Special responsibilities
Chairman of the Board

Directors' Report (continued)

Other current directorships
Constellation Technologies Limited (ASX:CT1) (appointed 14 October, 2016)

Former directorships in the last 3 years
None

Interest in shares and options of the Company and related bodies corporate
- 2,811,245 Ordinary Shares;
- 6,000,000 unlisted options exercise price $0.20, expiring 20 July 2024
- 12,500,000 listed options exercise price $0.05, expiring 31, October, 2025

Athan Lekkas Non-Executive Director (Appointed 11 May 2022)

Experience and expertise
Mr Lekkas has many years of investment banking experience and has advised on numerous cross border transactions including capital raisings, funding and structuring of acquisitions, joint ventures overseas and participated in a broad range of business and corporate advisory transactions. More recently Athan has focused on the restructure and recapitalisation of a wide range of ASX Listed companies. He was former Chairman of Panax Geothermal Limited (ASX:PAX) a Geothermal company that was successfully transformed into an Internet of Things (IoT) technology company where he was responsible for raising $25M. Mr Lekkas was also previously a Director of Brainy Toys Limited which was transformed from a technology company into a mining company which is now listed as a Kogi Iron (ASX: KFE), where he was instrumental and successful with identifying and funding the acquisition of a major West African Iron Ore project.

Other current directorships
None

Former directorships in the last 3 years
None

Interest in shares and options of the Company and related bodies corporate
Nil

Matthew Latimore - Masters in Business Administration
Non-Executive Director (Appointed 4 May 2021)

Experience and expertise
Mr Latimore is the Founder and President of M Resources Pty Ltd, a company he established in 2011 for marketing, investment and trading of steelmaking raw materials, with a focus on metallurgical coal. M Resources has shipped over 400 cargoes of metallurgical coal as principle to global steel mills and currently has the exclusive marketing rights for Stanmore Resources (SMR) and Bowen Coking Coal (BCC) in Australia and Allegiance (AHQ) New Elk mine in the US. Through MetRes, a company 50 % owned by M Resources, Mr Lattimore also recently purchased the Millennium and Mavis Downs coal mines from Peabody.

Prior to founding M Resources, Matt was GM Sales and Marketing for Wesfarmers Curragh coal for 10 years, responsible for global sales to steel makers and power utilities, rail and port and finance functions. Mr Lattimore was a Director of Curragh Coal Sales. Prior to that, Mr Lattimore held various positions with Mitsui & Co Coal Department.

Mr Lattimore holds a Master of Business Administration from the Australian Graduate School of Management, a degree in International Business from Griffith University, Diploma of Export Management from the Australian Institute of Export, an Advanced Diploma of Leadership and Management from the University of Western Australia, is a Graduate of the Australian Directors Course (GAICD) and the Columbia University Senior Executive Program in New York.

Other current directorships
Bowen Coking Coal Limited appointed on 17 June 2020.

Former directorships in the last 3 years
None

Directors' Report (continued)

Special responsibilities
None

Interest in shares and options of the Company and related bodies corporate
- 1,166,666 Ordinary Shares;
- 6,000,000 unlisted options exercise price $0.25, expiring 20 July 2024;
- 20,000,000 unlisted options exercise price $0.20 expiry date 19 April, 2024.
- 5,000,000 listed options exercise price $0.05, expiring 31, October, 2025

Company secretary

Mr John Dinan
B.Comm (Melb), FCPA
Mr Dinan has held positions as CFO and Company Secretary of listed and unlisted financial services entities as well as infrastructure investment groups. He has also been the chair of Australia's largest superannuation trustee company and he also has been the Chief Risk Officer of a major listed trustee company. He is currently CFO and company secretary of a number of entities listed on the Canadian stock exchange.

Meetings of directors

During the financial year, there were three formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the year to discuss the Group's affairs.
The number of meetings of the Company's board of directors attended by each director was:

	Directors' meetings held whilst in office	*Directors' meetings attended*
D Chan	2	2
D Carroll	2	2
J Dinan	2	2
M Lattimore	3	3
A Manzoori	1	1
A Lekkas	1	1

Indemnification

The Company has indemnified the Directors and Officers of the Company for any actions taken by the Directors and Officers in their execution of duties unless the actions were deliberately fraudulent or illegal.

Insurance of officers

During the financial year, the Company paid premiums to insure the directors and secretaries of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Directors' Report (continued)

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Remuneration report (audited)

This report outlines the remuneration arrangements in place for key management personnel of the Company for the financial year ended 31 December 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

The key management personnel of the Company were the Directors and the CEO, Neil Goodman.

Anoosh Manzoori – Non-executive Director & Chairman (appointed 11 May 2022)
Athan Lekkas – Non-executive Director (appointed 11 May 2022)
Matthew Latimore – Non-executive Director (appointed 4 May 2021)
Neil Goodman – Chief Executive Officer (appointed 5 August 2022)

Details of key management personnel's remuneration are set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration including Share Based Payment compensation
C Employment contracts of directors

A. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aims to align executive reward with the creation of value for shareholders.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance incentives
- transparency
- capital management

The framework provides a mix of fixed fee, consultancy agreement based remuneration, and share based incentives.

The broad remuneration policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is governed by the Board. The Board's aim is to ensure the remuneration packages properly reflect directors' and executives' duties and responsibilities. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention and motivation of a high quality Board and executive team.

The overall remuneration policy framework is structured in an endeavour to advance/create shareholder wealth.

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration (continued)

At the Annual General Meeting (AGM) held on 31 May 2022, 99.32% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

B. Details of remuneration including Share Based Payment compensation

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market. Directors are not present at any discussions relating to determination of their own remuneration.

The maximum aggregate remuneration for the non-executive directors was last determined at the Annual General Meeting held on 31 May 2007, when shareholders approved an aggregate remuneration of $150,000 per year. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The Company issued the non-executive directors with options at the extraordinary general meeting of the company which was held on October 22, 2022. A total of 30,000,000 options were issued with an exercise price of $0.05. These Options expire October 31, 2025. Subsequent to the balance date, these options were listed on the ASX.
Remuneration report (audited) (continued)

Executive director remuneration

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for Company, business team and individual performance;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

The executive pay and reward framework has the following components:
- Base pay and benefits such as superannuation;
- Short-term performance incentives; and
- Long-term incentives through participation in Share Based Payments.

Remuneration consists of fixed annual remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed annual remuneration

Fixed annual remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate external advice on policies and practices. The Board of Directors has access to external and independent advice where necessary.

Some of the directors perform at least some executive or consultancy services.

Directors' Report (continued)

Remuneration report (audited) (continued)

Executive director remuneration (continued)

Variable annual remuneration

Short-term incentives
There are no current short-term incentive remuneration arrangements.

Long-term incentives

The long term incentives issued to the Company to the directors are the options expiring on 31 October 2025 advised above.

Retirement allowances for directors:
There are no current retirement allowances for directors.

Details of the remuneration of the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Company and the Group for the year ended 31 December 2022 and 2021 are set out in Tables 1 and 2 in Section C.

Variable annual remuneration

The Board's policy is to remunerate directors at market rates for time, commitment and responsibilities. The Board determines payments to the directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. Fees for executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold securities in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and directors are remunerated to a level consistent with the size of the Company. All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

C. Employment contracts of directors

Remuneration and other terms of employment for the existing directors are formalised in service agreements:

Mr Anoosh Manzoori has entered into a services agreement with the Group in which he receives total remuneration of $210,000 per year. There is no fixed term, and the arrangement commenced 11 May 2022. Mr Chan may terminate the agreement by providing 3 months' notice. The Group may terminate the agreement without notice for cause including if the director commits a serious or persistent breach of their obligations or engages in an act of serious misconduct. The agreement can also be terminated by shareholders following a resolution of a general meeting. Shape Capital Pty Ltd, a firm controlled by Mr Manzoori, signed an agreement with the Company Corporate on 15 April 2021, providing strategic advice and corporate advisory services in relation capital raising and project financing, Shape Capital receives a monthly remuneration of $10,000.

Mr Athan Lekkasi has entered into a services agreement with the Group in which he receives total remuneration of $10,000 per month. There is no fixed term, and the arrangement commenced 11 May 2022. Mr Chan may terminate the agreement by providing 3 months' notice. The Group may terminate the agreement without notice for cause including if the director commits a serious or persistent breach of their obligations or engages in an act of serious misconduct. The agreement can also be terminated by shareholders following a resolution of a general meeting.

Mr Matt Latimore has entered into a services agreement with the Group whereby he receives a director's fee of $5,000 per month. There is no fixed term, and the arrangement commenced 4 May 2021 The agreement can be terminated by the director by providing 3 months' written notice or by shareholders following a resolution of a general meeting; or by operation of law including if the director becomes disqualified from acting as a director of a public company pursuant to the Corporations Act or Bankruptcy Act.

Directors' Report (continued)

Remuneration report (audited) (continued)

C. Employment contracts of directors (continued)

Mr Neil Goodman is the Chief Executive Officer and Key Management Person. Neil Goodman has entered into a services agreement with the group whereby he receives a salary of $15,000 per month. Subject to the receipt by the Company of shareholder approval in general meeting the Company agrees to issue 25,000,000 options and 25,000,000 performance rights.

D. Employment contracts of directors

Table 1: Key management personnel remuneration for the year ended 31 December 2022

Details of the nature and amount of each element of the emoluments of each key management personnel of the Company and the consolidated entity for the year ended 31 December 2022 are set out in the following tables:

31 December 2022	Primary benefits	Post-employment benefits	Share Based Payments			
Name	**Cash salary and Consulting Fees**	**Superannuation**	**Performance Rights**	**Unlisted Options**	**Total**	**Performance related %**
	$	**$**		**$**	**$**	
Directors/Officers						
Anoosh Manzoori (i)	80,000	-	-	216,893	296,893	73%
Athan Lekkas (ii)	-	-	-	216,893	216,893	100%
Matt Latimore	60,000	-	74,024	274,731	408,755	85%
Neil Goodman (iv)	75,000	-	-	-	75,000	0%
Former Directors / Officers						
Don Carroll (iii)	43,783	-	74,024	(84,459)	33,348	0%
Dano Chan (iii)	100,000	-	-	(398,863)	(298,863)	0%
John Dinan	60,000	-	-	93,987	153,987	61%
Total	**418,783**	**-**	**148,048**	**319,181**	**886,012**	

(i) Anoosh Mazoori receives consultation fee through Shape Capital (see Note 18)
(ii) Athan Lekkas receives consultation fees through Dalex Product (Note 18);
(iii) The group cancelled Don Carroll and Dano Chan options that were not vested and reversed the share-based payments.
(iv) Management was not able to confirm whether these milestones will be achieved with any certainty, and in this regard have not been booked at balance date. These rights are valued at $0.039 per right based on the share price at grant date

Directors' Report (continued)

Remuneration report (audited) (continued)

