MAGNETITE MINES LIMITED
Making Steel Stronger

ASX Announcement

18 October 2018

Notice of Annual General Meeting

The following Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form will be despatched to shareholders today, in relation to the meeting of Magnetite Mines Limited to be held on 30 November 2018 at 10.00am (WST).

For further information contact:

Frank DeMarte
Company Secretary
+61 8 8427 0516

Magnetite Mines Limited

ABN 34 108 102 432

Notice of Annual General Meeting and Explanatory Memorandum

Date of Meeting

30 November 2018

Time of Meeting

10.00am (WST)

Place of Meeting
Seminar Room
The Royal Perth Golf Club
Labouchere Road
South Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice of Annual General Meeting and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting, please complete and return the enclosed Proxy Form in accordance with the specified directions.

Magnetite Mines Limited

ABN 34 108 102 432

Notice of Annual General Meeting

NOTICE IS GIVEN that an Annual General Meeting of Shareholders of Magnetite Mines Limited ABN 34 108 102 432 (**Company**) will be held at the Seminar Room, Royal Perth Golf Club, Labouchere Road, South Perth, Western Australia on 30 November 2018 at 10.00am (WST) for the purpose of transacting the business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice. Terms used in the Resolutions contained in this Notice have the meaning given to them in the glossary in the Explanatory Memorandum.

Agenda

Financial Reports

To receive and consider the financial report of the Company, together with the Directors' Report and the Auditor's Report for the year ended 30 June 2018, as set out in the Annual Report.

Resolution 1 – Non-Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"*That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2018 be adopted.*"

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution 1.

Voting exclusion statement: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

However, a person described above may cast a vote on Resolution 1 if:

(a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chairman of the Meeting and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and

(b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy must not vote on Resolution 1 unless:

(a) the appointment specifies the way the proxy is to vote on Resolution 1; or

(b) the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chairman intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chairman to vote against Resolution 1 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Resolution 2 – Re-election of Mr Malcolm Randall as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"*That, Mr Malcolm Randall, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director.*"

Resolution 3 – Approval to issue Toll Options to Mr Gordon Toll or his nominee(s)

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purposes of sections 208, 200B and 200E of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to a maximum of 30,000,000 Toll Options to Mr Gordon Toll or his nominee(s) with each Toll Option having an expiry date that is five years after the date of issue, and exercise prices as follows:*

(a) 5,000,000 Toll Options, each having an exercise price of $0.045;

(b) 5,000,000 Toll Options, each having an exercise price of $0.037;

(c) 5,000,000 Toll Options, each having an exercise price of $0.032;

(d) 5,000,000 Toll Options, each having an exercise price of $0.037;

(e) 5,000,000 Toll Options, each having an exercise price of $0.030; and

(f) 5,000,000 Toll Options, each having an exercise price of $0.012,

and otherwise on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Gordon Toll or an Associate of his. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Further, pursuant to section 224 and 200E of the Corporations Act, the Company will disregard any votes cast on Resolution 3 (in any capacity) by or on behalf of:

(c) a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party; and

(d) the retiree or an associate of the retiree.

However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a person referred to in paragraph (c) or (d) above.

Further, a Restricted Voter who is appointed as a proxy must not vote on Resolution 3 unless:

(a) the appointment specifies the way the proxy is to vote on Resolution 3; or

(b) the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chairman intends to vote any undirected proxies in favour of Resolution 3. Shareholders may also choose to direct the Chairman to vote against Resolution 3 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please note: If the Chairman is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chairman will only be able to cast a vote as proxy for a person who is entitled to vote if the Chairman is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 3.

Resolution 4 – Ratification of Placement under Listing Rule 7.1

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue on 17 May 2018 of 19,965,912 Shares and 19,965,912 Quoted Options on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).*"

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the issue the subject of Resolution 4 or an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 5 – Ratification of Additional Placement under Listing Rule 7.1

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue on 20 May 2018 of 20,000,000 Shares and 8,000,000 Quoted Options on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).*"

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who participated in the issue the subject of Resolution 5 or an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 6 – Ratification of issue of Quoted Options to CPS Capital

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Quoted Options to CPS Capital Group Pty Ltd and its nominee on 17 May 2018 on the terms and conditions set out in the Explanatory Memorandum (including Annexure B to the Explanatory Memorandum).*"

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of a person who participated in the issue the subject of Resolution 6 or an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 7 – Ratification of issue of Consultant Options to Mr Robert Williamson

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,000,000 Consultant Options to Mr Robert Williamson's nominee (the Williamson Super Fund) on 5 June 2018, each having an exercise price of $0.035 and an expiry date of 4 June 2023 on the terms and conditions set out in the Explanatory Memorandum (including Annexure C to the Explanatory Memorandum).*"

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of Mr Robert Williamson, the Williamson Super Fund or an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 8 – Approval to issue Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and all other purposes, Shareholders approve the issue of up to 50,000,000 Shares at an issue price of not less than 80% of the volume weighted average market price of the Company's Shares

on the ASX, calculated over the last five days on which sales of the Shares are recorded before the date on which the issue is made (or if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares are recorded before the date of the prospectus, product disclosure statement or offer information statement is signed) as is more particularly described in the Explanatory Memorandum".

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 8 by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 9 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula in Listing Rule 7.1A.2 and 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 9 by or on behalf of a person who is expected to participate in the proposed issue or who will obtain a material benefit as a result of the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities), if the resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the 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.

Resolution 10 – Adoption of new constitution

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"*That, the constitution contained in the document submitted to this Meeting and signed by the Chairman for identification purposes (excluding clause 15) be approved and adopted as the constitution of the Company in substitution for the existing Constitution with effect from the end of the Meeting.*"

Resolution 11 – Approval of Proportional Takeover Bid provisions

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, the Proportional Takeover Bid approval provisions set out in Annexure F to the Explanatory Memorandum be inserted in the Proposed Constitution with effect from the end of the Meeting."

Other business

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

By order of the Board

Frank DeMarte
Director & Company Secretary

Dated: 21 September 2018

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their Proxy Form online, by mobile, by post or by facsimile.

Voting in person or by attorney

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. A certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the Meeting.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder. The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1 and 3 if the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- A Shareholder who returns their Proxy Form with a direction how to vote, but does not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned with a direction how to vote, but the nominated proxy (who is not the Chairman of the Meeting) does not attend the Meeting or does not vote on the relevant Resolution(s), the Chairman of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions.
- Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- Proxies must be received by **10.00am (WST) on 28 November 2018**. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - **Online**: www.investorvote.com.au
  - **By mobile**: Scan the QR Code on your proxy form and follow the prompts.
  - **By mail**:

    Computershare Investor Services Pty Limited

    GPO Box 242 Melbourne

    Victoria 3001 Australia
  - **By facsimile**:

    (within Australia) 1800 783 447

    (outside Australia) +61 3 9473 2555
  - **Custodian voting**: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions
  - For all enquiries call:

    (within Australia) 1300 850 505

    (outside Australia) +61 3 9415 4000

Shareholders who are entitled to vote

In accordance with regulation 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 4.00pm (WST) on 28 November 2018.

Magnetite Mines Limited

ABN 34 108 102 432

Explanatory Memorandum

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

Financial Reports

The Board is required to lay before the Meeting the consolidated annual financial report of the Company for the financial year ended 30 June 2018, together with the Directors' report (including the Remuneration Report) and the Auditor's Report on the financial report. No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions, and to make comments on the reports and on the management of the Company.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to: the conduct of the audit; the preparation and content of the independent audit report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

A copy of the Company's 2018 Annual Report will be available on the ASX website or at http://magnetitemines.com/investor-relations/annual-reports.

Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2018 Annual Report be adopted. The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity-based compensation. The Remuneration Report is set out in the Company's 2018 Annual Report.

Shareholders are entitled to vote on the question as to whether the Remuneration Report is to be adopted. However, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. The Chairman will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report at the Meeting.

Under the Corporations Act, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second annual general meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second annual general meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than any Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 30 June 2017 did not receive a vote of more than 25% against its adoption at the Company's 2017 annual general meeting held on 30 November 2017. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

Resolution 2 – Re-election of Mr Malcolm Randall as a Director

Pursuant to Clause 13.2 of the Company's current Constitution, Malcolm Randall, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Randall holds a Bachelor of Applied Chemistry and is a member of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 25 years with the Rio Tinto group of companies. His experience extends over a broad range of commodities including iron ore, diamonds, base metals, coal, uranium and industrial minerals both in Australia and internationally. Mr Randall is also a director of the following ASX listed companies: Thundelarra Limited, Summit Resources Limited, Argosy Minerals Limited and Kalium Lakes Limited.

Mr Randall was appointed to the Board as a Director on 4 October 2006. The Board considers that Mr Randall, if re-elected, will continue to be classified as an independent director.

The members of the Board (in the absence of Mr Randall) support the re-election of Mr Randall as a director of the Company.

Resolution 3 – Approval to issue Toll Options to Gordon Toll

Background

As announced to ASX, Mr Gordon Toll resigned from the Company as Executive Chairman, Director and Chief Executive Officer on 2 September 2018 following termination of the framework agreement (**Framework Agreement**) in relation to the proposed acquisition of Lodestone Equities Limited (a private Isle of Man company controlled by Mr Toll) by the Company (**Proposed Transaction**).

