

# **MAGNUM MINING AND EXPLORATION LIMITED**

**ABN 70 003 170 376**

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## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

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Date of Meeting:	17 June 2020
Time of Meeting:	11.00am (AWST)
Place of Meeting:	Magnum Mining and Exploration Limited Suite 2, Churchill Court 234 Churchill Avenue Subiaco WA 6008

This document is important and requires your immediate attention. This Notice of Annual General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

**NOTICE OF ANNUAL GENERAL MEETING**  
**MAGNUM MINING AND EXPLORATION LIMITED**  
**ABN 70 003 170 376**

Notice is hereby given that the Annual General Meeting of Shareholders of Magnum Mining and Exploration Limited (**Magnum** or the **Company**) will be held at Magnum Mining and Exploration Limited, Suite 2, Churchill Court, 234 Churchill Avenue, Subiaco WA 6008, Western Australia on 17 June 2020 at 11.00am (AWST) to conduct the business set out in this Notice of Annual General Meeting.

The Explanatory Memorandum which accompanies and forms part of this Notice of Annual General Meeting describes the various matters to be considered and contains a glossary of defined terms that are not defined in full in this Notice of Annual General Meeting.

**BUSINESS**

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**1. Financial statements and reports**

To receive the financial statements, the Directors' Reports and Auditor's Report for the Company and its controlled entities for the year ended 31 December 2019. While no resolution is required for this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

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**2. Resolution 1 – Adoption of Remuneration Report**

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

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 31 December 2019."*

**Voting Exclusion Statement**

A vote must not be cast on Resolution 1 by or on behalf of:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such member;

however, a person described in paragraph (a) or (b) above may cast a vote on the Resolution as a proxy if the vote is not cast on behalf of a person described in paragraph (a) or (b) and either:

- (c) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the person is the Chair of the Meeting and the appointment of the Chair of the Meeting as proxy for a person who is entitled to vote:
  - (i) does not direct the proxy as to how to vote on the resolution; and
  - (ii) expressly authorises the Chair of the Meeting to exercise the undirected proxy as the Chair of the Meeting sees fit even though this Resolution is connected, directly or indirectly, with the remuneration of the Key Management Personnel.

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Chair of the Meeting intends to vote available proxies **IN FAVOUR** of Resolution 1.

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### 3. Resolution 2 – Re-election of Mr Grant Button as a Director

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

*"That Mr Grant Button, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

The Chair of the Meeting intends to vote available proxies **IN FAVOUR** of Resolution 2.

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### 4. Resolution 3 – The Company be Authorised to Allot and Issue up to 30,000,000 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 30,000,000 fully paid ordinary shares in the capital of the Company at an issue price of the lesser of 4 cents or 80 % of the volume weighted average price ("VWAP") for the preceding 5 days trading on ASX or at an agreed price being no less than 80% of the 5 day VWAP."

Resolution 3 is an **Ordinary Resolution**.

The Directors unanimously recommend that the Shareholders vote **IN FAVOUR** of Resolution 3.

The Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of Resolution 3.

#### *Voting Exclusion Statement*

*The entity will disregard any votes cast in favour of the resolution by or on behalf of:*

- the named person or class of persons excluded from voting; or*
- an associate of that person or those persons*

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

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or*
- the chair of the meeting 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*
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met*
  - 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*
  - 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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## 5. Other Business

To transact any other business that may be lawfully brought forward in accordance with the Constitution of the Company and the Corporations Act.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink that reads "G. Button". The signature is written in a cursive style with a large, looping initial "G".

**Grant Button**  
**Director**  
30 April 2020

**EXPLANATORY MEMORANDUM**  
**MAGNUM MINING AND EXPLORATION LIMITED**  
**ABN 70 003 170 376**

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## **Financial statements and reports**

The Corporations Act and the Constitution require the following reports, in respect to the financial year of the Company ended 31 December 2019, to be laid before the meeting:

- the Financial Report (which includes the financial statements and Directors' declaration); and
- the Directors' Report, the Corporate Governance Statement and the Auditor's Report.

The 2019 Magnum Annual Report has been posted on the Company's website at <http://www.mmel.com.au>.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of the Company and the consolidated group.

There is no requirement in the Corporations Act or in the Constitution for Shareholders to approve the financial statements and reports.

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## **1. Resolution 1 – Remuneration Report**

### **1.1 General**

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to a non-binding vote of the Shareholders at each Annual General Meeting. In accordance with section 250R3 of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report. However, the Board recognises that the Shareholder vote on Resolution 1 is an indication of Shareholder sentiment and will have regard to the outcome of the vote and any discussion when setting the remuneration practices of the Company.

### **1.2 Content of Remuneration Report**

The Remuneration Report is set out on pages 13 to 20 of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ended 31 December 2019 sent to those Shareholders who elected to receive it or available electronically at <http://www.mmel.com.au>.

The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- sets out the actual remuneration for the financial year ended 31 December 2019 for each Director and each member of the Company's senior executive management team; and

- details and explains any performance hurdles applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of any questions relating to the Remuneration Report at the Annual General Meeting.

The Directors unanimously recommend that Shareholders vote **IN FAVOUR** of Resolution 1.

The Chair of the Meeting intends to vote available proxies **IN FAVOUR** of Resolution 1. Please also see 'Proxy Restrictions' below.

