
**MAGNUM MINING &
EXPLORATION LIMITED
ACN 003 170 376
NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9.00 am (WST)

DATE: Wednesday, 3 March 2021

PLACE: Suite 2 Churchill Court, 234 Churchill Ave, Subiaco, WA, 6008

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on 1 March 2021.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ISSUE OF PLACEMENT SHARES AND OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 50,000,000 Shares at an issue price of \$0.04 and 25,000,000 free listed options with an exercise price of \$0.05 and an expiry date of 30 September 2022 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who has participated in the issue or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – APPROVAL FOR FUTURE ISSUE OF FULLY PAID ORDINARY SHARES

That, pursuant to and in accordance with Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the Company be authorised to allot and issue up to 100,000,000 fully paid ordinary shares in the capital of the Company to the persons on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the

- Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides;or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution;and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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Dated: 29 January 2021
By order of the Board

Grant Button
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6280 0245.

EXPLANATORY MEMORANDUM

MAGNUM MINING AND EXPLORATION LIMITED

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS

Introduction

There are 2 categories of resolutions in this Notice of Meeting. These categories are:

- Approve the issue of Shares and Options pursuant to a placement undertaken on 21 January 2021, and
- Approve the potential issue of up to 100,000,000 Shares to provide additional working capital

On 22 January 2021 the Company announced that it had received firm commitments for the placement of 50,000,000 Shares at an issue price of \$0.04 per Share (**Placement Shares**) together with one free attaching Listed Option for every two Shares subscribed exercisable at \$0.05 per share and expiring on 30 September 2022 (**Placement Options**).

The Placement Shares and Placement Options will be issued to professional and sophisticated investors who participated in the placement and none of these investors are related parties of the Company.

Resolution 1 seeks Shareholder approval to issue the Placement Shares and Placement Options. Further information in relation to this Resolution is outlined in Section 2.

Resolution 2 seeks Shareholder approval for the issue of up to 100,000,000 fully paid ordinary Shares in the Company. Further information in relation to this Resolution is outlined in Section 3.

1.1 Indicative Capital Structure if Resolution 1 approved

Capital	Shares	% of Total Shares on issue	Options
Current Shares and Options on Issue	349,765,482	87.49%	138,839,606
Placement Shares and Options	50,000,000	12.51%	25,000,000
TOTAL	399,765,482	100.0%	163,839,606

2. RESOLUTION 1 – APPROVAL TO ISSUE PLACEMENT SHARES AND OPTIONS

2.1 General

The Company is proposing to issue 50,000,000 Shares at an issue price of \$0.04 per Share with one free attaching Listed Option for every two Shares subscribed

exercisable at \$0.05 per share and expiring on 30 September 2022 to raise \$2,000,000 (before costs).

Broadly speaking and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that 12 month period.

As advised in a release to ASX on 22 January 2021 the Company will not use its available capacity under Listing Rule 7.1 or 7.4 and instead will seek Shareholder approval for the proposed placement of Shares and Options.

The proceeds raised from the proposed placement will be used to fund the update of the Buena Vista feasibility and provide general working capital.

2.2 Technical information required by Listing Rule 14.1A

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. The Company is therefore asking Shareholders to approve the proposed placement of the Placement Shares and Placement Options under Listing Rule 7.1 so that it does not use up any of the 15% limit on equity securities without Shareholder approval set out in Listing Rule 7.1

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Placement Shares and Placement Options. In addition, the issue of the Placement Shares and Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not issue the Placement Shares and Placement Options. In that event, the Company will have insufficient funds to update the Buena Vista feasibility study unless an alternate funding source is secured.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Placement Shares and Placement Options.

