



MAGNETITE MINES

High Grade Iron Ore Concentrate

ACN 108 102 432

PROSPECTUS

This Prospectus is being issued for the following offers:

- a renounceable pro rata offer to eligible shareholders of five (5) new shares for every four (4) shares held on the record date at an issue price of \$0.001 per new share, to raise approximately \$1.206 million (**Rights Issue**);
- an offer of any shortfall under the rights issue on the terms set out in Section 1.3 of the Prospectus (**Shortfall Offer**),
(together, the **Offers**).

The Rights Issue is partially underwritten by Mahe Capital Pty Ltd for an amount of \$250,000.

The Rights Issue closes at 5:00pm (WST) on Tuesday, 21 April 2020.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT
SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL
ADVISER WITHOUT DELAY.**

**AN INVESTMENT IN THE SECURITIES OFFERED IN CONNECTION WITH THIS PROSPECTUS
SHOULD BE CONSIDERED SPECULATIVE.**

* The Company reserves the right, subject to the Corporations Act and Listing Rules to extend the Closing Date for the Rights Issue.

Important information

This Prospectus is dated Monday, 23 March 2020 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

A copy of this Prospectus is available for inspection at the registered office of the Company at Suite 17, Level 1, 21-22 Greenhill Road, Wayville, South Australia during normal business hours. The Prospectus will also be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Rights Issue contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia, New Zealand, Isle of Man and Malaysia.

Applications for Securities under the Rights Issue will only be accepted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company to Eligible Shareholders. Applications by Eligible Shareholders for Shortfall Shares under the Shortfall Offer must be made on a separate section on the Entitlement and Acceptance Form sent with this Prospectus. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus. The issue of Shortfall Shares under the Shortfall Offer is at the complete discretion of the Underwriter following reasonable consultation with the Company. More information on the Shortfall Offer is in Section 1.3.

No person is authorised to give any information or to make any representation in connection with the Offers in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of the Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This Prospectus is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated. Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

CORPORATE DIRECTORY

Directors

Mr Frank DeMarte	Executive Director
Mr Peter Schubert	Executive Chairman
Mr Malcolm Randall	Non-Executive Director
Mr Mark Eames	Non-Executive Director

Company Secretary

Mr Frank DeMarte

Registered Office

Suite 17, Level 1, 21-22 Greenhill Road
Wayville, SA 5034

Telephone: +61 8 8427 0516

Email: info@magnetitemines.com

ASX Code: MGT

Website: www.magnetitemines.com

Lawyers

HWL Ebsworth Lawyers
Level 20
240 St Georges Terrace
Perth WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000

Telephone:

+61 3 9415 4000

Facsimile:

+61 8 9323 2033

Auditor*

Stantons International
Level 2, 1 Walker Avenue
West Perth, WA 6005

Lead Manager and Underwriter

Mahe Capital Pty Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000
AFSL: 517246

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

Proposed timetable

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.

Note that the commencement of quotation of any Shortfall Shares is subject to confirmation from ASX and any required Shareholder approval.

Letter to shareholders

Dear Shareholder,

On behalf of Magnetite Mines Limited (**Company**), I am pleased to invite you to participate in a renounceable pro rata offer to eligible shareholders of five (5) new shares for every four (4) shares held on the Record Date at an issue price of \$0.001 per new share, to raise approximately \$1.206 million (**Rights Issue**).

Funds raised are intended to be used to conduct pre-feasibility activities at the Razorback Iron Project, strategic partner promotion, negotiations and associated expenses, general corporate expenses, for working capital and the costs of the Rights Issue.

The Company intends to commence a pre-feasibility study of the small scale, low capital startup option 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 testwork studies and further trials of NextOre Pty Ltd's magnetic resonance ore sorting solution (**Ore Technology**).

The Company has had some encouraging discussions with potential strategic partners and the successful completion of the scoping study provides a sound basis for attracting a suitable partner to work with the Company to develop the Project. The Company has significantly reduced corporate and administrative costs, including the renegotiation of the Redeemable Convertible Note which related to the original acquisition cost of the Company's assets.

Each of the Directors will participate in the issue for their full entitlement which is approximately \$82,100, in total. In addition to my commitment to subscribe for my full entitlement, I have agreed to subscribe for additional shortfall by sub-underwriting the Offer for an additional \$5,639, bringing my subscription to \$50,000 in total (see Section 5.3(b) for more information).

Eligible shareholders may apply for some or all of their Entitlement under the Rights Issue, and may also apply for additional New Shares in excess of their Entitlement (for further details see Section 2.3). The Rights Issue is scheduled to close at **5.00pm (WST) on Tuesday, 21 April 2020**. To participate, you will need to ensure that you have completed and returned the Entitlement and Acceptance Form and paid all application monies before this time and date. Details of how to accept the Rights Issue are provided on the Entitlement and Acceptance Form and in Section 2 of this Prospectus.

The Company is subject to a range of risks which apply to the mining and resources sector including the success of its operations and exploration programs, a loss of key personnel and the price of commodities. These risks and others are discussed in more detail in Section 4 of this Prospectus.

On behalf of the Directors, I invite you to consider this opportunity to support the Company's strategy and thank you for your continued support.

Yours faithfully



Peter Schubert
Executive Chairman

Investment overview

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
Transaction specific prospectus This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.	Section 5.4
Risk factors Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of: • Exploration stage and success The Company is not at the development stage. There can be no assurance that exploration of the tenements currently held by the Company, or any other tenements that may be acquired in the future by the Company, will result in the discovery of an economic deposit. Investors should understand that mineral exploration and any subsequent development are high-risk undertakings. Despite the best efforts of the Company, there is no guarantee of exploration success, and even if there is exploration success, there is no guarantee that development of any such success will be commercially viable. The current and future operations of the Company will be affected by a range of factors. If exploration is successful, there will be additional costs and processes involved in moving to the development phase. • Operating and project risks The business of mineral exploration and mining involves risks and hazards. For example, in an exploration context no assurance can be given that ore bodies will be detected with preferred or desirable tonnages or grades. High risk and substantial expense can be incurred without the requisite or expected degree of reward. Even if commercial quantities of ore are discovered, unforeseen risks can arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, labour forced disruption, the unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such	Section 4

Key Information	Further Information
occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Future capital requirements The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Rights Issue will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Rights Issue, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities. Commodity price volatility and exchange rates risks In the event that the Company achieves exploration success, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities and some services are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rates of exchange between the United States dollar and the Australian dollar, as determined by international markets.	
Rights Issue This Prospectus is for a renounceable rights issue of five (5) New Shares for every four (4) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per New Share to raise up to approximately \$1.206 million (before costs).	Section 1.1
Shortfall Offer Any New Shares not taken up pursuant to the Rights Issue will become Shortfall Shares (Shortfall Offer). The Shortfall Offer is a separate offer of the Shortfall Shares made pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date. Shortfall Shares issued under the Shortfall Offer shall be granted on the same terms and conditions as the Shares being offered under the Rights Issue. Shortfall Shares will only be issued if the Rights Issue is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. It is possible that there may be no Shortfall Shares available for issue.	Section 1.3

Key Information	Further Information
The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors). Persons outside Australia who apply for Shortfall Shares represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered. Eligible Shareholders who wish to subscribe for New Shares above their Entitlement may apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form. Investors who are not Eligible Shareholders may apply for Shortfall Shares by completing the Shortfall Application Form. The Underwriter (in consultation with the Directors) will allocate Shortfall Shares pursuant to the Shortfall Offer at its sole discretion with a view to: • recognising the ongoing support of existing Shareholders of the Company; • identifying new potential long-term or cornerstone investors; and • ensuring an appropriate Shareholder base for the Company. The Directors reserve the right at their absolute discretion to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable.	
Underwriting and sub-underwriting The Rights Issue is partially underwritten to an amount of \$250,000 by Mahe Capital Pty Ltd. The Underwriter has entered into sub-underwriting agreements with director, Peter Schubert, as well as other non-related parties for the Underwritten Amount. In accordance with the Underwriting Agreement and relevant sub-underwriting agreements, the Underwriter will place any Shortfall Shares to sub-underwriters in its absolute discretion (in consultation with the Company). No Sub-Underwriter, individually or together with any of its associates, will hold more than 20% of the voting power of the Company on completion of the Rights Issue. The total sub-underwriting commitment from Mr Schubert is \$5,639. See Sections 1.2, 5.3 and 5.10 for further details.	Sections 1.2, 5.3 and 5.10

