

# **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:	30 May 2018
Time of Meeting:	11.00am (AWST)
Place of Meeting:	Metro Hotel Perth 61 Canning Highway South Perth WA 6151

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 Metro Hotel Perth, 61 Canning Highway, South Perth 6151, Western Australia on 30 May 2018 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 2017. 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 2017."*

**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 Howard Dawson as a Director**

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

*"That Mr Howard Dawson, 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 – Re-election of Mr Scott Robertson as a Director**

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

*"That Mr Scott Robertson, who was appointed as a Director of the Company to fill a casual vacancy of the Board on 3 October 2017 and retires in accordance with the Constitution and the ASX Listing Rules 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 3.

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#### **5. Resolution 4 – Grant of Options to Mr Grant Button**

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

*"That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the grant of up to 3,000,000 Options to Mr Grant Button (or his nominee) and the issue of Shares on valid exercise of those options in accordance with the terms of the options and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion and Prohibition Statement**

- (1) The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Grant Button or his associates. However, the Company need not disregard a vote on Resolution 4 if:
- (a) it is cast by a person as proxy for a person who is entitled to vote on Resolution 4, in accordance with directions on the proxy form; or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (2) For the purposes of Chapter 2E of the Corporations Act, a vote must not be cast on Resolution 4 by or on behalf of Mr Grant Button or his associates. However, this does not prevent the casting of a vote if:
- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
  - (b) it is not cast on behalf of Mr Grant Button or his associates.
- (3) Further, a vote must not be cast on Resolution 4 by or on behalf, of either of the following persons:
- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
  - (b) 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 Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of Resolution 4.

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## 6. Resolution 5 – Grant of Options to Mr Howard Dawson

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

*"That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the grant of up to 2,000,000 Options to Mr Howard Dawson (or his nominee) and the issue of Shares on valid exercise of those options in accordance with the terms of the options and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion and Prohibition Statement

- (1) The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Howard Dawson or his associates. However, the Company need not disregard a vote on Resolution 5 if:
- (a) it is cast by a person as proxy for a person who is entitled to vote on Resolution 5, in accordance with directions on the proxy form; or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- (2) For the purposes of Chapter 2E of the Corporations Act, a vote must not be cast on Resolution 5 by or on behalf of Mr Howard Dawson or his associates. However, this does not prevent the casting of a vote if:
- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
  - (b) it is not cast on behalf of Mr Howard Dawson or his associates.
- (3) Further, a vote must not be cast on Resolution 5 by or on behalf, of either of the following persons:
- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
  - (b) 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 Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of Resolution 5.

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## 7. Resolution 6 – Grant of Options to Mr Scott Robertson

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

*"That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, Shareholders approve and authorise the grant of up to 2,000,000 Options to Mr Scott Robertson (or his nominee) and the issue of Shares on valid exercise of those options in accordance with the terms of the options and otherwise on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion and Prohibition Statement

- (1) The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of Mr Scott Robertson or his associates. However, the Company need not disregard a vote on Resolution 6 if:
- (a) it is cast by a person as proxy for a person who is entitled to vote on Resolution 6, in accordance with directions on the proxy form; or
  - (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a

	direction on the proxy form to vote as the proxy decides.
(2)	For the purposes of Chapter 2E of the Corporations Act, a vote must not be cast on Resolution 6 by or on behalf of Mr Scott Robertson or his associates. However, this does not prevent the casting of a vote if: <ul style="list-style-type: none"> <li>(a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and</li> <li>(b) it is not cast on behalf of Mr Scott Robertson or his associates.</li> </ul>
(3)	Further, a vote must not be cast on Resolution 6 by or on behalf, of either of the following persons: <ul style="list-style-type: none"> <li>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</li> <li>(b) Closely Related Party of such member;</li> </ul> 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: <ul style="list-style-type: none"> <li>(c) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</li> <li>(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:             <ul style="list-style-type: none"> <li>(i) does not direct the proxy as to how to vote on the resolution; and</li> <li>(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.</li> </ul> </li> </ul>

The Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of Resolution 6.

