



UPDATE ON SAUDI HISMELT PROJECT OPPORTUNITY WITH MIDMETAL

HIGHLIGHTS

- Magnum enters into an agreement to take up a 50% share ownership of Middle East for Metallic Industrial (Midmetal)
 - It is intended that Midmetal construct and operate a Green Pig Iron Production Facility in the Kingdom of Saudi Arabia
 - It is also intended for Magnum Mining & Exploration Ltd to provide iron ore and biochar to the Green Pig Iron Production Facility
 - Costs associated with the construction and operation of the Green Pig Iron Production Facility will be shared equally between the Shareholders of Midmetal
 - A full financial model has not been completed at this stage due to the early phase the project is in and regulatory constraints. The Board of Magnum are satisfied that the project represents a compelling business case for development.
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Magnum Mining & Exploration Limited (ASX: MGU, Magnum, or the Company) is pleased to announce that it has entered into a Shareholders' Agreement (Agreement) with Middle East for Metallic Industrial (Midmetal). Under the Agreement, Magnum becomes a 50% owner of Midmetal through the issue of 50% of Midmetal's fully paid ordinary shares.

Midmetal, together with Magnum, is pursuing the development of a Green Pig Iron making facility in the Kingdom of Saudi Arabia (KSA) through the construction and operation of a Hismelt based technology. It is intended that the Hismelt plant use both high grade magnetite concentrate from Magnum's Buena Vista Iron Project in Nevada, USA, and mill waste from steel plants in the Arabian Gulf region. Renewable biochar from biomass sourced in Malaysia¹ is the proposed iron reductant. This will allow this Project to leapfrog the expensive hydrogen iron reductant pathway being pursued by peers, potentially bringing the Project online earlier and at a lower capital and operating cost to produce Green Pig Iron.

Under the Agreement, the Saudi shareholders of Midmetal agree to provide Midmetal 50% of the development funding by way of a loan from the Saudi Industrial Development Fund or other investors. Magnum agrees to provide the other 50%, also by way of a loan to Midmetal. The loans are to be repaid by Midmetal in within two years and at an agreed interest rate.

Magnum and the Saudi shareholders have the right to appoint two directors to the Board of Midmetal from which pool a Chairman will be appointed. After the Chairman's first term, the chairmanship will alternate between the Shareholder's appointee. In future, the Midmetal Board will appoint a Manager to manage the Project for a fee to be mutually agreed.

¹ ASX:MGU "Appointment Of Advisor For Malaysian Biochar", 29 November, 2023.

Any party may terminate this agreement after December 2024 by giving notice to each of the other parties. In the event that the conditions precedent have not been satisfied or waived by 1 March 2025, either party may terminate the Agreement by giving notice to the other party. Conditions precedent are:

- (a) All necessary legal, financial, technical and other due diligence has been conducted by the parties to their satisfaction in respect of the Business, the Company and each other;
- (b) The preparation and execution of the Supply Agreements upon terms acceptable to the parties, which shall be prepared by the lawyers for Magnum's Singapore entity;
- (c) Obtainment of all Authorisations required to give effect to this Project;
- (d) The Company and Midmetal are working together to determine all authorisations required for the Project. These include but not limited to: - Environmental Approvals, Land Access Agreements, Raw Material Supply Agreements, Utility Supply Agreements;
- (e) Incorporation of Magnum's Singapore entity.

No timelines other than the December 2024 termination are included.

Funding

Magnum is in discussions with several investors who are interested in funding the remaining 50% of the project in return for the EPC rights. The company has previously advised the market (see ASX release dated 17 January 2024) that the study estimates a capital cost of US \$410million. Accordingly, it is intended that Magnum and future investor partners will contribute 50% of these costs.

Magnum is in discussions with several investor groups to provide either equity or debt and have received two non-binding letters of support from international investors. The exact contribution to the 50% funding is yet to be agreed and determined.

The board and its advisers will consider and evaluate the optimised financing or blend of debt and equity and will advise the market as and when this is achieved.

No binding agreements as to the funding or the terms of the funding have been concluded and there is no guarantee that this will be achieved. If funding is not received, then the project may be terminated.

MidMetal

Midmetal is a Saudi company who have received certification from the Saudi government to fund up to 50% of a green pig iron project in Saudi Arabia as part of the "Nusaned Initiative. Midmetal was established in 2020 and has not completed any projects in this field yet. The exact percentage to be funded by the Saudi Government is yet to be agreed and determined. **There is no certainty that Midmetal will secure the funds for the project and no guarantee of this being achieved.**

Magnum holds a conditional HIs melt patent application license from Shandong Molong Petroleum Machinery Co Ltd and Shandong Province Metallurgical Engineering Co. Ltd that allows Magnum to construct and operate HIs melt plants², The licence will be ratified once a Feasibility Study is completed on either of Magnum's projects at Buena Vista³ or West Virginia⁴.

² ASX:MGU "Magnum secures pathway to HIs melt licence", 18 May, 2023.

³ ASX:MGU "Positive Scoping Study validates Buena Vista Iron Project", 14 August, 2023.

⁴ ASX:MGU "Appalachian presentation – West Virginia Project", 14 October, 2022.

“The maturing relationship between Magnum and Midmetal has landed on a shared vision of how Hismelt and our Buena Vista Iron Project can be developed in a strongly economic and sustainable way. The pathway forward is starting to crystallise by bringing into focus the opportunities that Midmetal represents. The intimate relationship that a joint shareholding facilitates will ensure the Project has the very best chances of commercial success. Magnum anticipates the working relationship already established with Midmetal will continue to develop to the advantage of Magnum’s shareholders.”

Mr Neil Goodman, CEO of Magnum.

About Midmetal

Midmetal is a Saudi Arabian company established in 2020 to enhance and implement one of the “NUSANED” potential initiatives to produce “ Green Pig Iron “ by exploring the advanced technologies available in the market with less cost and with zero carbon emission . This project aligns with "Saudi Vision 2030," focusing on localizing downstream industries and reducing carbon emissions.

Midmetal-KSA is uniquely placed to service the EAF markets in the kingdom, Middle East, Europe and the USA with a high-grade pig iron product produced using the Hismelt process. As carbon emission reduction initiatives drive the steel market from blast furnaces to electric arc furnaces and China allows an increase in the importation of scrap steel, we believe the Green High Purity Pig Iron market is set to grow substantially.

In addition, Midmetal has an internal supply of low-cost steel works waste and low-cost renewable electricity, resulting in a low forecasted operating cost. The principals have extensive experience in heavy industry and hold executive positions in Saudi industrial companies.

About Hismelt

Hismelt is a technology disruptor that can deliver high purity Green Pig Iron now, without awaiting the development of technically challenging and economically burdensome hydrogen reduction techniques. It is a direct iron reduction method that can use biochar, sourced from renewable biomass, as the iron reductant. The use of renewable biomass makes the technology emissions neutral.

CAUTIONARY STATEMENTS

This release contains “forward-looking information” that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to studies, the Company’s entry into a definitive agreement with Midmetal, the Company’s business strategy, plan, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current development activities; conclusions of economic evaluations; changes in project parameters as plans

continue to be refined; future prices of metals; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information.

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