



## PROPOSED CANCELLATION OF PERFORMANCE RIGHTS AND ISSUE OF NEW PERFORMANCE RIGHTS TO DIRECTORS

Magnum Mining and Exploration Limited (ASX: MGU) (**Magnum** or **Company**) advises that it intends to cancel the existing Performance Rights granted to the Directors of the Company and issued on 3 August 2021 under the Company's employee incentive plan (**Employee Incentive Plan**) (which were approved by shareholders on 20 July 2021).

The Company has decided to cancel the existing Performance Rights following a re-evaluation of the Performance Rights and the performance hurdles associated with those Performance Rights. The cancellation is to be effected without consideration.

The Existing Performance Rights to be cancelled via an Appendix 3H (which will be released to market immediately following this announcement) comprise:

### Performance Rights issued to Dano Chan

Item	Performance Rights	Performance Rights
<b>Amount of Performance Rights</b>	500,000	1,000,000
<b>Vesting conditions</b>	Shares vest at finalisation of rail and port approvals	Shares vest at payment of first iron ore shipment with a minimum requirement of 30,000 tonnes
<b>Expiry date</b>	20 -Apr-22	20 -Jul-22

### Performance Rights issued to Don Carroll and Matt Latimore

Item	Performance Rights	Performance Rights	Performance Rights
<b>Amount of Performance Rights</b>	1,000,000	1,000,000	1,000,000
<b>Vesting conditions</b>	Shares vest when market cap remains above \$150,000,000 for 14 consecutive trading sessions post shareholder approval	Shares vest when market cap remains above \$200,000,000 for 14 consecutive trading sessions post shareholder approval	Shares vest after payment received for first 100,000 tonnes of iron ore
<b>Expiry date</b>	20-Jul-22	20-Jul-23	20-Oct-22

The Company wishes to advise that subject to obtaining shareholder approval it proposes to issue new Performance Rights to directors under the Employee Incentive Plan.

As noted above, the Company conducted a comprehensive re-evaluation of the Performance Rights issued under the Employee Incentive Plan and the performance hurdles associated with those Performance Rights. The review was conducted with a view to more closely link the board's long term incentives to the critical strategic objectives of the business, including as a result of the Company's new strategic direction in progressing its Buena Vista Project for green Pig Iron production. This is a change of direction from when the Company initially issued the Performance Rights and for that reason has cancelled the existing Performance Rights and is replacing them with new Performance Rights (subject to shareholder approval).

The Performance Rights will vest in tranches, with the performance hurdle for each tranche set to appropriately incentivise the directors as the Company moves to develop its Buena Vista Project towards green pig iron production. The Board believes it is in the interests of shareholders to strengthen the interdependence between the Company, as an employer, and the Company Directors for the long-term mutual benefit of both and all shareholders.

The issue of the new Performance Rights will be subject to shareholder approval at the Company's upcoming Annual General Meeting (**AGM**).

Should the issue of the new Performance Rights be approved at the AGM, the Company is proposing to issue a total of 52,000,000 unquoted Performance Rights to Directors, which will be issued under the Employee Incentive Plan as follows:

Item	Performance Rights (Class 1)	Performance Rights (Class 2)	Performance Rights (Class 3)	Performance Rights (Class 4)	Performance Rights (Class 5)	Performance Rights (Class 6)
<b>Amount of Performance Rights</b>	6,000,000	9,000,000	6,000,000	10,000,000	10,000,000	11,000,000
<b>Vesting conditions</b>	vest at completion of test work and production of pig iron samples meeting expected quality targets within 3 months of shareholder approval	vest at confirmation of mine and plant flow sheet and positive financial model within 6 months of shareholder approval.	vest upon Company entering into Memorandum of Understanding for long term supply of Biomass within 9 months of shareholder approval	vest upon Company entering into Memorandum of Understandings with steel mill customers for part of the Company's estimated production within 12 months of shareholder approval	vest upon Company signing letter of intent with strategic partner to progress a definitive feasibility study within 12 months of shareholder approval.	vest upon Company completing a Bankable Feasibility Study within 24 months of shareholder approval.
<b>Expiry date</b>	1/09/2022	1/12/2022	1/03/2023	1/06/2023	1/06/2023	1/06/2024

Director	Performance Rights Class	Number
Dano Chan	1	3,000,000
	2	5,000,000
	3	4,000,000
	4	4,000,000
	5	3,000,000
	6	5,000,000
Don Carroll	1	2,000,000
	2	2,000,000
	3	1,000,000
	4	3,000,000
	5	3,000,000
	6	3,000,000
Matt Latimore	1	500,000
	2	1,000,000
	3	500,000
	4	2,000,000
	5	2,000,000
	6	1,000,000
John Dinan	1	500,000
	2	1,000,000
	3	500,000
	4	1,000,000
	5	2,000,000
	6	2,000,000
<b>Total</b>		<b>52,000,000</b>

For further details in relation to the terms and conditions of the Performance Rights, please refer to Annexure A of this announcement.