Key Information	Further Information																									
Eligible Shareholders The Rights Issue is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who: - are the registered holder of Shares as at 5:00pm (WST) on the Record Date; and - have a registered address in Australia, New Zealand, the Isle of Man or Malaysia.	Section 1.15																									
Use of funds Funds raised under the Offers are intended to be used to conduct pre-feasibility activities at the Razorback Iron Project, strategic partner promotion, negotiations and associated expenses, general corporate expenses, for working capital and the costs of the Rights Issue.	Section 1.5																									
Effect on control of the Company Shareholders should note that if they do not participate in the Offers, their holdings will be diluted. As at the date of this Prospectus, National Nominees Pty Ltd, is the largest shareholder of the Company with a voting power of 10.94% (after excluding 35,488,911 Shares held by National Nominees Pty Ltd which are beneficially owned by Peter Schubert). No other shareholder will increase their voting power in the Company to 20% or more under the Rights Issue.	Sections 1.6 and 1.7																									
Indicative capital structure and pro-forma balance sheet The indicative capital structure upon completion of the Offers is set out below: <table><tr><th></th><th>Shares (min subscription)</th><th>Shares (max subscription)</th><th>Unquoted Options</th><th>Quoted Options</th></tr><tr><td>Balance at the date of this Prospectus</td><td>964,906,968</td><td>964,906,968</td><td>82,000,000</td><td>172,624,545</td></tr><tr><td>To be issued pursuant to the Offers</td><td>250,000,000</td><td>1,206,133,710</td><td></td><td></td></tr><tr><td>To be issued to Underwriter *</td><td>-</td><td>62,061,338</td><td>15,000,000</td><td></td></tr><tr><td>Total</td><td>1,214,906,968</td><td>2,233,102,016</td><td>97,000,000</td><td>172,624,545</td></tr></table>		Shares (min subscription)	Shares (max subscription)	Unquoted Options	Quoted Options	Balance at the date of this Prospectus	964,906,968	964,906,968	82,000,000	172,624,545	To be issued pursuant to the Offers	250,000,000	1,206,133,710			To be issued to Underwriter *	-	62,061,338	15,000,000		Total	1,214,906,968	2,233,102,016	97,000,000	172,624,545	Sections 3.1 and 3.2
	Shares (min subscription)	Shares (max subscription)	Unquoted Options	Quoted Options																						
Balance at the date of this Prospectus	964,906,968	964,906,968	82,000,000	172,624,545																						
To be issued pursuant to the Offers	250,000,000	1,206,133,710																								
To be issued to Underwriter *	-	62,061,338	15,000,000																							
Total	1,214,906,968	2,233,102,016	97,000,000	172,624,545																						

Key Information	Further Information															
*The Underwriter will receive 15,000,000 Underwriter Options in part consideration for its services to the Company in relation to the offers. In addition, the Company notes that the Underwriter may elect to receive the lead manager fee of \$50,000 and the management fee of 1% of the total amount raised under the Offers in either cash, the issue of New Shares on the same terms as the Offer or a combination of both cash and New Shares. In the event that the Rights Issue is fully subscribed and the Underwriter elects to receive New Shares in full satisfaction of these fees, the Underwriter will be issued an additional 62,061,338 New Shares. The indicative pro-forma balance sheet showing the effect of the Offers is in Section 3.2.																
Directors' interests in Shares and Entitlements The relevant interest of each of the Directors in Shares as at the date of this Prospectus, together with their respective Entitlement (assuming no Options are exercised), is set out in the table below: <table><tr><th>Director</th><th>Shares held</th><th>Entitlement</th></tr><tr><td>Peter Schubert</td><td>35,488,911</td><td>44,361,139</td></tr><tr><td>Frank DeMarte</td><td>9,516,135</td><td>11,895,169</td></tr><tr><td>Malcolm Randall</td><td>6,431,312</td><td>8,039,140</td></tr><tr><td>Mark Eames</td><td>14,257,159</td><td>17,821,449</td></tr></table> Malcolm Randall, Peter Schubert, Frank DeMarte and Mark Eames have all agreed to participate for their full Entitlement. See Section 5.8 for further details. In addition, Peter Schubert has agreed to sub-underwrite for \$5,639, bringing his subscription to \$50,000.	Director	Shares held	Entitlement	Peter Schubert	35,488,911	44,361,139	Frank DeMarte	9,516,135	11,895,169	Malcolm Randall	6,431,312	8,039,140	Mark Eames	14,257,159	17,821,449	Section 5.8(a)
Director	Shares held	Entitlement														
Peter Schubert	35,488,911	44,361,139														
Frank DeMarte	9,516,135	11,895,169														
Malcolm Randall	6,431,312	8,039,140														
Mark Eames	14,257,159	17,821,449														
Forward looking statements This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management. The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new	Important Information and Section 4															

Key Information	Further Information
information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.	

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1. Details of the Offers

1.1 Rights Issue

The Company is making a renounceable pro rata offer of ordinary fully paid Shares (**New Shares**) at an issue price of \$0.001 each to Eligible Shareholders on the basis of five (5) New Shares for every four (4) Shares held at 5:00pm (WST) on the Record Date.

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). Please refer to Section 5.3 for more details.

At the date of this Prospectus the Company has on issue 964,906,968 Shares, 82,000,000 unquoted Options with various exercise prices (ranging from \$0.02 to \$0.10) and expiry dates (ranging from 26 November 2020 to 1 December 2024) and 172,624,545 quoted options with an exercise price of \$0.05 and expiry of 31 May 2021.

On the assumption that no Options are exercised before the Record Date, the Company proposes to offer approximately 1,206,133,710 New Shares under the Rights Issue, subject to rounding. If all of the unquoted and quoted Options were exercised before the Record Date, approximately 1,524,414,392 New Shares would be offered under the Rights Issue.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share or fraction of an Option, such fraction will be rounded up to the nearest whole Share or Option (as applicable).

New Shares issued under the Rights Issue will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the New Shares proposed to be issued under the Rights Issue are contained in Section 5.1.

1.2 Underwriting and sub-underwriting

The Rights Issue is partially underwritten by Mahe Capital (**Underwriter**) to \$250,000 (250,000,000 New Shares) (**Underwritten Amount**). Please refer to Sections 5.3 and 5.10 for further details.

The Underwriter has entered into sub-underwriting agreements with director, Peter Schubert, as well as other non-related parties for the Underwritten Amount. In accordance with the Underwriting Agreement and relevant sub-underwriting agreements, the Underwriter will place any Shortfall Shares to sub-underwriters in its absolute discretion (in consultation with the Company). Please refer to Section 5.3(b) for further details.

No Sub-Underwriter, individually or together with any of its associates, will hold more than 20% of the voting power of the Company on completion of the Rights Issue. The total sub-underwriting commitment from Mr Schubert is \$5,639.

1.3 Shortfall Offer

Any New Shares not taken up pursuant to the Rights Issue will become Shortfall Shares (**Shortfall Offer**). The Shortfall Offer is a separate offer of the Shortfall Shares made pursuant to this Prospectus and will remain open for up to 3 months following the Closing Date.

Shortfall Shares issued under the Shortfall Offer shall be granted on the same terms and conditions as the Shares being offered under the Rights Issue. Shortfall Shares will only be issued if the Rights Issue is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. It is possible that there may be no Shortfall Shares available for issue.

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors). Persons outside Australia who apply for Shortfall Shares represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

Eligible Shareholders who wish to subscribe for New Shares above their Entitlement may apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form. Investors who are not Eligible Shareholders may apply for Shortfall Shares by completing the Shortfall Application Form.

The Underwriter (in consultation with the Directors) will allocate Shortfall Shares pursuant to the Shortfall Offer at its sole discretion with a view to:

- (a) recognising the ongoing support of existing Shareholders of the Company;
- (b) identifying new potential long-term or cornerstone investors; and
- (c) ensuring an appropriate Shareholder base for the Company.

The Directors reserve the right at their absolute discretion to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for, and it is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable.

