MAGNETITE MINES LIMITED
Making Steel Stronger

ASX Announcement

4 September 2019

Redeemable Convertible Notes Update

Magnetite Mines Limited (ASX: **MGT**) (the **Company**) is pleased to announce it has entered into a heads of agreement (**Heads of Agreement**) with the liquidators of Mintech Resources Pty Ltd (in liquidation) (**Mintech**) to amend the terms of the redeemable convertible notes (**Notes**) held by Mintech. The Notes are a legacy issue and the renegotiation removes the major immediate obligation on the Company that was due at the end of August 2019.

The Notes were originally issued to Mintech on 31 August 2015 following a renegotiation of the terms of a tenement sale agreement between the Company and Mintech for the acquisition by the Company of the Razorback Project (see announcements to ASX on 11 August 2015 and 31 August 2015).

Pursuant to the Heads of Agreement, the parties have agreed to adjust the face value of the Notes by agreeing to certain offsets to which the Company is entitled and by incorporating and deferring payments due and have agreed to make the following changes to the Notes:

	Existing terms	**Proposed amendments**
Maturity Date:	31 August 2019	31 August 2023
Interest:	7% per annum	5% per annum
Face value:	$2,500,000	$1,975,000

Pursuant to the existing terms of the Notes, the Company had the right to extend the term of the Notes by 12 months by making a $250,000 extension fee payment.

The significant reduction in the face value of the Notes follows agreement with the liquidators of Mintech that certain amounts agreed to be paid to Mintech (including the extension fee payment of $250,000) be offset against a larger amount that Mintech was obligated to pay the Company in connection with the Company's costs of historical litigation in respect of the Razorback Project from 2010-2012.

The Company advises that the liquidators of Mintech have also agreed to a deferred payment plan for the current $175,000 interest payment due on the Notes, such that $75,000 is payable by 13 September 2019, $50,000 is payable by 31 December 2019 and $50,000 is payable by 30 April 2020.

There is no change to the redemption or conversion of the Notes, which as previously disclosed permits the Company, at least five days before maturity or redemption of the Notes, to elect to:

- redeem the Notes for cash to the face value of the Notes;

- convert the face value into fully paid ordinary shares of the Company at a price equivalent to the Company's VWAP over 90 consecutive days; or
- a combination of cash and fully paid ordinary shares per the conversion formula above.

The amendments above are subject to the receipt of approval of the creditors of Mintech, following which the parties will execute formal agreements to document the changes. The Company understands the liquidators will call a Mintech creditors' meeting for mid-September 2019.

The Company's Chairman, Peter Schubert, commented: "*The Company is in the process of concluding a scoping study (see Quarterly Activities Report dated 31 July 2019) which is investigating the potential for a smaller scale, low capital start-up at Razorback using leading edge technology combined with selective mining of the large resource and use of existing transport infrastructure. The renegotiation of the Notes deals with a legacy issue and is a further step on an exciting new path to deliver enhanced value to shareholders.*"

The Company will update the market following the Mintech creditors' meeting.

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