## 8. Resolution 7 – Ratification of prior issue of Options

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

*"That, pursuant to and in accordance with ASX Listing Rule 7.4, and for all other purposes, Shareholders ratify the issue of 2,000,000 unlisted options each with an exercise price of \$0.075 to Mr Stephen Konecny on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Stephen Konecny or his associates. However, the Company need not disregard a vote on Resolution 7 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote on Resolution 7, in accordance with directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chair of the Meeting intends to exercise all undirected proxies **IN FAVOUR** of Resolution 7.

## 9. 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**



**Grant Button**  
**Director**  
 18 April 2018

**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 2017, 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 2017 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 12 to 18 of the Directors' Report contained in the Annual Financial Report of the Company for the financial year ended 31 December 2017 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 2017 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.

## **2. Resolution 2 – Re-election of Mr Howard Dawson 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 Howard Dawson 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 Dawson 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.

## **3. Resolution 3 – Re-election of Mr Scott Robertson as a Director**

Rule 8.2 of the Constitution provides that any director appointed under Rule 8.1 of the Constitution to fill a casual vacancy holds office until the termination of the next annual general meeting of the Company and is eligible for re-election at that annual general meeting. Additionally, ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy must not hold office (without re-election) past the next annual general meeting of the company.

Mr Scott Robertson, having been appointed to the Board by the Directors on 3 October 2017 to fill a casual vacancy in accordance with Rule 8.1 of the Constitution, will retire and, being eligible pursuant to the Constitution, offers himself for re-election as a Director.

Resolution 3 is an **Ordinary Resolution**.

The Directors (excluding Mr Robertson who has an interest in Resolution 3) 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.

## **4. Resolutions 4, 5 and 6 – Grant of Options to Mr Grant Button, Mr Howard Dawson and Mr Scott Robertson**

### **4.1 Details of the proposed grant of Options**

The Company proposes to grant Options to each of Mr Grant Button, Mr Howard Dawson and Mr Scott Robertson (or their nominees). The Board acknowledges that, in respect of the grant of the Options to Mr Howard Dawson and Mr Scott Robertson (the **Non-Executive Directors**), the grant of the Options is not in accordance with the Guidelines for Non-Executive Director

Remuneration set out in the Corporate Governance Principles and Recommendations 2014 (3rd Edition) as published by the ASX Corporate Governance Council. However, the Board considers that it is reasonable in the circumstances for the Directors (including the Non-Executive Directors) to be granted the Options on the basis that it forms part of the reduced consultancy rates agreed to by each of the Directors.

#### **4.2 Approval for the purposes of the ASX Listing Rules and Corporations Act**

Resolutions 4 to 6 seek Shareholder approval for the grant of the Options (and the subsequent issue of Shares on the valid exercise of those Options) to the Directors for the purposes of:

- (a) ASX Listing Rule 10.1, which requires shareholder approval for the issue of securities (including options) to a related party of the Company;
- (b) Chapter 2E of the Corporations Act, which prohibits a public company from giving a financial benefit to a related party of a public company unless the giving of the financial benefit falls within one of the nominated exceptions, or shareholder approval is obtained prior to the giving of the financial benefit. As noted above, the proposed offer of Options to the Directors forms part of the reduced consultancy rates agreed to by each of the Directors. Given the circumstances of the Company, the Board consider that the proposed grant of Options would constitute reasonable remuneration and accordingly may fall within an exception to the related party provisions in Chapter 2E of the Corporations Act. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies. Nevertheless, they have resolved, as a matter of good corporate governance, that the Company also seek Shareholder approval pursuant to Chapter 2E of the Corporations Act; and
- (c) Section 195 of the Corporations Act which generally provides that a director of a public company must not vote or be present during meetings of directors when matters in which that director holds a 'material personal interest' are being considered.

Section 195(4) of the Corporations Act relevantly provides that if, due to the restriction set out in section 195, there are not enough directors to form a quorum, one or more of the Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It may be argued (but it is not considered by the Board to be the case) that the Directors have a material personal interest in the outcome of Resolutions 4 to 6. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 4 to 6 at Board level. For the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Directors have exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve. This will authorise the Directors to effect the transactions and carry out related matters contemplated in Resolutions 4 to 6 even if the Directors have a material personal interest in the transaction.