As disclosed in the Company's annual reports, Mr Toll had not drawn a cash salary from the Company since joining the Board in 2014, but in lieu of the payment of Director fees and payment from his role as Chief Executive Officer in cash, the Company previously granted, with the approval of Shareholders, 50,000,000 options for the 12-month period ended 31 December 2016.

The Company entered into a Deed of termination and release with Mr Toll, Coffee House Group Limited, Lodestone Equities Limited and Toll Resources (B.V.I.) Limited (**Settlement Deed**) in connection with the termination of the Framework Agreement, which has the effect of releasing each party from any claims arising out of the Proposed Transaction. Under the Settlement Deed, the Company also agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Toll Options to Mr Toll in respect of his services for each of the quarters ending 31 March 2017, 30 June 2017, 30 September 2017, 31 December 2017, 31 March 2018 and 30 June 2018 (i.e. a maximum of 30,000,000 Toll Options) as follows:

(a) 5,000,000 Options, each having an exercise price of $0.045 and an expiry date that is five years after the date of issue (**Tranche A**);

(b) 5,000,000 Options, each having an exercise price of $0.037 and an expiry date that is five years after the date of issue (**Tranche B**);

(c) 5,000,000 Options, each having an exercise price of $0.032 and an expiry date that is five years after the date of issue (**Tranche C**);

(d) 5,000,000 Options, each having an exercise price of $0.037 and an expiry date that is five years after the date of issue (**Tranche D**);

(e) 5,000,000 Options, each having an exercise price of $0.030 and an expiry date that is five years after the date of issue (**Tranche E**);

(f) 5,000,000 Options, each having an exercise price of $0.012 and an expiry date that is five years after the date of issue (**Tranche F**).

Sections 200B and 200E of the Corporations Act

The Corporations Act prohibits the Company from giving a person a benefit in connection with their ceasing to hold an office, or position of employment, in a company if:

(a) the office or position is a 'managerial or executive office'; or

(b) the retiree has, at any time during the last three years before his or her retirement, held a 'managerial or executive office' in the company,

unless it is approved by Shareholders or an exception applies.

Mr Toll is considered to have held a 'managerial or executive office' of the Company for the purposes of the Corporations Act within the past three years.

The proposed issue of Toll Options to Mr Toll is not directly in connection with his ceasing to hold an office, or position of employment with the Company, but rather represents a payment for past services. However, due to the broad interpretation of section 200B of the Corporations Act, the Board has determined that it would be appropriate to provide Shareholders the opportunity to vote on the proposed issue of Toll Options to Mr Toll for the purposes of section 200B and 200E of the Corporations Act.

Section 208 of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or

(b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Under the Corporations Act, a person who ceases to be a Director is considered to be a related party of the public company for six months after he or she ceases to be a Director. Mr Toll was a Director of the Company until 2 September 2018 and is therefore currently a related party of the Company.

One of the nominated exceptions referred to in paragraph (a) above is where the financial benefit is remuneration to a related party as an officer or employee of the company, and to give the remuneration would be reasonable given the circumstances of the public company, and the related party’s circumstances (including the responsibilities involved in the office or employment). The proposed issue of Toll Options to Mr Toll is remuneration for Mr Toll's role as Chief Executive Officer of the Company for the period 1 January 2017 to 30 June 2018. The Board is of the view that the proposed issue of the Toll Options constitutes "reasonable remuneration", based on the valuation of the Toll Options (further details of which are set out on page 5 of this Explanatory Memorandum), but nevertheless has determined that it would be appropriate to put the matter to Shareholders for the purposes of section 208 of the Corporations Act.

The following information in relation to the proposed issue of the Toll Options to Mr Toll is provided to Shareholders for the purposes of section 219 of the Corporations Act and with reference to ASIC Regulatory Guide 76: *Related party transactions*:

Identity of the related party	Mr Gordon Toll, or his nominee(s) As noted above, Mr Toll was a Director of the Company until 2 September 2018.
Nature of the financial benefit	The proposed financial benefit is the issue of 30,000,000 Toll Options for no cash consideration, further details of which are set out under the heading "Background" above and Annexure A.
Details of the financial benefit, including reasons for giving the type and quantity of the benefit	The terms and conditions of the Toll Options are set out in Annexure A. The Company agreed with Mr Toll under the term of the Settlement Deed to issue the Toll Options for past services rendered on the basis that he had not received cash remuneration for services provided to the Company for the period 1 January 2017 to 30 June 2018. If Resolution 3 is not approved by Shareholders, the Company has not agreed to pay or provide any other form of compensation to Mr Toll for his past services as a Director and Chief Executive Officer of the Company. The number of Toll Options proposed to be issued to Mr Toll, and the exercise price and expiry date of those options, was determined with reference to the terms on which options have previously been issued to Mr Toll (with Shareholder approval) in lieu of the payment of Director fees and remuneration for his role as Chief Executive Officer. The exercise price for each tranche of Toll Options is equal to the 15-day volume weighted average price of Shares based on the 15 Trading Days immediately prior to the end of the quarter to which the tranche relates. The number of options was determined based

<table>
<tr><td></td><td>upon a consideration of the cash remuneration the options were issued in lieu of.

This method of remunerating Mr Toll was considered by the Board to represent a cost-effective way to remunerate him, as opposed to cash remuneration, as it enabled the Company to maintain its cash reserves and provided Mr Toll with an incentive. If Resolution 3 is approved and the Toll Options are issued to Mr Toll, they will serve no incentive purpose as Mr Toll is no longer an officer or employee of the Company.</td></tr>
<tr><td>Mr Toll's current holdings</td><td>As at the date of this Notice, Mr Toll has a relevant interest in 30,000,000 Shares of which he is the registered holder and a further 78,476,509 Shares held by Coffee House Group Limited, giving Mr Toll and his associates voting power in the Company of approximately 14.68%.

The exercise of any Toll Options issued to Mr Toll will be subject to the Corporations Act, including the takeover prohibitions in section 606 of the Corporations Act, as set out in the terms and conditions of the Toll Options included as Annexure A.</td></tr>
<tr><td>Dilution effect of issue of Toll Options on existing members' interests</td><td>The capital structure of the Company as at the date of this Notice is set out in the table below.

<table>
<tr><th>Shares</th><th>Number</th></tr>
<tr><td>Shares</td><td>738,649,809</td></tr>
<tr><th>Options</th><th>Number</th></tr>
<tr><td>Quoted Options exercisable at $0.05 and expiring on 31 May 2021</td><td>172,624,545</td></tr>
<tr><td>Unlisted Options

<table>
<tr><th>Number</th><th>Exercise Price</th><th>Expiry Date</th></tr>
<tr><td>6,500,000</td><td>$0.10</td><td>31/10/2018</td></tr>
<tr><td>10,000,000</td><td>$0.02</td><td>26/11/2020</td></tr>
<tr><td>5,300,000</td><td>$0.02</td><td>07/10/2018</td></tr>
<tr><td>1,000,000</td><td>$0.02</td><td>12/01/2019</td></tr>
<tr><td>3,000,000</td><td>$0.02</td><td>26/04/2021</td></tr>
<tr><td>8,000,000</td><td>$0.045</td><td>05/08/2019</td></tr>
<tr><td>1,000,000</td><td>$0.045</td><td>24/08/2021</td></tr>
<tr><td>3,000,000</td><td>$0.025</td><td>07/09/2021</td></tr>
<tr><td>10,000,000</td><td>$0.02</td><td>30/11/2021</td></tr>
<tr><td>5,000,000</td><td>$0.10</td><td>05/12/2021</td></tr>
<tr><td>3,000,000</td><td>$0.04</td><td>05/06/2022</td></tr>
<tr><td>7,500,000</td><td>$0.05</td><td>05/07/2022</td></tr>
<tr><td>10,000,000</td><td>$0.05</td><td>30/11/2022</td></tr>
<tr><td>3,000,000</td><td>$0.035</td><td>04/06/2023</td></tr>
</table></td><td>76,300,000</td></tr>
<tr><td>Total Options</td><td>248,924,545</td></tr>
</table>

If all Toll Options granted as proposed by Resolution 3 are exercised, and assuming all existing Options on issue have been exercised, the effect of the exercise of the Toll Options the subject of Resolution 3 would be to dilute the shareholding of existing Shareholders (including new shareholders as a result of the options being exercised) by 2.95%.

The market price of the Company's Shares during the period of the Toll Options will generally determine whether or not the Toll Options are exercised. At the time any Toll Options are exercised, and Shares are issued pursuant to the exercise of Toll Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Toll Options. The Toll Options will not be quoted on ASX.</td></tr>
<tr><td>Directors total remuneration package</td><td>As noted above, Mr Toll has not been paid any cash remuneration since he joined the Board in 2014.