D. Employment contracts of directors (continued)

31 December 2021	Primary benefits	Post-employment benefits	Share Based Payments			
Name	**Cash salary and consulting fees**	**Superannuation**	**Performance Rights**	**Unlisted Options**	**Total**	**Performance related %**
	$	$	$	$	$	
Directors						
Don Carroll (iii)	100,000	-	-	84,459	184,459	46%
Dano Chan	168,667	-	36,326	398,863	603,856	72%
Matt Latimore (iv)	39,355	-	36,326	84,459	160,140	75%
John Dinan (v)	45,000	-	-	42,230	87,230	48%
Former Directors / Officers						
Grant Button	100,050	-	-	185,576	285,626	65%
Howard Dawson	40,200	-	-	185,576	225,776	82%
Francesco Cannavo	15,000	-	-	-	15,000	0%
Hugh Callaghan	24,854	-	-	-	24,854	0%
Total	**533,126**	**-**	**72,652**	**981,163**	**1,586,941**	**0%**

(v) Includes an amount of $40,000 owing to Don Carroll
(vi) Includes an amount of $5,000 owing to Dinan Family Trust
(vii) Includes an amount of $39,355 owing to M Resources Trading Pty Ltd

E. Shareholdings of key management personnel

2022 Name	Type of holding	Balance at the start of the year	Purchased during the year	Sold during the year	Shares held at date of KMP resignation	Balance at the end of the year
Directors						
Anoosh Manzoori	Beneficially held	2,811,245	-	-	-	2,811,245
Athan Lekkas		-	-	-	-	-
Matt Latimore	Beneficially held	1,666,666	-	-	-	1,666,666
Neil Goodman		-	-	-	-	-
Former Directors / Officers						
Don Carroll		-	-	-	-	-
Dano Chan	Beneficially held	1,314,036	-	(550,125)	1,314,036	763,911
John Dinan		-	-	-	-	-
Total		**5,791,947**	**-**	**(550,125)**	**1,314,036**	**5,241,822**

Directors' Report (continued)

Remuneration report (audited) (continued)

E. Shareholdings of key management personnel (continued)

2021 Name	Type of holding	Balance at the start of the year	Purchased during the year	Sold during the year	Shares held at date of KMP resignation	Balance at the end of the year
Directors						
Don Carroll	Beneficially held	-	-	-	-	-
Dano Chan	Beneficially held	-	1,314,036	-	-	1,314,036
John Dinan	Beneficially held	-	-	-	-	-
Matt Latimore	Beneficially held	-	1,666,666	-	-	1,666,666
Former Directors/Officers						
Grant Button	Beneficially held	2,940,000	1,000,000	(120,000)	(3,820,000)	-
Howard Dawson	Beneficially held	-	2,737,634	(2,000,000)	(737,634)	-
Francesco Cannavo	Beneficially held	-	-	-	-	-
Hugh Callaghan	Beneficially held	-	-	-	-	-
Total		2,940,000	6,718,336	(2,120,000)	(4,557,634)	2,980,702

F. Option holdings of key management personnel

The number of listed and unlisted options in the Company held during the financial year by each key management personnel of the Company, including their personally related entities, is set out below. Where listed and unlisted options are held by the individual director or executive and any entity under the joint or several control of the individual director or executive they are shown as 'beneficially held'. Listed and unlisted options held by those who are defined by AASB 124 *Related Party Disclosures* as close members of the family of the individual director or executive are shown as 'non-beneficially held'.

Listed options

2022 Name	Type of holding	Balance at the start of the year	Granted during the year	Sold during the year	Options held at date of KMP resignation	Balance at the end of the year
Directors/Officers						
Anoosh Manzoori	Beneficially held	-	12,500,000	-	-	12,500,000
Athan Lekkas	Beneficially held	-	12,500,000	-	-	12,500,000
Matt Latimore	Beneficially held	-	5,000,000	-	-	5,000,000
Neil Goodman		-	-	-	-	-
Former Directors/Officers						
Don Carroll	Beneficially held	-	-	-	-	-
Dano Chan	Beneficially held	-	-	-	-	-
John Dinan	Beneficially held	-	-	-	-	-
Total		**-**	**30,000,000**	**-**	**-**	**30,000,000**

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Option holdings of key management personnel (continued)

Listed options

2021 Name	Type of holding	Balance at the start of the year	Granted during the year	Sold during the year	Options held at date of KMP resignation	Balance at the end of the year
Directors						
Don Carroll	Beneficially held	-	-	-	-	-
Dano Chan	Beneficially held	-	-	-	-	-
John Dinan	Beneficially held	-	-	-	-	-
Matthew Latimore	Beneficially held	-	-	-	-	-
Former Directors/Officers						
Grant Button	Beneficially held	980,000	-	(40,000)	(940,000)	-
Howard Dawson	Beneficially held	-	-	-	-	-
Francesco Cannavo	Beneficially held	-	-	-	-	-
Hugh Callaghan	Beneficially held	-	-	-	-	-
Total		**980,000**	**-**	**(40,000)**	**(940,000)**	**-**

Unlisted options

2022 Name	Type of holding	Balance at the start of the year	Granted during the year	Sold or cancelled during the year	Options held at date of KMP resignation	Balance at the end of the year
Directors						
Anoosh Manzoori	Beneficially held	6,250,000	-	-	-	6,250,000
Athan Lekkas	Beneficially held	-	-	-	-	-
Matt Latimore	Beneficially held	26,000,000	-	-	-	26,000,000
Neil Goodman	Beneficially held	-	-	-	-	-
Former Directors / Officers						
Don Carroll	Beneficially held	6,000,000	-	(6,000,000)	-	-
Dano Chan	Beneficially held	30,000,000	-	(30,000,000)	-	-
John Dinan	Beneficially held	3,000,000	-	-	-	3,000,000
Total		**71,250,000**	**-**	**(36,000,000)**	**-**	**35,250,000**

2021 Name	Type of holding	Balance at the start of the year	Granted during the year	Sold during the year	Options held at date of KMP resignation	Balance at the end of the year
Directors						
Don Carroll	Beneficially held	-	6,000,000	-	-	6,000,000
Dano Chan[2]	Beneficially held	-	30,000,000	-	-	30,000,000
John Dinan[3]	Beneficially held	-	3,000,000	-	-	3,000,000
Matt Latimore[4]	Beneficially held	-	6,000,000	-	-	6,000,000
Former Directors/Officers						
Grant Button	Beneficially held	-	6,500,000	-	(6,500,000)	-
Howard Dawson	Beneficially held	-	6,500,000	-	(6,500,000)	-
Francesco Cannavo	Beneficially held	-	-	-	-	-
Hugh Callaghan	Beneficially held	-	-	-	-	-
Total		**-**	**58,000,000**	**-**	**(13,000,000)**	**45,000,000**

Directors' Report (continued)

Remuneration report (audited) (continued)

F. Option holdings of key management personnel (continued)

For the current financial year:
31 October 2022 the following options were granted:

Athan Lekas
- 12,500,000 MGU options, exercise price $0.05, expiry date 31 October 2025, valued at $0.017

Anoosh Manzoori
- 12,500,000 MGU options, exercise price $0.05, expiry date 31 October 2025, valued at $0.017.

Matt Latimore
- 5,000,000 MGU options, exercise price $0.05, expiry date 31 October 2025, valued at $0.017.

For the prior financial year:
20 July 2021: the following options were granted:

Don Carroll
- 6,000,000 MGU Options, exercise price $0.25, expiry date 20/07/2024, valued at $0.0941

Dano Chan
- 10,000,000 MGU Options, exercise price $0.20, expiry date 20/07/2024, valued at $0.1020
- 10,000,000 MGU Options, exercise price $0.30, expiry date 20/07/2024, valued at $0.0875
- 10,000,000 MGU Options, exercise price $0.40, expiry date 20/07/2024, valued at $0.0771

John Dinan
- 3,000,000 MGU Options, exercise price $0.25, expiry date 20/07/2024, valued at $0.0941

Matt Latimore
- 6,000,000 MGU Options, exercise price $0.25, expiry date 20/07/2024, valued at $0.0941

G. Performance rights of Key Management Personnel

2022 Name	Type of holding	Balance at the start of the year	Granted during the year	Sold during the year	Performance Rights held at date of KMP resignation	Balance at the end of the year
CEO						
Neil Goodman	Beneficially held	-	25,000,000	-	-	25,000,000
2021 Name	**Type of holding**	**Balance at the start of the year**	**Granted during the year**	**Sold during the year**	**Performance Rights held at date of KMP resignation**	**Balance at the end of the year**
Directors						
Don Carroll[1]	Beneficially held	-	2,000,000	-	-	2,000,000
Dano Chan[2]	Beneficially held	-	2,000,000	-	-	2,000,000
John Dinan	Beneficially held	-	-	-	-	-
Matt Latimore[3]	Beneficially held	-	2,000,000	-	-	2,000,000

At 31 December, 2022 there were no performance rights held by directors.

Fair value

21 October 2022: 25,000,000 performance rights were granted to Neil Goodman with exercise price of $0, valued at $0.039 based on the share price at grant date.

20 July 2021: the following Performance rights were granted:

1. **Don Carroll**
   - 500,000 MGU Performance Rights, exercise price $0, expiry date 20/01/2022, valued at $0.1750
   - 500,000 MGU Performance Rights, exercise price $0, expiry date 20/10/2022, valued at $0.1750
   - 500,000 MGU Performance Rights, exercise price $0, expiry date 20/07/2022, valued at $0.1027
   - 500,000 MGU Performance Rights, exercise price $0, expiry date 20/07/2023, valued at $0.1180

2. **Dano Chan**
   - 500,000 MGU Performance Rights, exercise price $0, expiry date 20/01/2022, valued at $0.1750

Directors' Report (continued)

Remuneration report (audited) (continued)

G. Performance rights of Key Management Personnel (continued)

- 500,000 MGU Performance Rights, exercise price $0, expiry date 20/04/2022, valued at $0.1750
- 1,000,000 MGU Performance Rights, exercise price $0, expiry date 20/07/2022, valued at $0.1750

3. Matt Latimore

- 500,000 MGU Performance Rights, exercise price $0, expiry date 20/07/2022, valued at $0.1027
- 500,000 MGU Performance Rights, exercise price $0, expiry date 20/07/2023, valued at $0.1180
- 500,000 MGU Performance Rights, exercise price $0, expiry date 20/01/2022, valued at $0.1750
- 500,000 MGU Performance Rights, exercise price $0, expiry date 20/10/2022, valued at $0.1750

These performance rights were cancelled in the 2022 financial year.

H. Transactions with related parties of directors

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
Current Directors					
Shape Capital Pty Ltd[1]	**2022**	-	130,000	-	-
Dalext Product Pty Ltd[2]	**2022**	-	160,000	20,000	-
Smelt Tech Consulting[3]	**2022**	-	75,000	-	-
Former Directors					
HG & L Dawson Discretionary Trust [3]	**2021**	-	40,200	-	-
Wilberforce Pty Ltd [4]	**2021**	-	40,050	-	-
Golden Venture LLC	**2021**	-	15,000	-	-
Varr Consulting [5]	**2021**	-	60,000	-	-
Interminco Services Ltd [6]	**2021**	-	24,854	-	-
Total		-	**180,104**	-	**-**

1. Anoosh Manzoori received consultation fees from the consultation agreement between shape Capital Pty Ltd and the Company.