Shareholder approval under ASX Listing Rule 7.1 is not required for issues that have been approved under ASX Listing Rule 10.11. Accordingly, provided Resolutions 4 to 6 are approved by Shareholders, the grant of the Options to the Directors (and any subsequent acquisition of Shares on the valid exercise of those Options) will not be included in the calculation of the Company's 15% annual placement capacity for the purposes of ASX Listing Rule 7.1.



#### 4.3 Information required by ASX Listing Rule 10.13

For the purpose of the approval sought under ASX Listing Rule 10.11, and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Options:

- (a) The Options are proposed to be issued to Mr Grant Button, Mr Howard Dawson and Mr Scott Robertson, each a Director and, as such, a related party of the Company.
- (b) The maximum number of Options that may be granted to each Director pursuant to Resolutions 4 to 6 are as follows:

Director	Maximum number of Options
Mr Grant Button	3,000,000
Mr Howard Dawson	2,000,000
Mr Scott Robertson	2,000,000

- (c) The Options will be granted no later than one month after the date of the Meeting (or such other later date as permitted by any ASX waiver of the ASX Listing Rules). The Company expects to grant all of the Options on the same date, however, the exact date of the grant is unknown at this stage.
- (d) The Options will be granted to the Directors for nil cash consideration and otherwise on the terms set out in Annex 1 to this Explanatory Memorandum.
- (e) Voting exclusion statements for Resolutions 4 to 6 have been included in the Notice.
- (f) The Options will be granted for no cash consideration and accordingly, no funds will be raised from the grant of the Options to the Directors. The funds raised from time to time, as a result of the issue of Shares upon exercise of the Options will be used for working capital purposes, as the Board thinks fit.

#### 4.4 Information required by the Corporations Act

Pursuant to, and in accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided for the purposes of obtaining Shareholder approval for Resolutions 4 to 6:

- (a) The related parties to whom a financial benefit will be given are Mr Grant Button, Mr Howard Dawson and Mr Scott Robertson (or their nominees), each of whom is a Director of the Company.
- (b) The nature of the financial benefit proposed to be given to each Director is the grant of Options up to the maximum number set out in the table below:

Director	Maximum number of Options
Mr Grant Button	3,000,000
Mr Howard Dawson	2,000,000

Mr Scott Robertson	2,000,000
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- (c) Each Option will be issued with an exercise price of \$0.075 and otherwise will be granted on the terms and conditions set out in Annex 1 to this Explanatory Memorandum and will expire on 31 December 2019.
- (d) The Options will be granted for no cash consideration and accordingly, no funds will be raised from the grant of the Options to the Directors. The funds raised from time to time, as a result of the purchase of Shares upon exercise of the Options will be used for working capital purposes, as the Board thinks fit.
- (e) Directors' interest in the outcome

Each Director is a proposed recipient of the Options and has an interest in the outcome of the Resolution relevant to him.

- (f) Director's Fees, Cash Salary and Consultancy Fees

Director	2016 Financial Year		2017 Financial Year	
	Cash Salary and Consulting Fees	Directors' Fees	Cash Salary and Consulting Fees	Directors' Fees
Mr Grant Button	Nil <sup>1</sup>		\$58,333	Nil <sup>2</sup>
Mr Howard Dawson	N/A <sup>3</sup>		\$17,333 <sup>4</sup>	Nil
Mr Scott Robertson	N/A <sup>5</sup>		Nil <sup>6</sup>	Nil

- (g) The securities currently held by the Directors and those that may be issued subject to Shareholder approvals at this Meeting are set out in the table below:

Director	Existing Shares	Existing Options	Options <sup>7</sup>
Mr Grant Button	4,440,000	Nil	3,000,000
Mr Howard Dawson	Nil	Nil	2,000,000
Mr Scott Robertson	Nil	Nil	2,000,000

The Company has 2,000,000 unlisted options on issue.

<sup>1</sup> Mr Grant Button forgave all accrued Directors' Fees for the year ended 31 December 2016.

<sup>2</sup> Mr Grant Button forgave all accrued Directors' Fees for the year ended 31 December 2017.

<sup>3</sup> Mr Howard Dawson was appointed to the Board on 20 February 2017.

<sup>4</sup> Excludes an amount of \$13,000 owing to HG & L Dawson Discretionary Trust.

