ASX ANNOUNCEMENT

15 MARCH 2023

MAGNETITE MINES SIGNS MOU WITH FLINDERS PORTS

HIGHLIGHTS

- **MGT and Flinders Ports have signed a non-binding agreement to investigate the provision of port facilities and services for high-grade magnetite concentrate export**
- **Potential port options comprise existing ports, including Port Pirie, and a greenfield deepwater port at Myponie Point offering direct to Capesize ship loading at berth**
- **Export scenarios of 5 to 15Mtpa of high-grade magnetite concentrates to be investigated**

Magnetite Mines Limited (MGT:ASX) is pleased to announce that it has signed a non-binding Memorandum of Understanding (MoU) with Flinders Ports Pty Ltd, which operates seven ports in South Australia. The agreement requires the parties to investigate suitable existing and proposed port locations for the export of high-grade iron ore products, in the form of magnetite concentrates, from the Company's Razorback Iron Ore Project (Project), with the objective of identifying optimum port options for MGT through the staged development of Razorback over the life of the Project.

Magnetite Mines CEO Tim Dobson commented:

"Expanding on our recent agreement with Whyalla Ports, we are excited to be working closely with Flinders Ports to investigate all possible export options for the staged development of Razorback. A key feature of the Project is its location in South Australia, with nearby rail access to both existing and new proposed port locations on the eastern Spencer Gulf. We are particularly excited about the potential to access what could be the first deepwater port in the Gulf at Myponie Point, an option that will allow bulk loading of our products onto very large ore carrying vessels, without the need for transhipment. With renewable energy on grid and the development of a green hydrogen industry, the east Spencer Gulf region of South Australia is establishing itself as a major new economic region for SA with the potential to become a 'green steel' supply chain hub.

Flinders Port Holdings CEO Stewart Lammin said:

"Flinders Ports is South Australia's leading port operator with a demonstrated record of quality customer service and a commitment to further invest in our ports to support South Australia's economic growth. The eastern Spencer Gulf is shaping up to be a hub for critical mineral and iron ore supply chains and we're looking forward to working with Magnetite Mines to provide an optimised port option for the staged development of the Razorback Iron Ore Project."

FLINDERS PORTS

Flinders Ports owns and operates seven commercial ports in South Australia, being the port of Port Adelaide, Port Lincoln, Port Giles, Klein Point, Thevenard, Wallaroo and Port Pirie. Together these ports are estimated to currently handle in excess of 90% of South Australia's exports. Flinders Ports provides a range of port-related services and infrastructure for container, bulk and break-bulk cargoes, port management services, shipping infrastructure management and port consultancy services.

Flinders Ports was established as the result of the privatisation of SA Ports in 2001 and enjoys the benefit of a 99-year lease with the South Australian Government. It provides port services to a large and diversified range of customers, including oil companies, car makers, cement producers, agricultural distributors and mining companies.

Flinders Ports is owned by five shareholders, including four superannuation funds: Equipsuper, Spirit Super, State Super NSW, Hostplus and Foresight Group.