No Shares will be issued under the Shortfall Offer if their issue would contravene the takeover prohibition in section 606 of the Corporations Act.

1.4 Opening and Closing Date

For the Rights Issue, the Company will accept Entitlement and Acceptance Forms from the Record Date for determining Entitlements until 5.00pm (WST) on Tuesday, 21 April 2020 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**). If the Closing Date is varied, subsequent dates may also be varied accordingly.

The Shortfall Offer will remain open after the Closing Date for up to 3 months, unless closed earlier at the discretion of the Directors.

1.5 Proposed use of funds

Completion of the Offers will result in an increase in cash at hand of approximately \$250,000 (before costs) on an Underwritten Amount basis and \$1.206 million (before costs) on a full subscription basis. The following indicative table sets out the proposed use of funds raised under the Rights Issue:

Proposed use	Underwritten Amount \$	Full Subscription \$
Razorback Iron Project pre-feasibility activities	Nil	600,000
Strategic partner promotion, negotiations and expenses	99,000	163,000
Expenses of the Offers ¹	102,255	164,964
Working capital ²	48,745	278,036
TOTAL	250,000	1,206,000

Notes:

1. See Section 5.11 for further details relating to the estimated expenses of the Offers.
2. Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and additional travel costs.

If the Rights Issue is not fully subscribed and the Company only raises the Underwritten Amount, then the funds will be used as per the Underwritten Amount column in the table above. If the amount raised is between the Underwritten Amount and full subscription then funds allocated will be scaled back from the intended full subscription use on a pro-rata basis to the extent possible. The Company does not intend to commence pre-feasibility activities unless a minimum of approximately \$450,000 is raised, which would allow the Company to allocate \$150,000 toward those activities.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

1.6 Effect on control of the Company

The maximum total number of New Shares proposed to be issued under the Offers is approximately 1,206,133,710 which will constitute 55.6% of the Shares on issue following completion of the Offers (assuming no other Shares are issued or convertible securities exercised or converted to Shares prior to the Record Date).

As at the date of this Prospectus, National Nominees Pty Ltd, is the largest shareholder of the Company with a voting power of 10.94% (after excluding 35,488,911 Shares held by National Nominees Pty Ltd which are beneficially owned by Peter Schubert).

No shareholder will increase their voting power in the Company to 20% or more under the Rights Issue.

No nominee has been appointed for Ineligible Foreign Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of their Entitlement, they will not be permitted to increase their voting power:

- (a) from 20% or below 20% to above 20%; or
- (b) from a starting point of above 20% and below 90%,

as a result of accepting their Entitlement under the Offer without breaching section 606(1) of the Corporations Act.

As a consequence, the Company will not issue New Shares to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest contrary to section 606 of the Corporations Act. This may result in the Company scaling back applications from Eligible Shareholders to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act. Eligible Shareholders who may be at risk of exceeding the 20% voting power threshold in section 606 as a result of acceptance of their Entitlement should seek professional advice before completing and returning their Entitlement and Acceptance Form.

As the Rights Issue is renounceable, the Company will appoint Mahe Capital to arrange for the sale of Entitlements that would have been given to Ineligible Foreign Shareholders and to account to them for the net proceeds of the sale. See Section 1.15(b) for further details.

The Underwriter presently has no Shares in the Company and it has indicated that it has no intention of acquiring Shares in the Company prior to the Record Date. Mahe Capital has agreed to partially underwrite the Rights Issue for up to \$250,000 (250,000,000 New Shares).

If the scenario arises, the Underwriter intends to rely on the underwriting exception under item 13 of section 611 of the Corporations Act with respect to its voting power increasing from a shareholding position from under 20% to over 20%, noting that such an exception is available to be relied upon if the issue of securities is to a person as an underwriter and the disclosure document adequately discloses the effect that the acquisition would have on the person's voting power in the entity.

The Underwriter's maximum potential relevant interest in Shares and voting power in the Company under several scenarios are set out in the table below and are based on the assumptions that:

- (a) no further Shares are issued; and
- (b) except where it would lead to a contravention of section 606 of the Corporations Act, the Underwriter elects to receive full payment of the lead manager fee and management fee in Shares (see Section 5.10).

	Total Underwriter Shares	Total MGT Shares	Underwriter voting power
Date of Prospectus	Nil	964,906,968	0%
<i>Rights Issue</i>			
• Fully subscribed*	62,061,338	2,233,102,016	2.8%
• 75% subscribed by Shareholders other than the Underwriter*	309,046,003	1,928,553,254	16.0%
• 50% subscribed by Shareholders other than the Underwriter*	306,030,669	1,624,004,492	18.8%
• 25% subscribed by Shareholders other than the Underwriter*	252,500,000	1,268,940,396	19.9%
• Underwritten Shares only	250,000,000	1,214,906,968	20.6%

*Includes election to take Shares in lieu of cash fee. In the 25% subscription scenario, the maximum number of Shares the Underwriter may elect to receive is 2,500,000.

Mahe Capital has confirmed with the Company that, to the extent that the Underwritten Amount is sub-underwritten and, in the event that:

- (i) no Eligible Shareholders take up their rights under this Prospectus; and
- (ii) no Shortfall Shares are issued (other than the Underwritten Shares),

no sub-underwriter will hold voting power of more than 20%. For further information, please refer to Section 5.3(b).

1.7 Potential dilution to Shareholders

Eligible Shareholders should note that if they do not participate in the Rights Issue, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement to Shares on 5 for 4 basis	% post-Offers if Entitlement not taken up
Shareholder 1	140,000,000	14.51	175,000,000	6.45
Shareholder 2	60,000,000	6.22	75,000,000	2.76

Holder	Holding as at Record Date	% at Record Date	Entitlement to Shares on 5 for 4 basis	% post-Offers if Entitlement not taken up
Shareholder 3	40,000,000	4.15	50,000,000	1.84
Shareholder 4	20,000,000	2.07	25,000,000	0.92
Shareholder 5	15,000,000	1.55	18,750,000	0.69
Shareholder 6	10,000,000	1.04	12,500,000	0.46

Note:

- The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are subsequently placed pursuant to the Underwriter's discretion (in consultation with the Company). In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage. The dilution effect also assumes that no Shares will be issued, exercised or converted prior to the Record Date.

In the event the Offers are oversubscribed, the Directors reserve the right in their absolute discretion to utilise the Company's 15% placement capacity to issue additional New Shares pursuant to Listing Rule 7.1.

1.8 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholders	Number of Shares	Voting power
National Nominees Pty Ltd*	105,029,927	10.94%
Entities associated with former director, Mr Gordon Toll	88,476,509	9.17%

*Excludes 35,488,911 Shares held by National Nominees Pty Ltd which are beneficially owned by Peter Schubert.

1.9 Minimum subscription

The minimum subscription amount for the Rights Issue is \$250,000 (being the Underwritten Amount).

1.10 Rights trading

The Entitlements under the Rights Issue are renounceable. Accordingly, there will be trading of Entitlements on ASX and you may dispose of your Entitlements to subscribe for Shares to any other party. If you do not take up your Entitlement to Shares under the Rights Issue by the Rights Issue Closing Date, the Rights Issue to you will lapse.

Trading of Entitlements on ASX is expected to occur in accordance with the timetable.

1.11 Issue date and dispatch

All Shares under the Rights Issue are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

Security holder statements and CHESS allotment confirmation notices will be dispatched one day after the issue of the Shares under the Rights Issue.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

1.12 Application Monies held on trust

All Application Monies received for the Shares issued by this Prospectus will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued under the Offers. All Application Monies received in respect of the Offers will be returned (without interest) if the Shares under the Offers are not issued.

1.13 ASX quotation

Application has been or will be made for the official quotation of the Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.14 CHESS

The Company participates in the Clearing House Electronic Sub-register System known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares pursuant to their acceptance of the Offers.

Shareholders who are broker sponsored will receive a CHESS statement from ASX Settlement Pty Limited.

The CHESS statement will specify the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Computershare Investor Services Pty Limited and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Security holders at the end of any calendar month during which the balance of their Security holding changes. Security holders may request a statement at any other time; however, a charge may be made for additional statements.