Mr Toll's remuneration for the year ended 30 June 2017 was $1,262,592 (being the value of options (using the Black-Scholes Model) issued to Mr Toll during that year).</td></tr>
</table>

<table>
<tr><td></td><td>Based on the indicative valuation for the Toll Options set out below, the total remuneration payable to Mr Toll for the year ended 30 June 2018 would be $86,838.43 represented by the Toll Options the subject of Resolution 3.</td></tr>
<tr><td>Valuation of Director Options</td><td>The Company's independent adviser has valued the Toll Options proposed to be issued to Mr Toll using the Black Scholes Model. The valuation of an option using the Black Scholes Model is a function of a number of variables. The valuation of the Toll Options has been prepared using the following assumptions:
<table>
<tr><th>Variable</th><th>Input</th></tr>
<tr><td>Share price</td><td>$0.008</td></tr>
<tr><td>Exercise price – Tranche A</td><td>$0.045</td></tr>
<tr><td>Exercise price – Tranche B</td><td>$0.037</td></tr>
<tr><td>Exercise price – Tranche C</td><td>$0.032</td></tr>
<tr><td>Exercise price – Tranche D</td><td>$0.037</td></tr>
<tr><td>Exercise price – Tranche E</td><td>$0.030</td></tr>
<tr><td>Exercise price – Tranche F</td><td>$0.012</td></tr>
<tr><td>Risk free interest rate</td><td>2.29%</td></tr>
<tr><td>Volatility</td><td>95%</td></tr>
<tr><td>Time (years to expiry)</td><td>5 years</td></tr>
</table>
For the purposes of calculating the value of each Toll Option, the Company's advisers have:
(a) assumed the Share price is $0.008 cents, which was the closing price of Shares on ASX on 7 September 2018, being the date of valuation of the Toll Options;
(b) used a risk-free interest rate of 2.29%, (based on the 5-year Government bond rate as at the date of valuation of the Toll Options); and
(c) used a volatility of the Share price of 95% as determined from the daily movements in Share price over the last 12-months, and after taking into account the Company's announcements to ASX, the volatility calculators, the terms of the options and the general trend in the shares of the companies in similar businesses and trading on ASX over the past 3 and 6 months.

Based on the above, the Company's independent adviser has calculated an indicative value of one Toll Option to be as follows: $0.00250 (Tranche A), $0.00269 (Tranche B), $0.00283 (Tranche C), $0.00269 (Tranche D), $0.00290 (Tranche E) and $0.00374 (Tranche F). Based on this valuation, the indicative value of all Toll Options proposed to be issued pursuant to Resolution 3 is $86,838.

Any change in the variables applied in the Black Scholes Model calculation between 7 September 2018 (date of the valuation) and the date the Toll Options are issued would have an impact on their value.</td></tr>
<tr><td>Company's historical Share price</td><td>The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 10 September 2018:
<table>
<tr><th>Highest price/date</th><th>Lowest price/date</th><th>Latest price/date</th></tr>
<tr><td>$0.039 on 9 November 2018 and 1 December 2017</td><td>$0.007 on 3, 4 and 5 September 2018</td><td>$0.008 on 10 September 2018</td></tr>
</table></td></tr>
<tr><td>Other information</td><td>Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Toll Options in its statement of financial</td></tr>
</table>

	performance for the current financial year. Other than as disclosed in this Explanatory Memorandum, the Company does not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Toll Options pursuant to Resolution 3. The Company is not aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 3.
Directors' recommendations	All the Directors were available to make a recommendation. Each of the Directors recommend that Shareholders vote in favour of Resolution 3 for the reason that Mr Toll has not received cash remuneration for the past services he provided to the Company for the period 1 January 2017 to 30 June 2018 as a Director and the Chief Executive Officer of the Company. Further, pursuant to the terms of the Settlement Deed, the Directors must recommend to Shareholders that they vote in favour of Resolution 3.

Listing Rules 10.11 and 10.13

Listing Rule 10.11 provides that the Company must not issue, or agree to issue, securities to a related party of the Company without the approval of Shareholders. For the purposes of Listing Rule 10.11, Mr Toll is a related party of the Company as he has been a director of the Company within the previous six months. Accordingly, Resolution 3 seeks Shareholder approval to issue these Toll Options to Mr Toll (or his nominee(s)) for the purposes of Listing Rule 10.11.

In accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 3:

The name of the person	The Toll Options will be issued to Gordon Toll, or his nominee(s).
Maximum number of securities to be issued	The maximum number of Toll Options the Company will issue under Resolution 3 is 30,000,000.
The date by which the Company will issue the securities	The Company will issue the Toll Options on one date not more than one month after the date of the Meeting.
The issue price of the securities and a statement of the terms of issue	The Options will be issued for nil cash consideration, but in lieu of the payment of directors' fees and remuneration for his role as Chief Executive Officer of the Company to Mr Toll for the period 1 January 2017 to 30 June 2018. The Toll Options are unlisted and will expire on the date that is five years after the date of issue. The exercise prices of the Toll Options are set out above. The Toll Options will otherwise be issued on the terms and conditions included as Annexure A.
A voting exclusion statement	A voting exclusion statement is included in the Notice in relation to Resolution 3.
The intended use of the funds raised	No funds will be raised from the issue of the Toll Options.

If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Resolutions 4 and 5 – Ratification of issue of Shares and Quoted Options under Placement and Additional Placement

Background

Following a successful renounceable rights issue (**Rights Issue**) that closed oversubscribed taking into account the demand for possible shortfall, the Company undertook a placement to unrelated sophisticated investors of 19,965,912 Shares and 19,965,912 Quoted Options on the same terms as the Rights Issue, using the Company's Listing Rule 7.1 capacity (**Placement**). The Placement raised $299,488 before costs.

Shortly after the Placement, the Company completed a further placement to accommodate demand and issued 20,000,000 Shares at an issue price of $0.015 per Shares and 8,000,000 free attaching Quoted Options to unrelated sophisticated investors using the Company's Listing Rule 7.1 capacity (**Additional Placement**). The Additional Placement raised $300,000 (before costs).

Listing Rule 7.4 and 7.5

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval under Listing Rule 7.1, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company’s maximum discretionary power to issue further securities up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 4 seeks ratification under Listing Rule 7.4 of the issue of the Shares and Quoted Options under the Placement, and Resolution 5 seeks ratification under Listing Rule 7.4 of the issue of the Shares and Quoted Options under the Additional Placement in order to restore the ability of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to Resolution 4 is provided to Shareholders for the purposes of Listing Rule 7.5:

The number of securities issued	19,965,912 Shares and 19,965,912 Quoted Options were issued under the Company’s 7.1 placement capacity.
The price at which the securities were issued	The Shares were issued at an issue price of $0.015 per Share, together with a free attaching Quoted Option for every Share subscribed for.
The terms of the securities	The Shares are ordinary fully paid shares issued in the capital of the Company and rank equally in all respects with existing Shares. The Quoted Options are exercisable at $0.05 each and expire on 31 May 2021 and are otherwise on the terms and conditions included as Annexure B.
The name of the persons to whom the Company issued the securities or the basis on which those persons were determined	The Shares and Quoted Options were issued to unrelated sophisticated investors who participated in the Placement.
The use (or intended use) of the funds raised	The funds raised were used in part to pay the costs of the Placement and to provide working capital which the Company used towards the then proposed merger with Lodestone Equities Limited (which transaction has since been terminated as announced to ASX on 2 September 2018) and to progress exploration and evaluation activities on the Olary Project. Following termination of the Proposed Transaction, remaining funds will be used to pay for staffing and other general administrative costs and keeping the Company’s tenements in good standing.
A voting exclusion statement	A voting exclusion is included in the Notice in relation to Resolution 4.

The following information in relation to Resolution 5 is provided to Shareholders for the purposes of Listing Rule 7.5:

The number of securities issued	20,000,000 Shares and 8,000,000 Quoted Options were issued under the Company’s 7.1 placement capacity.
The price at which the securities were issued	The Shares were issued at an issue price of $0.015 per Share, together with a free attaching Quoted Option on the basis of two Quoted Options for every five Shares subscribed for.
The terms of the securities	The Shares are ordinary fully paid shares issued in the capital of the

	Company and rank equally in all respects with existing Shares. The Quoted Options are exercisable at $0.05 each and expire on 31 May 2021 and are otherwise on the terms and conditions included as Annexure B.
The name of the persons to whom the Company issued the securities or the basis on which those persons were determined	The Shares and Quoted Options were issued to unrelated sophisticated investors who participated in the Placement.
The use (or intended use) of the funds raised	The funds raised were used in part to pay the costs of the Placement to provide working capital which the Company used towards the then proposed merger with Lodestone Equities Limited (which transaction has since been terminated as announced to ASX on 2 September 2018) and to progress exploration and evaluation activities on the Olary Project. Following termination of the Proposed Transaction, remaining funds will be spent on staffing and other general administrative costs and payment of the interest due on the redeemable convertible notes the Company has on issue.
A voting exclusion statement	A voting exclusion is included in the Notice in relation to Resolution 5.

Resolution 6 – Ratification of issue of Quoted Options to CPS Capital

Background

CPS Capital Group Pty Ltd ACN 088 055 636 (**CPS Capital**) was appointed Lead Manager and Underwriter of the Rights Issue pursuant to an underwriting agreement with the Company (**Underwriting Agreement**). Under that agreement, CPS Capital provided services relating to the management and marketing of the Rights Issue and partially underwrote the Rights Issue to $1 million. The Company agreed to issue CPS Capital (or its nominee(s)) 5,000,000 Quoted Options as part consideration under the Underwriting Agreement, which Quoted Options were issued on 17 May 2018 using the Company's Listing Rule 7.1 capacity.

Listing Rules 7.4 and 7.5

As noted above, Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further securities up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 6 seeks ratification under Listing Rule 7.4 of the issue of the 5,000,000 Quoted Options to CPS Capital and its nominee.

