



FUNDING ROUND FOR GREEN HIGH PURITY PIG IRON PLANT IN THE KINGDOM OF SAUDI ARABIA (KSA)

Magnum Mining & Exploration Limited (ASX: MGU, **Magnum**, or the **Company**) announces that it has entered into an agreement with V Capital Consulting Limited (**VCCL**) and 2x1.Digital Private Limited (**2x1.Digital**) to undertake a capital raising of no less than US\$210M (**Capital Raising**) to advance its Green Pig Iron Project in Saudi Arabia.

HIGHLIGHTS

- Nasdaq listed VCCL and 2x1.Digital to commence a Capital Raising of no less than US\$210M
 - Magnum to receive no less than US\$10M as working capital for its Buena Vista Project for the issue, subject to Magnum shareholder approval, of fully paid ordinary shares in Magnum up to a maximum interest of 19.9%
 - Investors in the capital raising will receive ordinary shares in Midmetal to an aggregate interest of 50%
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Magnum and Middle East for Metallic Industrial (**Midmetal**) have entered into a project funding agreement (**PFA**) with VCCL and 2x1.Digital under which VCCL and 2x1.Digital will use their best endeavours to complete a Capital Raising to fund the building of a HIs melt plant in the Kingdom of Saudi Arabia (**KSA**) that will see the planned production of Green High Purity Pig Iron (the **Project**) by Midmetal.

Midmetal, the vehicle for the Project, is currently 50% owned by Magnum¹ and 50% owned by its original Saudi investors. Midmetal has secured a certification for funding of up to 50% of the costs of the Project¹ from the KSA Government, through the Saudi Investment Development Fund (**SIDF**).

VCCL and 2x1.Digital will seek to raise US\$210M for the Project. Investors who participate in the Capital Raising shall receive fully paid ordinary shares in Midmetal in proportion to their participation in the Capital Raising up to a total aggregate interest in Midmetal of 50%; and fully paid ordinary shares in Magnum in proportion to their participation in the Capital Raising up to a total aggregate interest in Magnum of 19.99% subject to Magnum's shareholder approval currently anticipated to be in Q4 of calendar year 2024.

¹ ASX:MGU "Update of Saudi HIs melt Project Opportunity with Midmetal", 8 March, 2024.

A minimum of US\$10M will be retained by Magnum as working capital for its Buena Vista Project in return for the 19.99% total aggregate interest in Magnum to investors in the Capital Raising. Based on the current fully paid shares on issue in Magnum of circa 809M, then this would require the issue of an additional circa 202M fully paid shares in Magnum at an indicative issue price of A\$0.074 (based on US\$1 = A\$1.5 exchange rate).

Under the PFA, and on its successful completion, VCCL and 2x1.Digital will receive 10% each in Midmetal's ordinary shares. 2x1.Digital will also have the right to receive a position on the Board of Magnum.

These shares to VCCL and 2x1.Digital will be allocated from the shares of the current shareholders of Midmetal prior to the proposed capital raising. Hence as a result, and on successful completion of the PFA, the shareholders in Midmetal will be Midmetal's original Saudi investors 15%, Magnum 15%, VCCL 10%, 2x1.Digital 10% and Investors who participate in the Capital Raising 50%.

2x1.Digital operates as an advisory company that focuses on impact investments, prioritizing measurable social and environmental benefits alongside financial returns. "We proudly engage in the Green Pig Iron alongside VCCL and Magnum. Enthusiastically collaborating, we anticipate a future where innovation and sustainability unite for worldwide advancement." said Syed Imran Shah, Managing Director & CEO of 2x1.Digital.

VCCL and 2x1.Digital will also provide corporate advisory services to Magnum with an emphasis in strategic business development, and other dealings in relation to progressing Magnum's projects and strategic objectives in Kingdom of Saudi Arabia, Malaysia, and any other areas as agreed between the parties from time to time.

A summary of the material terms of the PFA is set out in the annexure to this announcement.

Midmetal is pursuing the development of a Green Pig Iron making facility in the KSA through the construction and operation of a Hlsmelt based technology. It is intended that the Hlsmelt plant use both high grade magnetite concentrate from Magnum's Buena Vista Iron Project in Nevada, USA², and mill waste from the All Steel plant in the KSA. Renewable biochar from biomass sourced in Malaysia is the proposed iron reductant³. The technical feasibility of the Project has been demonstrated.⁴

Magnum holds a conditional Hlsmelt patent application license from Shandong Molong Petroleum Machinery Co Ltd and Shandong Province Metallurgical Engineering Co. Ltd that allows Magnum to construct and operate Hlsmelt plants⁵. The licence will be ratified once a Feasibility Study is completed on Magnum's projects at Buena Vista².

² ASX:MGU "Positive Scoping Study validates Buena Vista Iron Project", 14 August, 2023.