2. Athan Lekkas received consultation fees from the consultation agreement between Dalext Product Pty Ltd and the Company.

3. Neil Goodman received consultation fees from the consultation agreement between Smelt Tech Consulting Pty Ltd and the Company.

4. Mr H Dawson, a former Non-Executive Chairman (resigned 12 April 2021), is the trustee of HG & L Dawson Discretionary Trust. During the previous financial year, HG & L Dawson Discretionary Trust received the above fees for consultancy services.

5. Mr G Button, a former Executive director (resigned 12 April 2021), is a director of Wilberforce Pty Ltd. During the previous financial year, Wilberforce Pty Ltd received the above fees for consultancy services.

6. Mr G Button, a former Executive director (resigned 12 April 2021), is a director of Varr Consulting. During the year, Varr Consulting received the above fees for consultancy services.

7. Mr H Callaghan, a former Executive Director (appointed 10 March 2021 and resigned 4 May 2021). is a director of Interminco Services Ltd. During the year, Interminco Services Ltd received the above fees for consultancy services.

Auditor's Independent Declaration

Auditor independence and non-audit services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 38 and forms part of this directors' report for the year ended 31 December 2022.

Non-audit services

There were no non-audit services provided by the Company's auditors during the financial year ended 31 December 2022.

Signed in accordance with a resolution of the directors.

Anoosh Manzoori
Non-executive Chairman

Melbourne, Australia
29 March 2023

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Magnum Mining and Exploration Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**N G Neill**
29 March 2023	**Partner**

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Corporate Governance Statement

The Board of Directors (Board) of the Company are committed to attaining and implementing the highest standards of corporate governance. The Board has reviewed the Company's corporate governance practices in accordance with the 4th Edition of the Australian Securities Exchanges (ASX) Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council. The Board supports the intent of the best practice recommendations and recognises that given the present size and scope of the Company it is not practical to institute all of the best practice recommendations at present.

The Company reports below on how it has followed and "if not, why not" disclosure on each of the Principles & Recommendations.

The Corporate Governance statement has been approved by the Board and is current as at 28 February, 2023.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	No	The Company considers Corporate Governance Recommendation 1.1 which requires formalisation and disclosure of the functions reserved to the Board and those delegated to management via a board charter is inappropriate given the size of the Company's operation and the number of directors constituting the Board. Accordingly, the Board is responsible for the functions typically delegated to management in addition to its usual Board functions.
Recommendation 1.2 A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	Before appointing a director or senior executive, or putting forward to shareholders a director for appointment, the Group undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, potential conflicts of interest and qualifications. Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission ('**ASIC**'). Where required, the Group also undertakes criminal background checks on potential directors and senior executives. An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('**AGM'**). Retiring directors are not automatically re-appointed. The Group has provided in the Director's Report (in the Annual Report) information about each director that the Board considers necessary for shareholders to make a fully informed decision as to the election of a director. This information is also included in the Notice of Meeting which contemplates the election or re-election of directors. Such information includes the person's biography, which includes experience and qualifications, details of other directorships, and any material information which may affect the person's ability to act independently on matters before the Board, and whether the Board supports the appointment or re-election and a summary of the reasons why.

Corporate Governance Statement (continued)

Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	The Company has written agreements with each director in accordance with Recommendation 1.3.
Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes	The Company Secretary reports directly to the Board through the Chairman and is accessible to all Directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes, but is not limited to: (a) advising the Board and its committees on governance matters; (b) monitoring compliance of the Board and associated committees with policies and procedures; (c) coordinating all Board business; (d) retaining independent professional advisors; (e) ensuring that the business at Board and committee meetings is accurately minuted; and assisting with the induction and development of directors.
Recommendation 1.5 A listed entity should: (a) have and disclose diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; (c) disclose in relation to each reporting period: (1) the measuring objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B)if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act. If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	No	The Company has not established a Diversity Policy. Given the size of the Board, the Board considers that it is not practical to establish a Diversity Policy. No women are currently represented on the Board. Historically, the Board has not set measurable objectives for achieving gender diversity. It is the Board's policy that gender discrimination has no position in the workplace and that men and women must be treated equally and without any discrimination. It is the Board's belief that employment should be on a merit-based system and that a diversity policy may hinder this system due to the size of the organisation.

Corporate Governance Statement (continued)

Recommendation 1.6 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.	Yes	The Board undertakes annual self-assessment of its collective performance and the performance of the Chairman. The Board is evaluated annually via round table discussion. The evaluation includes consideration of the following matters: assessment of the performance of the Board over the previous 12 months having regard to the corporate strategies, operating plans and annual budget, review of the level and effectiveness of the Board's interaction with management review of the content, format and timing of information provided to directors, and review of Board and committee charters to assess if they remain appropriate to the Company's activities. Similar procedures to those for the Board review are applied to evaluate the performance of any Board committees. An assessment will be made on the performance of each committee and areas identified where improvements can be made. During the year, an evaluation of the Board and individual directors took place in accordance with the process disclosed above.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes	The Chairman reviews the performance of senior executives by way of a formal interview with each senior executive. During the year, an evaluation of senior executives took place in accordance with the process disclosed above.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 2 Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, (b) and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (c) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	The Board has not established a separate independent nomination committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a nomination committee separate from the Board. Accordingly, the Board performs the role of Nomination Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interest is not party to the relevant discussions.

Corporate Governance Statement (continued)

Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	Given the current size and composition of the Board, the Company does not maintain a formal skills matrix setting out the skills and diversity of the Board. However, the current Board does have a mixture of experience and corporate, technical, financial and management skills that are considered appropriate for the Company's present operations. A profile of each director setting out their skills, experience, expertise and period of office is set out in the Directors' Report.
Recommendation 2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	Yes	Details of the Board of Directors, their length of service and independence are as follows: - Mr Anoosh Manzoori – 1 year Executive Chairman; - Mr Athan Lekkas – 1 year – Independent – Non-Executive Director - Mr Matt Latimore – 2 year – Independent – Non-Executive Director; When considering the independence of a director, the Board considers whether the director: (a) is a substantial shareholder of the Group or an officer of, or otherwise; (b) is, represents, or is or has been within the last three years, an officer, employee or professional advisor of a substantial shareholder of the Group; (c) is employed, or has previously been employed in an executive capacity by the Group or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board; (d) has within the last three years been a principal of a material professional adviser or a material consultant to the Group or another group member, or an employee materially associated with the service provided; (e) receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of the Group; (f) has close personal ties with any person who falls within any of the categories described above; (g) is a material supplier or customer of the Group or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or (h) has been a director of the Group for such a period that their independence from management and substantial holders may have been compromised; or (i) has a material contractual relationship with the Group or another group member other than as a director.

Corporate Governance Statement (continued)

Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	No	Only one director on the Board is considered independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities. To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman for incurring such expense, the Group will pay the reasonable expenses with obtaining such advice.
Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO/Managing Director of the entity.	No	The role of Chairman of the Company during the year, was held by Mr Donald Carroll resigned 11 May 2022 and then from that date, Anoosh Manzoori the Managing Director position during the year, was held by Mr Dano Chan, until his resignation on May 11, 2022. From that date, MGU has not had a Managing Director. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities. To assist the directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director, then, provided the director first obtains approval from the Chairman for incurring such expense, the Group will pay the reasonable expenses with obtaining such advice. The Chairman is not the CEO or managing director of the entity.
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes	The Company has an informal induction process, due to the Board's size. New directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning the performance of directors. Directors will undertake their own continuing educations. The Board is in regular communication, as is necessary, with respect to briefing on material developments in laws, regulations and any accounting standards which may affect the Group. There are procedures in place to enable Directors, in furtherance of their duties, to seek independent advice at the Company's expense, subject to the approval of the Chairman.

Corporate Governance Statement (continued)

Principle 3: Act ethically and responsibly		
Recommendation 3.1 A listed entity should articulate and disclose its values	Yes	The Group is committed to providing shareholders with exceptional returns via mineral exploration and project development, in particular, via pig iron production for EAF steelmakers. The Group's core values include: • Excellence and Performance • Integrity and Accountability • Safety • Innovation • Collaboration • Sustainability The Group is committed to working by its core values and creating an environment that is diverse, collaborative, safe, innovative and driven by results.
Recommendation 3.2 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	No	The Board expects all directors to perform their duties in a manner which is ethical, honest and objective and at all times endeavor to maintain and improve the performance and reputation of the Company. A code of conduct, as purported in Recommendation 3.2, has not been formally established as the Chairman consistently and continuously ensures that all members of the Board have a clear understanding of their duties, responsibilities and their accountability to the Company and its shareholders for their conduct.

Principles and Recommendations	Comply (Yes/No)	Explanation
Recommendation 3.3 A listed entity should: (a) Have and disclose a Whistleblower Policy; and (b) Ensure that the board or committee of the board is informed of any material incidents reported under that Policy.	Yes	The Group has established a whistleblower policy to ensure the Group is living up to its values. This policy is available on the Group's website. The board is informed of any material incident reported under that policy, as soon as practicable following such a report.
Recommendation 3.4 A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	Yes	The Group has established an anti-bribery and corruption policy as part of its Code of Conduct. This policy and the Code of Conduct are available on the Group's website.

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board, (b) and disclose: (i) the charter of the committee; (ii) the relevant qualifications and experience of the members of the committee; and (iii) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (c) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	No	The Board has not established a separate independent audit committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing an audit committee separate from the Board. Accordingly, the Board performs the role of Audit Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interest is not party to the relevant discussions. The Board will consider the appointment of a separate Audit Committee as the Company's operations grow.
Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO/managing director and CFO/company secretary a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	For the financial year ending on 31 December 2022, the Board received a statement from its Managing Director and Chairman, declaring that in their opinion, the financial records of the Group have been properly maintained and comply with the appropriate accounting standards.
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Yes	The Group engages an external accounting firm to maintain its financial records and assist with the collation of periodic cash flow reports which are released to the market. Such reports are provided by the Company's accountants to the Group for consideration prior to release and are finally reviewed and signed off by the Company Secretary and Managing Director. The completion of periodic reports by external professionals assists the Group to ensure the integrity of its financial reporting.