The following information is provided to Shareholders in relation to Resolution 6 for the purposes of Listing Rule 7.5:

The number of securities issued	5,000,000 Quoted Options were issued.
The price at which the securities were issued	The Quoted Options were issued for nil cash consideration, but in consideration for services provided by CPS Capital under the Underwriting Agreement.
The terms of the securities	The Quoted Options each have an exercise price of $0.05 and an expiry date of 31 May 2021, and are otherwise on the terms and conditions set out in Annexure B.
The name of the persons to whom the Company issued the securities or the basis on which those persons were determined	CPS Capital Group Pty Ltd – 1,500,000 Quoted Options Mr Michael Soucik and Mrs Heather Soucik <HMS Superannuation Fund A/C> - 3,500,000 Quoted Options
The use (or intended use) of the	No funds were raised by the issue of the Quoted Options as they were issued in part consideration for services provided to the Company under the

funds raised	Underwriting Agreement.
A voting exclusion statement	A voting exclusion is included in the Notice in relation to Resolution 6.

Resolution 7 – Ratification of issue of Consultant Options

Background

Pursuant to the terms of a consulting agreement between the Company and Mr Robert Williamson for marketing and introduction services provided to the Company in China (**Consulting Agreement**), the Company has issued to the Williamson Super Fund (Mr Williamson's nominee) 3,000,000 Consultant Options, with an exercise price of $0.035 each and an expiry date of 4 June 2023. The Consultant Options were issued under the Company's Listing Rule 7.1 capacity.

Listing Rules 7.4 and 7.5

As noted above, Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further securities up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 7 seeks ratification under Listing Rule 7.4 of the issue of the 3,000,000 Consultant Options that were issued to the Williamson Super Fund on 5 June 2018.

The following information is provided to Shareholders in relation to Resolution 7 for the purposes of Listing Rule 7.5:

The number of securities issued	3,000,000 Consultant Options were issued.
The price at which the securities were issued	The Consultant Options were issued for nil cash consideration pursuant to the terms of the Consulting Agreement.
The terms of the securities	The Consultant Options have an exercise price of $0.035 each and an expiry date of 4 June 2023 and are otherwise on the terms and conditions set out in Annexure C.
The name of the persons to whom the Company issued the securities or the basis on which those persons were determined	The Williamson Super Fund (as Mr Robert Williamson's nominee).
The use (or intended use) of the funds raised	No funds were raised by the issue of the Consultant Options as they were issued in consideration for services provided to the Company in China. The services provided are marketing and introduction services, including introducing the Company to steel mills and other service operators in China.
A voting exclusion statement	A voting exclusion is included in the Notice in relation to Resolution 7.

Resolution 8 – Approval to issue Shares

Resolution 8 seeks Shareholder approval for the purpose of Listing Rule 7.1 and for all other purposes for the issue of a maximum of 50,000,000 Shares at an issue price of not less than 80% of the volume weighted average market price of the closing sale price of the Company's Shares on the ASX, calculated over the last five days on which sales of the Shares are recorded immediately preceding the date of issue (or, if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares were recorded before the date of the prospectus, product disclosure statement or offer information statement is signed).

The Board does not currently have any intention to issue the Shares the subject of Resolution 8 however, is seeking Shareholder approval for the purposes of Listing Rule 7.1 to give it the flexibility to issue these Shares to progress the Company's Razorback Premium Iron Project, including for payment of optimisation, metallurgical, design, environmental and feasibility study costs and negotiation of a native title agreement without utilising the 15% capacity available to the Company under Listing Rule 7.1.

Listing Rules 7.1 and 7.3

ASX Listing Rule 7.1 broadly provides that a company must not, subject to certain exceptions, issue during any 12-month period any equity securities or other securities with rights of conversion to equity if the number of those securities exceeds 15% of the total ordinary securities on issue at the commencement of that 12-month period. However, where shareholders have previously approved the issue, those shares are not taken into account in the calculation of the 15% threshold.

The effect (on an undiluted basis) on the capital structure of the Company if all 50,000,000 Shares are issued can be summarised as follows (there will be no change to the number of Options on issue):

Shares	**Number**	**Percentage of Shares**
Shares currently on issue	738,649,809	93.66%
Shares that may be issued under Resolution 8	50,000,000	6.34%
Total Shares if all Shares the subject of Resolution 8 are issued	788,649,809	**100.00%**

The following information is provided to Shareholders in relation to Resolution 8 for the purposes of Listing Rule 7.3:

Maximum number of securities	The maximum number of Shares the Company can issue is 50,000,000.
The date by which the Company will issue the securities	The Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules.
The issue price of the securities	The Shares will be issued at a price not less than 80% of the volume weighted average market price of the closing sale price of Shares on the ASX, calculated over the last five days on which sales of the Shares are recorded immediately preceding the date of issue (or, if there is a prospectus relating to the issue, over the last five days on which sales in the Shares were recorded before the date of the prospectus).
The names of the persons to whom the Company will issue the securities (if known) or the basis upon which those persons will be identified or selected	The Shares will be issued to applicants to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the persons to whom Shares will be issued, save that those persons will be sophisticated or professional investors that are unrelated parties of the Company.
The terms of the securities	The Shares will be fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue.
The intended use of the funds raised	The funds raised by the issue will be used to progress the Company's Razorback Premium Iron Project, including for payment of optimisation, metallurgical, design, environmental and feasibility study costs and negotiation of a native title agreement.
The issue date	The Shares may be issued on one date or progressively as required.
Voting exclusion statement	A voting exclusion statement is included in the Notice in relation to Resolution 8.

Resolution 9 – Approval of Additional 10% Placement Capacity

Background

In addition to a company's 15% placement capacity under Listing Rule 7.1, an "eligible entity" which has obtained

Shareholder approval for the purposes of Listing Rule 7.1A via a special resolution may issue, or agree to issue, Equity Securities up to 10% of its issued share capital over a 12-month period after the annual general meeting at which the approval is sought (**Additional 10% Placement Capacity**).

An entity will be an "eligible entity" able to seek approval under Listing Rule 7.1A if:

(a) the entity has a market capitalisation of $300 million or less; and

(b) the entity is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of approximately $5.91 million as at 10 September 2018 and is an eligible entity for the purposes of Listing Rule 7.1A.

Resolution 9 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. The approval of the Additional 10% Placement Capacity provides greater flexibility for the Board to issue, or agree to issue, Shares in the 12-month period following the Meeting. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

If passed, Resolution 9 will allow the Company to issue, or agree to issue, Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) in addition to the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.1A

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the Company has quoted Shares and Quoted Options on issue.

As at the date of this Notice, the Company has 738,649,809 Shares on issue. Therefore, based on the number of Shares on issue as at the date of this Notice and subject to Shareholders approving Resolution 9, the Company may issue 73,864,982 Equity Securities in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities that may be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue, or the agreement to issue, the Equity Securities. That formula is:

(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid Shares that became fully paid in the 12 months;

(c) plus the number of fully paid Shares issued in the 12 months with approval of Shareholders under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the Company's 15% placement capacity without Shareholder approval; and

(d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

Shareholders will be informed of any issue of Equity Securities under the Additional 10% Placement Capacity as the Company will disclose to the market at the time of issue the specific information required by Listing Rule 3.10.5A (such as details of dilution of existing Shareholders) in addition to information required by Listing Rule 7.1A.4, Appendix 3B and any other applicable Listing Rules. The table below demonstrates various examples as to the number of Equity

Securities that may be issued using the Additional 10% Placement Capacity.

	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		Issue Price at half the current market price $0.004	Issue Price at current market price $0.008	Issue Price at double the current market price $0.016
Current Variable 'A' 738,649,809 Shares	**Shares issued**	73,864,981	73,864,981	73,864,981
	Funds raised	$295,459.92	$590,919.85	$1,181,839.69
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 1,107,974,714 Shares	**Shares issued**	110,797,471	110,797,471	110,797,471
	Funds raised	$443,189.89	$886,379.77	$1,772,759.54
	Dilution	10%	10%	10%
100% increase in current variable 'A' 1,477,299,618 Shares	**Shares issued**	147,729,962	147,729,962	147,729,962
	Funds raised	$590,919.85	$1,181,839.69	$2,363,679.39
	Dilution	10%	10%	10%

Note: The table above assumes:

(a) No Options are exercised before the date of the issue of the Equity Securities.

(b) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.

(c) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

Minimum price	The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before: (a) the date on which the price at which the Equity Securities are to be issued is agreed; or (b) if the Equity Securities are not issued within five Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.
Potential risk of economic and voting dilution	If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, Shareholders who do not participate (either because they are not invited to participate or because they elect not to participate) in any such issue, will have their existing interest and voting power in the Company diluted. There is also a risk that: (a) the market price for the Company's Equity Securities may be significantly lower

	on the date of the issue of the Equity Securities than on the date of the Meeting; (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or (c) the Equity Securities may be issued for non-cash consideration, which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity. The table above on page 12 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities. The table shows: (a) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%; (b) examples of where the issue price of ordinary securities is the current market price as at close of trade on 10 September 2018, being $0.008 (current market price), where the issue price is halved, and where it is doubled; and (c) that the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
Timing of potential issues	Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Meeting and will expire on the earlier of: (a) the date that is 12 months after the date of the Meeting; and (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
Purpose of potential issues	The Company may seek to issue the Equity Securities for the following purposes: (a) If Equity Securities are issued for cash consideration, the Company intends to use the funds for exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital; and (b) If Equity Securities are issued for non-cash consideration to acquire access to strategic tenements or assets identified by the Company to further existing projects and future growth. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market. The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.
Allocation policy	The identity of the persons to whom Equity Securities will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to: (a) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlement offer, or a placement and an entitlement offer; (b) the dilutionary effect of the proposed issue of the Equity Securities on existing

	Shareholders at the time of proposed issued of Equity Securities; (c) the financial situation and solvency of the Company; and (d) advice from its professional advisers, including corporate, financial and broking advisers (if applicable). The persons to whom Equity Securities will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.
Previous approval under Listing Rule 7.1A	The Company previously obtained Shareholder approval under Listing Rule 7.1A on 30 November 2017. In the 12 months preceding the date of the Meeting, the Company has issued 352,445,690 Equity Securities which represents 55.88% of the total number of Equity Securities on issue at the commencement of that 12-month period. **Annexure D** sets out information in relation to each issue of Equity Securities in the 12 months preceding the date of the Meeting.
Voting exclusion statement	A voting exclusion statement is included in the Notice in relation to Resolution 9. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

Resolution 10 – Adoption of new constitution

Resolution 10 seeks Shareholder approval for the adoption of the Proposed Constitution in substitution for the current Constitution.

