

ASX ANNOUNCEMENT

26 OCTOBER 2023

RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO \$6.2 MILLION

Highlights:

- **3 for 11 Renounceable Rights Issue to raise up to \$6.2 million, partially underwritten to \$3 million by Lead Manager, Mahe Capital**
- **Issue price \$0.30 per share representing a 25.9% discount to the last closing price of \$0.405 per share and 22.4% to the 15-day VWAP on ASX of \$0.386 per share**
- **With every 2 New Shares subscribed, shareholders receive 1 free attaching Option**
- **Options will have an exercise price of \$0.45, a term of 18 months and quotation will be sought on ASX**
- **Since the Rights Issue is renounceable, shareholders can trade their rights from 30 October 2023 and they can also apply to take up additional New Shares from any shortfall**
- **All Magnetite Mines Directors, CEO and CFO intend to participate in full or in part**
- **Funds raised (net of costs) will be used to finalise and lodge the Mining Lease Proposal for the Razorback Project in South Australia and to support the advancement of value engineering work, amongst other things**

MGT Chair Jim McKerlie commented

"The decision to optimise the size of the Razorback Project to at least 5 million tonnes per year output is proving to be the right one given the new global economic and market conditions. The forecast demand for DR-grade iron ore far outweighs the anticipated supply as the steel industry strives to reach its decarbonisation targets.

The work that has been undertaken at Razorback indicates a project value in multiples of our current market cap and the Board believes that this represents an excellent opportunity for shareholders. The Board appreciates it has not been happy times for shareholders recently but we want to assure you that the value creation in the underlying project has been significant and we need to complete the feasibility studies to realise the full value of your Company.

This capital raise is prudent in terms of capital management and gives all shareholders an opportunity to take shares at an attractive price with a generous option included. Please read the investor presentation, prospectus (including the risks section) and instructions of how to apply.

Finally, I advise that all directors, the CEO and CFO are participating in the offer. We all believe in this project and are using all of our experience to ensure project success."

MGT CEO Tim Dobson commented:

“Strategic partner interest has never been stronger in our Razorback Iron Ore Project and this has aligned with the South Australian government currently establishing a new ‘green steel’ strategy to take full advantage of the State’s renewable energy and emerging green hydrogen credentials. Our premium-grade iron ore concentrates will be a key supply source into that green iron future for the State and global steel players.

“The proceeds from this offer (net of costs) will go directly towards the completion of our Mining Lease Proposal for Razorback, as well as completing value engineering studies designed to reduce capital and operating costs prior to locking down the final Definitive Feasibility Study scope.

“I urge every shareholder to carefully consider participating in this offer and to read the prospectus for the offer carefully in making that decision.”

Magnetite Mines Limited (“MGT” or “the Company”) is pleased to announce that it is undertaking a 3 for 11 renounceable rights issue (“**Rights Issue**”) at \$0.30 per share to raise up to \$6.2 million before costs. For every 2 new shares subscribed under the Rights Issue, eligible shareholders will receive 1 free attaching option with an exercise price of \$0.45 and expiring 18 months from issue date. The Company will apply for the quotation of the options on the ASX.

The issue price under the Rights Issue represents a discount of:

- 25.9% to the Company’s last closing price of \$0.405 per share on the ASX; and
- 22.4% to the Company’s 15-day VWAP on ASX of \$0.386 per share.

The Rights Issue is open to all eligible shareholders who are registered shareholders with a registered address within Australia or New Zealand as at 7.00pm (AEDT) on Tuesday, 31 October 2023 (**Record Date**) (**Eligible Shareholders**). Ineligible shareholders are all those shareholders with a registered address as at the Record Date outside those jurisdictions (**Ineligible Shareholders**). The Rights Issue will open on Thursday, 2 November 2023 and close at 5.00pm on Thursday, 16 November 2023 (unless extended), and Eligible Shareholders can apply for additional shares in the shortfall in excess of their entitlement. To the extent there is any shortfall shares remaining the Board reserves the right to place those remaining shortfall shares within 3 months of the closing date of the Rights Issue.