Corporate Governance Statement (continued)

		The Group's activity reports are prepared by employees of the Group in conjunction with external consultants and professional advisers who provide assistance with respect to compliance with ASX Listing Rules and Joint Ore Reserve Committee standards, thus assisting the Group to ensure the integrity of those reports.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 5: Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rule 3.1 .	Yes	The Company aims to provide relevant and timely information to its shareholders and the broader investment community in accordance with its continuous disclosure obligations under the ASX Listing Rules. The Board has established policies and procedures to ensure compliance with ASX Listing Rules disclosure requirement and accountability at a senior management level for that compliance. However, the Board believes that the formalisation of these policies and procedures in a written form as recommended in Recommendation 5.1 is not necessary as the Board is satisfied that all Board members are acutely aware of the importance of making timely and balanced disclosure.
Recommendation 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Yes	The Group ensures that all directors receive copies of each market announcement which is released which is sent to the board each time an announcement is published.
Recommendation 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Yes	The Group ensures that investor or analyst presentation materials are released on the ASX Market Announcements Platform prior to the presentation.
Principle 6: Respect the rights of security holders		
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Information about the Company and its governance will be available on the Company's website.
Recommendation 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	Yes	The Company is committed to promoting effective communications with shareholders by ensuring they and the broader investment community is provided with full and timely disclosure of its activities providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

Corporate Governance Statement (continued)

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Group provides security holders with the requisite notice before holding security holder meetings, and ensures that they are scheduled to be held in a central, accessible location (being the Central Business District of Sydney) to enable security holders ample opportunity to attend. The Directors and management encourage security holders to attend and participate in all meetings of security holders and invite attendees to ask questions of the Board. Additionally, a notice of meeting and related communications are provided to the Company's auditor who, in accordance with the Corporations Act, is required to attend the Company's annual general meeting at which shareholders must be given a reasonable opportunity to ask questions of the auditor or their representative.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Yes	All resolutions put to a meeting of security holders are decided by poll rather than by a show of hands. This is to support the principle of "one share, one vote" and also supports the ASX stance on voting at general meetings of security holders.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company engages its share registry to manage the majority of communications with shareholders and encourage them to receive correspondence from the Company electronically.

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 7: A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	No	The Board has not established a separate independent risk committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a risk committee separate from the Board. Accordingly, the Board performs the role of Risk Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of one of the committees by ensuring that the director with conflicting interests is not party to the relevant discussions.

Corporate Governance Statement (continued)

Recommendation 7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	No	The Board reviews the risks to the Company at regular Board meetings.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Given the size of the Company's operation, the Company does not have an internal audit function. The Board may from time to time engage an external auditor to conduct additional reviews of Group processes.
Recommendation 7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company does not believe it has any material exposure to economic, environmental and social sustainability risks.

Principles and Recommendations	Comply (Yes/No)	Explanation
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	No	The functions that would be performed by a remuneration committee are performed by the Board. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a remuneration committee separate from the Board. Items usually required of a remuneration committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the remuneration committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

Corporate Governance Statement (continued)

Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	No	An outline of the Company's remuneration policies in respect of non-executive directors and executive directors is set out in the audited Remunerations Reports section of the Directors' Report. The policy on remuneration clearly distinguishes the structure of non-executive director's remuneration from that of executive directors. Executive directors are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Yes	The Company has a share trading policy which includes prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.
9 – Additional Recommendations		
Recommendation 9.1 A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	N/A	This recommendation is not applicable to the Group.
Recommendation 9.2 A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	N/A	This recommendation is not applicable to the Group.
Recommendation 9.3 A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	N/A	This recommendation is not applicable to the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

		31 December 2022	31 December 2021
Continuing operations		**$**	**$**
Revenue	3	186,492	29
Accountancy fees		(226,534)	(83,566)
Auditors' remuneration	19	(51,186)	(36,640)
Corporate advisory expenses	3	(143,751)	(1,051,148)
Depreciation		(21,336)	-
R&D expense		(512,402)	-
Finance costs	3	(917,761)	(6,368)
Foreign exchange gain/(loss)		(1,264)	8,438
Insurance		(124,076)	-
Marketing expenses	3	(95,921)	(2,127,606)
Office expenses		(59,059)	(50,494)
Professional and technical advisors fees		-	(738,559)
Consultancy fees		(849,589)	(1,139,375)
Salary, Wages and staff on-costs		(625,605)	(26,226)
Share registry and exchange fees		(108,797)	(122,434)
Share based payments	3	(603,991)	-
Travel and accommodation expenses		(467,153)	(253,564)
Other expenses		(203,720)	(154,569)
Loss before income tax expense		**(4,825,653)**	**(5,782,082)**
Income tax expense		-	-
Loss for the period		**(4,825,653)**	**(5,782,082)**
Loss after tax from continuing operations		**(4,825,653)**	**(5,782,082)**
Loss after tax from discontinued operations	22	**(69,189)**	**(2,550,604)**
Loss for the year		**(4,894,842)**	**(8,332,686)**
Other comprehensive income/ (loss)			
Items that may be reclassified to profit or loss:			
Changes in fair value of equity investments designated at FVOCI		-	(1,629)
Exchange differences on translation of foreign operations		243,563	201,185
Other comprehensive income for the year		**243,563**	**199,556**
Total comprehensive income for the year		**(4,651,279)**	**(8,133,130)**
Loss attributable to:			
Equity holders of the parent		(4,894,842)	(8,242,159)
Non-controlling interests		-	(90,527)
Net loss for the year		**(4,894,842)**	**(8,332,686)**

	Note	31 December 2022	31 December 2021
		$	$
Total Comprehensive loss attributable to:			
Equity holders of the parent		(4,651,279)	(8,042,603)
Non-controlling interests		-	(90,527)
Total Comprehensive loss for the year		**(4,651,279)**	**(8,133,130)**
Basic loss per share (cents) from continuing operations	**4**	**(0.89)**	**(1.15)**
Basic loss per share (cents) from discontinued operations	**4**	**(0.01)**	**(0.52)**
Basic loss per share cents	**4**	**(0.90)**	**(1.77)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022	31 December 2021
ASSETS		**$**	**$**
Current Assets			
Cash and cash equivalents	6	5,005,720	4,422,716
Trade and other receivables	7	156,625	79,202
Assets held for sale	22	116,822	186,012
Total Current Assets		**5,279,167**	**4,687,930**
Non-Current Assets			
Property, plant and equipment	8	896,393	894,290
Exploration and evaluation expenditure	9	6,397,104	4,794,499
Total Non-Current Assets		**7,293,497**	**5,688,789**
Total Assets		**12,572,664**	**10,376,719**
LIABILITIES			
Current Liabilities			
Trade and other payables	10	501,634	396,296
Borrowings	11	751,531	-
Total Current Liabilities		**1,253,165**	**396,296**
Non-Current Liabilities			
Other payables	10	-	200,000
Total Non-Current Liabilities		**-**	**200,000**
Total Liabilities		**1,253,165**	**596,296**
Net Assets		**11,319,499**	**9,780,423**
EQUITY			
Issued capital	12	39,338,920	34,223,100
Reserves	13	6,534,404	7,150,638
Accumulated losses		(34,553,825)	(31,112,143)
Equity attributable to owners of the parent		**11,319,499**	**10,261,595**
Non-controlling interests		**-**	**(481,172)**
Total Equity		**11,319,499**	**9,780,423**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued capital $	Accumulated losses $	Reserves $	Non-controlling interests $	Total $
2022					
Balance as at 1 January 2022	**34,223,100**	**(31,112,143)**	**7,150,638**	**(481,172)**	**9,780,423**
Loss for the year	**-**	**(4,894,842)**	**-**	**-**	**(4,894,542)**
Other comprehensive income:					**-**
Currency translation differences	**-**	**-**	**243,563**	**-**	**243,563**
Total comprehensive loss for the year	**-**	**(4,894,842)**	**243,563**	**-**	**(4,651,279)**
Transactions with owners in their capacity as owners					
Transfer non-controlling interests on sale of subsidiaries	**-**	**(481,172)**	**-**	**481,172**	**-**
Share issue expenses	**(1,090,328)**	**-**	**-**	**-**	**(1,090,328)**
Performance right vested	**-**	**-**	**148,048**	**-**	**148,048**
Options vested	**-**	**-**	**926,487**	**-**	**926,487**
Options exercised	**7,500**	**-**	**-**	**-**	**7,500**
Capital raising	**5,000,000**	**-**	**-**	**-**	**5,000,000**
Convertible Note Conversion	**395,636**	**-**	**-**	**-**	**395,636**
Shares issued in lieu of invoice payment	**200,000**	**-**	**-**	**-**	**200,000**
Facilitation Fee	**603,012**	**-**	**-**	**-**	**603,012**
Option and Performance Rights Lapse	**-**	**1,934,332**	**(5,310,337)**	**-**	**-**
Balance as at 31 December 2022	**39,338,920**	**(34,553,825)**	**6,534,404**	**-**	**11,319,499**
2021					
Balance as at 1 January 2021	**24,813,146**	**(22,869,983)**	**729,936**	**(390,645)**	**2,282,454**
Loss for the year	-	(8,242,159)	-	(90,527)	(8,332,686)
Other comprehensive loss:					
Changes in fair value of equity investments designated at FVOCI	-	-	(1,629)	-	(1,629)
Currency translation differences	-	-	201,185	-	201,185
Total comprehensive loss for the year	**-**	**(8,242,159)**	**199,556**	**(90,527)**	**(8,133,130)**
Transactions with owners in their capacity as owners					
Placement	9,000,000	-	-	-	9,000,000
Shares issued as consideration of the Buena Vista Project acquisition	1,825,000	-	-	-	1,825,000
Exercise of options	1,400,400	-	-	-	1,400,400
Transfer between equity and reserves	574,267	-	(574,267)	-	-
Share issue expenses	(3,389,713)	-	-	-	(3,389,713)
Issue of options	-	-	6,887,528	-	6,887,528
Performance rights	-	-	72,652	-	72,652
Options issue cost	-	-	(7,433)	-	(7,433)
Options lapsed	-	-	(157,332)	-	(157,332)
Balance as at 31 December 2021	**34,223,100**	**(31,112,143)**	**7,150,638**	**(481,172)**	**9,780,423**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Interest paid		4,278	-
Interest received		-	29
Payments for exploration and evaluation		-	(296,319)
Payments to suppliers and employees		(3,212,072)	(1,632,272)
Payments for administration and corporate costs		-	(1,255)
Net cash (outflow) from operating activities	16	**(3,207,794)**	**(1,929,817)**
Cash flows from investing activities			
Proceeds from sale of financial assets		12,381	160,871
Payments for deferred exploration assets		(1,602,605)	(2,407,087)
Payments for purchases of property		(23,439)	(717,101)
Deposit paid for purchase of Buena Vista Project		(200,000)	(225,000)
Payments for purchases of plant and equipment		-	(151,720)
Net cash (outflow) from investing activities		**(1,813,663)**	**(3,340,037)**
Cash flows from financing activities			
Option conversion		-	1,400,400
Proceeds from share issues		4,836,797	9,000,000
Proceeds from borrowings		1,300,000	-
Repayment of borrowings		(300,000)	(163,186)
Payment for share or option issue costs		(249,082)	(638,167)
Net cash inflow from financing activities		**5,587,715**	**9,599,047**
Net increase in cash and cash equivalents		566,258	4,329,193
Cash and cash equivalents at the beginning of the year		4,422,716	205,502
Effects of exchange rate changes on cash and cash equivalents		16,746	-
Cash and cash equivalents at the end of the year	6	**5,005,720**	**4,534,695**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Statement of Significant Accounting Policies

(a) Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Magnum Mining and Exploration Limited and its subsidiaries. The Company is a for-profit entity.

The financial statements have been prepared on a historical cost basis, except for selected current and noncurrent financial assets, which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for assets.The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in both Australia and the United States. The Group's principal activity is mineral exploration and evaluation.

