



MAGNUM PROGRESS UPDATE

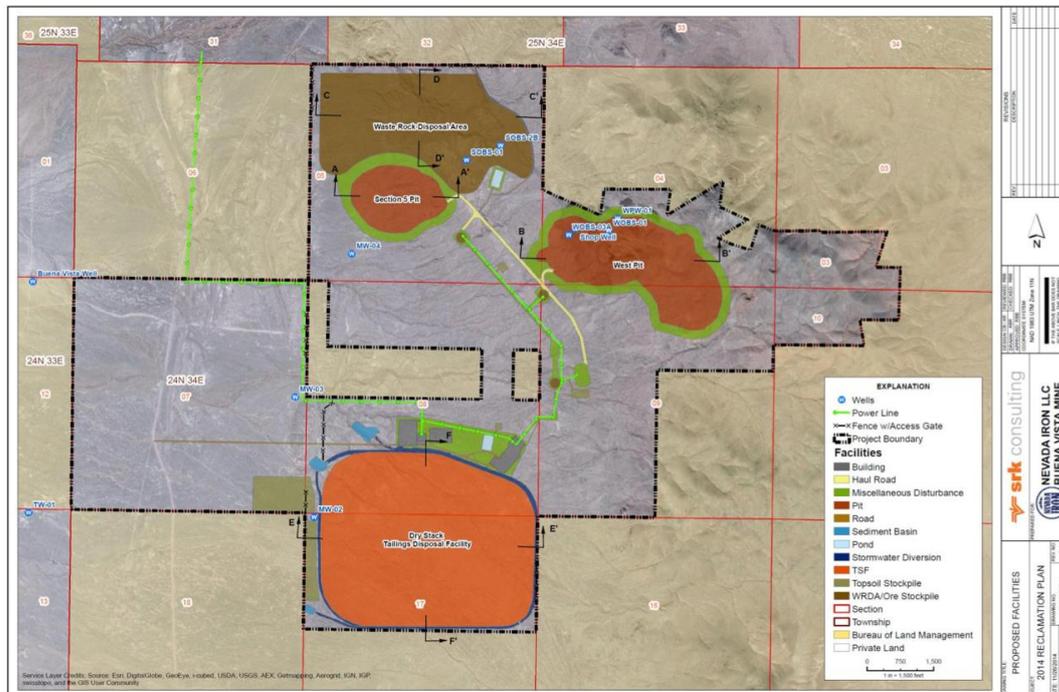
- Project on track and progressing as planned,
- Major milestones achieved,
- Mining Plan received from SRK.

Magnum Mining and Exploration Limited (“Magnum” or “Company”) (ASX: MGU) is pleased to provide a progress update as it remains on track with Phase 1 of the Project to commence production of Direction Shipping Ore (DSO) 62%Fe and/or 65%Fe fines in Q4 2021.

Mining:

SRK Consultant have completed their mining plan and pit design for the Magnum Mining DSO. It is a significant milestone that now allows Magnum to proceed with selecting qualified mining contractors to progress the project to an operating cash flow generating mine.

2014 Proposed Disturbance Areas
For Reference



Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Level 11, 52 Phillip Street, Sydney 2000

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

Magnum has also appointed Mr. Guy Lauzier as the Mine Manager of our Buena Vista project. Mr. Lauzier has over 40 years in the mining industry having worked for major mining companies in North America. Mr. Lauzier will lead our team to fast track the mining and processing of DSO product.

Water:

Confluence Water Resources LLC has been contracted to drill 3 wells in September 2021 for up to 600 US Gallons per minute (as per MGU existing permit). This water is sufficient for our DSO processing as well as for our Phase 2, 68%Fe concentrate plant.

Ore Processing:

GR Engineering has finalized crushing plant design which is another major milestone for Magnum. The plant will be setup in the mine area upon completion of Reclamation Bonding which is expected to take less than four weeks. GR Engineering is also selecting magnetic separation equipment in the USA. **Magnum is expecting to secure the equipment required for the DSO operations as early as September 2021.**

Port:

Magnum had previously announced it had signed an MOU with Port of Stockton. The port is serviced by Union Pacific Railway. Magnum and the Port of Stockton are now working towards a final commercial agreement. Magnum is also pleased to announce that it has signed an MOU with Levin Richmond Port.

Logistics:

Magnum is in negotiation with Savage Services Corp, one of the largest logistics providers in USA, for a comprehensive service agreement for trucking & rail haulage between Magnum's Buena Vista mine, train loading and railing to the Ports of Stockton and Richmond Levin Terminal. An MOU is expected in early August.

Off Take and Sale of Ore:

As previously announced, Magnum has signed a Mandate Letter and Indicative Term Sheet with Anglo American. Phase 1 of this is to sell up to 800,000 tonnes of iron ore to be paid on a secured prepayment basis with the first prepayment of US\$8 million. If requested by Magnum, Anglo American may also advance an additional vessel prepayment of US\$4 million.

Magnum has provided an exclusivity to Anglo to complete their due diligence. The due diligence process is progressing well and now that the mining plan from SRK is complete, Magnum is confident it can provide the remaining information requested by Anglo to complete their due diligence.

Funding:

As previously announced, Magnum has received a number of proposals for funding from institutional investors in North America. Magnum currently has a good cash position, is confident of achieving an off-take agreement for its ore and is also close to its first DSO shipment. The interest from institutional investors is good validation of the Buena Vista project but the MGU board is not in any rush to finalise any new funding agreement until such time that it requires additional capital for the project and has sufficient time to review all proposals.

A handwritten signature in black ink, appearing to be 'JD' or similar initials, written in a cursive style.

John Dinan
Company Secretary
July 28, 2021