All Magnetite Mines Directors, CEO and CFO intend to participate in full or in part in the Rights Issue.

All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares and the attaching Options on ASX.

Use of proceeds

The proceeds from the Rights Issue (net of costs of the Rights Issue) will be utilised to finalise and lodge the Mining Lease Proposal for the Razorback project in South Australia. In addition, the funds raised will be used to support the advancement of value engineering work and to contribute to funds already allocated for the repayment of the Mintech convertible note, as well being used for general working capital.

Underwriting

The Rights Issue is partially underwritten to \$3 million by the lead manager to the Rights Issue, Mahe Capital Pty Ltd (ACN 634 087 684) (AFSL 517246) (**Mahe Capital**).

Rights trading

Since the Rights Issue is renounceable, shareholders can also trade their rights on ASX from 30 October to 9 November 2023. There is no guarantee that there will be a market for the rights. It is the responsibility of purchasers of rights to inform themselves of the eligibility criteria for the exercise of the rights. If holders of rights after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the rights.

The Company has appointed Mahe Capital to act as nominee for the purpose of selling the rights which would otherwise have been available to Ineligible Shareholders and for arranging for the distribution to Ineligible Shareholders of their proportion of the net proceeds of sale (if any).

How to apply for New Shares

Eligible Shareholders may apply to take up all or part of their Rights, or choose to sell their Rights or take up part of their Rights and sell the balance.

Details of the Rights Issue, the terms of the New Shares and the Options to be issued and the effect of the Rights Issue on the capital structure and financial position of the Company are set out in a prospectus that was lodged with ASIC and the ASX today (**Prospectus**). The Prospectus will be made available to shareholders in electronic form only, together with a personalised application form, at the following website, from the opening date of the Rights Issue, being Thursday, 2 November 2023:

www.computersharecas.com.au/mqtrri

Eligible Shareholders should follow the instructions set out at the website to make an application. Payment can be made by BPay® or, if you are an Eligible Shareholder resident in New Zealand, by electronic funds transfer. Eligible Shareholders who would like to participate in the Rights Issue are encouraged to apply as soon as possible.

Before making any investment decision, Eligible Shareholders should carefully consider the Prospectus, including the key risks with respect to the Company with respect to investing in the New Shares as set out in section 7 of the Prospectus.

Additional Information

The Prospectus should be read together with the Company's disclosures to ASX, including the Company's investor presentation which has also been provided to ASX today.

Timetable

The following are indicative dates in respect of the Rights Issue:

Event	Date (2023)
Announcement of Rights Issue Lodgement of Prospectus with ASIC and ASX	Thursday, 26 October
Ex date for Rights Issue Rights trading commences on a deferred settlement basis	Monday, 30 October
Record Date for determining rights (7.00pm AEDT)	Tuesday, 31 October

Prospectus and Personalised Application Form made available at www.computersharecas.com.au/mgtrri Rights Issue opens	Thursday, 2 November
Rights trading ends	Thursday, 9 November
Rights issue closes (5:00pm AEDT)	Thursday, 16 November
Notify ASX of results of the Rights Issue Commencement of trading of new Shares and Options on ASX on a deferred settlement basis	Wednesday, 22 November
Allotment and issue of New Shares, together with attaching Options	Thursday, 23 November
Commencement of trading of New Shares and Options on ASX on a normal settlement basis Dispatch of holding statements	Friday, 24 November

All times are AEDT. These dates are indicative only and may be changed at the Company's discretion, subject to the Corporations Act and Listing Rules.

Queries

If you have any questions in relation to the details of the Rights Issue, please contact the Company's share registry on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) between 8.30am to 5.00pm (AEDT) Mon – Fri until the Closing Date, or if you require advice about your participation in the Rights Issue, consult your stockbroker, accountant or other professional adviser.

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

For further information contact:

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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 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.