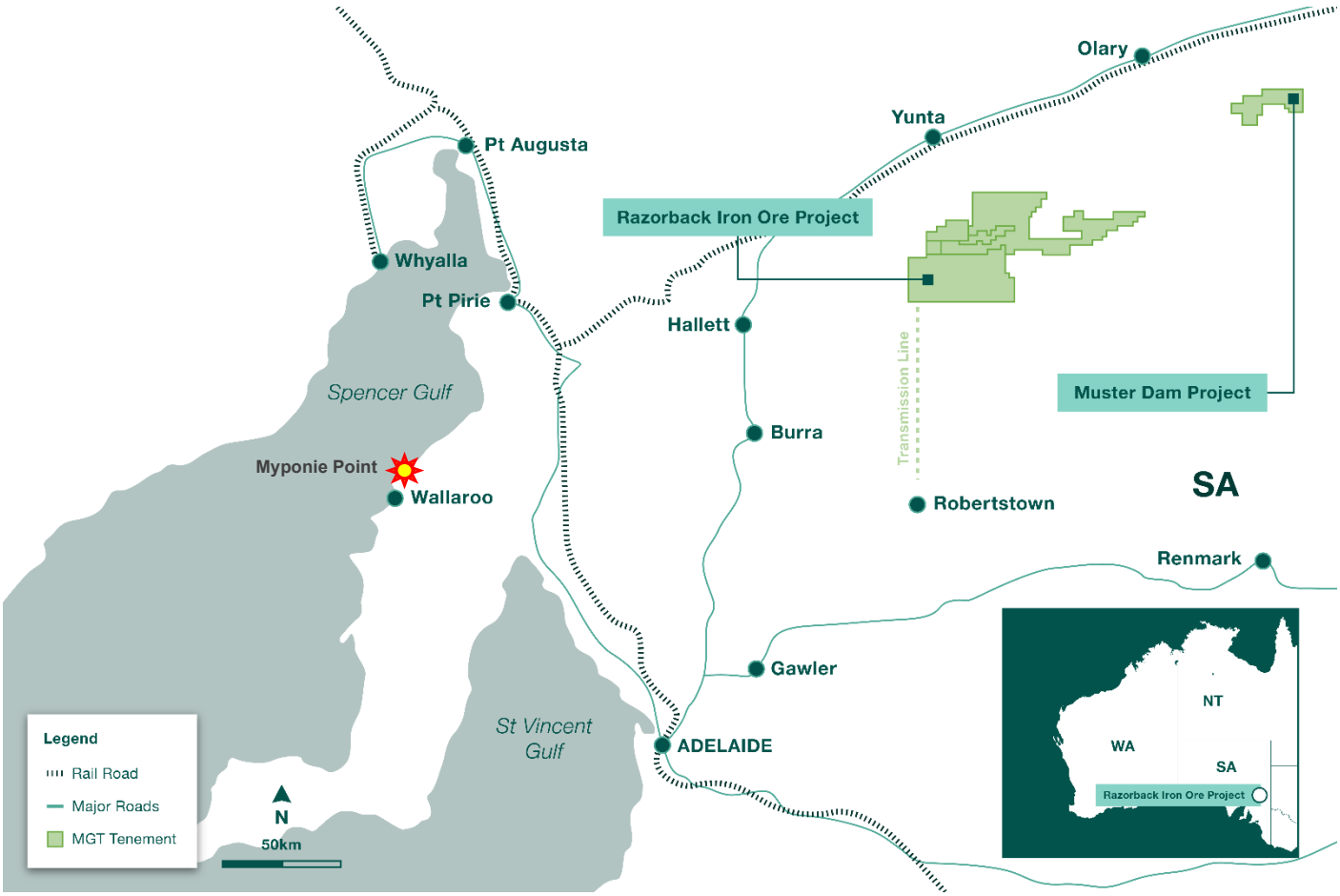

Figure 1. Port locations, including greenfield site Myponie Point (*), relative to Razorback Iron Ore project site.

PORT OPTIONS

Myponie Point

The absence of a deepwater port able to directly load Capesize bulk carriers and other large ships, has long been a challenge for industries operating export businesses in the Spencer Gulf region. Flinders Ports has identified Myponie Point, located 12km north of Wallaroo on the east Spencer Gulf, as the logical site for a proposed multi-user, deepwater bulk commodities port due to the short distance (~2km) to deep water from the coastline. The proposed port will enable direct loading to large Capesize ships with the requirement for transhipment.

Myponie Point is located around 220km from the Razorback site and will be investigated as a port option for the Project as part of the MoU, in particular as a solution for larger-scale export capacities aligned with the staged development plan for Razorback up to 15Mtpa output.

Capesize vessels are the largest, commonly used bulk carriers globally and are the preferred vessel for seaborne iron ore customers due to economies of scale, with more than 1,500 million tonnes a year of iron ore, including magnetite concentrates, transported by ship annually.

