

26 October 2023

Dear Option holder,

Notice to Option holders – Renounceable Rights Issue

I am writing to you as a registered holder of options in Magnetite Mines Limited ACN 108 102 432 (**Company**) (ASX: MGT) as at today's date.

As announced on 26 October 2023, the Company is proposing to raise up to approximately \$6.2 million (before costs) by undertaking:

- a renounceable pro-rata rights issue (**Rights Issue**) to eligible shareholders on the basis of three new shares (**New Shares**) for every eleven shares held as at the Record Date (defined below) at an issue price of \$0.30 per New Share, together with one attaching option (**Option**) for every two New Shares subscribed for under the Rights Issue; and
- an offer to Eligible Shareholders to subscribe for the shortfall to the Rights Issue so Eligible Shareholders participating in the Rights Issue will be able to subscribe for additional shares in excess of their entitlement (**Shortfall Offer**),

(collectively the **Offer**).

The Rights Issue is renounceable which means that the Rights will be tradeable on ASX and are otherwise transferable. Rights trading is expected to commence on ASX at 10.00am on 30 October 2023 and to cease at the close of trading on ASX on 9 November 2023.

The Rights Issue is partially underwritten by Mahe Capital Pty Ltd (**Underwriter**) to the amount of \$3 million on a conditional basis.

The proceeds from the Rights Issue (net of costs of the Rights Issue) will be used 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 as being used for general working capital.

Details of the Rights Issue and the Shortfall Offer are set out in a prospectus which was lodged with ASIC, and released to ASX, on 26 October 2023.

Why am I receiving this letter?

The purpose of this letter is to advise you of the upcoming Rights Issue and to advise you that as an option holder you cannot participate in the Rights Issue without first exercising some or all of your options prior to the record date for the Rights Issue, being 31 October 2023 (**Record Date**). If you do not wish to participate in the Rights Issue (in respect of your existing options) you do not need to take any action.

The Offer is only available to shareholders whose registered address is in Australia and New Zealand as recorded with the Company's share registry as at 7.00pm (AEDT) on the Record Date (**Eligible Shareholders**). The Offer will not be made to any other shareholder (**Ineligible Shareholders**). Ineligible Shareholders will not be entitled to participate in the Offer.

Action you must take if you wish to participate in the Rights Issue

To be eligible to participate in the Rights Issue in respect of the Company shares to be issued on exercise of the Company options held by you, you must exercise the Company options you hold and be registered as the holder of the underlying Company shares before the Record Date, and have a registered address in Australia or New Zealand.

To exercise some or all of your Company options you will need to:

- give notice, in writing, to the Company in accordance with the terms and conditions of the options; and
- pay to the Company the exercise price for each Company option exercised.

If you do not wish to participate in the Rights Issue, no action is required.

If your options have not yet vested and cannot be exercised to participate in the Rights Issue, this letter is provided to you as a formality under the ASX Listing Rules and the terms of your options.

Indicative Timetable

The indicative timetable for the Offer is as follows:

Event	Date* (2023)
Announcement of Rights Issue Lodgment of Prospectus with ASIC and ASX	(Before market open) Thursday, 26 October
Ex-date for Rights Issue	Monday, 30 October
Rights trading commences on a deferred settlement basis	Monday, 30 October
Record Date	7.00pm Tuesday, 31 October
Prospectus and personalised Application form made available at www.computersharecas.com.au/mgtrri Rights Issue opens (Opening Date)	Thursday, 2 November
Rights trading ends	Thursday, 9 November
Rights Issue closes (Closing Date)	5.00pm Thursday, 16 November
Announcement of results and shortfall (if any) under the Rights Issue New Shares and Options start trading on ASX on a deferred settlement basis	Wednesday, 22 November

Event	Date* (2023)
Issue and allotment of New Shares, together with attaching Options	Thursday, 23 November
Commencement of trading of Rights Issue Shares on normal settlement basis	Friday, 24 November
Dispatch of holding statements	

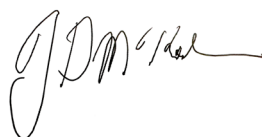
** These dates are indicative only and are subject to change. Magnetite Mines, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable by sending a revised timetable to ASX. In particular Magnetite Mines reserves the right to extend the Closing Date, accept late applications under the Rights Issue (generally or in particular cases), and to withdraw or vary the Rights Issue without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of Shares and Options. All times are to Australian Eastern Daylight Savings Time (AEDT).*

Prospectus

The Prospectus is available on the ASX website at www.asx.com.au (ASX ticker: MGT) and also on the Company's website at <https://magnetitemines.com/>. The Prospectus contains further details of the Offer. You are encouraged to read the Prospectus before exercising any of your Company options. From 2 November 2023 when the Rights Issue opens to applications, a copy of the Prospectus, together with a personalised application form, will be available at the Company's offer website at www.computersharecas.com.au/mgtrri.

If you have any questions in relation to any of the above matters, please contact the Magnetite Mines Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) from 8.30am to 5.00pm (AEDT), Monday to Friday, until the Closing Date. For other questions, you should consult your stockbroker, accountant or other professional adviser.

Yours faithfully



Jim McKerlie
Chairman