Where appropriate, prior year disclosures have been reclassified for consistency with current year classifications. Any reclassifications do not impact the net result for the prior year.

(b) Statement of Compliance

The financial report was authorised for issue in accordance with a resolution of the Directors on 29 March 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Adoption of New and Revised Standards

New Accounting Standards and Interpretations

In the year ended 31 December 2022, the Directors reviewed the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group, and therefore, no material change is necessary to Group accounting policies.

(d) Accounting Standards and Interpretations Issued but Not Yet Adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet adopted that are relevant on the Group's operations and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no Standard and Interpretation in issued but not yet adopted that will have a material effect on Group accounting policies in future financial periods.

(e) Parent Entity Information

In accordance with the Corporation Act 2001, these financial statements present the results of the consolidated entity only. Supplementary confirmation about the parent entity is disclosed in Note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Statement of Significant Accounting Policies (continued)

(f) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Magnum Mining and Exploration Limited and its subsidiaries as at 31 December each year (the Group). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Losses incurred by the consolidated entities are attributed to the non-controlling interest in full, even if that results in a deficit balance.

(g) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation expenditure:
The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of commercially viable reserves.

Convertible Note
On 2 May 2022, Magnum secured a $20 million funding facility, which allows the entity to draw funds in $1 million tranches (except tranche no 1, which is a $1.3m tranche). Each time a tranche is drawn, Magnum issues the lender convertible notes with a face value of $2,500. The note holder can convert these notes at their discretion. The conversion price of the notes will be at a deemed issue price that equates to 95% of the 5 lowest daily volume weighted average prices of Magnum shares of the 20 most recent trading days prior to the date of the conversion notice.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Statement of Significant Accounting Policies (continued)

(g) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The fair value of the derivative liability has been assessed based on a Monte Carlo simulation used to forecast MGU's share price during the term of the Notes.

The derivative value consists of the additional value the Investor would be able to realise in a potential conversion of the Notes in comparison to redeeming the Notes at maturity. The potential additional value has been assessed based on MGU's share price forecast derived from our Monte Carlo simulation.

The derivative value is calculated based on the difference of the forecast conversion price and the forecast share price at any possible conversion date. This difference is multiplied by the number of shares to be issued to the Investor upon a potential conversion and, after the deduction of the accrued interest attached to the Notes, the resulting value at any possible conversion date is discounted to present value and adjusted based on the probability of conversion at each date. In assessing the value of the derivative component, it has been assumed that there is a probability of conversion of the Notes at any possible conversion date when the Investor is able to realise value in addition to the accrued interests that would be received upon redemption at maturity.

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, using the assumptions.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes model taking into account the terms and conditions upon which the instruments were granted.

(h) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(i) Segment Reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of Magnum Mining and Exploration Limited.

(j) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account returns, trade allowance and duties and tax paid. Revenue is recognised to the extent that control of the goods or service has passed, and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest income from a financial asset is recognised on a time proportion basis using the effective interest method.

(k) Cash and Cash Equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Note 1: Statement of Significant Accounting Policies (continued)

(l) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit loss. Trade receivables are generally due for settlement within periods ranging from 30 days to 60 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is an expectation that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of expected future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance. The Group has applied the simplified approach to measuring expected credit loses which uses a lifetime expected credit loss allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(m) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’).
The consolidated financial statements are presented in Australian dollars, which is the Company functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders’ equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences is recognised in the statement of profit or loss and other comprehensive income as part of the gain or loss on sale.

Note 1: Statement of Significant Accounting Policies (continued)

(n) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(o) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- when the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

Note 1: Statement of Significant Accounting Policies (continued)

(p) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line and diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment; furniture, fixtures and fittings – over 3 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the other expenses line item. However, because land and buildings are measured at fair value, impairment losses on land and buildings are treated as a revaluation decrement, to the extent of any previous revaluation increments.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(q) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

Note 1: Statement of Significant Accounting Policies (continued)

Financial Instruments (continued)

(ii) Equity investments

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at fair value through other comprehensive income. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

The fair value of equity investments are determined by reference to active market transactions or using a valuation technique where no active market exists.

(iii) Financial liabilities

Non-derivative financial liabilities initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets are derecognised where the contractual rights to receipts of cash flows expired or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Derivative financial instrument

Convertible notes are debt instruments that can be converted into ordinary shares of the issuer, either by the issuer or the holder, on maturity. As the contractual terms of the convertible notes do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, they are classified (and measured) at fair value through profit or loss.

(r) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Note 1: Statement of Significant Accounting Policies (continued)

(s) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(u) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(v) Share-Based Payment Transactions

Equity settled transactions:

The Group provides benefits to employees and consultants (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Statement of Significant Accounting Policies (continued)

(v) Share-Based Payment Transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding shares and options issued is reflected as additional share dilution in the computation of earnings per share.

(w) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(x) Earnings/(Loss) per Share

Basic earnings/(loss) per share are calculated as net result attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(y) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred may be accumulated in respect of each identifiable area of interest. Exploration and evaluation costs, excluding the cost of acquiring areas of interest, are expensed as incurred. Acquisition costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or
(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated acquisition costs in respect of areas of interest which are abandoned are written off in full against profit or loss in the year in which the decision to abandon the area is made, a regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward acquisition costs in relation to that area of interest.

Notwithstanding the fact that a decision not to abandon an area of interest has been made, based on the above, the exploration and evaluation in relation to an area may still be written off if considered to be appropriate to do so.

Once the technical feasibility and commercially viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to mining property and development assets within plant and equipment.

(z) Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

Note 1: Statement of Significant Accounting Policies (continued)

(z) Assets Held for Sale (continued)

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

Note 2: Financial reporting by segments

For management purposes the chief operating decision maker, being the Board of Directors of Magnum Mining and Exploration Limited, reports its results per geographical segment.

The following table presents the financial information regarding these segments provided to the Board of Directors for the years ended 31 December 2022 and 31 December 2021.

	Australia	South Africa	United States	Consolidated
31 December 2022	**$**	**$**	**$**	**$**
Segment revenue and other income	**-**	**-**	**-**	**186,492**
Interest	**-**	**-**	**11**	**11**
Segment result	**(3,909,681)**	**(69,189)**	**(915,973)**	**(4,894,842)**
Unallocated				**-**
Results from operating activities				**(4,894,842)**
Segment assets	**4,879,792**	**116,822**	**7,576,051**	**12,572,664**
Segment asset includes:				
Addition of non-current asset	**-**	**-**	**1,604,708**	**1,604,708**
Segment liabilities	**(1,057,962)**	**-**	**(195,203)**	**(1,253,165)**
Included within segment results:				
Depreciation	**-**	**-**	**21,336**	**21,336**
31 December 2021				
Segment revenue and other income	-	-	-	-
Interest	-	-	29	29
Segment result	(5,713,096)	(2,550,604)	(68,986)	(8,332,686)
Segment assets	3,911,237	186,012	6,279,470	10,376,719
Segment assets includes:				
Addition of non-current asset			5,688,789	5,688,789
Segment liabilities	592,655	-	3,641	596,296
Included within segment results:				
Depreciation	-	28,233	-	28,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 3: Revenue and expenses

Revenue	Note	Consolidated 31 December 2022 $	31 December 2021 $
From continuing operations			
Forgiveness of consulting fees		-	26
Fair Value gain on conversion	11	152,833	-
Other income		33,647	-
Interest income		11	3
		186,492	29

Expenses	Consolidated 31 December 2022	31 December 2021
Marketing expenses	**(95,921)**	(2,127,606)
Comprises of:		
Share Based Payments	**-**	(2,054,036)
Other	**(95.921)**	(73,570)
Corporate Advisory expenses	**(143,751)**	(1,051,148)
Comprises of:		
Share Based Payments	**-**	(854,707)
Other	**(143,751)**	(196,441)
Consultancy fees	**(849,589)**	(1,139,375)
Comprises of:		
Share Based Payments	**-**	(1,139,375)
Other	**(849,589)**	-
Share Based Payments	**(603,991)**	-
Comprises of:		
Share Based Payments - Options	**(455,943)**	-
Share Based Payments - Performance Rights	**(148,048)**	-
Finance Costs	**(917,761)**	(6,368)
Comprises of:		
IRIS Fee Expense	**(903,012)**	-
Bank fee	**(14,749)**	(6,368)

Note 4. Earnings/ (loss) per share

	Cents	Cents
Basic earnings / (loss) per share from continuing operations	**(0.89)**	(1.15)
Basic earnings / (loss) per share from discontinuing operations	**(0.01)**	(0.52)
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings/ (loss) per share	**539,329,907**	494,838,627
	$	$
Loss attributable to ordinary equity holders of the Group used in calculating basic earnings / (loss) per share	**(4,894,842)**	(8,242,159)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 5: Income tax benefit

(a) Numerical reconciliation of income tax benefit to prima facie tax payable

	Consolidated	
	31 December 2022	31 December 2021
Loss before income tax expense	(4,894,842)	(8,332,686)
Tax at the Australian rate of 30% (2020: 30%)	1,468,453	2,499,806
Tax effect of amounts which are (not deductible)/taxable within this assessment year in calculating taxable income	22,689	(534,230)
Deferred tax asset not brought to account	(1,491,142)	(1,965,576)
Income tax benefit	-	-

(b) Tax losses

	Consolidated	
	31 December 2022	31 December 2021
Unused tax losses for which no deferred tax asset has been recognised	12,052,376	14,547,691
Potential tax benefit at 30% (2021: 30%)	3,615,713	4,364,307

The benefit of these tax losses will only be realised if the Group derives further assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised; the Group continues to comply with the conditions for deductibility imposed by the law; the Group passed the continuity of ownership test; and no changes in tax legislation adversely affects the Group's ability in realising the benefit from the deductions.

(c) Deferred tax liabilities

	Consolidated	
	31 December 2022	31 December 2021
Exploration	**6,397,104**	4,794,499
Potential Deferred tax liability	**1,919,131**	1,438,350

Deferred tax liabilities have not been recognised in respect of these items. The entity has sufficient carry-forward losses to be able to offset any deferred tax liability arising.

Note 6: Cash and cash equivalents

	Consolidated	
	31 December 2022	31 December 2021
	$	$
Cash and cash equivalents		
Cash at bank and on hand	**5,005,720**	4,422,716

(b) Cash at bank and on hand

Cash at bank balances are subject to interest at variable rates and the average rate for the year was 0.05% (2021: 0.05%).

(c) Deposits at call

As at reporting date, the Company does not hold any funds on deposit at call.