2.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) The Placement Shares and attaching Placement Options will be issued to professional and sophisticated investors;
- (b) The maximum number of Placement Shares to be issued is 50,000,000. The Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares ;
- (c) For every two Placement Shares issued one free attaching Placement Option which is a listed option exercisable at \$0.05 no later than 30 September 2022, will be issued.
- (d) The Placement Shares and attaching Placement Options will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Placement Shares will occur on the same date;
- (e) The issue price of the Placement Shares will be \$0.04 per Placement Share. The

Company will receive, before costs, \$2,000,000 from the Issue of the Placement Shares;

- (f) The purpose of the issue of the Placement Shares is to raise \$2,000,000. The Company intends to apply the funds towards the update of the Buena Vista feasibility study and to provide general working capital;
- (g) The Placement Shares and Placement Options are not being issued under an agreement;
- (h) The Placement Shares and Placement Options are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in Resolution 1 of the Notice.

2.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

The number of securities issued	50,000,000 Placement Shares, 25,000,000 Placement Options
The price at which the securities were issued	\$0.04 per Share, Nil price for Option
The terms of the securities	Fully paid ordinary shares in the capital of the Company which will rank, from the date of their issue, equally with all existing issued shares. Listed Options in the Capital of the Company on the same terms and conditions as the existing class of listed options in the Company.
The names of the persons to whom the equity securities were issued	Certain professional and sophisticated investors selected by the lead manager as being an existing shareholder, being known to the Company or having indicated strong support for the Buena Vista iron ore project. None of the investors are related parties to the Company.
The intended use of the funds raised	The proceeds raised will be used to fund the update of the Buena Vista feasibility study and provide general working capital.

Voting Exclusion

A voting exclusion statement is included under Resolution 1 in this notice of Meeting.

Directors' Recommendation

The Directors Unanimously Recommend that Shareholders vote in favour of Resolution 1 and the Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

3. RESOLUTION 2 – APPROVAL FOR FUTURE ISSUE OF FULLY PAID ORDINARY SHARES

3.1 General

The effect of Resolution 2 will be to allow the Directors to issue up to 100,000,000 Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX). Up to a maximum of 100,000,000 Shares will be issued at a minimum price of \$0.04 or an agreed price being no less than 75% of the volume weighted average price ("VWAP") for the 15 days trading on ASX calculated either up to the date at which the Shares are issued or on the date on which the price of the Shares is agreed provided that the issue is completed within 5 business days

All funds that are raised will be used to advance the Buena Vista feasibility study update and working capital.

The work required to update the Buena Vista feasibility study includes updating mining, production and logistic costs including power, rail and port and incidental permitting.

3.2 ASX Listing Rule 7.1

Shareholder approval for the proposed issue of Shares is sought for the purposes of ASX Listing Rule 7.1.

Listing Rule 7.1 provides that a company must not, without shareholder approval, subject to certain exceptions, issue during any 12 months period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The Shares proposed to be issued pursuant to Resolution 2 will not be included in the Company's 15% calculation for the purposes of ASX Listing Rule 7.1.

3.3 ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue pursuant to Resolution 2:

- (a) The maximum number of Shares to be issued pursuant to Resolution 2 is 100,000,000
 - (b) The Shares will be issued within 3 months after the date of Meeting
 - (c) The issue price of the Shares will be at a minimum price of \$0.04 or an agreed price being no less than 75% of the 15 day VWAP calculated either up to the date at which the Shares are issued or on the date on which the price of the Shares is agreed provided that the issue is completed within 5 business days.
 - (d) The names of the allottees are not known at the time of the preparation and disbursement of this Notice and the Company will not know the names of the allottees until such time as the issue of the Shares is carried out.
 - (e) None of the allottees of the Shares will be Directors of the Company.
 - (f) The terms of the Shares and Options will be the same and equal to all of the other fully paid Shares and Listed Options of the Company that are currently on issue;
 - (g) The funds will be used for the update of the feasibility study for Buena Vista and for working capital.
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SCHEDULE 1 – KEY DEFINITIONS

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except Related Party Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Magnum Mining & Exploration Limited (ACN 003 170 376).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of this Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Option holder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Schedule means a schedule to this Notice.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF LISTED OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Related Party Option.

(b) **Exercise Price**

The exercise price of the Options is \$0.05 (**Exercise price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 September 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in Related Party issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in Related Party issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Quotation**

The Options are listed on ASX.