The Company's current Constitution was adopted on 23 January 2006, prior to the Company's admission to the official list of ASX. Since that time, there have been a number of significant developments in the law (both the Corporations Act and the Listing Rules), corporate governance principles and general corporate and commercial practice for ASX listed companies. Accordingly, the Company's current Constitution requires updating. The Board has determined that is appropriate to adopt the Proposed Constitution, which reflects these changes, rather than amend the current Constitution.

Under section 136 of the Corporations Act, Shareholders must pass a special resolution to adopt a new Constitution. Accordingly, Resolution 1 is a special resolution, requiring approval of 75% of the votes cast by Shareholders entitled to vote on the resolution in order to be passed.

The Proposed Constitution is substantially similar to the current Constitution, with many of the proposed changes expanding on matters included in the current Constitution. However, there are some material differences between the current Constitution and the Proposed Constitution, which are summarised in Annexure E.

Copies of the current Constitution and Proposed Constitution are available for perusal by Shareholders at the Company's registered office or via the Company's website at www.magnetitemines.com.

The Directors unanimously recommend that Shareholders vote in favour of the adoption of the new Proposed Constitution. If Resolution 10 is approved, the Proposed Constitution will be adopted from the close of the Meeting.

Resolution 11 – Approval of Proportional Takeover Bid approval provisions

Background

A proportional takeover bid is an off-market takeover bid for a specified proportion of the securities in the bid class, rather than a bid for the security holders entire holding.

As part of the proposal to adopt the new Proposed Constitution, it is intended to insert the proposed clause 15 (as set out in Annexure F), which contains provisions dealing with Proportional Takeover Bids for the Company's securities (the **Provisions**). The Provisions are designed to assist security holders receive proper value for their securities if a

Proportional Takeover Bid is made for the Company.

Under the Corporations Act, the Proportional Takeover Bid provisions must be approved by Shareholders if they are to apply to any future proportional takeover bids made for the Company. If the insertion of the Provisions is approved by Shareholders at this Meeting, they will operate for three years from the date Resolution 11 is passed.

Resolution 11 seeks Shareholder approval to insert the Provisions in the Proposed Constitution for a three-year period in accordance with section 648G of the Corporations Act.

Shareholders are provided with the following information in relation to Resolution 11, in compliance with section 648G(5) of the Corporations Act:

Effect of the proposed Provisions	The Provisions state that if a Proportional Takeover Bid is made for the Company (i.e. a bid for less than 100% of each holder's holding in the bid class of securities), the Directors must submit to holders of the bid class securities a resolution (at a meeting or by means of a postal ballot) to approve the proportional bid (**Approving Resolution**). The Approving Resolution must be voted on at least 14 days before the last day of the bid period closes (or such later date as permitted by ASIC). The Approving Resolution is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected. Each person (other than the bidder and its associates) who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. If the Approving Resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's constitution. The Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on. However, the bid will be taken to have been approved if the Approving Resolution is not voted on within the deadline specified under the Corporations Act. The Provisions will not apply to full takeover bids and will only apply for three years after approval. The Provisions can be further renewed by special resolution.
Reasons for proposing the insertion of the Provisions	The Directors consider it appropriate for Shareholders to decide whether they wish to have the Provisions in the Proposed Constitution. If the insertion of the Provisions in the Proposed Constitution is not approved, a Proportional Takeover Bid may enable control of the Company to pass without Shareholders having the opportunity to sell all their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company. If the Shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. Shareholders may also be exposed to the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares. Resolution 11 seeks approval for the insertion of the Provisions as the Provisions decrease these risks because they allow Shareholders to decide whether a Proportional Takeover Bid is acceptable and should be permitted to proceed. As noted above, the bidder and its associates would not be permitted to

	vote on the Approving Resolution and thereby influence the outcome.
No knowledge of any acquisition proposals	As at the date of this Notice, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.
Review of proportional takeover provisions	While proportional takeover approval provisions have previously been in force under the Company's current Constitution, there have been no full or proportional takeover bids for the Company. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the Shareholders.
Potential advantages and disadvantages of the Provisions for Directors	If the Directors consider that a Proportional Takeover Bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed. On the other hand, if a Proportional Takeover Bid is commenced, the Directors must seek the Shareholders' views. They must do so even though the Directors believe that the bid should be accepted. In the absence of the Provisions, it is only the Directors who express, on behalf of the Company, any formal view on the adequacy or otherwise of a Proportional Takeover Bid. Under the approval mechanism in the Provisions, the most effective view on a Proportional Takeover Bid will become the view expressed by the vote of the Shareholders themselves.
Potential advantages and disadvantages of the Provisions for Shareholders	The potential **advantages** of the Provisions for Shareholders include: • Shareholders will have the right to decide by majority vote whether an offer under a Proportional Takeover Bid should proceed. • The Provisions may help Shareholders avoid being locked in as a minority. • The insertion of the provisions in the Proposed Constitution may make a full takeover bid more probable than a Proportional Takeover Bid. • The Provisions may increase the bargaining power of the Shareholders, encouraging a bidder to set its offer price and conditions at a level that will be attractive to the Shareholders who vote. • Knowing the view of the majority of Shareholders may help each individual Shareholder assess the likely outcome of the Proportional Takeover Bid and to decide whether to accept or reject the offer. The potential **disadvantages** of the Provisions for Shareholders include: • Potential bidders may be discouraged from making a Proportional Takeover Bid, reducing the opportunity for Shareholders to sell a portion of their holding. • It is possible (though in the opinion of the Board, unlikely) that the existence of the Provisions might have an adverse effect on the market value of the Company's shares by making a Proportional Takeover Bid less likely, and consequently reducing any takeover speculation element in the share price. • An increased likelihood that a Proportional Takeover Bid would not be successful. • An individual Shareholder who wishes to accept a Proportional Takeover Bid will be unable to sell to the bidder unless a majority

	of Shareholders favour the Proportional Takeover Bid. • The Provisions may be considered by some Shareholders as an unreasonable restriction on their ability to freely deal with their shares. The Board considers that the potential advantages for Shareholders of the Provisions outweigh the potential disadvantages. In particular, Shareholders as a whole are able to decide whether or not a Proportional Takeover Bid is successful.

Recommendation

The reasons why the Board has proposed the insertion of the Provisions in the Proposed Constitution are set out above as the potential advantages of the Provisions. The Directors consider that the advantages associated with the Provisions outweigh the disadvantages. The Directors consider that Shareholders should have the power to decide whether or not a Proportional Takeover Bid is successful.

Furthermore, the Directors believe that the approval procedure set out in the Provisions is the best procedure available to Shareholders to ensure that they are not forced to accept a Proportional Takeover Bid, even though they do not wish the bidder to obtain control of the Company.

The Board therefore considers Resolution 11 to be in the interests of Shareholders, and unanimously recommends that Shareholders vote in favour of Resolution 11. If Resolution 10 is approved, the Provisions will be inserted into the Proposed Constitution and will take effect from the close of the Meeting.

Glossary

$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Additional Placement has the meaning set out on page 7 of the Explanatory Memorandum.

Additional 10% Placement Capacity has the meaning set out on page 13 of the Explanatory Memorandum.

Additional Placement Period has the meaning set out on page 11 of the Explanatory Memorandum.

Annexure A means the annexure to the Explanatory Memorandum marked A.

Annexure B means the annexure to the Explanatory Memorandum marked B.

Annexure C means the annexure to the Explanatory Memorandum marked C.

Annexure D means the annexure to the Explanatory Memorandum marked D.

Annexure E means the annexure to the Explanatory Memorandum marked E.

Annexure F means the annexure to the Explanatory Memorandum marked F.

Annual Report means the annual report of the Company for the year ended 30 June 2018.

Associate has the meaning given in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time.

Auditor's Report means the report of the Auditor contained in the Annual Report for the year ended 30 June 2018.

Board means the Directors.

Chairman or Chairman means the individual elected to Chairman any meeting of the Company from time to time.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Magnetite Mines Limited ABN 34 108 102 432.

Constitution means the Company's constitution, as at the date of this Notice.

Consultant Option means an Option with the terms and condition set out in Annexure C.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Directors' Report means the directors' report set out in the Annual Report for the year ended 30 June 2018.

Equity Securities has the meaning set out in the ASX Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Framework Agreement has the meaning set out on page 2 of the Explanatory Memorandum.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement has the meaning set out on page 7 of the Explanatory Memorandum.

Proportional Takeover Bid means an off-market bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of a specified proportion of shares included in a class of shares in the Company.

Proposed Constitution means the constitution contained in the document that will be submitted to the Meeting and signed by the Chairman for identification purposes.