The announcement has been authorised for release by the Company Secretary, John Dinan.  
For further information, please contact:

**John Dinan, Company Secretary**  
**Magnum Mining and Exploration Limited**  
Ph: +61 438 014 304



John Dinan  
Company Secretary  
**11 April 2022**

## ANNEXURE A – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

### 1. Rights attaching to Performance Rights

- (a) **(Performance Rights):** Each Performance Right is a right to acquire a Share.
- (b) **(General Meetings):** A Performance Right confers on the holder (**Holder**) the right to receive all reports and accounts required to be laid before Shareholders of the Company in general meeting and all notices of general meeting, but unless otherwise entitled does not confer on the Holder the right to attend at general meetings.
- (c) **(No Voting Rights):** A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
- (d) **(No Dividend Rights):** A Performance Right does not entitle the Holder to any dividends.
- (e) **(Rights on Winding Up):** The Performance Rights that have not vested do not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) **(Not Transferable):** A Performance Right is not transferable.
- (g) **(Reorganisation of Capital):** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be reconstructed in the manner permitted by the Listing Rules or as otherwise permitted by the Board.
- (h) **(Application to ASX):** A Performance Right will not be quoted on ASX. However, upon conversion of the Performance Rights, the Company must within 10 Business Days after the conversion, apply for official quotation on the ASX of the Company Shares issued upon such conversion.
- (i) **(Participation in Entitlements and Bonus Issues):** A Performance Right does not confer any right to participate in new issues of securities such as bonus issues or entitlement issues.
- (j) **(Automatically Lapse):** The Performance Rights will automatically lapse if the Holder is no longer an employee or Director of the Company.
- (k) **(Return of Capital):** A Performance Right does not confer any right to a return of capital, whether in winding up, upon a reduction of capital or otherwise.
- (l) **(No Other Rights):** A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

### 2. Vesting Conditions of Performance Rights

- (a) **(Conversion on achievement of milestone):** Subject to paragraphs (b) to (e) below, the Performance Rights vest upon achievement of the following milestones:
  - (i) **(Class 1)** completion of test work and production of pig iron samples meeting expected quality targets within 3 months of shareholder approval;
  - (ii) **(Class 2)** confirmation of mine and plant flow sheet and positive financial model within 6 months of shareholder approval;
  - (iii) **(Class 3)** Company entering into Memorandum of Understanding for long term supply of Biomass within 9 months of shareholder approval;
  - (iv) **(Class 4)** Company entering into Memorandum of Understandings with steel mill customers for part of the Company's estimated production within 12 months of shareholder approval;
  - (v) **(Class 5)** Company signing letter of intent with strategic partner to progress a definitive feasibility study within 12 months of shareholder approval; and

- (vi) **(Class 6)** Company completing a Bankable Feasibility Study within 24 months of shareholder approval,  
  
(each, a **Milestone**).
- (b) **(Conversion)**: following vesting of Performance Rights, the Company must within 10 Business Days issue the number of Shares which relate to the Performance Rights that have vested. If Shares are officially quoted on the ASX at the time of the issue of Shares arising from the conversion of any Performance Rights under the Incentive Scheme, the Company must within the timeframe required by Item 5 of Appendix 6A of the Listing Rules, apply for official quotation of the Shares.
- (c) **(Expiry Dates)**: Each Milestone must be achieved on or before the following dates:
  - (i) **(Class 1)** 1 September 2022;
  - (ii) **(Class 2)** 1 December 2022;
  - (iii) **(Class 3)** 1 March 2023;
  - (iv) **(Class 4)** 1 June 2023;
  - (v) **(Class 5)** 1 June 2023; and
  - (vi) **(Class 6)** 1 June 2024,(collectively, **Expiry Dates**).
- (d) **(Compliance with law)**: The conversion of the Performance Rights is subject to compliance at all times with the Corporations Act and the Listing Rules.
- (e) **(No Conversion if Milestone Not Achieved)**: Subject to paragraphs (b), (c) and (d), if the relevant Milestone is not achieved by the relevant Expiry Date, all Performance Rights held by each Holder the subject of that Milestone shall automatically lapse.
- (f) **(Conversion Procedure)**: The Company will issue the Holder with a new holding statement for the Shares 10 Business Days following conversion of the Performance Rights.
- (g) **(Ranking of Shares)**: The Shares into which Performance Rights will convert are pari passu in all respects with existing Shares.