Note 7: Trade and other receivables

	31 December 2022	31 December 2021
	$	$
Deposit paid	**12,644**	6,494
GST/VAT receivable	**69,772**	25,470
Trade debtors	**22,000**	-
Fringe Benefits Tax Payable	**349**	-
Prepayments	**51,860**	47,238
	156,625	79,202

Note 8: Plant and Equipment

Consolidated	Plant and equipment	Furniture, fixtures and fittings	Motor Vehicles	Land	Total
	$	$	$	$	$
At 1 January 2021					
Cost	181,903	3,700	-	-	185,603
Accumulated depreciation	(68,715)	(1,226)	-	-	(69,941)
Net book amount	113,188	2,474	-	-	115,662
Year ended 31 December 2021					
Opening net book amount	113,188	2,474	-	-	115,662
Acquisition of assets	48,698	2,340	129,503	717,101	897,642
Depreciation charge	(27,710)	(523)	-	-	(28,233)
Loss on disposal of assets	-	-	-	-	-
Write off	(84,381)	(2,935)	-	-	(87,316)
Exchange difference on translation of foreign operations	(2,109)	(1,356)	-	-	(3,465)
Closing net book amount	47,686	-	129,503	717,101	894,290
At 31 December 2021					
Cost	204,305	3,515	129,503	717,101	1,054,424
Accumulated depreciation	(156,619)	(3,515)	-	-	(160,134)
Net book amount	47,686	-	129,503	717,101	894,290
At 1 January 2022					
Cost	204,305	3,515	129,503	717,101	1,054,424
Accumulated depreciation	(156,619)	(3,515)	-	-	(160,134)
Net book amount	47,686	-	129,503	717,101	894,290
Year ended 31 December 2022					
Opening net book amount	47,686	-	129,503	717,101	894,290
Acquisition of assets	31,039	-		-	31,039
Depreciation charge	(169)	-	(20,998)	-	(21,167)
Loss on disposal of assets	-	-	(71,091)	-	(71,091)
Exchange difference on translation of foreign operations	3,386	-	9,194	50,912	63,491
Closing net book amount	81,941	-	46,608	768,013	896,562
At 31 December 2022					
Cost	82,110	-	66,342	768,013	916,465
Accumulated depreciation	(169)	-	(19,903)	-	(20,072)
Net book amount	**81,942**	**-**	**46,439**	**768,013**	**896,393**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 9: Exploration and evaluation expenditure

Costs carried forward in respect of areas of interest in the exploration and evaluation phase:

	Consolidated	
Exploration and evaluation phase at cost	**31 December 2022**	31 December 2021
	$	$
Balance at beginning of the year	**4,794,499**	2,060,834
Expenditure incurred	**1,602,605**	2,094,717
Disposal of Gravelotte Project	**-**	(2,060,834)
Acquisition of Buena Vista Project (asset acquisition)	**-**	2,699,782
Balance at the end of the year	**6,397,104**	4,794,499

The recoverability of the carrying amount of exploration assets is dependent upon further exploration and exploitation of commercially viable mineral deposits.

Exploration and evaluation expenditure for areas of interest for which rights of tenure are current is carried forward as an asset where it is expected that the expenditure will be recovered through the successful development of an area or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence of economically recoverable reserves. Where a project or an area has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

In order to maintain current rights of tenure to exploration tenements, the Group is required to comply with the minimum expenditure obligations under the Mining Act. These obligations have been met. The future obligations which are subject to renegotiation when an application for a mining lease is made and at other times are not provided for in the financial statements.

Note 10: Trade and other payables

	Consolidated	
	31 December 2022	**31 December 2021**
Current	**$**	**$**
Trade payables	**75,630**	134,385
Other creditors and accruals	**226,004**	57,661
Deferred consideration – Buena Vista	**200,000**	204,250
	501,634	396,296

	Consolidated	
	31 December 2022	**31 December 2021**
Non–Current	**$**	**$**
Deferred consideration – Buena Vista	-	200,000

Note 11: Borrowings

	Note	Consolidated 31 December 2022 $	31 December 2021 $
IRIS Facility		**751,531**	-

	Note	Derivative	Host Loan	Total
Initial Recognition		56,551	1,243,449	1,300,000
Conversion	12(b)	-	(395,636)	(395,636)
FV movement	3	(36,742)	(116,091)	(152,833)
		19,809	**731,722**	**751,531**

The key terms of the Convertible Note Facility are summarized as follows:

- Magnum, at its discretion, can draw debt tranches of $1 million each (except for the first tranche, which was $1.3 million as it included funding for upfront fees);
- the maturity date of the Notes is 24 months from the Issue Date;
- the Investor may at any time between the Issue Date of the Notes and the Maturity Date, convert some or all of the Notes into fully paid ordinary shares in the Company;
- the conversion price of the Notes will equate to 95% of the average of the 5 lowest daily volume weighted average prices (VWAP) of MGU shares of the 20 most recent trading days prior to the date of the conversion (Conversion Price);
- interest on the face value of the Notes is not capitalised or payable in case of conversion into shares;
- the Investor may elect, following the Maturity Date, to redeem some or all of the Notes. On redemption, the Company must pay the Investor the following redemption amount:
  - the total face value of the Notes being redeemed; and
  - interest payable on the face value of the Notes being redeemed at an interest rate of 5% per annum, accrued daily and compounded monthly, from the date of issue of the Notes up to the date of payment.
- As at the date of this report, Magnum has issued 520 notes, with 214 notes converted. At balance date, 306 remain outstanding.
- As these outstanding notes can be converted within 12 months of balance date, therefore, management has classified as a current liability.

Note 12: Share Capital

(a) Share Capital	**Note**	**Consolidated 31 December 2022 Shares**	**Consolidated** 31 December 2021 Shares	**31 December 2022 $**	31 December 2021 $
Ordinary shares					
Ordinary shares fully paid	**(b)**	**694,878,469**	497,144,914	**39,338,920**	34,223,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(b) Ordinary shares issued

	Consolidated Year to		Consolidated Year to	
	31 December 2022	31 December 2022	**31 December 2021**	31 December 2021
Movements in ordinary share capital	**Shares**	**$**	Shares	$
Balance at the beginning of the reporting period	**497,144,914**	**34,223,100**	324,765,480	24,813,146
Issue of placement of shares	**-**	**-**	116,666,668	9,000,000
Issue of shares in respect of the acquisition of Buena Vista Project	**-**	**-**	25,000,000	1,825,000
Proceeds from exercise of options	**150,000**	**7,500**	30,712,766	1,400,400
Transfer between equity and reserves	**-**	**-**		574,269
Shares issued in connection with convertible note	**15,792,479**	**395,636**	-	-
Shares issued as collateral in connection with convertible note[1]	**24,096,386**	**-**	-	-
Convertible note facilitation fee	**8,433,735**	**603,012**		
Shares issued to settle invoices	**6,428,571**	**200,000**	-	-
Capital Raising	**142,857,142**	**5,000,000**	**-**	-
Historical Adjustment	**(24,758)**	**-**		
Less: Share issue costs	**-**	**(1,090,328)**	-	(3,389,715)
Balance at reporting date	**694,878,469**	**39,338,920**	497,144,914	34,223,100

[1.] Nil Consideration. Issued to IRIS as collateral for the Company's obligations under the Convertible Note Agreement entered into between IRIS and the Company as announced on 2 May 2022.

Note 13: Reserves

	Option issue reserve	Share-based payment reserve	Investment revaluation reserve	Performance Rights	Foreign currency translation reserve	Total
	$	$	$	$	$	$
At 1 January 2022	**513,697**	**6,739,312**	**45,246**	**72,652**	**(220,269)**	**7,150,638**
Performance rights vested	-	-	-	148,048	-	**148,048**
Options vested	-	926,487	-	-	-	**926,487**
Options & Performance rights lapsed	(513,697)	(1,199,935)	-	(220,700)	-	**(1,934,332)**
Foreign currency translation	-	-	-	-	243,563	**243,563**
At 31 December 2022	**-**	**6,465,864**	**45,246**	**-**	**23,294**	**6,534,404**
At 1 January 2021	**947,182**	**157,333**	**46,875**	**-**	**(421,454)**	**729,936**
Options Issued / (exercised /Lapsed)	(426,052)	6,581,979	-	-	-	6,155,927
Performance rights	-	-	-	72,652	-	72,652
Option issue costs	(7,433)					(7,433)
Changes in fair value of equity investments designated at FVOCI	-	-	(1,629)	-	-	(1,629)
Foreign currency translation	-	-	-	-	201,185	201,185
At 31 December 2021	**513,697**	**6,739,312**	**45,246**	**72,652**	**(220,269)**	**7,150,638**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 13(a): Listed Options

Listed Options (MGUO)	**31 December 2022**	31 December 2021
At the end of the reporting period the following options were on issue:	**No. of Options**	**No. of Options**
- 30 September 2019 options exercisable at $0.05 per share expiring	-	101,506,273
- 16 July 2020 options exercisable at $0.05 per share expiring 30 September 2022	-	8,333,330
- 16 December 2020 options exercisable at $0.05 per share expiring 30 September 2022	-	3
- 3 February 2021 options exercisable at $0.05 per share expiring 30 September 2022	-	25,000,000
- 3 March 2021 options exercisable at $0.05 per share expiring 30 September 2022	-	25,000,000
- 16 March 2021 Options exercised	-	(10,000)
- 10 May 2021 Options exercised	-	(6,366,667)
- 17 May 2021 Options exercised	-	(313,334)
- 19 May 2021 Options exercised	-	(150,000)
- 4 June 2021 Options exercised	-	(1,000,000)
- 16 June 2021 Options exercised	-	(6,600,000)
- 30 June 2021 Options exercised	-	(14,000)
- 04 Aug 2021 Options exercised	-	(8,903,765)
- 06 Aug 2021 Options exercised	-	(225,000)
- 17 Aug 2021 Options exercised	-	(130,000)
- 31 October 2022 options exercisable at $0.05 per share expiring 31 October 2025[10]	**71,428,571**	-
- 31 October 2022 options exercisable at $0.05 per share expiring 31 October 2025[11]	**30,000,000**	-
- 1 December 2022 options exercisable at $0.05 per share expiring 31 October 2025[12]	**1,666,681**	-
- 4 November 2022 options exercisable at $0.05 per share expiring 31 October 2025[13]	**32,500,000**	-
- 4 November 2022 options exercisable at $0.05 per share expiring 31 October 2025[14]	**2,500,000**	-
	138,095,252	**136,126,840**

Note 13(b): Unlisted Options

	31 December 2022 No. of Options	31 December 2021 No. of Options
Unlisted options (MGUAB)		
- 18 January 2021 unlisted options (MGUAB) exercisable at $0.03 per share expiring 30 December 2023 [1]	**5,000,000**	5,000,000
- 18 January 2021 unlisted options (MGUAB) exercisable at $0.05 per share expiring 30 December 2023 [2]	**2,000,000**	2,000,000
- 18 January 2021 unlisted options (MGUAB) exercisable at $0.10 per share expiring 30 December 2023 [3]	**3,000,000**	3,000,000
- 18 January 2021 unlisted options (MGUAB) exercisable at $0.20 per share expiring 30 December 2023 [4]	**6,000,000**	6,000,000
- 18 January 2021 unlisted options (MGUAB) exercisable at $0.40 per share expiring 30 December 2023 [5]	**6,000,000**	6,000,000
	22,000,000	22,000,000

Unlisted options (MGUOC)	**31 December 2022 No. of Options**	31 December 2021 No. of Options
- 23 April 2021 unlisted options (MGUOC) exercisable at $0.20 per share expiring 19 April 2024 [6]	**32,000,000**	32,000,000
- 7 May 2021 unlisted options (MGUOC) exercisable at $0.20 per share expiring 19 April 2024 [7]	**6,000,000**	6,000,000
- 22 July 2021 unlisted options (MGUAC) exercisable at $0.20 per share expiring 19 April 2024 [8]	**9,000,000**	9,000,000
	47,000,000	47,000,000

	31 December 2022 No. of Options	31 December 2021 No. of Options
Unlisted options (MGUOAQ)		
- 3 Aug 2021 unlisted options (MGUOAQ) exercisable at $0.25 per share expiring 20 July 2024 [9 & *]	**9,000,000**	15,000,000
	9,000,000	15,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 13(b): Unlisted Options (continued)

	31 December 2022	31 December 2021
	No. of Options	No. of Options
Unlisted options (MGUOAR)		
- 3 Aug 2021 unlisted options (MGUAR) exercisable at \$0.20 per share expiring 20 July 2024*	-	10,000,000
	-	10,000,000
Unlisted options (MGUOAS)		
- 3 Aug 2021 unlisted options (MGUAS) exercisable at \$0.30 per share expiring 20 July 2024*	-	10,000,000
	-	10,000,000
Unlisted options (MGUOAT)		
- 3 Aug 2021 unlisted options (MGUAT) exercisable at \$0.40 per share expiring 20 July 2024*	-	10,000,000
	-	10,000,000

* The Group has cancelled these options that had not vested.