1.15 Residents outside Australia

(a) Ineligible Foreign Shareholders

This Prospectus, and any accompanying Entitlement and Acceptance Form, do not, and is not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Shares under the Rights Issue.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company believes that it is unreasonable to extend the Rights Issue to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (i) the number and value of the Shares that would be offered to those Shareholders; and
- (ii) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Rights Issue. Mahe Capital has been appointed to arrange for the sale of the Entitlements that would have been given to Ineligible Foreign Shareholders and to account for them for the net proceeds of the sale (see Section 1.15(b) for further details).

(b) Sale of Ineligible Foreign Shareholders rights

Mahe Capital has been appointed to sell the rights that would otherwise be held by Ineligible Foreign Shareholders.

Pursuant to the arrangement, the Company will place the Entitlements that would otherwise be issued to Ineligible Foreign Shareholders under a local shareholder reference number and then Mahe Capital will then sell those Entitlements and provide the proceeds of those sales (net of expenses) back to the Company (or the Share Registry). The Company will then distribute to each of those Ineligible Foreign Shareholders their proportion of the proceeds of the sale net of expenses.

The Company will pay Mahe Capital a brokerage fee on the sale of Ineligible Foreign Shareholders Entitlements.

Mahe Capital will not be required to individually correspond on any matter with any of the Company's Ineligible Foreign Shareholders.

There is no guarantee Mahe Capital will be able to sell Ineligible Foreign Shareholders' Entitlements.

(c) New Zealand offer restrictions

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date to whom the offer of New Shares is being made in reliance on the transitional

provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(d) Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Rights Issue is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue is compatible with applicable foreign laws.

1.16 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Shares.

1.17 Major activities and financial information

A summary of the activities and financial information relating to the Company for the financial year ended 30 June 2019 can be found in the Company's 2019 Annual Report announced on ASX on 30 September 2019 and, for the half-year ended 31 December 2019, the Half Yearly Report announced on ASX on 9 March 2020. The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report on 30 September 2019 are listed in Section 5.5.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that potential Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.18 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.19 Enquiries concerning this Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary, by telephone on +61 8 8427 0516.

For general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

2. Action required by Shareholders

2.1 What Eligible Shareholders may do

The number of Shares to which Eligible Shareholders are entitled are shown on the personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept some or all of your Entitlement (refer to Section 2.2);
- (b) apply for additional new Shares in excess of your Entitlement (refer to Section 2.3);
- (c) sell part or all of your Entitlement under the Rights Issue on the ASX (refer to Section 2.4);
- (d) deal with part of all of your Entitlement other than on ASX (refer to Section 2.5); or
- (e) allow all or part of your Entitlement to lapse (refer to Section 2.6).

2.2 Subscribe for all or part of your Entitlement

Your Entitlement to participate in the Rights Issue will be determined on the Record Date.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

Should you wish to accept all of your Entitlement to Shares under the Rights Issue and you are not paying by BPAY, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Magnetite Mines Limited" and lodged at any time after the issue of this Prospectus and on or before the Rights Issue Closing Date at the Share Registry (by post) at:

By Post
Magnetite Mines Limited c/- Computershare Investor Services Pty Limited GPO Box 505 MELBOURNE VIC 3001 AUSTRALIA

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Rights Issue Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Applicants are encouraged to pay by BPAY.

Should you wish to accept part of your Entitlement under the Rights Issue and sell the remaining Entitlement on the ASX, follow the instructions above in relation to the part of the Entitlement that you wish to accept, and follow the instructions in Section 2.4 in relation to the part of the Entitlement that you wish to sell on the ASX.

If you do not wish to accept all or part of your Entitlement, you are not obliged to do anything. The part of the Rights Issue that you do not accept will lapse by the Rights Issue Closing Date. However, you should be aware that as your Entitlement is renounceable, the Entitlement may have value should you choose to sell or trade your Entitlement on the ASX. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.3 Subscribe for all of your Entitlement and apply for Shortfall Shares

If you wish to apply for Shares in excess of your Entitlement under the Rights Issue by applying for Shortfall Shares you may do so by completing the relevant separate section of the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Any Shortfall Shares applied for in excess of your Entitlement will be issued at the complete discretion of the Underwriter (in consultation with the Company).

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Magnetite Mines Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the address indicated at Section 2.2 above.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form. Your BPAY payment will be applied to acceptance of your Entitlement and any excess payment amount will be treated as an Application for additional Shares.

Applicants are encouraged to pay by BPAY.

2.4 If you wish to sell all or part of your Entitlement under the Rights Issue on the ASX

Should you wish to sell all or part of your Entitlement under the Rights Issue on the ASX you must provide instructions to your stockbroker regarding the Entitlement you wish to sell on the ASX. Trading of Entitlements will commence on the ASX on Wednesday, 25 March 2020 and will cease on Tuesday, 14 April 2020.

The Company does not guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on the ASX or that any particular price will be paid for the Entitlements sold on the ASX.

2.5 If you wish to sell all or part of your Entitlement under the Rights Issue other than on the ASX

Should you wish to sell part of your Entitlement under the Rights Issue other than on the ASX, and the purchaser of your Entitlement is an Ineligible Foreign Shareholder or a person that would be an

Ineligible Foreign Shareholder if they were a registered holder of Shares, that purchaser will not be able to accept the Entitlement that they have purchased.

If you are a shareholder on the issuer sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person other than on the ASX, please complete the standard renunciation and transfer form (obtainable from the Company's share registry) by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on standard renunciation and transfer form.

Completed standard renunciation and transfer forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Magnetite Mines Limited" and lodged at any time after the issue of this Prospectus and on or before the Rights Issue Closing Date at the Share Registry (by post) at:

By Post
Magnetite Mines Limited c/- Computershare Investor Services Pty Limited GPO Box 505 MELBOURNE VIC 3001 AUSTRALIA

Should you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf. The Application Monies for Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry in accordance with Section 2.2.

2.6 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. However, you should be aware that as your Entitlement is renounceable, the Entitlement may have value should you choose to sell or trade all or some of your Entitlement on the ASX. The Rights Issue will lapse by the Rights Issue Closing Date. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

2.7 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted by the Company. The Application Form does not need to be signed to be a binding application for Shares. Application monies are only refundable in accordance with the Corporations Act and no refunds of application monies will be provided should an applicant change their mind.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application Form as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with the relevant Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies (if applicable), or making a payment via BPAY®, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder, if your Application Form is in respect of the Rights Issue;
- (b) represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus;
- (c) agreed to be bound by the terms of the relevant Offer;
- (d) declared that all details and statements in the Application Form are complete and accurate;
- (e) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) authorised the Company and its respective officers or agents, to do anything on your behalf necessary for the Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- (g) acknowledged that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that the Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (h) acknowledged that the Shares offered under this Prospectus have not, and will not be, registered under the securities laws in any jurisdictions outside Australia.

2.8 Enquiries concerning your Entitlement or an Application Form

For enquiries concerning your Entitlement or an Application Form, please contact Computershare Investor Services Pty Ltd on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

3. Effect of the Offers

3.1 Capital structure on completion of the Offers

	Shares (min subscription)	Shares (max subscription)	Unquoted Options	Quoted Options
Balance at the date of this Prospectus	964,906,968	964,906,968	82,000,000 ¹	172,624,545 ²
To be issued pursuant to the Rights Issue ³	250,000,000	1,206,133,710	Nil	Nil
Maximum securities to be issued to Underwriter ⁴	Nil	62,061,338	15,000,000	Nil
TOTAL⁵	1,214,906,968	2,233,102,016	97,000,000	172,624,545

Notes:

- 82,000,000 unquoted Options consist of:
 - 10,000,000 Options exercisable at \$0.02 each on or before 26 November 2020;
 - 3,000,000 Options exercisable at \$0.02 each on or before 26 April 2021;
 - 1,000,000 Options exercisable at \$0.045 each on or before 24 August 2021;
 - 3,000,000 Options exercisable at \$0.025 each on or before 7 September 2021;
 - 10,000,000 Options exercisable at \$0.02 each on or before 30 November 2021;
 - 5,000,000 Options exercisable at \$0.10 each on or before 5 December 2021;
 - 6,500,000 Options exercisable at \$0.015 each on or before 18 March 2022;
 - 3,000,000 Options exercisable at \$0.04 each on or before 5 June 2022;
 - 7,500,000 Options exercisable at \$0.05 each on or before 5 July 2022;
 - 10,000,000 Options exercisable at \$0.04 each on or before 30 November 2022;
 - 3,000,000 Options exercisable at \$0.035 each on or before 4 June 2023; and
 - 20,000,000 Options exercisable at \$0.015 each on or before 1 December 2024.
- 172,624,545 quoted Options exercisable at \$0.05 each on or before 31 May 2021.
- The number of Shares to be issued under the Rights Issue assumes that no Securities will be issued, exercised or converted prior to the Record Date.
- The Underwriter will receive 15,000,000 Underwriter Options in part consideration for its services to the Company in relation to the offers. In addition, the Company notes that the Underwriter may elect to receive the lead manager fee of \$50,000 and the management fee of 1% of the total amount raised under the Offers in either cash, the issue of New Shares on the same terms as the Offer or a combination of both cash and New Shares. In the event that the Rights Issue is fully subscribed and the Underwriter elects to receive New Shares in full satisfaction of these fees, the Underwriter will be issued an additional 62,061,338 New Shares. Note that if an election to receive New Shares would cause a contravention of section 606 of the Corporations Act, the Underwriter will be taken to have elected to receive cash only.

5. The table is subject to rounding. In the event the Offers are oversubscribed, the Directors reserve the right in their absolute discretion to utilise the Company's 15% placement capacity to issue additional New Shares pursuant to Listing Rule 7.1.

3.2 Pro-forma consolidated statement of financial position

Set out below is:

- the reviewed consolidated statement of financial position of the Company as at 31 December 2019 (**Balance Date**);
- the unaudited significant changes since the Balance Date;
- the unaudited effects of the Offers (assuming the Offers are fully subscribed); and
- the unaudited pro forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraphs (b) and (c).

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form and does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Reviewed Balance Sheet as at 31/12/19	Significant changes since 31/12/19	Effect of Offers (Underwritten Shares only)	Effect of Offers (max subscription)	Unaudited Pro Forma Balance Sheet Post Offers (Underwritten Shares only)	Unaudited Pro Forma Balance Sheet Post Offers (max subscription)
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	319,128	(123,381)	147,745	1,041,170	343,492	1,236,917
Trade and other receivables	45,264	(19,730)		0	25,534	25,534
TOTAL CURRENT ASSETS	364,392	(143,111)	147,745	1,041,170	369,026	1,262,451
NON CURRENT ASSETS						
Other receivables	32,588	-			32,588	32,588
Property, plant and equipment	33,616	(3,077)			30,539	30,539
Exploration expenditure	9,348,492	13,264			9,361,756	9,361,756
Intangibles	161	(18)			143	143
TOTAL NON-CURRENT ASSETS	9,414,857	10,169			9,425,026	9,425,026
TOTAL ASSETS	9,779,249	(132,942)	147,745	1,041,170	9,794,052	10,687,477
LIABILITIES						
CURRENT LIABILITIES						

Trade and other payables	347,865	13,469			361,334	361,334
Provisions	66,273	(9,908)			56,365	56,365
TOTAL CURRENT LIABILITIES	414,138	3,561			417,699	417,699
NON-CURRENT LIABILITIES						
Trade and other payables	1,975,354	-			1,975,354	1,975,354
Total Non-Current Liabilities	1,975,354	-			1,975,354	1,975,354
TOTAL LIABILITIES	2,389,492	-			2,393,053	2,393,053
NET ASSETS	7,389,757	(136,503)	147,745	1,041,170	7,400,999	8,294,424
EQUITY						
Contributed Equity	53,281,154	-	147,745	1,045,000	53,428,899	54,326,154
Reserves	10,613,181	-			10,613,181	10,613,181
Accumulated losses	(56,504,578)	(136,503)			(56,641,081)	(56,641,081)
TOTAL EQUITY	7,389,757	(136,503)	147,745	1,041,170	7,400,999	8,294,424

The pro forma statement of financial position has been prepared on the basis that the assets and liabilities of the Company have not been subject to any material change between the Balance Date and the completion of the Offers except for:

- (a) in the case of the minimum subscription of Underwritten Shares:
 - (i) the issue of 250,000,000 New Shares at an issue price of \$0.001 each to raise \$250,000; and
 - (ii) the total estimated costs of the Offers of \$102,255, as outlined in Section 5.11; and
- (b) in the case of the maximum subscription:
 - (i) the issue of 1,206,133,710 New Shares at an issue price of \$0.001 each to raise \$1.206 million; and
 - (ii) the total estimated costs of the Offers of \$164,964, as outlined in Section 5.11.

3.3 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.005 on each of 31 December 2019, 3, 10, 28 and 31 January 2020 and 14, 17, 18 and 21 February 2020

Lowest: \$0.004 on each of 23 December 2019, 15 and 17 January 2020; 5, 6, 11, 12 and 28 February 2020 and 4 and 6 March 2020.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.004 per Share on 20 March 2020.

3.4 **Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

4. Risk Factors

An investment in Securities offered by this Prospectus should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Exploration stage and success

The Company is not at the development stage. Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities are subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

There can be no assurance that exploration of the tenements currently held by the Company, or any other tenements that may be acquired in the future by the Company, will result in the discovery of an economic deposit. Investors should understand that mineral exploration and any subsequent development are high-risk undertakings.

Further, the costs of the Company's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the Company's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the value of the Company's Shares.

Despite the best efforts of the Company, there is no guarantee of exploration success, and even if there is exploration success, there is no guarantee that development of any such success will be commercially viable. The current and future operations of the Company will be affected by a range of factors. If exploration is successful, there will be additional costs and processes involved in moving to the development phase.

(b) Operating and project risks

The business of mineral exploration and mining involves risks and hazards. For example, in an exploration context no assurance can be given that ore bodies will be detected with preferred or desirable tonnages or grades. High risk and substantial expense can be incurred without the requisite or expected degree of reward. Even if commercial quantities of ore are discovered, unforeseen risks can arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, labour forced disruption, the unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unusual or unexpected geological

formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

(c) **Future capital requirements**

The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Rights Issue will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Rights Issue, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

In addition, and as announced on 4 September 2019 and 12 November 2019, the Company has entered into an agreement with the liquidators of Mintech Resources Pty Ltd (in liquidation) (**Mintech**) to amend the terms of redeemable notes held by Mintech. Under the agreement, notes with a face value of \$1,975,000 (with an applicable interest rate of 5% per annum) will mature on 31 August 2023 (**Notes**). In the event that the Company is unable to convert the Notes to Shares prior to Shares (in accordance with the terms of the Notes), the Company will have to repay the full face value (and all applicable interest) on the maturity date

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(d) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel, including technical personnel and sub-contractors. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or are incapacitated for any length of time.

(e) **Counterparty and joint venture risks**

The Company may in the future become a party to joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. There is a risk of insolvency or managerial failure by any of the contractors or other suppliers used by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or others suppliers. This may have an adverse effect on the interests and prospects of the Company.

(f) **Commodity price volatility and exchange rates risks**

In the event that the Company achieves exploration success, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand

fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities and some services are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rates of exchange between the United States dollar and the Australian dollar, as determined by international markets.

(g) Tenement title

The Company's title to its tenements generally requires the Company to continue to satisfy its expenditure or work commitments. The Company currently has no reason to believe that it will not satisfy those commitments. However, this cannot be guaranteed.

Interests in tenements in Australia are governed by federal and state legislation and are evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance, such as satisfaction of statutory payments (including land taxes and statutory duties) and compliance with work programmes and public health and safety laws. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.

Further, mining and exploration tenements, once granted, are subject to periodic renewal. There is no guarantee that current or future tenement renewals will be approved. Renewal of the term of a granted tenement is at the discretion of the relevant government authority and may include additional or varied expenditure or work commitments or compulsory relinquishment of the areas comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(h) Land-owner and access risk

The Company will be required to negotiate access arrangements and pay compensation to land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. The Company's ability to resolve access and compensation issues will have an impact on the future success and financial performance of the Company's operations. If the Company is unable to resolve such compensation claims on economic terms, this could have a material adverse effect on the business, results or operations and financial condition of the Company. Access to land for exploration purposes can be affected by land ownership, nature reserves and national parks, government regulation and environmental restrictions. Access is critical for exploration and development to succeed and the ability to be able to negotiate satisfactory commercial arrangements with landowners, farmers and occupiers is often essential.