³ ASX:MGU "Appointment Of Advisor For Malaysian Biochar", 29 November, 2023.

⁴ ASX:MGU "Technical Study Shows Viability Of Saudi Plant", 17 January, 2024.

⁵ ASX:MGU "Magnum secures pathway to Hlsmelt licence", 18 May, 2023.

“Magnum has reached a major milestone in its pursuit of developing a commercial hot metal facility. The Hismelt based technology has the capability to deliver green pig iron now, without the long and expensive process being experienced by our peers in the development of the hydrogen iron reductant pathway. Magnum’s strategic culturing of the opportunity provided by the Midmetal alliance in Saudi Arabia is now coming to fruition.”

Mr Neil Goodman, CEO of Magnum.

About Midmetal

Midmetal is a Saudi-based company who is exploring the utilisation of the latest technologies to produce pig iron in Saudi Arabia as part of the "Nusaned Initiative". The "Nusaned Initiative" prioritises technologies to achieve the "Saudi Vision 2030" of increased localisation of downstream industries and reduce carbon emission. Funding for this pioneer initiative will be made by Saudi investors. Magnum has taken up a 50% ownership of Midmetal along with multiple investors who have extensive experience in steel making within the KSA.

About Hismelt

Hismelt is a technology disruptor that can deliver high purity 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.

The Hismelt technology is proven: there is a currently operating commercial Hismelt plant in China with a number of additional facilities being built and planned (Figure 1).



Figure 1 Latest photo showing the smelt reduction vessel (SRV) and forehearth foundations of the latest Hismelt plant being constructed in Hebei province, PRC.

BY ORDER OF THE BOARD

John O’Gorman

Company Secretary

Email: info@mmel.com.au

Phone: +61 403 635 555

Evan Smith

Investor Relations

Email: evan.smith@advisir.com.au

Phone: +61 431 176 607

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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Annexure – Summary of Project Funding Agreement

The material terms of the Project Funding Agreement are summarised below:

1.	Capital Raising	<p>(a) During the Initial Term, VCCL and 2x1.Digital (the Consultants) shall use their best endeavours to undertake a capital raising of no less than US\$210,000,000 from third party investors to further the Project (Capital Raising).</p> <p>(b) On completion of the Capital Raising, Magnum shall receive a maximum amount of US\$10,000,000 of the aggregate amount raised for working capital purposes.</p> <p>(c) Investors who participate in the Capital Raising shall receive:</p> <ul style="list-style-type: none"> i. fully paid ordinary shares in Midmetal in proportion to their participation in the Capital Raising up to a total aggregate interest in Midmetal of 50%; and ii. subject to Magnum shareholder approval (currently anticipated to be in Q4 of calendar year 2024), fully paid ordinary shares in Magnum in proportion to their participation in the Capital Raising up to a total aggregate interest in Magnum of 19.99%.
2.	Consulting Services	<p>(a) The Consultants also agree to perform the following services to Magnum:</p> <ul style="list-style-type: none"> i. providing corporate advisory services with an emphasis in, strategic business development, and other dealings in relation to progressing Magnum's projects and strategic objectives in Kingdom of Saudi Arabia, Malaysia, or any other area as agreed between the Consultants and Magnum from time to time (Region); ii. liaising on behalf of Magnum with bankers, legal advisers, investors, government officers and other stakeholders within the Region; iii. to convene virtual meetings means in relation to the status of Magnum's projects if magnum has provided advance notice to the Consultants; and iv. any other services as mutually agreed by the Consultants and Magnum from time to time.
3.	Consideration	<p>(a) In consideration for the successful completion of the Capital Raising and for the Consultants providing the Strategic Consultancy Services, Magnum shall issue or procure the issue by Midmetal, of an aggregate interest of 20% in the fully paid ordinary shares in Midmetal to the Consultants (10% to VCCL and 10% to 2x1.Digital). These shares will be allocated from the shares of the current shareholders of Midmetal prior to the proposed capital raising</p> <p>(b) In addition to the above consideration, 2x1.Digital to receive a position on the Board of Magnum.</p>

4.	Term	The Project Funding Agreement shall be effective as of the date of the Project Funding Agreement and shall have an initial term of four (4) months (Initial Term), with an option to renew the term for a further one (1) year on the completion of the Initial Term, to be mutually agreed between Magnum and the Consultants.
5.	Termination	The Project Funding Agreement may be terminated by either Magnum or the Consultants at any time, with fourteen (14) Business Days' notice in writing given to the other Party.
6.	Dispute Resolution	<p>(a) In the event of any dispute on any matters pertaining to the Capital Raising or the Consultancy Services, Magnum and the Consultants shall discuss the matter in good faith through negotiations between the managing directors of the parties in order to resolve the matter amicably.</p> <p>(b) In the event where any dispute is not resolved amicably through negotiations, Magnum and the Consultants may agree in writing to terminate this Agreement mutually.</p>