<sup>5</sup> Mr Scott Robertson was appointed to the Board on 3 October 2017.

<sup>6</sup> Excludes an amount of \$7,500 owing to Mr Scott Robertson.

<sup>7</sup> Subject to Shareholder approval under Resolutions 4 to 6.

(h) Dilution

- (i) The dilution effect if all Options the subject of Resolutions 4 to 6 are exercised but the Options granted to Mr Stephen Konecny are not exercised (noting that the Company does not have any other options on issue) and no other Shares are issued will be 2.5% on Shareholders as set out below:

Shares currently on issue	279,578,818
Resolutions 4 to 6 – Options to be granted to the Directors	7,000,000
Expanded capital if Options granted to Directors are exercised	286,578,818
Dilutionary effect	2.5%

- (ii) The dilution effect if all Options the subject of Resolutions 4 to 6 and the Options granted to Mr Stephen Konecny are exercised (noting that the Company does not have any other options on issue) and no other Shares are issued will be 2.48% on Shareholders as set out below:

Shares on issue if the Options granted to Mr Stephen Konecny are exercised	281,578,818
Resolutions 4 to 6 – Options to be granted to the Directors	7,000,000
Expanded capital if Options granted to Directors are exercised	288,578,818
Dilutionary effect	2.48%

(i) Trading History

In the last 12 months before the date of this Notice, the highest, lowest and latest trading price (as at 18 April 2018) of the listed Shares on ASX are as set out below:

Trading History	Shares (ASX: MGU)
Highest (20 February 2018)	\$0.082
Lowest (19 April 2017)	\$0.044
Latest (18 April 2018)	\$0.053

- (j) The value of each Option has been calculated by BDO Australia as \$0.026. The value of the financial benefits to be provided to the Directors is set out in the table below:

Director	Value of Financial Benefit
Mr Grant Button	\$78,000

Mr Howard Dawson	\$52,000
Mr Scott Robertson	\$52,000

The valuation of the Options assumes the following:

- (i) The valuation date was 19 March 2018.
- (ii) The Black Scholes option pricing model valuation methodology was used as the basis for the calculation.
- (iii) The underlying Share price is \$0.070.
- (iv) The exercise price is \$0.075 and the expiry date is 31 December 2019.
- (v) The effective life of the Options is 1.79 years.
- (vi) A volatility factor of 75% was used.
- (vii) The risk-free interest rate used was 1.97%.
- (viii) The expected dividend yield is nil.
- (ix) There are no vesting conditions for the Options.
- (k) Directors' recommendation and basis of recommendation

The Directors each have a material personal interest in their respective Resolution because it relates to the grant of options to them. Accordingly, the Directors decline to make a recommendation to Shareholders in relation to Resolutions 4 to 6 given their material personal interest in the outcome of their respective Resolutions and potential perceived interest in relation to the other Resolutions in respect of the grant of the Options.

Resolutions 4 to 6 are Ordinary Resolutions.

The Chair of the Meeting intends to exercise all undirected proxies **IN FAVOUR** of Resolutions 4 to 6. Please see 'Proxy Restrictions' below.

#### **4.5 Other information**

There are no material opportunity costs and no taxation consequences to the Company and no material benefits forgone by the Company in granting the Options.

The Directors are not aware of any information, other than the information set out in this Explanatory Memorandum, that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolutions 4 to 6.

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## **5. Resolution 7 – Ratification of prior issue of Options**

### **5.1 Background**

On 14 December 2017, the Company announced that it had granted 2,000,000 Options each with an exercise price of \$0.075 to the Company's Senior Geological Consultant, Mr Stephen Konecny. Mr Konecny is supervising geologist over the Company's Queensland exploration

activities and is assisting the Company in evaluating potential new opportunities. The Company agreed to grant the unlisted options to Mr Konecny as part of a reduced consultancy rate for his services.

The Options were issued on 14 December 2017, pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1. Resolution 7 seeks Shareholder ratification, pursuant to ASX Listing Rule 7.4, of the grant of the Options.

ASX Listing Rule 7.4 provides that, where a company in a general meeting ratifies previous issues of securities made pursuant to ASX Listing Rule 7.1 and provided that the issue did not breach ASX Listing Rule 7.1, the issue of those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

The effect of Shareholders passing Resolution 7 and ratifying the issue of the Options will be to replenish the Company's 15% placement capacity.