Proposed Transaction has the meaning set out on page 2 of the Explanatory Memorandum.

Quoted Option means an Option with the terms and conditions set out in Annexure B.

Remuneration Report means the remuneration report set out in the Annual Report for the financial year ended 30 June 2018.

Resolution means a resolution contained in the Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

Rights Issue has the meaning set out on page 7 of the Explanatory Memorandum.

Settlement Deed has the meaning set out on page 2 of the Explanatory Memorandum.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 1 of the Explanatory Memorandum.

Spill Resolution the meaning set out on page 1 of the Explanatory Memorandum.

Toll Option means an Option with the terms and condition set out in Annexure A.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Underwriting Agreement has the meaning set out on page 1 of the Explanatory Memorandum.

WST means Australian Western Standard Time.

Annexure A – Terms and Conditions of Toll Options

The terms and conditions of the Toll Options are:

1. Each Option will be issued for no consideration.
2. The Options have the following exercise prices:
   (a) 5,000,000 Options, each having an exercise price of $0.045 (Tranche A);
   (b) 5,000,000 Options, each having an exercise price of $0.037 (Tranche B);
   (c) 5,000,000 Options, each having an exercise price of $0.032 (Tranche C);
   (d) 5,000,000 Options, each having an exercise price of $0.037 (Tranche D);
   (e) 5,000,000 Options, each having an exercise price of $0.030 (Tranche E);
   (f) 5,000,000 Options, each having an exercise price of $0.012 (Tranche F).
3. Each Option entitles the Optionholder to subscribe for and be allotted one fully paid ordinary share in the capital of Magnetite Mines Limited ("**MGT**" or "**Company**") at the exercise price for the Option;
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on the date that is five years from the date of issue ("**Expiry Date**") by completing a notice in writing ("**Option Notice**") stating the intention of the Optionholder to exercise all or a specified number of Options held by the Optionholder and delivering it to the registered office of MGT accompanied by an Option certificate and a cheque made payable to the Company or electronic funds transfer for the subscription monies for the Shares. The Option Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by the Optionholder;
5. The Options are not assignable or transferable and will not be listed on the ASX;
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
7. There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. If required by the ASX Listing Rules, the Optionholder will be notified of the proposed issue in accordance with the ASX Listing Rules;
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of MGT prior to the Expiry Date, the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
9. The number and exercise price of the Toll Options remains the same regardless if the Company makes a bonus issue of Shares or other securities to the Company's shareholders.
10. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option exercise form and the exercise price in respect of the Option.
11. The exercise of Options by an Optionholder is subject at all times to the Corporations Act 2001 (Cth).

Annexure B – Terms and Conditions of Quoted Options

The terms and conditions of the Quoted Options are:

1 Each Quoted Option entitles the holder to subscribe for one fully paid ordinary Share.

2 The Quoted Options are exercisable at $0.05 each at any time up to 5.00pm (WST) on or before 31 May 2021.

3 Any Quoted Option not exercised by its expiry date will automatically expire.

4 The Quoted Options are transferable.

5 The Company will apply to ASX for Official Quotation of the Quoted Options.

6 The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Quoted Options.

7 The Quoted Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Quoted Options before the "record date" for determining entitlements to the issue of Securities and participate as a result of holding Shares. The Company must give the Quoted Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.

8 The number and exercise price of the Quoted Options remains the same regardless if the Company makes a bonus issue of Shares or other Securities to Shareholders.

9 If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Quoted Option holder (including the number of Quoted Options to which the Quoted Option holder is entitled to and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

10 Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Quoted Option holder.

11 To exercise Quoted Options, the Quoted Option holder must give the Company:

- a written exercise notice (in the form approved by the Board from time to time) specifying the number of Quoted Options being exercised and Shares to be issued; and
- payment of the exercise price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment approved by the Company.

12 The Quoted Option holder may only exercise Quoted Options in multiples of 50,000 options unless the holder holds less than 50,000 Quoted Options, in which case all Quoted Options held must be exercised.

13 The Quoted Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors.

14 Within 10 Business Days after receiving an application for exercise of Quoted Options and payment by the Quoted Option holder of the exercise price, the Company must issue the Quoted Option holder the number of Shares specified in the application.

15 Subject to the Constitution, all Shares issued on the exercise of Quoted Options will rank in all respects (including rights relating to dividends) equally with the existing ordinary shares of the Company at the date of issue.

Annexure C – Terms and Conditions of Consultant Options

The terms and conditions of the Consultant Options are:

1. Each Option will be issued for no consideration;
2. Each Option has an exercise price of $0.035.
3. Each Option entitles the Optionholder to subscribe for and be allotted one fully paid ordinary share in the capital of Magnetite Mines Limited ("**MGT**" or "**Company**") at the exercise price for the Option;
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 4 June 2023 ("**Expiry Date**") by completing a notice in writing ("**Option Notice**") stating the intention of the Optionholder to exercise all or a specified number of Options held by the Optionholder and delivering it to the registered office of MGT accompanied by an Option certificate and a cheque made payable to the Company or electronic funds transfer for the subscription monies for the Shares. The Option Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by the Optionholder;
5. The Options are not assignable or transferable and will not be listed on the ASX;
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
7. There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. The Optionholder will be notified of the proposed issue at least 4 Business Days before the record date. This will give the Optionholder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue;
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of MGT prior to the Expiry Date, the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
9. If there is a pro rata issue (except a bonus issue) to MGT shareholders, the exercise price of an Option will be reduced according to the following formula:

   $$O^n = O - \frac{E\,[(P-(S + D)]}{N + 1}$$

   Where:

   O^n = the new exercise price of the Option;

   O = the old exercise price of the Option;

   E = the number of underlying securities into which one Option is exercisable;

   P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

   S = the subscription price for new Shares issued under the pro rata issue;

   D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

   N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.
10. If there is a bonus issue to MGT shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option exercise form and the exercise price in respect of the Option.

Annexure D – Equity Securities issued by the Company during the 12 months preceding the Meeting

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price $	Discount to market price on the date of issue (if any)	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)	Non-cash consideration and current market value of non-cash consideration
04/12/2017	Unlisted options	10,000,000	Options having an exercise price of 5 cents and an expiry date of 30 November 2022	Peter Schubert, a Director, received 10,000,000 unlisted options pursuant to shareholder approval obtained at the Company's annual general meeting held on 30 November 2017.	Nil	N/A	N/A	The options were issued to Mr Schubert as an incentive. The current value of the options based on Black -Scholes valuations conducted on 7/09/2018 is $0.002 per option ($22,371in total).
08/01/2018	Shares	7,500,000	The Shares rank equally with all other fully paid ordinary shares on issue.	Gordon Toll. The Shares were issued upon the exercise of options that were issued with shareholder approval.	0.02	50%	**Cash consideration**: $150,000 **Amount of cash spent and use of cash**: All cash was spent on costs to progress the Proposed Transaction (now terminated).	N/A
23/03/2018	Shares	5,100,000	The Shares rank equally with all other fully paid ordinary shares on issue.	Gordon Toll. The Shares were issued upon the exercise of options that were issued with shareholder approval.	0.02	20%	**Cash consideration**: $102,000 **Amount of cash spent and use of cash**: All cash was spent on costs to progress the Proposed Transaction (now terminated).	N/A
17/05/2018	Shares	83,690,045	The Shares rank equally with all other fully paid ordinary shares on issue.	Participants in the renounceable rights issue undertaken by the Company and announced to ASX on 13 April 2018	0.015	6%	**Cash consideration**: $1,255,351 **Amount of cash spent and ese of cash**: All cash was spent on the costs of the issue, including Lead Manager fees, underwritings fees and on costs to progress the Proposed Transaction (now terminated).	N/A

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price $	Discount to market price on the date of issue (if any)	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)	Non-cash consideration and current market value of non-cash consideration
17/05/2018	Quoted Options	83,690,045	Quoted Option each to acquire one Share having an exercise price of 5 cents and expiry date of 31 May 2021 an otherwise on the terms and conditions set out in Annexure B.	Participants in the renounceable rights issue undertaken by the Company and announced to ASX on 13 April 2018.	Nil	N/A	N/A	The Quoted Options were issued on the basis of one Quoted Option for each Share subscribed for under the Rights Issue. The current value of the Quoted Options based on the closing market price on 7/09/2018 is $0.001 per Quoted Option ($83,690 in total).
17/05/2018	Shares	56,034,088	The Shares rank equally with all other fully paid ordinary shares on issue.	Client of CPS Capital who participated in the renounceable rights issue shortfall.	$0.015	6%	**Cash consideration**: $840,511 **Amount of cash spent**: $696,581. **Use of cash spent**: Cash was spent on costs in relation to the Rights Issue, to progress the Proposed Transaction (now terminated), staffing costs and other general administration costs. **Intended use for remaining cash**: Remaining cash ($143,930) will be spent on staffing and other general administrative costs.	N/A
17/05/2018	Quoted Options	56,034,088	Quoted Option each to acquire one Share having an exercise price of 5 cents and expiry date of 31 May 2021 an otherwise on the terms and conditions set out in Annexure B.	Client of CPS Capital who participated in the Rights Issue shortfall.	Nil	N/A	N/A	The Quoted Options were issued on the basis of one Quoted Option for each Share subscribed for under the Rights Issue shortfall offer. The current value of the Quoted Options based on the closing market

