



ASX Release: 05/08/2022

APPOINTMENT OF CEO

Magnum Mining and Exploration Limited (ASX:MGU) (**Magnum** or **Company**) is delighted to announce the appointment of Mr Neil Goodman as Chief Executive Officer of Magnum and as a Director of Magnum's 100% owned US subsidiary Nevada Iron LLC with immediate effect.

Mr Goodman was involved in the design and commissioning of ironmaking plants in Europe, America and Asia for over 20 years. Following this, Mr Goodman was the General Manager of Rio Tinto's HIs melt Corporation for more than 10 years, responsible for the design and operation of the first commercial scale HIs melt plants in Western Australia and China. The first commercial scale HIs melt plant was operated in Kwinana WA by a JV comprising Rio Tinto, Nucor Steel, Mitsubishi and Shougang from 2005 to 2008 and successfully proved the economic viability of the technology. The second commercial HIs melt plant was started up in 2016 by Molong Petroleum Machinery Ltd in Shandong, China and is still in operation. Molong has produced more than 2 million tonnes of pig iron to date and here are presently two HIs melt plants in operation in China and eight more plants are under design or construction in Asia.

Mr Goodman is currently the Managing Director of Smelt Tech Consulting Pty Ltd, a Perth based company providing consulting services to organisations developing iron ore downstream processing opportunities worldwide and is also the sole Director and Shareholder of Appalachian Iron LLC, an entity incorporated in Delaware, with the focus on developing a HIs melt plant in the United States.

Neil graduated from Imperial College London, with a degree in Metallurgy, and was the recipient of the Charles Salter prize for excellence in metallurgy from the Royal School of Mines.

Mr Goodman is also currently engaged by Magnum as a strategic technical advisor.

It is considered that Mr Goodman's significant industry experience and expertise will be a substantial asset in implementing Magnum's strategic shift from concentrating on Direct Shipping Ore (**DSO**) to magnetite concentrate with the intention to develop a biochar green pig iron processing plant complementary to its existing operations at its 100% owned Buena Vista Magnetite Project.

Magnum Mining & Exploration Ltd

ABN: 70 003 170 376

Level 11, 52 Phillip Street, Sydney, NSW, 2000

Tel: +61 438014304 Email: info@mmel.com.au Web: www.mmel.com.au

Commenting on his appointment as CEO Neil Goodman said - "I look forward to developing this project that will provide a carbon-free feed material to the US steel industry. This will allow US steelmakers to produce green steel from US sourced raw materials with an immutable and fully auditable net-zero carbon life cycle. I will engage with potential customers and investors immediately with the aim of starting engineering and construction in the next financial year "

Mr Goodman's position as Chief Executive Officer will be covered by an Executive Services Agreement, while Mr Goodman will also be engaged as a consultant pursuant to a Consultancy Agreement to facilitate research and development activities for Magnum in respect to its US operations. The key terms of each agreement are set out in Annexures A and B, respectively.

By Order of the Board

BY ORDER OF THE BOARD

05/08/2022

Email: info@mmel.com.au

Magnum Mining & Exploration Limited (ASX: MGU)