Resolution 7 is an Ordinary Resolution.

## **5.2 Technical Information required by ASX Listing Rule 7.4**

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Options:

- (a) 2,000,000 unlisted options were issued.
- (b) The Options were issued for nil consideration.
- (c) The Options may be exercised at a price of \$0.075 on or before 31 December 2019. Further terms and conditions of the Options are set out in Annex 1 to this Explanatory Memorandum.
- (d) The Options were issued to Mr Stephen Konecny who is not a related party of the Company.
- (e) The Options will be granted for no cash consideration and accordingly, no funds will be raised from the grant of the Options to Mr Stephen Konecny. The funds raised from time to time, as a result of the purchase of Shares upon exercise of the Options will be used for working capital purposes, as the Board thinks fit.
- (f) A voting exclusion statement for Resolution 7 is included in the Notice.

The Board unanimously recommends that Shareholders vote **IN FAVOUR** of Resolution 7.

The Chair of the Meeting intends to exercise all undirected proxies **IN FAVOUR** of Resolution 7.

## 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 Metro Hotel Perth, 61 Canning Highway, South Perth on 30 May 2018 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.

**Non-Executive Directors** has the meaning given in section 4.1.

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

**Options** means, as the context requires, the unlisted options:

- (a) issued to Mr Stephen Konecny on 14 December 2017; and
- (b) to be granted to the Directors under Resolutions 4 to 6,

on the terms and conditions set out in Annex 1 to 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 2017.

**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 6, Ground Floor  
9 Bowman Street  
SOUTH PERTH WA 6151

## **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 28 May 2018 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 Resolutions 1, 4, 5 or 6 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 Resolutions 1, 4, 5, or 6, 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, 4, 5 or 6.

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 Resolutions 1, 4, 5 or 6 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 Resolutions 1, 4, 5 and 6 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 28 May 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.



## ANNEX 1

### TERMS AND CONDITIONS OF OPTIONS

- (a) The Options will be granted for nil consideration.
- (b) Upon exercise, each Option entitles the holder to subscribe for and be issued, one fully paid Share.
- (c) The exercise price shall be \$0.075.
- (d) Any Option not exercised before 31 December 2019 (**Expiry Date**) will automatically lapse.
- (e) Each Option may be exercised before the Expiry Date by lodging with the Company Secretary a Notice of Exercise, duly completed together with payment of an amount equal to the number of Options being exercised multiplied by the exercise price.
- (f) Options cannot be transferred without the approval of the Board.
- (g) The Company will not apply for quotation of the Options but will apply for quotation of Shares issued on exercise of the Options.
- (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in the new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the holders of Options notice of a proposed issue prior to the date for determining entitlements to participate in such issue.
- (i) If the Company completes a Bonus Issue during the term of an Option, the number of Shares the holder of the Option is then entitled to will be increased by the number of Shares which the holder would have been issued in respect of the Options if they were exercised immediately prior to the record date of the Bonus Issue.
- (j) In the event that a Pro Rata Issue (except a Bonus Issue) is made to the holders of the underlying securities of the Company, the exercise price of the Options may be adjusted in accordance with ASX Listing Rule 6.22.
- (k) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the ASX Listing Rules.



ABN 70 003 170 376

MGU

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

XX

For your vote to be effective it must be received by 11.00am (AWST) Monday 28 May 2018

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form →**



View the annual report, 24 hours a day, 7 days a week:

**[www.mmel.com.au](http://www.mmel.com.au)**

To view and update your securityholding:

**[www.investorcentre.com](http://www.investorcentre.com)**

#### Your secure access information is:

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1

#### Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Magnum Mining and Exploration Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Magnum Mining and Exploration Limited to be held at Metro Hotel Perth, 61 Canning Highway, South Perth, Western Australia on Wednesday, 30 May 2018 at 11.00am (AWST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5 and 6 by marking the appropriate box in step 2 below.

### STEP 2

#### Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Howard Dawson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Scott Robertson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Options to Mr Grant Button	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Options to Mr Howard Dawson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Grant of Options to Mr Scott Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /

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Computershare +