(i) Native title and Aboriginal heritage

Tenements which may be acquired by the Company may be located within areas that are covered by potential Native Title claims. The *Native Title Act 1993* (Cth) and related State native title legislation and aboriginal heritage legislation may affect the Company's ability to obtain access to certain of exploration areas or to obtain mining production titles. Settling any such claims may incur costs to the Company. The degree to which this may impact on

the Company's activities will depend on a number of factors, including the status of tenements acquired and their locations.

In addition, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant land owner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(j) Access and infrastructure risks

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate rights of Indigenous owners or surface rights holders exist. In this case, the ability of the Company to gain access to tenements (through obtaining consent of any relevant Indigenous owner, body, group or landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Company's mineral titles may also be subject to access by third parties including, but not limited to, the areas' indigenous people. This access could potentially impact the Company's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by the Company's activities.

(k) Litigation and counterparty risks

The Company is not currently involved in any litigation, however like any corporation operating in a commercial setting, the Company is exposed to potential legal and other claims or disputes in the course of its business, including litigation from employees, regulators or other third parties. As with all litigation, there are risks involved. An adverse outcome in litigation or the cost of responding to potential or actual litigation may have a material adverse impact on the financial performance of the Company.

In addition, there is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors or other suppliers used by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or others suppliers.

(l) Technology risk

The Company is currently conducting testing of the Ore Technology in relation to magnetite and iron ore projects. Whilst testing to date has been encouraging, there is no guarantee or assurance that the Ore Technology will be successful at a pilot plant scale or commercial scale, or if successful that it will be commercially viable or that the cost estimates and any underlying assumptions will be realised in practice.

(m) Liquidity and volatility

An investment in New Shares should be regarded as speculative. The Company also has a relatively small Shareholder base. As a consequence there is a risk, particularly in times of share market turbulence or negative investor sentiment, that there will not be a highly liquid market for Shares or that the price of Shares may decrease considerably. There may be relatively few buyers or sellers of securities on ASX at any given time and the market price may be highly volatile. This may result in Shareholders wishing to sell their Shares at

such a time receiving a market price for their Shares that is considerably less than the price paid under the Rights Issue.

The past performance of the Company is not necessarily an indication as to future performance of the Company as the trading price of Shares can go up or down.

(n) Resource and reserve estimates

Resource and reserve estimates are expressions of judgements based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource and reserve estimates are necessarily imprecise and depend to some extent on geological interpretations, as well as various economic, commercial, technical, environmental and legal assumptions which may prove to be inaccurate.

Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(o) Regulatory risks

Changes in legislative and administrative regimes, taxation laws, interest rates, other legal and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of Shares.

Exploration and prospective production are dependent upon the granting and maintenance of appropriate licences, permits and regulatory consents and authorisations, which may not be granted or may be withdrawn or by made subject to limitations at the discretion of government or regulatory authorities. Although the authorisations may be renewed following expiry or grant (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted, or as to the terms of renewals or grants. If the Company cannot obtain or retain the appropriate authorisations or there is a material delay in obtaining or renewing them or they are granted subject to onerous conditions, then the Company's ability to conduct its exploration or development operations may be adversely affected.

(p) Environmental risks

The Company's operations and activities are subject to the environmental laws of Australia and any other places the Company may conduct business. As with most exploration projects, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. However, non-compliance with or breach of any conditions attached to the Company's mining or environmental licences may lead to penalties and/or revocation of the licence, and significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of certain environmental damage. This would require the Company to incur significant costs and may result in an adverse impact on the Company's cash flows, financial position and performance.

Further, the Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or

regulations would materially increase the Company's cost of doing business or affect its operations in any area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's operations, financial position and performance.

(q) Insurance risks

Company will endeavour to maintain insurance within ranges of coverage in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate cover. The occurrence of an event that is not covered or fully covered by insurance could have an adverse effect on the Company's operations and financial position and performance.

Insurance of risks associated with minerals exploration is not always available and, where available, the costs can be prohibitive. There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage that is in accordance with industry practice. The Company will use reasonable endeavours to insure against the risks it considers appropriate for the Company's needs and circumstances. However, no assurance can be given that the Company will be able to obtain such insurance coverage in the future at reasonable rates or that any coverage it arranges will be adequate and available to cover claims.

4.2 Risks specific to the Rights Issue

Termination by Underwriter and terms of underwriting

The Underwriting Agreement includes various termination events upon the occurrence of which the Underwriter may elect to terminate the Underwriting Agreement.

In the event that the Underwriting Agreement is terminated:

- (i) the Rights Issue will not be underwritten and may not raise the full amount intended;
- (ii) the Directors may determine not to proceed with the Rights Issue; and/or
- (iii) the Company may have insufficient funds to complete all of the expenditure set out in Section 1.5.

For further details of the Underwriting Agreement refer to Section 5.3(a).

4.3 General Risks

(a) Coronavirus disease

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share prices.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

(b) **Discretion in use of capital**

The Board and the Company's management have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

(c) **Investment in capital markets**

As with all stock market investments, there are risks associated with an investment in the Company.

Securities listed on the stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of Shares regardless of the Company's performance. The price of Shares might trade below or above the issue price for the New Shares.

(d) **General economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending, oil prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(e) **Changes in government policies and legislation**

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests in may affect the viability and profitability of the Company.

(f) **Unforeseen risks**

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company and its operations, and on the valuation and performance of the Company's Shares.

(g) **Force majeure**

The Company's may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

The Company's projects may be situated within a bush fire prone land area and as such, the Company may be adversely affected by the consequences of catastrophic bushfires,

particularly in extreme fire danger weather conditions. Such consequences may include personal injury/death, damage to infrastructure and business interruption.

(h) **Climate change risks**

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

4.4 **Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

5. Additional information

5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) Issue of Shares

The issue of Shares in the capital of the Company and the options over unissued Shares by the Company is under the control of the Directors, subject to the Corporations Act and Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a proper market transfer, where permitted by the Listing Rules or the ASX Settlement Rules. The Company must not refuse to register or give effect to or delay or in any way interfere with a proper ASX transfer of Shares or other securities.

(f) Meetings and notice

Each Shareholder is entitled to receive notice of, and to attend, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules.

(g) Shareholder Liability

As the Shares are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(h) Future increase in capital

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(i) Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

5.2 Terms and conditions of Underwriter Options

The Underwriter Options to be issued under the Offers will be issued on the following terms and conditions:

- (a) Each Underwriter Option entitles the holder to subscribe for one fully paid ordinary Share.
- (b) The Underwriter Options are exercisable at \$0.003 each at any time up to 5.00pm (WST) on the date that is 3 years after the date the Underwriter Options are issued.
- (c) Any Underwriter Option not exercised by its expiry date will automatically expire.
- (d) The Underwriter Options are transferable.
- (e) The Underwriter Options are unquoted.
- (f) The Company will apply to ASX for Official Quotation of the Shares issued on exercise of Underwriter Options.
- (g) The Underwriter Option holder is not entitled to participate in any issue to existing Shareholders of Securities unless they have exercised their Underwriter 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 Underwriter Option holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules.
- (h) The number and exercise price of the Underwriter Options remains the same regardless if the Company makes a bonus issue of Shares or other Securities to Shareholders.
- (i) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Underwriter Option holder (including the number of Underwriter Options to which the Underwriter 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.
- (j) 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 Underwriter Option holder.
- (k) To exercise Underwriter Options, the Underwriter Option holder must give the Company:
 - (i) a written exercise notice (in the form approved by the Board from time to time) specifying the number of Underwriter Options being exercised and Shares to be issued; and
 - (ii) 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.
- (l) The Underwriter Option holder may only exercise Underwriter Options in multiples of 500,000 options unless the holder holds less than 500,000 Underwriter Options, in which case all Underwriter Options held must be exercised.
- (m) The Underwriter Options will be deemed to have been exercised on the date the exercise notice is lodged with the Directors.