The valuation model inputs used to determine the fair value at the grant date for options outstanding at 31 December 2022 are as follows:

Note	*Number of Options*	*Grant Date*	*Expiry Date*	*Exercise Price*	*Expected Volatility*	*Dividend yield*	*Risk-free interest rate*	*Fair value at grant date*
1	5,000,000	11/01/2021	30/12/2023	0.05	0.03	0.00	0.090%	0.034
2	2,000,000	11/01/2021	30/12/2023	0.05	0.05	0.00	0.110%	*0.027*
3	3,000,000	11/01/2021	30/12/2023	0.05	0.1	0.00	0.110%	*0.019*
4	6,000,000	11/01/2021	30/12/2023	0.05	0.2	0.00	0.110%	*0.011*
5	6,000,000	11/01/2021	30/12/2023	0.05	0.4	0.00	0.110%	0.006
6	32,000,000	19/04/2021	19/04/2024	0.05	0.2	0.00	0.100%	0.091
7	6,000,000	7/05/2021	19/04/2024	0.18	0.2	0.00	0.120%	0.100
8	9,000,000	22/07/2021	19/04/2024	0.18	0.2	0.00	0.120%	0.100
9	9,000,000	20/07/2021	20/10/2025	0.25	0.4	0.00	0.120%	0.094
10	71,428,571*	21/10/2022	31/10/2025	0.00	0.00	0.00	0.00%	*0.0*
11	30,000,000	21/10/2022	31/10/2025	0.04	0.05	0.00	3.290%	*0.017*
12	1,666,681*	1/12/2022	31/10/2025	0.00	0.00	0.00	0.00%	*0.0*
13	32,500,000	4/11/2022	31/10/2025	0.04	0.05	0.00	3.290%	*0.017*
14	2,500,000	4/11/2022	31/10/2025	0.04	0.05	0.00	3.290%	*0.017*

*Free attaching options and no value assigned

Note 13(c): Performance Rights

	Consolidated		**Consolidated**	
	31 December 2022 Number	**31 December 2021 Number**	**31 December 2022 \$**	**31 December 2021 \$**
Performance Rights	**25,000,000**	**6,000,000**	**-**	**72,652**
At reporting date	**25,000,000**	**6,000,000**	**-**	**72,652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 13(c): Performance Rights (continued)

	31 December 2022	31 December 2021
Performance Rights Numbers	**Number**	Number
PE6 – vest on execution of supply agreement of pig iron expire 22 July 2023[i]	2,500,000	-
PE7 – vest on completion of Bankable feasibility study expire 22 April 2023[i]	2,500,000	
PE8 – vest on achievement of production of pig iron expire 22 October 2024[i]	20,000,000	
MGUAL - vest on first of Iron Ore shipment expire 20 Jul 2022	-	1,000,000
MGUAM - vest on market cap above $150,000,000 (14 trading days) expire 20 Jul 2022	-	1,000,000
MGUAN - vest on market cap above $200,000,000 (14 trading days) expire 20 Jul 2023	-	1,000,000
MGUAJ - 03 Aug 21 vest on commencement of Iron Ore production expire 20 Jan 2023	-	500,000
MGUAK - 03 Aug 21 vest on finalisation of rail and port approvals expire 20 April 2022	-	500,000
MGUAO - vest om signing binding off take agreement expiry 20 Jan 2022	-	1,000,000
MGUAP - vest on payment for first 100,000t of iron ore expiry 20 Oct 2022	-	1,000,000
	25,000,000	6,000,000

	31 December 2022	31 December 2021
	$	$
Performance Rights Value		
500,000 MGUAM Performance Rights - M Latimore	-	23,070
500,000 MGUAN Performance Rights - M Latimore	-	13,256
500,000 MGUAM Performance Rights - D Carroll	-	23,070
500,000 MGUAN Performance Rights - D Carroll	-	13,256
25,000,000 Performance rights – N Goodman[i]	-	-
Balance at reporting date	-	72,652

[i] Management was not able to confirm whether these milestones will be achieved with any certainty, and in this regard have not been booked at balance date. These rights are valued at $0.039 per right based on the share price at grant date.

Note 14: Interests in subsidiaries

Name	**Country of Incorporation**	**Percentage of equity interest held by consolidated entity**	
		31 December 2022	31 December 2021
Nevada Iron Holdings Pty Ltd	Australia	**100%**	100%
Nevada Iron LLC	United States	**100%**	100%
Iron Horse LLC	United States	**100%**	100%
GEM Venus Holdings (Pty) Ltd	South Africa	**-**	**100%**
Venus Emeralds (Pty) Ltd	South Africa	**-**	**74%**
Adit Mining Consultants & Trading (Pty) Ltd	South Africa	**-**	**74%**

Note 15: Tenements on hand

Location	**Project**	**Tenement Type**	**Number**	**Interest**	**Status**
Nevada Province United States	Buena Vista	Mining Right	Various[1]	100%	Granted

[1] Refer to page 16 of the directors' report for the list of tenements for the Buena Vista Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 16: Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	31 December 2022	31 December 2021
	$	**$**
Loss for the year	(4,894,842)	(8,332,686)
Depreciation	21,336	28,233
Foreign exchange loss	226,817	92,359
Gain on FV of Convertible Note	(152,833)	-
Loss on Sale of Asset	(12,381)	-
Gain on sales of non-current assets	-	2,082
Impairment of Gravelotte Project	69,190	2,101,618
Share based payment – director and employee remuneration	(603,991)	1,139,375
Share based payment - marketing expenses	-	2,054,036
Share based payment - corporate advisory	-	854,707
Facilitation Fee	903,012	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(77,423)	(37,075)
Increase /(decrease) in trade payables	(105,339)	167,534
Net cash outflow from operating activities	(3,207,794)	(1,929,817)

Note 17: Parent entity disclosures

	31 December 2022	31 December 2021
Assets	**$**	$
Current assets	**4,879,792**	6,534,321
Non-current assets	**4,637,511**	3,775,384
Total assets	**9,517,303**	10,309,705
Liabilities		
Current liabilities	**(1,057,963)**	(592,655)
Total liabilities	**(1,057,963)**	(592,655)
Net Assets	**8,459,341**	9,717,050
Equity		
Issued capital	**39,338,920**	34,223,100
Accumulated losses	**(37,390,688)**	(31,863,189)
Reserves	**6,511,108**	7,357,138
Total equity	**8,459,341**	9,717,051
Financial performance		
Loss for the year	**(3,909,681)**	(8,227,982)
Total comprehensive loss	**(3,909,681)**	(8,227,982)

Note 18: Key management personnel disclosures

(a) Directors
The following persons were directors of the Company during the financial year and up to the date of this report:

(i) Chairman – Non-Executive
Annosh Manzoori (appointed 11 May 2022)

(ii) Non-Executive directors
Matthew Latimore (appointed 4 May 2021)
Athan Lekkas (appointed 11 May 2022)

(b) Chief Executive Officer
Neil Goodman (appointed 5 August 2022)

(c) Former Directors
The following persons were directors of the Company during the financial year, however, resigned prior to the date of this report:

(i) Chairman – Non-Executive
Donald Carroll (appointed Director 10 March 2021, Chairman 12 April 2021 and resigned 11 May 2022)

(ii) Managing Director
Dano Chan (appointed 12 April 2021 and resigned 11 May 2022)

(iii) Non-Executive director
John Dinan (appointed 12 April 2021 and resigned 11 May 2022)

No other key management personnel were identified during the period.

Note 18: Key management personnel disclosures (continued)

(c) Key management personnel compensation

	Consolidated 2022 $	2021 $
Short-term employee benefits	**418,783**	533,126
Share based payments	**467,229**	1,053,815
Total compensation	**886,012**	1,586,941

The Company has taken advantage of the relief provided by the *Corporations Regulations* 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in sections A-H of the remuneration report.

(d) Other transactions of key management personnel

		Income from Related Parties	Other Salary and Share Based Payment	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
Current Directors					
Anoosh Manzoori [1]	**2022**	-	130,000	-	-
Matthew Latimore	**2022**	-	-	-	-
Athan Lekkas [2]	**2022**	-	-	160,000	20,000
Neil Goodman[3]	**2022**	-	75,000	-	-
Total		-	205,000	160,000	20,000

[1]Expenditure to Anoosh Manzoori relates to $130,000 in consulting fees with Shape Capital
[2] Expenditure to Athan Lekkas relates to $160,000 in consulting fees with Palext Pty Ltd
[3] Expenditure to Neil Goodman relates to $75,000 in consulting fees with Smelt Tech Pty Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Note 18: Key management personnel disclosures (continued)

(d) Other transactions of key management personnel (continued)

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
Current Directors					
Donald Carroll	**2021**	-	-	-	-
Dano Chan	**2021**	-	-	-	-
Dinan Family Trust	**2021**	-	-	-	-
M Resources Trading Pty Ltd	**2021**	-	-	-	-

		Income from Related Parties	Expenditure to Related Parties	Amounts Owed by Related Parties at year end	Amounts Owed to Related Parties at year end
Former Directors					
HG & L Dawson Discretionary Trust 1	**2021**	-	40,200	-	-
Wilberforce Pty Ltd 2	**2021**	-	40,050	-	-
Golden Venture LLC 3	**2021**	-	15,000	-	-
Varr Consulting 4	**2021**	-	60,000	-	-
Interminco Services Ltd 5	**2021**	-	24,854	-	-
Total		-	**180,104**	**-**	**-**

1. Mr H Dawson, a former Non-Executive Chairman (resigned 12 April 2021), is the trustee of HG & L Dawson Discretionary Trust. During the year, HG & L Dawson Discretionary Trust received the above fees for consultancy services.

