



MAGNUM SIGNS AN EXCLUSIVE MANDATE WITH ANGLO AMERICAN TO NEGOTIATE DEFINITIVE OFFTAKE TERMS

- **MGU have signed a Mandate Letter and an Indicative Term Sheet for a long-term offtake and associated prepayment financing with Anglo American for the Buena Vista Iron Ore Project**
- **Anglo American proposes to buy a minimum of 560,000 tonnes and up to an estimated 800,000 tonnes to be paid for on a secured prepayment basis**

Magnum Mining and Exploration Limited ("Magnum" or "Company") (ASX: MGU) is delighted to announce it has signed a Mandate Letter and an Indicative Term Sheet with Anglo American, pursuant to which Magnum and Anglo American will exclusively negotiate definitive documents for the offtake and prepayment financing in relation to Magnum's Buena Vista Iron Ore Project. The Mandate Letter provides for a 60-day exclusivity period to finalise a binding agreement.

The Parties are discussing a 100% offtake arrangement where Magnum will sell 100% of direct shipping ore (DSO 62% and/or 65% fines) produced by the Project ("**Phase 1**") and provide rights of first refusal to Anglo American over the offtake of 100% of volumes of iron ore concentrate, hot briquetted iron (HBI) and pig iron from the Project ("**Phase 2**") as well as financing in connection with Phase 2.

Subject to necessary due diligence, 100% of the DSO will be bought by Anglo American on a secured prepayment basis with a prepayment of US\$8 million. If requested by Magnum, Anglo American may advance an additional vessel prepayment of US\$4 million.

The prepayments will help fund infrastructure and working capital and allow Magnum to accelerate DSO as it uses its secured monthly cash flow from the offtake agreement.

MGU owns 100% of the Buena Vista Iron Ore Project, located in Nevada in the United States. The Project is an advanced magnetite iron ore project, with 232 million tonnes, that is expected to produce export grade direct shipping ore (DSO) fines (62% and 65%) in the immediate short term and a +67.5 % Fe magnetite concentrate in the longer term.

Managing Director, Dano Chan, said "Magnum is systematically delivering on its strategy of shipping ore in 2021 and the proposed agreement with Anglo American of a long-term offtake and financing is intended to be a key step in this process."

Magnum will provide an update to the ASX as and when formal agreements are complete. The Company requests that its securities are reinstated to official quotation with immediate effect.

This document was authorized for release by the Company Secretary, Mr John Dinan.

Yours faithfully
Magnum Mining and Exploration Limited

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