- (n) Within 10 Business Days after receiving an application for exercise of Underwriter Options and payment by the Underwriter Option holder of the exercise price, the Company must issue the Underwriter Option holder the number of Shares specified in the application.
- (o) Subject to the Constitution, all Shares issued on the exercise of Underwriter 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.
- (p) If the issue of Shares upon exercise of Underwriter Options specified in an exercise notice would result in any person being in contravention of section 606 of the Corporations Act then the issue of such Shares will, subject to any restrictions imposed by ASX or the Listing Rules, be deferred until such time or times that the issue would not result in a contravention of section 606 of the Corporations Act.
- (q) A holder must give notification to the Company in writing no later than the time of providing a notice of exercise if they consider that the issue of Shares upon exercise of the Underwriter Options may result in the contravention of section 606 of the Corporations Act, failing which the Company will be entitled to assume that the issue of Shares upon exercise of the Underwriter Options will not result in any person being in contravention of section 606 of the Corporations Act.

5.3 Material contracts

(a) Underwriting Agreement

Mahe Capital is acting as Lead Manager and Underwriter. The Rights Issue is partially underwritten to \$250,000 (250,000,000 New Shares) (**Underwritten Amount**).

Mahe Capital will be paid a fee for managing and partially underwriting the Rights Issue and the Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Rights Issue. For more details, please refer to Section 5.10.

The Underwriting Agreement contains a number of provisions ordinarily found in agreements for underwriting arrangements of this type, including that:

- (i) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Rights Issue;
- (ii) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Rights Issue;
- (iii) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where any of the following events has a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:

- (A) the S&P ASX 200 falls 7% or more below the closing level on the Business Day prior to the date of the Underwriting Agreement;
- (B) the Rights Issue offer price is greater than the volume weighted average market price for Shares as quoted by the ASX calculated over three consecutive trading days during the period from the date of the Agreement to allotment of New Shares
- (C) the Company fails to lodge an Appendix 2A in relation to the Underwritten Shares with ASX by the time required by the Listing Rules, the Corporations Act or any other regulations;
- (D) it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive;
- (E) it transpires that there is a statement in this Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus (having regard to the provisions of Sections 711, 713 and 716 of the Corporations Act) or if any statement in this Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (F) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or its subsidiaries including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (G) any of the material contracts or contracts described in this Prospectus (other than the Underwriting Agreement) is breached, not complied with according to its terms, terminated or substantially modified;
- (H) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the Underwriting Agreement has been signed involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (I) a judgment in an amount exceeding \$100,000.00 is obtained against a the Company or any related body corporate and is not set aside or satisfied within 7 days;
- (J) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; and

(K) on the occurrence of various regulatory related matters, such as:

- (1) the Underwriter, having elected not to exercise its right to terminate its obligations under this Underwriting Agreement, forms the view on reasonable grounds that a supplementary prospectus should be lodged with ASIC and the Company fails to lodge a Supplementary Prospectus in such form and content and within such time as the Underwriter may reasonably require;
- (2) ASIC makes an interim or final stop order in relation to the Prospectus;
- (3) the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances, or an application for such a declaration is made to the Takeovers Panel; and
- (4) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of the Underwriting Agreement.

(b) **Sub-underwriting**

Director, Peter Schubert, has entered into a sub-underwriting arrangement with the Underwriter. The Underwriter may also appoint additional third party sub-underwriters to subscribe for Shortfall Shares up to the Underwritten Amount. The Underwriter has confirmed that any sub-underwriter will not, by its sub-underwriting, increase their relevant interest in the Shares to 20% or more. The Underwriter is responsible for any fees payable to sub-underwriters.

Pursuant to the sub-underwriting arrangement, in the event of a shortfall and subject to the availability of Shortfall Shares, Mr Schubert has agreed to sub-underwrite up to \$5,639 in relation to the Rights Issue (**Committed Amount**). The Committed Amount is in addition to Mr Schubert's Entitlement (for a total of \$50,000).

The maximum total shareholding of Mr Schubert following the Rights Issue has been calculated in the table below on the basis that:

- (i) Mr Schubert subscribes for his full Entitlement and the full Committed Amount; and
- (ii) no other Eligible Shareholder subscribes for their Entitlement.

Director	Current shareholding (including direct and indirect)	Current interest in voting shares	New shares to be issued ¹	Total shares held post Rights Issue	Post Offer interest in voting shares ²
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Peter Schubert	35,488,911	3.68%	50,000,000	85,488,911	7.04%
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Notes:

1. These figures assume that no Entitlements under the Rights Issue are taken up by Eligible Shareholders (other than Mr Schubert) and the Shortfall Shares will be allocated to Mr Schubert in accordance with the sub-underwriting arrangement with Mr Schubert to take up those allocated Shortfall Shares to the maximum Committed Amount (**Director Sub-underwritten Shares**) and the Underwriter to take up the balance of the Underwritten Amount.
2. These percentages assume that all the Underwritten Shares have been taken up by the Underwriter and sub-underwriters (including Director Sub-underwriters).

(c) Peter Schubert Loan

As announced on 16 September 2019, the Company is party to a Convertible Loan Agreement with Director, Peter Schubert, pursuant to which Mr Schubert provided loan funding of \$200,000 which was repayable on 16 March 2020.

As part of a variation to the agreement to extend the repayment date entered into with Mr Schubert (as announced on 16 March 2020), Mr Schubert has agreed to extend the repayment date to 16 September 2020.

5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below). Copies of all documents announced to the ASX can be found at www.magnetitemines.com.

5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the Annual Report for the period ending 30 June 2019 as lodged with ASX on 30 September 2019;
- (b) the Half Yearly Report for the period ending 31 December 2019 as lodged with ASX on 9 March 2020; and

- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report lodged with ASX on 30 September 2019, until the date of this Prospectus:

Date lodged	Subject of Announcement
20/03/2020	Addendum to Global Iron & Steel Forecast Conference
18/03/2020	Global Iron Ore & Steel Forecast Conference Presentation
16/03/2020	Extension of Repayment Date Under Loan from Chairman
11/03/2020	Appendix 3X - Initial Director's Interest Notice - M Eames
11/03/2020	Appointment of Non-Executive Director
9/03/2020	Interim Financial Statements - 31 December 2019
31/01/2020	Second Quarter Activities & Cashflow Reports
11/10/2019	Ore Sorting Update - Technical Release
11/10/2019	Appendix 3Y - Change of Director's Interest Notice x 3
10/12/2019	Revised Appendix 2A
10/12/2019	Appendix 2A
6/12/2019	Results of the Share Purchase Plan
5/12/2019	Appendix 3Y - Change of Director's Interest Notice x 2
4/12/2019	Appendix 3G - notification of Issue of Equity Securities
29/11/2019	Results of Annual General Meeting
29/11/2019	2019 AGM Presentation
29/11/2019	2019 AGM Chairman's Address
14/11/2019	Share Purchase Plan Extended
12/11/2019	Mintech Creditors Approve Amended Terms of Convertible Notes
7/11/2019	Positive Razorback Scoping Study Results
6/11/2019	Appendix 3B - New Share Issue
31/10/2019	First Quarter Activities and Cashflow Reports
28/10/2019	2019 Share Purchase Plan
25/10/2019	Notice of Annual General Meeting

Date lodged	Subject of Announcement
25/10/2019	Secondary Trading Notice and Listing Rule 7.1A Information
25/10/2019	Appendix 3B - New Share Issue
25/10/2019	Ore Sorting Technology Exclusively Secured
22/10/2019	Placement & Share Purchase Plan 2019
2/10/2019	Appendix 3B - New Share Issue
30/09/2019	2019 Corporate Governance Statement & Appendix 4G
30/09/2019	2019 Annual Report

The following documents are available for inspection throughout the period of the Offers during normal business hours at the registered office of the Company:

- (d) this Prospectus;
- (e) the Constitution; and
- (f) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

5.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

5.8 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (iv) as an inducement to become, or to qualify as, a Director; or
- (v) for services provided in connection with the formation or promotion of the Company, or the Offers.

