MAGNETITE MINES
High Grade Iron Ore Concentrate

ASX Announcement

23 March 2020

RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO $1.206 MILLION

Highlights

- 5 for 4 Renounceable Rights Issue to raise up to $1.206 million
- Attractively priced at $0.001 per share
- Discount of 75% to the 30-day VWAP of $0.004 cents, 78% to the 90 day VWAP of $0.0045
- Shareholders can trade their rights and apply for additional shares
- Rights to start trading from Wednesday, 25 March 2020
- Firm commitments from directors to participate for their full entitlement ($82,100)
- Chairman Peter Schubert to sub-underwrite an additional $5,639 from any shortfall
- Funds to be used to commence work as part of the pre-feasibility study phase and to seek strategic partners for the Razorback Iron Project, for general corporate and promotional expenses, for working capital and the costs of the Rights Issue.

Magnetite Mines Limited ("**MGT**" or "**the Company**") is pleased to announce that it is undertaking a 5 for 4 renounceable rights issue ("Rights Issue") at $0.001 per share to raise up to approximately $1.206 million (before costs).

The Lead Manager and Underwriter is Mahe Capital Pty Ltd (ACN 634 087 684) ("Mahe Capital") and Mahe Capital has agreed to partially underwrite the Rights Issue to $250,000 (250,000,000 New Shares). All Directors have agreed to subscribe for their full entitlement under the Rights Issue (approximately $82,100) and Director, Peter Schubert, has agreed to sub-underwrite the Rights Issue for a further $5,639 (bringing his total subscription to $50,000).

Funds raised will be used to commence work as part of the pre-feasibility study phase and to seek strategic partners for the Razorback Iron Project, for general corporate and promotional expenses, for working capital and the costs of the Rights Issue.

The issue price represents a discount of:

- 75% to the Company's last close of $0.004 on the ASX on 20 March 2020;
- 75% to the Company's 30 day VWAP of $0.004; and
- 78% to the Company's 90 day VWAP of $0.0045.

The Rights Issue is open to all eligible shareholders who have a registered address within Australia, New Zealand, Isle of Man and Malaysia and who hold Shares on the Record Date. The Rights Issue will close on Tuesday, 21 April 2020 (unless extended), and eligible shareholders can apply for shortfall in excess of their entitlement.

All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares. A prospectus in relation to the Rights Issue was lodged with ASIC on Monday, 23 March 2020 and, together with a personalised entitlement acceptance form, will be sent to eligible shareholders shortly after the Record Date.

Eligible shareholders should consider the prospectus in deciding whether to acquire securities under the Rights Issue and will need to complete the personalised entitlement and acceptance form that will accompany the prospectus. The following are indicative dates in respect of the capital raising:

Event	Date
Lodgement of Prospectus with ASX Lodgement of Appendix 3B with ASX	Monday, 23 March 2020
Notice of Offers sent to Shareholders	Tuesday, 24 March 2020
Shares quoted on an "Ex" basis and rights trading commences	Wednesday, 25 March 2020
Record Date for determining Entitlements	Thursday, 26 March 2020
Prospectus and Application Form despatched to Eligible Shareholders	Monday, 30 March 2020
Rights trading ends	Tuesday, 14 April 2020
Shares quoted on a deferred settlement basis	Wednesday, 15 April 2020
Last day to extend the Closing Date of Rights Issue	Thursday, 16 April 2020
Closing Date of Rights Issue (5pm WST)	Tuesday, 21 April 2020
Notification of Shortfall	Thursday, 23 April 2020
Issue date of Shares under the Rights Issue Deferred settlement trading ends	Tuesday, 28 April 2020
Commencement of Shares trading on a normal settlement basis	Wednesday, 29 April 2020

All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only. The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX. The Company reserves the right, subject to the Corporations Act and Listing Rules and other applicable laws, to vary any other date of the Offers, including accepting late applications, either generally or in particular cases, without notice.

Chairman Peter Schubert said:

"We are pleased to give shareholders the opportunity to further participate in the Company's growth and development through this issue. When completed, and assuming full subscription, we will commence a pre-feasibility study of the small scale, low capital startup option for the Razorback Iron Project which was successfully identified in the second half of 2019.

The aim of the pre-feasibility study is to optimise the value of the Project by assessing a range of development options, confirming the key valuation inputs and refining the final scope of the Project for more detailed engineering in subsequent feasibility study work. Key focus areas are testing high value resource targets, selective mining studies, recovery optimisation through metallurgical test work studies and further trials of NextOre Pty Ltd's magnetic resonance ore sorting solution.

We have considered the effect of COVID-19 in going ahead with this fundraising. While uncertainty will of course be a factor in shareholders' decision-making, the Company believes that strong long term iron ore demand and the new low capital pathway for the project make the Company an attractive investment option. The Company has substantially reduced its cost base in the last six months and the fund raising has been kept to the lowest level that will allow the company to trade through a period of uncertainty and commence work on the pre-feasibility study."

This announcement has been authorised for release to the market by the board.

For more information, please contact:

Frank DeMarte
Executive Director
Phone: +61 8 8427 0516 or
email: info@magnetitemines.com