



MAGNUM
MINING & EXPLORATION LIMITED

ABN 70 003 170 376

13 August 2019

MGU

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Dear Shareholder

MAGNUM MINING AND EXPLORATION LIMITED NON-RENOUNCEABLE PRO-RATA ENTITLEMENT OFFER

On 12 August 2019, Magnum Mining and Exploration Limited (Magnum or the Company) announced a non-renounceable pro-rata Entitlement Offer to each Eligible Shareholder of one (1) New Option, exercisable at \$0.05 and with an expiry date of 30 September 2022, for every three (3) Shares held by those Shareholders registered at the Record Date, at an issue price of \$0.01 per New Option to raise up to \$1,015,263 (Offer).

1. THE ENTITLEMENT OFFER

Magnum is pleased to announce an opportunity for holders of shares in the Company (Shareholders) with a registered address in Australia or New Zealand (Eligible Shareholders) as at 5.00pm (WST) on 27 August 2019 (Record Date) to participate in the Offer. Further details as to the Shareholders who are considered to be Eligible Shareholders for the purpose of the Offer are set out in the Entitlement Offer Prospectus.

Pursuant to the Offer, the Company will issue up to 101,526,273 New Options at an issue price of A\$0.01 per Option to raise up to \$1,015,263 (before costs). If you are an Eligible Shareholder you will be able to subscribe for 1 New Option for every 3 existing shares held by you as at the Record Date. Any fractional entitlements will be rounded up to the nearest whole number.

All of the Shares issued upon the future exercise of the New Options offered under this Prospectus will rank equally with the Shares on issue at the date of the Entitlement Offer Prospectus.

The Entitlement Offer is not underwritten.

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Suite 2, Churchill Court, 234 Churchill Avenue, Subiaco WA 6008 PO Box 8209, Subiaco East WA 6008

Tel: +61 8 6280 0245 Fax: +61 8 9381 2855 Email: info@mmel.com.au Web: www.mmel.com.au

2. USE OF PROCEEDS

The proceeds from the Rights Issue will be used to:

- (a) Complete the hard rock trial mining and processing phase of the current test work being carried out at the Company's Gravelotte emerald project;
- (b) Undertake additional technical work;
- (c) Pay the costs of the Offer; and
- (d) for general working capital.

3. ENTITLEMENT OFFER PROSPECTUS

The Entitlement Offer Prospectus, together with the Appendix 3B, were lodged with ASX on 12 August 2019. The Entitlement Offer Prospectus is available for download from both the ASX website (www.asx.com.au) and the Company's website (www.mmel.com.au) and will be despatched to Eligible Shareholders on 30 August 2019. You should read the entire Entitlement Offer Prospectus carefully before deciding whether to participate in the Offer.

4. DISCLOSURE OF INFORMATION

The number of issued shares at the date of this notice and the total number of issued shares at the close of the Offer (if the Offer is fully subscribed) are as follows:

Shares	Number
Number of Shares on issue as of 12 August 2019	279,578,818
Shares offered pursuant to the Offer	Nil
Shares issued if 100% of Redeemable Convertible Notes are exercised	25,000,000
Total Shares on issue after completion of the Offer	304,578,818

Options	Number
Unquoted Option (unlisted) currently on issue	9,000,000
Maximum number of Options offered pursuant to the Offer assuming none of the Unquoted Options are exercised prior to the Record Date and that 100% of the Redeemable Convertible Notes are converted prior to the Record Date to participate in the Offer	101,526,273
Total Options on issue after completion of the Offer	110,526,273

Shareholder approval is not required for the Entitlement Offer and, therefore, no Shareholder approval will be sought.

5. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

If you are an Eligible Shareholder, you may either:

- take up all or part of your entitlement to acquire New Options under the Offer;
- allow all or part of your entitlement to lapse; or
- do nothing.

Eligible Shareholders should refer to Section 6.5 of the Entitlement Offer Prospectus for further information regarding these options. The indicative timetable for the Offer is set out in the Annexure to this letter.

Your entitlement may have value and it is important you determine whether to (in whole or in part) take up or do nothing in respect of your entitlement. Eligible Shareholders should read all of the information set out in the Entitlement Offer Prospectus, including the risk factors, before making a decision in respect of the Offer. You should ensure that you understand the tax consequences of any action that you take or of doing nothing.

For further information on your entitlement to the Offer, or how to deal with the Offer, please contact Grant Button on +61 8 6280 0245.

For other questions, you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

The Magnum Board is pleased to offer this opportunity to you.

Yours sincerely

Magnum Mining and Exploration Ltd



Howard Dawson
Chairman

This is Annexure 'A' of 1 page

Timetable

Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX Notice of Entitlement of Offer sent to Redeemable Convertible Note Holders Notice of Entitlement of Offer sent to Option Holders	12 August 2019
Notice of Entitlement of Offer sent to Shareholders	13 August 2019
Shares quoted on an "EX" basis	26 August 2019
Record Date for determining Entitlements	27 August 2019
Prospectus and Application Form dispatched to Eligible Shareholders	30 August 2019
Last Day to extend Closing Date	17 September 2019
Closing Date (5pm WST)*	23 September 2019
Options quoted on a deferred settlement basis	24 September 2019
Notification of shortfall	26 September 2019
Issue date of New Options Deferred settlement trading ends	30 September 2019
Anticipated date for commencement of New Options trading on a normal settlement basis	1 October 2019

* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such the date the New Options are expected to commence trading on ASX may vary.



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Subject to certain exceptions, the Offer is open to existing holders of shares in the Company (Shareholders) with a registered address in Australia and New Zealand as at 5.00pm (WST) on 27 August 2019 (Record Date). Further details as to the Shareholders who are considered to be Eligible Shareholders for the purpose of the Offer are set out in the Offer Entitlement Prospectus lodged with ASX on 12 August 2019.

Pursuant to the Offer, the Company will issue up to 101,526,273 New Options at an issue price of A\$0.01 per Option to raise up to \$1,015,263 (before costs). If you are an Eligible Shareholder you will be able to subscribe for 1 New Option for every 3 existing shares held on the Record Date at an issue price of \$0.01 per New Option.

The Entitlement Offer Prospectus is available for download from both the ASX website (www.asx.com.au) and the Company's website (www.mmel.com.au).

Following careful consideration, no offer document in relation to the Offer or an Entitlement or Acceptance Form will be sent to Shareholders with a registered address outside of Australia or New Zealand. You are therefore not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand, compared with the small number of Ineligible Shareholders and the number and value of new Options to which they would otherwise be entitled.

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This notice is to inform you about the Offer. This letter is not an offer to issue New Options to you, nor an invitation for you to apply for New Options. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact Grant Button on +61 8 6280 0245. For other questions, you should consult your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

I recognise that you are unable to participate in the Offer and on behalf of the Board and management of Magnum, I thank for your continued interest in Magnum.

Yours sincerely

Magnum Mining and Exploration Ltd

A handwritten signature in black ink, appearing to read "Howard Dawson". The signature is written in a cursive style with a long horizontal stroke at the end.

**Howard Dawson
Chairman**