(b) Security holdings

The relevant interest of each of the Directors in Securities (whether held directly or indirectly) as at the date of this Prospectus is set out below:

Director	Existing Shares	Options	Entitlement ^{1 2}
Peter Schubert	35,488,911	25,297,782	44,361,139
Frank DeMarte	9,516,135	15,953,000	11,895,169
Malcolm Randall	6,431,312	15,503,096	8,039,140
Mark Eames	14,257,159	Nil	17,821,449

Malcom Randall, Frank DeMarte, Peter Schubert and Mark Eames have indicated their intention to subscribe for their full Entitlement up to 82,116,896 Shares (\$82,117).

Notes:

1. Assuming no options are converted into Shares prior to the Record Date.
2. As at the date of the Prospectus, Mr Schubert has, in addition to his intention to take up his Entitlement, committed to partially sub-underwrite the Rights Issue (outlined in Section 5.3(b)).

(c) Remuneration of Directors

The Constitution provides that the Company may remunerate the non-executive Directors. The maximum total amount of directors' fees for the non-executive Directors shall, subject to any resolution of a general meeting, be fixed by the Directors. The Board may allocate this pool (or part of it) at its discretion.

The remuneration of executive Directors is to be fixed by the Board, without the affected executive Director participating in that decision-making process, and must not be calculated as a commission on, or a percentage of, operating revenue.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years, inclusive of directors fees, consultancy fees, share-based payments and superannuation contributions.

		Salary & fees (\$)	Super-annuation (\$)	Share based payments Options (\$)	TOTAL
Peter Schubert	2019	100,000	9,500	-	109,500
	2018	100,000	9,500	210,000	319,500
Frank DeMarte	2019	90,000	8,550	-	98,550
	2018	90,000	8,550	-	98,550
Malcolm Randall	2019	49,048	4,660	-	53,708
	2018	49,048	4,660	-	53,708

Mr Mark Eames was appointed an additional director on 11 March 2020 and will be paid base director fees of \$50,000 per annum.

Mr Eames has also entered into a Consultancy Agreement with the Company under which Mr Eames will provide technical and management services as required (approximately 30 days per year for the next 12 months). Under the Consultancy Agreement, Mr Eames will be paid \$2,500 per day plus GST. The Consultancy Agreement is terminable by either party giving one months' notice.

5.9 Related party transactions

There are no related party transactions involved in the Offers that are not otherwise described in this Prospectus.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

5.10 Interests of other persons

Mahe Capital was appointed as the Lead Manager and Underwriter to the Rights Issue under this Prospectus pursuant to an agreement with the Company (**Underwriting Agreement**). Pursuant to the Underwriting Agreement, Mahe Capital will provide services relating to the management and marketing of the Rights Issue. In consideration for the services provided pursuant to the Underwriting Agreement, the Company will pay Mahe Capital the following fees (excluding GST, where applicable):

- (a) 15,000,000 Underwriter Options exercisable at \$0.003 expiring on the date that is 3 years after the date of issue. See Section 5.2 for further terms of the Underwriter Options;

- (b) a lead manager fee of \$50,000 (which the Underwriter may elect to be paid either in cash, by the issue of New Shares on the same terms as the Offers or a combination of both);
- (c) a management fee of 1% of the total amount raised under the Offers (which the Underwriter may elect to be paid either in cash, by the issue of New Shares on the same terms as the Offers or a combination of both);
- (d) an underwriting fee of 5% of the Underwritten Amount; and
- (e) a placement fee of 5% of any Shortfall placed above the Underwritten Amount and any additional funds raised under the Company's 15% placement capacity under Listing Rule 7.1 (if applicable).

In addition, the Company will reimburse Mahe Capital for all reasonable expenses properly incurred in the provision of the services under the Underwriting Agreement, provided that the aggregate of all costs and expenses do not exceed \$1,500.

Under this Prospectus, the Company offers to the Underwriter (or its nominees) 15,000,000 Underwriter Options (on the terms set out in Section 5.2), to be issued in accordance with the Underwriting Agreement as set out in above at paragraph 5.10(a). This offer is only made to the Underwriter (or its nominees) and may be accepted by them completing a personalised application form which will be accompanied by this Prospectus.

Except as disclosed in this Prospectus, no underwriter, expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last 2 years prior to the date of this Prospectus in the formation or promotion of the Company, the Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Securities offered under this Prospectus.

5.11 Expenses of Offers

Estimated expenses of the Offers	Underwritten \$	Full subscription \$
ASIC lodgment fee	3,206	3,206
ASX quotation fee	2,745	6,347
Share registry fees	6,500	6,500
Legal fees and expenses	14,000	14,000
Printing, mailing, advertising & miscellaneous	10,804	12,543
Underwriting and Lead Manager fees	65,000	122,368
TOTAL	102,255	164,964

5.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 5.12:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HWL Ebsworth Lawyers has given its written consent to being named as the Australian corporate solicitors to the Company in this Prospectus. HWL Ebsworth Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Mahe Capital has given its written consent to being named as Lead Manager, Underwriter to the Company in this Prospectus. Mahe Capital has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to be 'F. DeMarte', written over a horizontal line.

Frank DeMarte
Executive Director

Dated: 23 March 2020

7. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$	means Australian dollars.
Applicant	means a person who submits an Application Form.
Application Form	means the Entitlement and Acceptance Form and the Shortfall Application Form.
Application Monies	means the amount of money in dollars and cents payable for Shares pursuant to the Offers.
ASIC	means Australian Securities and Investments Commission.
ASX	means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	means the board of Directors.
Business Day	means Monday to Friday inclusive, other than a day that ASX declares is not a business day.
CHESS	means ASX Clearing House Electronic Sub-register System.
Closing Date	means 5:00pm (WST) on the closing date identified in the proposed timetable.
Company	means Magnetite Mines Limited (ACN 108 102 432).
Constitution	means the constitution of the Company as at the date of this Prospectus.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Directors	mean the directors of the Company as at the date of this Prospectus.
Director Sub-underwritten Shares	has the meaning given in Section 5.3(b).
Eligible Shareholder	means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date whose registered address is in Australia or, subject to restrictions, New Zealand, Isle of Man and Malaysia.
Entitlement	means the number of Shares for which an Eligible Shareholder is entitled to subscribe under the Rights Issue, being five (5) New Shares for every existing four (4) Shares held on the Record Date.

Entitlement and Acceptance Form	means the entitlements and acceptance form provided by the Company with a copy of this Prospectus that sets out the Entitlement of Eligible Shareholder to subscribe for Shares pursuant to the Rights Issue.
Ineligible Foreign Shareholder	means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date who is not an Eligible Shareholder.
Issuer Sponsored	means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
Listing Rules	means the listing rules of ASX.
New Shares	means a Share issued pursuant to the Rights Issue.
Offers	means the Rights Issue and the Shortfall Offer.
Official Quotation	means the quotation of Shares on the official list of ASX.
Option	means an option to acquire a Share.
Option holder	means the holder of an Option.
Ore Technology	means NextOre Pty Ltd's magnetic resonance ore sorting solution.
Prospectus	means this prospectus dated 23 March 2020.
Record Date	means 5:00pm (WST) on the record date identified in the proposed timetable.
Rights Issue	has the meaning given in Section 1.1.
Section	means a section of this Prospectus.
Securities	means Shares and Options.
Share	means a fully paid ordinary share in the capital of the Company.
Share Registry	means Computershare Investor Services Pty Limited (ACN 078 279 277).
Shareholder	means the holder of a Share.
Shortfall	means Shares not subscribed for under the Rights Issue.
Shortfall Application Form	means the Shortfall Shares application form provided by the Company with a copy of this Prospectus.
Shortfall Offer	means the offer of Shortfall Shares described in Section 1.3.

Shortfall Shares	means New Shares for which valid Applications have not been received by the Closing Date under the Rights Issue and which the Underwriter has not subscribed for in accordance with the Underwriting Agreement.
Underwriter, Lead Manager or Mahe Capital	means Mahe Capital Pty Ltd (ACN 634 087 684).
Underwriter Options	means 15,000,000 Options which have the terms and conditions set out in Section 5.2.
Underwriting Agreement	means the lead manager and underwriting agreement between the Company and the Underwriter referred to in Section 5.3.
Underwritten Amount	is \$250,000.
Underwritten Shares	means 250,000,000 New Shares.
Underwritten Shortfall Shares	means Underwritten Shares for which valid applications have not been received by the Closing Date.
VWAP	means volume weighted average price.
WST	means Western Standard Time.