Annexure A – Executive Services Agreement

Position	Chief Executive Officer of the Company and Director of Nevada Iron LLC
Salary	A\$15,000 per month
Spouse Benefit	Mr Goodman will be entitled to one (1) Business Class return flight for his Spouse each quarter.
Term	Term of the Executive Services Agreement will be ongoing until terminated pursuant to the termination clause in the agreement.
Options	As part of his remuneration, Mr Goodman will receive 25,000,000 unlisted Options exercisable at \$0.10 on or before the date that is three (3) years from their date of issue, vesting upon 12 months of service.
Bonuses	<p>Mr Goodman will receive the following bonuses to incentivise his performance with the Company:</p> <p>(a) up to US\$500,000, taking into account the following key performance indicators:</p> <ul style="list-style-type: none"> (i) revenue of the Company (or one of its Related Bodies Corporate) from the sale of pig iron derived from the Company's Buena Vista Magnetite Project; (ii) revenue generated by the Company (or one of its Related Bodies Corporation) from other projects using the HIs melt process; (iii) low injury and incident rates at the Company's mining operations; (iv) ESG compliance; and (v) other relevant factors to be determined by the Board on an annual basis (acting reasonably); and <p>(b) 1% of total EBITDA for a period of three (3) years after the first pig iron sale by the Company (or one of its Related Bodies Corporation), and within 48 months of the date of the Executive Services Agreement.</p>
Performance Rights to be issued on achievement of milestones	<p>Mr Goodman will be issued Performance Rights to incentivise his performance. The Performance Rights will vest and convert into Shares on a one for one basis on achievement of the following milestones:</p> <p>(a) 2,500,000 Performance Rights will vest on the execution of a third party off-take agreement for supply of pig iron produced by the Company (milestone to expire within 9 months of the date of issue);</p> <p>(b) 2,500,000 Performance Rights will vest on the completion by the Company of a Bankable Feasibility Study (milestone to expire within 18 months of the date of issue);</p>

	<p>(c) 2,500,000 Performance Rights will vest on the achievement of a total pig iron production quota of 1,000,000tpa by the Company pursuant to a binding third party off take agreement (milestone to expire within 24 months of the date of issue);</p> <p>(d) 2,500,000 Performance Rights will vest on the achievement of a total pig iron production quota of 1,000,000tpa by the Company pursuant to a binding third party pre-pay agreement (milestone to expire within 24 months of the date of issue);</p> <p>(e) 2,500,000 Performance Rights will vest on the achievement of a total supply quota of mill scale or other feed materials, relevant to 50% of the required ore for pig iron production (50% ore/50% millscale) by the Company pursuant to a third-party supply agreement linked to any bankable feasibility study requirements for at least the term of the bankable debt facilities (milestone to expire within 24 months of the date of issue);</p> <p>(f) 3,750,000 Performance Rights will vest on the achievement of a total supply quota of 1,000,000tpa of biochar to service production of the Company's pig iron plant pursuant to a third-party supply agreement, linked to any bankable feasibility study requirements for at least the term of the bankable debt facilities (milestone to expire within 24 months of the date of issue);</p> <p>(g) 3,750,000 Performance Rights on the achievement of the first production of biochar by the Company (milestone to expire within 24 months of the date of issue); and</p> <p>(h) 5,000,000 Performance Rights will vest on the achievement of the first production of pig iron (milestone to expire within 24 months of the date of issue).</p>
--	--

Annexure B – Consultancy Agreement

Position	R&D Consultant
Engagement	The Company engages Mr Goodman pursuant to the Consultancy Agreement as the nominated person who will perform consulting services on behalf of Smelt Tech Consulting Pty Ltd (ACN 622 017 529).
Term	Mr Goodman shall be engaged by the Company until such time as the engagement is terminated in accordance with the terms of this letter
Remuneration	The Company shall pay Mr Goodman a fee of A\$15,000 per month exclusive of GST.
Specific Duties	<p>As the Company is in its pre-production and exploration drilling phase and is currently undertaking extensive research and development (R&D) activities in developing novel processes for processing pig iron ore, Mr Goodman shall be engaged to facilitate the R&D activities. In performing the services for the Company under this agreement, Mr Goodman shall:</p> <ul style="list-style-type: none"> (a) prepare a development plan in relation to the Nevada Iron pig iron project; (b) negotiate with biochar suppliers and government agencies to produce a plan for commercially viable production of green pig iron; (c) assist with the research and development of the Appalachian Iron LLC green pig iron project in West Virginia; (d) prepare the R&D budget and holding meetings for the organisation of and discussion around the R&D budget; (e) review and update monthly R&D cash outflows and communicate these to the CFO; (f) review and approve contracts with consultants in regard to R&D activities; (g) liaise with the R&D team monthly and attend meetings as required for budgetary planning purposes; and (h) ensure proper recognition of R&D expenditure based on auditing accounting standards (i.e. AASB rules on recognition of R&D expenditure in Balance Sheet versus Profit & Loss Statement).