MAGNETITE MINES
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24 March 2020

Dear Shareholder

NOTICE TO INELIGIBLE SHAREHOLDERS OF RENOUNCEABLE RIGHTS ISSUE

We write to you as the registered holder of Magnetite Mines Limited (ASX: MGT) (**Magnetite Mines** or the **Company**) shares as at today's date. As advised in the Company's ASX announcement dated 23 March 2020, Magnetite Mines is undertaking a renounceable pro-rata rights issue to eligible shareholders of ordinary fully paid shares in the Company at an issue price of $0.001 per share and on the basis of five (5) new shares (**New Shares**) for every four (4) shares held at the record date on Thursday, 26 March 2020 (**Record Date**) (**Rights Issue**). Pursuant to the Rights Issue, the Company will issue up to approximately 1,206 million New Shares to raise approximately $1.206 million before costs.

The Rights Issue is partially underwritten to $250,000 (**Underwritten Amount**) by Mahe Capital Pty Ltd (**Mahe Capital** or **Underwriter**).

The Rights Issue is available to all Magnetite Mines shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia, New Zealand, Isle of Man or Malaysia (**Eligible Shareholders**).

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

Ineligible Shareholders

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Prospectus to ineligible foreign shareholders. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise that you it will not be extending the Rights Issue to you.

In compliance with ASX Listing Rule 7.7.1(c), the Company has appointed Mahe Capital (**Nominee**) as nominee for foreign holders with registered addresses outside of Australia or New Zealand (**Ineligible Foreign Shareholders**). The Company advises these Ineligible Foreign Shareholders that the Nominee will arrange for the sale of the rights to subscribe for the New Shares under the Rights Issue that would have been given to these Ineligible Foreign Shareholders, and if they are sold, for the net proceeds to be sent to the Ineligible Foreign Shareholders. The Nominee will have an absolute and sole discretion (subject to market conditions) to determine the timing and the price at which the rights may be sold and the manner of any such sale. Mahe Capital will be paid for its services as Nominee on standard industry terms and conditions.

Any interest earned on the proceeds of the sale of these rights will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to the Ineligible Foreign Shareholders.

The net proceeds of the sale of these rights will then be forwarded by the Company as soon as practicable to the Ineligible Foreign Shareholders, in proportion to their share of such rights (after deducting brokerage commission and other expenses). Please note it is possible that no net proceeds will be available for distribution to Ineligible Foreign Shareholders, after the costs of the sale have been paid to the Nominee. We will inform you in due course of the outcome of the sale of your rights.

There is no guarantee that the Nominee will be able to sell the rights of Ineligible Foreign Shareholders on ASX and Ineligible Foreign Shareholders may receive no value for the rights. Both the Company and the Nominee take no responsibility for the outcome of the sale of such rights or the failure to sell such rights.

For all enquiries concerning the Rights Issue, please contact the Company Secretary, Frank DeMarte, by telephone on +61 8 8427 0516 and for all general shareholder enquiries, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia).

Yours sincerely
MAGNETITE MINES LIMITED

Frank DeMarte
Company Secretary