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price $	Discount to market price on the date of issue (if any)	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)	Non-cash consideration and current market value of non-cash consideration
								price on 7/09/2018 is $0.001 per Quoted Option ($56,034 in total).
17/05/2018	Quoted Options	5,000,000	Quoted Option each to acquire one Share having an exercise price of 5 cents and expiry date of 31 May 2021 an otherwise on the terms and conditions set out in Annexure B.	CPS Capital Group Pty Ltd – 1,500,000 Quoted Options Mr Michael Soucik and Mrs Heather Soucik <HMS Superannuation Fund A/C> - 3,500,000 Quoted Options	Nil	N/A	N/A	The Quoted Options were issued as part consideration to CPS Capital under the Underwriting Agreement. The current value of the Quoted Options based on the closing market price on 7/09/2018 is $0.001 per Quoted Option ($5,000 in total).
17/05/2018	Shares	19,965,912	The Shares rank equally with all other fully paid ordinary shares on issue.	Unrelated sophisticated investors who participated in the Placement.	$0.015	6%	**Cash consideration**: $299,489 **Amount of cash spent**: Nil **Use of cash spent**: N/A **Intended use for remaining cash**: Cash will be spent on staffing, other general administrative costs and keeping the Company's tenements in good standing.	N/A
17/05/2018	Quoted Options	19,965,912	Quoted Option each to acquire one Share having an exercise price of 5 cents and expiry date of 31 May 2021 an otherwise on the terms and conditions set out in Annexure B.	Unrelated sophisticated investors who participated in the Placement.	Nil	N/A	N/A	The Quoted Options were issued on the basis of `one Quoted Option for each Share subscribed for under the Placement. The current value of the Quoted Options based on the closing market price on 7/09/2018 is

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price $	Discount to market price on the date of issue (if any)	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)	Non-cash consideration and current market value of non-cash consideration
								$0.001 per Quoted Option ($19,965 in total).
18/05/2018	Shares	20,000,000	The Shares rank equally with all other fully paid ordinary shares on issue.	Unrelated sophisticated investors who participated in the Additional Placement.	$0.015	Nil	**Cash consideration**: $300,000 **Amount of cash spent**: Nil **Use of cash spent**: N/A **Intended use for remaining cash**: Cash will be spent on staffing, other general administrative costs and payment of the interest due on the redeemable convertible notes.	N/A
18/05/2018	Quoted Options	8,000,000	Quoted Option each to acquire one Share having an exercise price of 5 cents and expiry date of 31 May 2021 an otherwise on the terms and conditions set out in Annexure B.	Unrelated sophisticated investors who participated in the Additional Placement.	Nil	N/A	N/A	The Quoted Options were issued on the basis of two Quoted Options for every five Shares subscribed for under the Additional Placement. The current value of the Quoted Options based on the closing market price on 7/09/2018 is $0.001 per Quoted Option ($8,000 in total).
08/06/2018	Shares	58,000	The Shares rank equally with all other fully paid ordinary shares on issue.	The Shares were issued upon the exercise of Quoted Options.	$0.05	Nil (76% premium)	**Cash consideration**: $2,900 **Amount of cash spent**: .Nil **Use of cash spent**: N/A **Intended use for remaining cash**: Cash will be spent on staffing and other general administrative costs.	N/A
28/06/2018	Shares	7,500	The Shares rank equally with all other fully paid ordinary shares on issue.	The Shares were issued upon the exercise of Quoted Options.	$0.05	Nil (76% Premium)	**Cash consideration**: $375 **Amount of cash spent**: Nil. **Intended use for remaining**	N/A

Date of issue	Type of Equity Securities	No. issued	Summary of terms	Names of persons who received securities or basis on which those persons were determined	Issue price $	Discount to market price on the date of issue (if any)	Amount of cash consideration, amount of cash spent, use of cash and intended use for remaining amount of cash (if any)	Non-cash consideration and current market value of non-cash consideration
							cash: Cash will be spent on staffing and other general administrative costs.	

Annexure E – Summary of material differences between the current Constitution and the Proposed Constitution

Definitions	The definitions in the Proposed Constitution are updated to reflect current terminology, including those arising from the reforms introduced by the *Corporations Amendment (Financial Markets Supervision) Act 2010* (Cth).
Share capital and variation of rights	The quorum requirements for class meetings under the Proposed Constitution is two persons holding at 25% of the issued shares of the class, or if there is one holder of shares in a class, that person as compared to two persons who hold one-third of the issued shares in the current Constitution. The Proposed Constitution contains preference share terms, which are not included in the current Constitution. The Proposed Constitution contains more extensive provisions with respect to its treatment of joint holders of shares, including in relation to dividend, interest or other distributions or payments, proxy appointment and liability for payments, including calls.
Calls on shares	The period of notice that must be given of a call under the Proposed Constitution is consistent with the Listing Rules. The Proposed Constitution contains provisions in relation to proceedings for recovery of calls, that are not included in the current Constitution.
Transfer and transmission of shares	The Proposed Constitution contains provisions addressing applications by the Company to ASX Settlement to apply a holding lock to prevent a Proper ASTC Transfer, in the same circumstances as it may decline to register a transfer.
Forfeiture of shares	A member must be given at least 14 days after the service of a notice of a failure to pay a call or instalment by the due date under the Proposed Constitution, as compared to 10 Business Days under the current Constitution. Under both the current Constitution and the Proposed Constitution, if any share is forfeited, notice of the forfeiture must be given to the registered member holding the share immediately prior to the forfeiture, and an entry of forfeiture with the date must be made in the register of members. However, the Proposed Constitution provides that failure to give the notice or make the entry does not invalidate the forfeiture. Under both the current Constitution and the Proposed Constitution a person whose shares have been forfeited remains liable to pay the Company all money that was unpaid as at the date of forfeiture.
General meetings	The current Constitution permits the company secretary to convene a general meeting for the purpose of electing directors if there are no directors holding office. This is not permitted under the Proposed Constitution. Under both the current Constitution and the Proposed Constitution, non-receipt of a notice of general meeting caused by accident or error will not invalidate any resolution passed at the general meeting. However, the Proposed Constitution includes additional circumstances when a resolution will not be invalidated including where a member has before or after the meeting waived or waives notice, or has notified or notifies the Company of the person's agreement to the resolution by notice in writing to the Company. Under the Proposed Constitution, a person's attendance at a general meeting waives any objection that person may have to a failure to give notice, or defective notice or any objection to consideration of a particular matter at the meeting that is not within the business referred to in the notice unless they object to the holding of the meeting at its commencement. The Proposed Constitution includes provisions that are not contained in the current Constitution outlining circumstances when the chair of a general meeting may refuse admission to a person, or require a person to leave and remain out of a meeting.
Proceedings at general meeting	The Proposed Constitution includes provisions dealing with voting on behalf of an infant member, which are not included in the current Constitution. While not materially different to the current Constitution, the Proposed Constitution contains more extensive provisions in relation to proxy, attorney and representative appointment. The provisions in the Proposed Constitution

	also specifically contemplate delivery of instruments appointing proxies and attorneys to an electronic address. The current Constitution does not contemplate direct voting, which would enable shareholders to vote without attending a general meeting, and is an alternative to proxy voting. A constitution must include provisions enabling this type of voting. The Proposed Constitution includes provisions enabling 'direct voting'.
The Directors	The Proposed Constitution includes provisions to comply with the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (*Cth), which provides that the number of maximum number of directors can be reduced, provided that the directors have been authorised in general meeting to make such a determination if required under the Corporations Act. The Proposed Constitution does not include the restriction on a person of or over the age of 72 years from being appointed or re-appointed as a director, which is contained in the current Constitution, as this requirement was removed from the Corporations Act in 2003 to promote anti-discrimination in respect of age. The Proposed Constitution permits remuneration of directors to be provided as a contribution to a superannuation fund. The current Constitution and the Proposed Constitution include provisions outlining the circumstances in which the office of a director becomes vacant. The provisions in each of the constitutions are substantially similar, except that whereas the current Constitution provides the office of a director becomes vacant if the director is absent without the consent of the remaining directors from Board meetings held during a period of 6 months, under the Proposed Constitution, it is failure to attend meetings of the directors for more than three consecutive months without leave of absence from the other directors and a majority of the directors resolve that his or her office is vacated.
Proceedings of directors	The current Constitution requires 24-hours' notice be given of director meetings, but directors may by unanimous resolution agree to shorter notice. Under the Proposed Constitution, while notice must be given, no specific time is stipulated. The Proposed Constitution also contains additional provisions in relation to notice of meetings of directors including provisions addressing the contents of a notice, waiver of notice and consequences of non-receipt of notice. The current Constitution is silent on the remuneration of an alternate director. Under the Proposed Constitution, an alternate director is entitled to be paid the remuneration which the directors think fit, either in addition to or in reduction of the remuneration payable to the director for whom the alternate director acts as alternate. Under the Proposed Constitution, the office of chair of directors or deputy chair of directors and/or the membership of a committee of directors may be treated as an extra service or special exertion performed by the director holding that office or a member of the committee if the directors resolve to do so and the total amount fixed by the Company for remuneration of non-executive director will not be exceeded. The Proposed Constitution includes an additional provision for delegation by directors of any of their powers to one director. Acceptance of such a delegation may be treated as an extra service or special exertion performed by the delegate if the directors resolve to do so and the total amount fixed by the Company for remuneration of non-executive director will not be exceeded. The provisions in relation to written resolutions of directors in the current Constitution and the Proposed Constitution are not materially different, except that under the Proposed Constitution: (a) A director may signify assent to a document by signing the document or by notifying the Company of the director's assent in person or by post, fax, telephone or other method of written, audio or audio-visual communication or other form of technology. (b) Where a director signifies assent to a document otherwise than by signing the document, the director must by way of confirmation sign the document at the next meeting of the directors attended by that director, but failure to do so does not invalidate the act, matter, thing or resolution to which the document relates.
Execution of	The Proposed Constitution contemplates non-autographic signatures, subject to