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## **2. Resolution 2 – Re-election of Mr Grant Button as a Director**

It is a requirement under Rule 5 of the Constitution that at each annual general meeting of the Company one-third of the directors (excluding the Managing Director or any director appointed by way of casual vacancy since the previous annual general meeting) retire from office. In accordance with Rule 5 of the Constitution, Mr Grant Button retires at the Annual General Meeting and, being eligible pursuant to the Constitution, offers himself for re-election as a Director.

Resolution 2 is an **Ordinary Resolution**.

The Directors (excluding Mr Button who has an interest in Resolution 2) unanimously recommend that the Shareholders vote **IN FAVOUR** of Resolution 2.

The Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of Resolution 2.

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## **3. Resolution 3 – The Company be Authorised to Allot and Issue up to 30,000,000 fully paid Ordinary Shares**

### **Background**

The effect of Resolution 3 will be to allow the Directors to issue up to 30,000,000 Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX). Up to a maximum of 30,000,000 Shares will be issued at an issue price of the lesser of 4 cents or 80 % of the volume weighted average price (“VWAP”) for the preceding 5 days trading on ASX or at an agreed price being no less than 80% of the 5 day VWAP.”

All funds that are raised will be used to advance the development of the Gravelotte emerald project. This will include expenditure on mine planning including pit design and preliminary scheduling, the pre-purchase or leasing of processing equipment including additional crushing capacity and sorting technology and legal work necessary to secure final mining approvals.

### **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 5 will not be included in the Company’s 15% calculation for the purposes of ASX Listing Rule 7.1.

### **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 1:

- a) The maximum number of Shares to be issued pursuant to Resolution 3 is 30,000,000;
- b) The Shares will be issued within 3 months after the date of the Meeting;
- c) The issue price of the Shares will be of the lesser of 4 cents or 80 % of the volume weighted average price (“VWAP”) for the preceding 5 days trading on ASX or at an agreed price being no less than 80% of the 5 day VWAP
- d) The names of the allottees are not known at the time of disbursing this Notice; The Company will not know until the issue of Shares is carried out. None of the allottees will be Directors of the Company.
- e) The terms will be equal to all other fully paid ordinary Shares of the Company on issue;
- f) The funds will be used for the ongoing assessment of the Gravelotte emerald project as well as working capital.

## Glossary of Terms

The following terms and abbreviations used in the Notice of Annual General Meeting and this Explanatory Memorandum have the following meanings:

**\$** means Australian dollars.

**Annual General Meeting** or **Meeting** means the Annual General Meeting of Shareholders to be held at Magnum Mining and Exploration Limited, Suite 2, 234 Churchill Avenue, Subiaco WA 6008 on 17 June 2020 at 11.00am (AWST) or any adjournment thereof.

**ASX** means the Australian Securities Exchange.

**ASX Listing Rules** means the official listing rules of the ASX.

**AWST** means Australian Western Standard Time.

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting convened by this Notice.

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

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or of the member's spouse; or
- (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 dealings with the Company; or
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** or **Magnum** means Magnum Mining and Exploration Limited (ABN 70 003 170 376).

**Constitution** means the constitution of the Company, as amended from time to time.

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

**Directors** means the directors of the Company, from time to time.

**Explanatory Memorandum** means this explanatory memorandum that accompanies and forms part of this Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Annual General Meeting** means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

**Ordinary Resolution** means a Resolution to be passed by a simple majority of Shareholders voting in person or by proxy.

**Proxy Form** means the proxy form attached to this Notice.

**Remuneration Report** means the remuneration report set out in the Director's Report section of the Company's Annual Financial Report for the year ended 31 December 2019.

**Report** means the Financial Report, Director's Report, Corporate Governance Statement and Auditor's Report.

**Resolution** means a resolution in this Notice of Annual General Meeting.

**Shareholder** means a registered holder of Shares.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Registered Office**  
Suite 2, Churchill Court  
234 Churchill Avenue  
SUBIACO WA 6008

### **Proxies**

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote at the Annual General Meeting on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The Proxy Form (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be returned to Computershare Investor Services Pty Limited:

- by post to GPO Box 242, Melbourne, Victoria 3001 Australia; or
- by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

so that it is received no later than 11.00am (AWST) on 15 June 2020 or 48 hours before any adjournment or postponement of the Annual General Meeting.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a Shareholder of the Company. A proxy may be a person or a body corporate.

In the case of Shares jointly held by two or more persons, all joint holders must sign the Proxy Form.

For the convenience of Shareholders, a Proxy Form is enclosed. However, the Company will accept any appointment of a proxy which complies with the requirements of section 250A of the Corporations Act.

### **Proxy Restrictions**

Pursuant to the Corporations Act, if you elect to appoint a member of Key Management Personnel or any Closely Related Party as your proxy to vote on Resolution 1, you must direct them as to how to vote. You can direct your proxy how to vote on any Resolution by marking the appropriate box (i.e. "for", "against" or "abstain") opposite each Resolution on the Proxy Form. Where you do not direct the member of Key Management Personnel or Closely Related Party as to how to vote on Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote which will mean that your vote will not be counted in relation to Resolution 1.

However, if the Chair of the Meeting is appointed as your proxy and you have not directed the way the Chair of the Meeting is to vote on Resolution 1, by signing and returning the Proxy Form you will be taken to have expressly authorised the Chair of the Meeting to vote the proxy in accordance with the Chair of the Meeting's intention, even though Resolution 1, are connected directly or indirectly with the remuneration of the Key Management Personnel.

### **Voting Entitlement**

For the purposes of Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have determined that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (AWST) on 8 June 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.