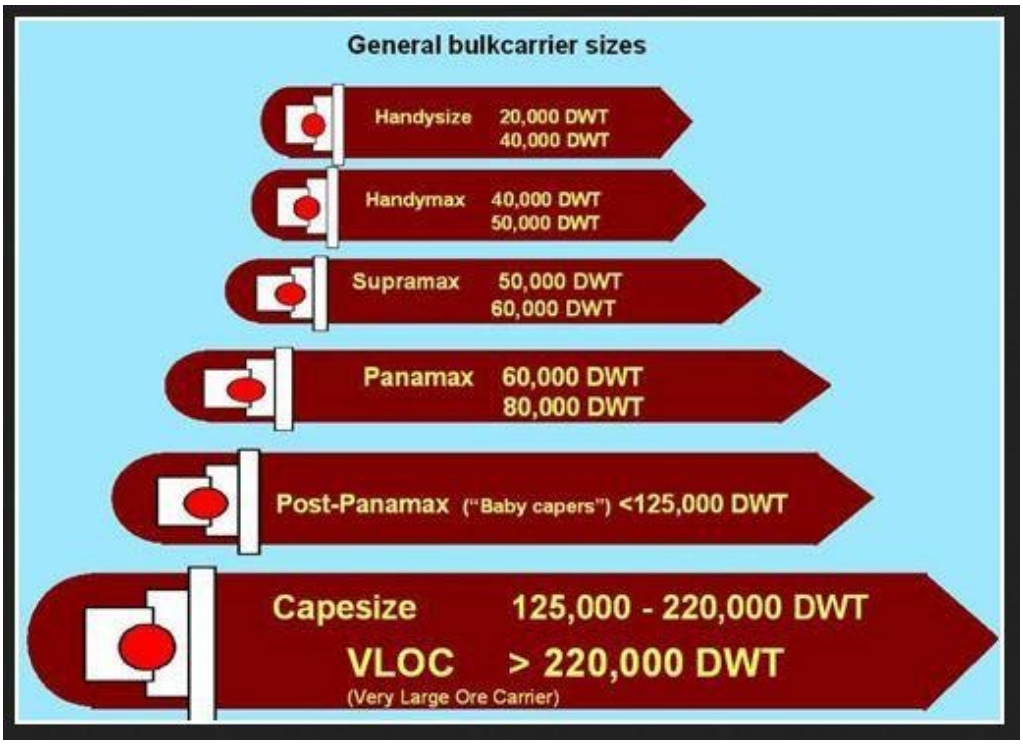

Figure 2. Bulk Carrier Vessel Types and Sizes (https://mycompassair.com/part-3-vessels)

Flinders Ports proposed development will include the construction of rail to the site, product handling infrastructure and storage sheds, and a rail-offloading tip-pocket. A conveyor jetty will enable direct loading to large Capesize bulk carrier ships located at berth, without the need for transhipment.

The transport of Razorback concentrates directly into Capesize vessels is expected to provide material cost and logistics benefits relative to existing Spencer Gulf port options, all of which are reliant on transhipment (additional handling stages via smaller intermediary vessels which ferry cargo from port to a larger vessel moored in deep water due to size and displacement).

Figure 3. Flinders Ports delivers certain aspects of the transhipment operations of iron-ore in Upper Spencer Gulf.

The timing of the proposed Myponie Point port development is subject to engineering, approvals and finance, as well as the establishment of a consortium of users, all of which will be assessed in line with the Razorback Project's staged development timelines.

Alternative Port Options

Flinders Ports owns and operates seven commercial ports in South Australia. Based on location relative to the Project, rail access and existing berth capacity, Port Pirie and Port Adelaide will also be investigated as alternatives for the bulk export of MGT's high-grade magnetite concentrates.

MOU OBJECTIVES AND SIGNIFICANCE TO THE PROJECT

Securing port facilities to enable the export of Razorback high-grade iron ore products to global markets is fundamental to the viability of the Project. Accordingly, at this stage in the Project's development, MGT is assessing all available port options across all potential stages for the Project between 5Mtpa and 15Mtpa.

This MoU represents a commitment by both Flinders Ports and MGT to work together for potential mutual benefit. It establishes the framework for the two parties to investigate the provision of port facilities and related services required for exporting high-grade magnetite concentrates from South Australia to global markets. The nature of the MoU is non-binding on both parties, and any commitment to the development of proposed new port facilities, such as the proposed Myponie Point deepwater port, is subject to the parties negotiating and agreeing the terms and conditions of a binding Project Agreement.

This announcement has been authorised for release to the market by the Board of Magnetite Mines Ltd.

For further information contact:

Gemma Brosnan
General Manager - External Affairs
+61 8 8427 0516

ABOUT MAGNETITE MINES

Magnetite Mines Ltd is an ASX-listed iron ore company focused on the development of magnetite iron ore resources in the highly-prospective Braemar iron region of South Australia. The Company has a 100% owned Mineral Resource of 6 billion tonnes of iron ore and is developing the Razorback Iron Ore Project, located 240km from Adelaide, to meet accelerating market demand for premium iron ore products created by iron & steel sector decarbonisation, with the potential to produce high-value Direct Reduction (DR) grade concentrates. Razorback is set to become a very long-life iron ore project with expansion optionality in a tier 1 jurisdiction that will produce a superior iron ore product sought by steelmakers globally. For more information visit magnetitemines.com.