Documents/Common Seal	applicable law. The Proposed Constitution contains more extensive provisions in relation to seals, including provisions for a duplicate sale and a share seal or certificate seal.
Dividends and reserves	Under the Proposed Constitution, the provisions in relation to dividends and reserves are updated to reflect changes to section 254T of the Corporations Act pursuant to the *Corporations Amendment (Corporate Reporting Reform) Act 2010* (Cth). In particular, directors may pay such dividends as, in their judgment, the financial position of the Company justifies, as opposed to being payable "out of profits". The current Constitution includes provisions relating to "Bonus Share Plans" under which participating shares carry instead of a right to a dividend a right to receive an allotment of additional shares to be issued as bonus shares. This requires authorisation of members in general meeting. A similar provision is not included in the Proposed Constitution, but it would not prevent such a resolution being passed. Under the Proposed Constitution, a dividend reinvestment plan and a dividend selection plan implemented by the directors may operate in relation to securities of the Company or a related body corporate. Under the current Constitution it may only operate in relation to securities of the Company.
Capitalisation of profits	Under the current Constitution, the Company may capitalise profits. Under the Proposed Constitution, the directors may capitalise and distribute any amount forming part of the undivided profits of the Company; representing profits arising from an ascertained accretion to capital or from a revaluation of the assets of the Company; arising from the realisation of any assets of the Company or otherwise available for distribution as a dividend.
Notices	The notice provisions under the Proposed Constitution include provisions for notices by the Company to directors and notices by the Company to members, which are not included in the current Constitution. The time of service provisions under the current Constitution provide that where a notice is sent by post, service is deemed to have been effected, in the case of a notice of meeting, on the date after the date of posting and in any other case, at the time at which the letter would be delivered in the ordinary course of post. Under the Proposed Constitution, this period is, in the case of a notice of general meeting, on the date after the date of its posting or in any other case, on the third business day (if in Australia) or the seventh business day (if outside Australia) after the date of postage. Timing of service of notices by fax or other electronic means is reduced under the Proposed Constitution to when the sender receives confirmation of delivery, rather than the business day following dispatch. However, if the delivery or receipt is on a day that is not a business day, or is after 5pm (recipient's time) it is deemed to be received at 9am on the following business day.
Audit and accounts	The Proposed Constitution does not include provisions requiring the directors to cause the Company to keep accounts, and have those accounts audited as contained in the current Constitution, as these obligations are imposed by law.
Winding up	The provisions in relation to division of property on a winding up are substantially the same.
Indemnity and insurance	The current Constitution contains an indemnity for every officer or auditor of the Company against any liability incurred in their capacity as an officer or auditor of the Company or any related corporation to the extent permitted by law. A similar indemnity is included in the Proposed Constitution, except that under the Proposed Constitution the Company ***may*** provide the indemnity and if it does, the indemnity only applies to each person who is or has been a director, alternate director or executive officer (as defined in the Proposed Constitution) of the Company; to such other officers or former officers of the Company or any of its related bodies corporate as the directors in each case determine; and if the directors so determine, to any auditor or former auditor of the Company or of its related bodies corporate (**Indemnified Person**). Further, in the Proposed Constitution, the extent of the indemnity that may be given is outlined in the Proposed Constitution including that it: (a) it is a continuing obligation and is enforceable even though the person may have ceased to be an officer or auditor of the company or a

	related body corporate; (b) applies to losses and liabilities incurred both before and after the date of adoption of that rule; (c) operates only to the extent that the loss or liability is not covered by insurance; and (d) is enforceable without the person to whom the rule applies first having to incur any expense or make any payment. The current Constitution also includes an employee indemnity which provides that, subject to the Corporations Act, every person who is or has been an employee of the Company shall be indemnified against liability incurred by the person in the person's capacity as, or as a result of the person having, been an employee of the Company or a related body corporate. An employee indemnity is not included in the Proposed Constitution. The Proposed Constitution also includes specific provision that the Company may enter into an agreement with an Indemnified Person in relation to indemnity and insurance, which may include provisions: (a) requiring the Company to make payments to that person by way of advance or loan (on an interest-free basis) of amounts of money that are to be applied to meet legal costs; and (b) relating to rights of access to the books of the Company conferred by the Corporations Act or otherwise by law.
Overseas members	The current Constitution incudes a rule stating that each member with a registered address outside Australia acknowledges that, with the approval of ASX, the Company may, as contemplated by and in accordance with the Listing Rules, arrange for a nominee to dispose of any of its entitlement to participate in any issue of shares or options b the Company to members. Whilst this rule is not included in the Proposed Constitution, the Company still has the ability to do so in accordance with the Listing Rules.
Proportional takeover provisions	Rule 15 of the Proposed Constitution contains Proportional Takeover Bid approval provisions. Whilst these provisions have previously been contained in the Company's constitution, they are not contained in the current Constitution as they have not been approved by Shareholders within the past three years. Resolution 10 to adopt the Proposed Constitution does not include the approval of the proposed Proportional Takeover Bid approval provisions. The new rule 15 of the Proposed Constitution requires a separate approval, which is contained in Resolution 11. An explanation of the Proportional Takeover Bid approval provisions, and other information as required by the Corporations Act to be given to Shareholders is contained in the disclosure associated with Resolution 11 in the Explanatory Memorandum.

Annexure F – Approval of Proportional Takeover Bids provisions

15 Approval of Proportional Takeover Bids

15.1 Definitions

In this rule 15:

(a) **Approving Resolution**, in relation to a Proportional Takeover Bid, means a resolution to approve the Proportional Takeover Bid passed in accordance with rule 15.3;

(b) **Proportional Takeover Bid** means an off-market bid that is made or purports to be made under section 618(1)(b) of the Corporations Act in respect of a specified proportion of shares included in a class of shares in the Company; and

(c) **Approving Resolution Deadline**, in relation to a Proportional Takeover Bid, means the day that is 14 days before the last day of the bid period in respect of the Proportional Takeover Bid.

15.2 Transfers not to be registered

Despite rules 5.1(g) and 5.2, a transfer giving effect to a takeover contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless and until an Approving Resolution to approve the Proportional Takeover Bid has been passed or is taken to have been passed in accordance with rule 15.3.

15.3 Resolution

(a) Where offers have been made under a Proportional Takeover Bid, the directors must:

(i) convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing an Approving Resolution to approve the Proportional Takeover Bid; and

(ii) ensure that such a resolution is voted on in accordance with this rule 15.3,

before the Approving Resolution Deadline in relation to that Proportional Takeover Bid.

(b) The provisions of this constitution that apply to a general meeting of the Company apply:

(i) with any changes that the circumstances require, to a meeting convened under rule 15.3(a); and

(ii) as if the meeting convened under rule 15.3(a) were a general meeting of the Company.

(c) The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution relating to that Proportional Takeover Bid and, if they do vote, their votes must not be counted.

(d) Subject to rule 15.3(c), a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held bid class shares is entitled to vote on the Approving Resolution relating to the Proportional Takeover Bid.

(e) An Approving Resolution is to be taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is to be taken to have been rejected.

(f) If an Approving Resolution to approve a Proportional Takeover Bid has not been voted on in accordance with this rule 15.3 as at the end of the day before the Approving Resolution Deadline, an Approving Resolution to approve the Proportional Takeover Bid will be taken to have been passed in accordance with this rule 15.3.

15.4 Sunset

Rules 15.1, 15.2 and 15.3 cease to have effect at the end of three years beginning:

(a) on the date this constitution is adopted by the Company; or

(b) where those rules have been renewed in accordance with the Corporations Act, on the date those rules were last renewed.

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Vote and view the annual report online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 181882

SRN/HIN:

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

For your vote to be effective it must be received by 10.00am (WST) Wednesday, 28 November 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 for Postal Forms

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 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.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

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☐ **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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Magnetite Mines 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 Magnetite Mines Limited to be held in the Seminar Room at The Royal Perth Golf Club, Labouchere Road, South Perth, Western Australia on Friday, 30 November 2018 at 10.00am (WST) 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 and 3 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 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 and 3 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	Non-Binding Resolution to adopt Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr Malcolm Randall as a Director	☐	☐	☐
Resolution 3	Approval to issue Toll Options to Mr Gordon Toll or his nominee(s)	☐	☐	☐
Resolution 4	Ratification of Placement under Listing Rule 7.1	☐	☐	☐
Resolution 5	Ratification of Additional Placement under Listing Rule 7.1	☐	☐	☐
Resolution 6	Ratification of issue of Quoted Options to CPS Capital	☐	☐	☐
Resolution 7	Ratification of issue of Consultant Options to Mr Robert Williamson	☐	☐	☐
Resolution 8	Approval to issue Shares	☐	☐	☐
Resolution 9	Approval of Additional 10% Placement Capacity	☐	☐	☐
Resolution 10	Adoption of new constitution	☐	☐	☐
Resolution 11	Approval of Proportional Takeover Bid provisions	☐	☐	☐

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	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ **Contact Daytime Telephone** ______________________ **Date** ____ / ____ / ____