2. Mr G Button, a former Executive director (resigned 12 April 2021), is a director of Wilberforce Pty Ltd. During the year, Wilberforce Pty Ltd received the above fees for consultancy services.

3. Mr F Cannavo, a Non-Executive director (resigned 10 March 2021), is the director of Golden Venture LLC. During the year, Golden Venture LLC received the above fees for consultancy services.

4. Mr G Button, a former Executive director (resigned 12 April 2021), is a director of Varr Consulting. During the year, Varr Consulting received the above fees for consultancy services.

5. Mr H Callaghan, a former Executive Director (appointed 10 March 2021 and resigned 4 May 2021). is a director of Interminco Services Ltd. During the year, Interminco Services Ltd received the above fees for consultancy services.

Note 19: Remuneration of auditors

	Consolidated	
	31 December 2022	31 December 2021
	$	**$**
Audit and review services		
Auditors of parent entity (HLB Mann Judd)		
Audit and review of financial reports under the *Corporations Act 2001*	**51,186**	36,640
	51,186	36,640

Note 20: Changes in liabilities arising from financing activities

	Convertible notes	Other loans and borrowings	Total
	$	**$**	**$**
Balance at 1 January 2022	**-**	**-**	**-**
Convertible note facility	**(751,531)**	**-**	**(751,531)**
Balance at 31 December 2022	**(751,531)**	**-**	**(751,531)**
Balance at 1 January 2021	-	163,186	163,186
Equipment from short-term borrowings	-	(163,186)	(163,186)
Balance at 31 December 2021	-	-	-

Note 21: Financial Instruments

(a) Capital Risk Management

The Group manages its capital to ensure that companies within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings.

None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

(b) Categories of financial instruments

	Consolidated	
	31 December 2022	31 December 2021
	$	**$**
Financial assets		
Trade and other receivables	156,625	79,202
Cash and cash equivalents	5,005,720	4,422,716
Other financial assets	-	-
	5,162,345	4,501,918

	Consolidated	
Financial Liabilities	**31 December 2022**	31 December 2021
Trade and other payables	501,634	596,296
Borrowings	751,531	-
	1,253,165	596,296

(c) Financial risk management objectives

The Group does not speculate in the trading of derivatives. The Group is exposed to market risk (including currency risk, fair value interest rate risk and other price risk), credit risk, liquidity risk and cash flow interest rate risk.

(d) Market Risk

The Group's activities expose it primarily to the financial risks of foreign currency exchange rates. There has been no change at the reporting date to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(i) Foreign exchange risk
Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

(ii) Price risk
Given the current level of operations, the Group is not materially exposed to price risk.

Note 21: Financial Instruments (continued)

(iv) Interest rate risk

The Company has exposure to the risks of changes in market interest rates relating to its cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising return.

	31 December 2022		31 December 2022	
	Weighted average interest rate	**Balance**	Weighted average interest rate	Balance
	$	**$**	$	$
Cash Balances	**0.05%**	**5,005,720**	0.05%	4,422,716

(e) foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise. The Group has not formalised a foreign currency risk management policy however, it monitors its foreign currency exposure in light of exchange rate movements.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		**Assets**	
	2022	2021	**2022**	2021
	$	$	**$**	$
United States Dollar (USD)	**(195,203)**	(3,641)	**252,627**	568,243

(f) Foreign currency sensitivity analysis

The Group has no material exposure to foreign currency fluctuations.

(g) Interest rate risk management

The Company has exposure to the risks of changes in market interest rates relating to its cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposure within acceptable parameters while optimising return.

The Group and parent entity's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

(h) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

Note 21: Financial Instruments (continued)

(i) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.
The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

The Group manages liquidity risk by regularly monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group.

The group regularly monitors its liquidity position with respect to the primary liability relating to the convertible note as detailed in the below table

Liquidity and interest rate risk tables

Consolidated

	Weighted average effective interest rates	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5 + years
	%	$	$	$	$	$
2022						
Non-interest bearing	-	-	399,134	200,000	751,531	-

Consolidated

	Weighted average effective interest rates	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5 + years
	%	$	$	$	$	$
2021						
Non-interest bearing	-	-	296,296	100,000	200,000	-

The above table details the Group's contractual maturity for its financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

For all financial assets and liabilities recognised in the Consolidated Statement of Financial Position, the carrying amount approximates fair value unless otherwise stated in the applicable notes.

The methods for estimating fair value are outlined in the relevant notes to the financial statements.

Note 22: Discontinued Operations

Sale of GEM Venus Holdings (Pty) Ltd and recognition of disposal group

Magnum has agreed with London Stock Exchange Listed URA Holdings PLC (Company No. 5329401) (**URA**) to sell its wholly owned South African subsidiary Gem Venus Holdings (Proprietary) Limited (**Gem Venus**) which holds Magnum's interest in the Gravelotte Project (**Transaction)** on 24 March 2022**.**

The Condition must be satisfied by the first anniversary of execution of the SPA or such later date as may be mutually agreed by the parties.

URA will pay Magnum, as consideration for the Transaction, a total of $2,000,000 cash consideration to be paid as follows:

a) The sum of A$200,000 for each 5,000,000 carats of gemstones produced at the Gravelotte Project, and this sum is payable within 30 days of the date on which the production has been determined.

b) Thereafter, the sum of A$200,000 for each successive 5,000,000 carats of gemstones produced at the Gravelotte Project, and this sum is payable within 30 days of the date on which the production has been determined, provided that that Cash Consideration shall not exceed a maximum aggregate sum of A$2,000,000.

URA will also issue to Magnum GBP100,000.00 (one hundred thousand British Pounds) equivalent to A$116,822 in URA fully paid ordinary shares.

	Consolidated	
	31 December 2022	**31 December 2021**
	$	$
Assets held for sale [1]	116,822	186,012

	Consolidated	
	31 December 2022	**31 December 2021**
	$	**$**
Revenue	-	-
Accountancy fees	-	(15,017)
Share registry and exchange fees	-	(31)
Other expenses	-	(2,007)
Finance Costs	-	(395)
Depreciation	-	(28,233)
Impairment of Gravelotte Project	-	(2,101,618)
IT and communication	-	(4,847)
Exploration expensed as incurred	-	(296,319)
Office expenses	-	(587)
Exchange differences on translation of foreign operations	-	(100,797)
Travel and accommodation	-	(753)
Fair value movement of asset held for sale [1]	**(69,189)**	-
Loss after income tax	**(69,189)**	**(2,550,604)**

[1]GBP100,000 is result from 5,000,000 shares in URE (share price GBP0.02 at sale date 24 March 2022). As at 31 December 2022 the URA shares decreased to GBP0.0132 therefore the fair value of asset held for sale decreases by $69,189, from $186,012 to $116.822.

Note 22: Discontinued Operations (continued)

Foreign currently translation movements are not separately recognised for the disposal group until the disposal group is derecognised on loss of control.

Although the value of the disposal group is expected to be realised in GBP, and the funds received in advance are denominated in $AUD, these are not considered financial instruments by relevant accounting standards.

Note 23: Matters Subsequent to end of the financial year

Subsequent to year end, the following matters have occurred:

- Completion of the acquisition of Appalachian Iron Inc under the Share Sale Agreement with Mr Neil Goodman, which the Company has agreed to acquire 100% of the issued capital of Appalachian Iron Inc (an entity incorporated in Delaware, USA) was approved at General Meeting held 16 January 2023.
    - Per the Share Sale Agreement, the Company will acquire Appalachian Shares through the issue of 30,000,000 Performance Shares in the capital of the Company.
    - Both parties have agreed that the Performance Shares and any Shares issued on conversion of the Performance Shares will be subject to an escrow period of twelve months from the date of issue of the Performance Shares.
- The issue of 30,000,000 Performance shares to Neil Goodman. The respective milestones upon which Performance Shares will convert into Shares (one a one basis) are as follows:
    - PR1 – vest on execution of supply agreement of pig iron expire 9 months from the date of issue
    - PR2 – vest on completion of Bankable feasibility study expire 18 months from the date of issue
    - PR3 – vest on achievement of production of pig iron and building a pig iron plant in West Virginia expire on the date 24 months from the date of issue
    - PR4 – vest on achievement of production of pig iron expire 48 months from the date of issue
- URA has issued to Magnum GBP100,000 (one hundred thousand British Pounds) in URA fully paid ordinary shares (Consideration Shares) in March 2023.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, other operations and activities of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 24: Contingencies

The mining tenement commitment as at 31 December 2022 is $900,000 (31 December 2021: $859,600).

The contingent material terms of the Acquisition of Buena Vista Projects are set out below:

1. On completion of a Definitive Feasibility Study, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of $500,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum determined as the 15 trading days immediately prior to the completion date of the Definitive Feasibility Study and its announcement to ASX.
2. On the receipt by Magnum of firm and unconditional offers for the total amount of finance required to develop Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of $1,500,000 with the issue price of the Magnum Shares equal to the 45 day VWAP of Magnum up to the date at which Magnum is in receipt of the unconditional offers for the total amount of finance required to develop Buena Vista; and

Note 24: Contingencies (continued)

3. On the completion of the commissioning of the production facility at Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares in Magnum to the value of $1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum immediately up to the completion of the commissioning of production; and

4. On receipt by the Buyer of the first payment from the sale of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash in Magnum (at the Sellers option) to the value of $500,000 with the issue price of the Magnum Shares equal to the 15 day VWAP of Magnum up to the date at which Magnum is in receipt of the first payment from the sale of concentrate from Buena Vista; and

5. On the delivery by Magnum of the three millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of $1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the three millionth tonne of concentrate from Buena Vista; and

6. On the delivery by Magnum of the five millionth tonne of concentrate from Buena Vista, Magnum will issue to the Sellers and/or their nominees, shares and/or cash (at the Sellers option) in Magnum to the value of $1,000,000 with the issue price of the Magnum Shares equal to the 15-day VWAP of Magnum up to the date at which Magnum has delivered the five millionth tonne of concentrate from Buena Vista.

None of these conditions have been met at 31 December 2022, and the timing of this was unknown at date of acquisition. Accordingly, the value of the contingent consideration is assessed as nil at the time of acquisition and at balance date.

DIRECTORS DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors' Declaration

1. In the opinion of the directors of Magnum Mining and Exploration Limited (the 'Company'):

   a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group financial position as at 31 December 2022 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2022.

This declaration is signed in accordance with a resolution of the Board of Directors.

INDEPENDENT AUDITOR'S REPORT
To the members of Magnum Mining and Exploration Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magnum Mining and Exploration Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Refer to Note 9	
The Group has capitalised exploration and evaluation expenditure of $6,397104 as at 31 December 2022. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, because this is the most significant asset of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of AASB 6 *Exploration for and Evaluation of Mineral Resources* and whether facts and circumstances exist to suggest that the carrying amount of the exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation expenditure carrying values; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We have discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meeting to ensure that the Group had not decided to discontinue exploration and evaluation at its areas of interest; and • We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Magnum Mining and Exploration Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
29 March 2023