

ASX ANNOUNCEMENT**2 NOVEMBER 2023****RIGHTS ISSUE OPENS FOR APPLICATIONS**

Magnetite Mines Limited (**ASX: MGT**) (**MGT** or **Company**) refers to its 3 for 11 pro rata renounceable rights issue (**Rights Issue**) announced to the ASX on 26 October 2023.

The record date to determine shareholders eligible to participate in the Rights Issue has passed and the Company is pleased to advise that the Rights Issue opens for applications today via the Company's offer website – www.computersharecas.com.au/mgtrri.

Correspondence will be despatched to eligible shareholders today by e-mail or post (depending on their chosen preference) inviting them to participate in the Rights Issue with instructions on how to apply via the offer website.

In accordance with ASX Listing Rule 7.7.1 a letter will also be sent to ineligible shareholders.

Accompanying this announcement are copies of the eligible and ineligible letters that are being despatched.

The Closing Date of the Rights Issue is 5:00 pm (AEDT) on Thursday, 16 November 2023.

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.

MGT
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000



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2 November 2023

Dear Shareholder

RENOUNCEABLE PRO-RATA RIGHTS ISSUE OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On 26 October 2023, Magnetite Mines Limited (**ASX: MGT**) announced it is raising capital from Shareholders in a **Rights Issue** and this letter is to notify you that, based on the Company's review of its share register on the **Record Date** (as defined below), you are an **"Eligible Shareholder"** who may participate in the Rights Issue, and you may take up any Shares not subscribed for by other Eligible Shareholders in the **"Shortfall Offer"**.

The terms of the Rights Issue are:

1. a renounceable pro-rata Rights Issue to Eligible Shareholders
2. to raise up to approximately \$6.2 million (before costs)
3. on the basis of **three New Shares** for **every eleven Shares** held at the Record Date (as defined below)
4. at an **Issue Price** of \$0.30 per New Share
5. together with **one free** attaching **Option** for every two New Shares subscribed for.

The Rights Issue opens for applications **TODAY**, 2 November 2023 (**Opening Date**), and is scheduled to close on Thursday, 16 November 2023 (**Closing Date**).

The Issue Price represents a 25.9% discount to the closing price of the Shares on 25 October 2023, the last day on which the Company's Shares traded on the ASX before the announcement of the Rights Issue, and a 22.4% discount to the 15 day volume weighted average price of the Company's Shares on the ASX up to and including that date.

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

Purpose of Rights Issue and use of funds

Building on the work already undertaken, the Company made significant progress in the last 12 months with a number of critical project milestones achieved and the Company has a clear pathway ahead.

The proceeds from the Rights Issue (net of costs) 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.

Your Board believes that its decision to optimise the size of the Razorback Project to at least 5 million tonnes per year output was the right one based on the following trends and market developments:

- The demand for steel has historically risen, and is forecast to continue rising into the future.¹
- Decarbonising steelmaking is essential to tackle climate change and challenging carbon reduction targets have been set by steelmakers and governments globally.
- The transition away from coal has commenced with steelmakers making investment decisions for replacement technologies that will use natural gas or green hydrogen instead of coal for iron ore reduction.
- Low-carbon steel making technologies, particularly the production of direct reduced iron (DRI), requires high-grade, low-impurity iron ore such as magnetite concentrates.
- Direct-shipping hematite iron ores, such as those currently exported from the Pilbara, are lower grade and not commercially viable for use in currently available low-carbon steel making processes.
- Seaborne DR-grade iron ore supply is currently rare and analysts currently predict a supply gap of 200 million tonnes per year by 2050.²
- Magnetite Mines' Razorback Project is being positioned to meet this new demand and, with 4.5 billion tonnes in Mineral Resources including 2 billion tonnes in Ore Reserves, is set to become a very long-life iron ore mine.³
- An initial estimated capacity at the Razorback Project of 5 million tonnes per year, with the potential to double and beyond, minimises execution risk with respect to the project and provides a relevant supply volume for the emerging demand.
- Regional steelmakers from Japan, Korea, Taiwan, China and India are seeking locations where high-grade iron ore will co-exist with low-cost green hydrogen production for future DRI production ('green iron').

¹ <https://worldsteel.org/steel-topics/statistics/world-steel-in-figures-2023/>

² <https://www.woodmac.com/horizons/metalmorphosis-how-decarbonisation-is-transforming-the-iron-and-steel-industry/>

³ Refer to the Company's Mineral Resources Statement for its magnetite projects released on the ASX on 9 February 2023, and subsequent market releases. The Company is not aware of any new information or data that materially affects the information contained in those market releases and, in the case of estimates of mineral resources and ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market releases continue to apply and have not materially changed.

- South Australia has potential to develop a green iron industry with the possibility for several green iron “hubs” to emerge including at Whyalla and Port Pirie, both adjacent to Australia’s first Green Hydrogen Energy Hub announced recently by the Prime Minister and the South Australian Premier.⁴

The Company believes these factors create an unprecedented opportunity for Magnetite Mines to become a major iron ore player with a very long-life mine in South Australia. However, capital is needed to continue the development of the project.

The Company’s objective is to attract one or more regional steelmakers or trading groups that will partner with the Company to complete the necessary project studies and develop the mine. Several such organisations are currently accessing our detailed project data under confidentiality agreements and the Company is having meaningful conversations with them, although no transaction is guaranteed.

Details of the Rights Issue and Shortfall Offer are set out in a prospectus which was released by the Company to the ASX on 26 October 2023 (**Prospectus**). A copy of the Company’s target market determination (**TMD**) that has been prepared in accordance with the design and distribution obligations under the Corporations Act in connection with the offer of the Options is also available to view alongside the Prospectus.

Eligibility to participate in the Rights Issue

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are those persons who:

- were a registered holder of fully paid ordinary shares in the Company as at 7:00pm (AEDT) on the record date, being 31 October 2023 (**Record Date**);
- have a registered address on the Company’s share register that is in Australia and New Zealand; and
- are not in the United States and are not acting for the account or benefit of a person in the United States.

According to the Company’s records, you are an Eligible Shareholder who may participate in the Rights Issue.

Action you may take

Participation in the Rights Issue is optional and available exclusively to Eligible Shareholders. As an Eligible Shareholder you may:

- take up all or part of your entitlements to New Shares (**Rights**);
- take up all of your Rights and apply for additional New Shares under the Shortfall Offer;
- trade all or part of your Rights; or
- do nothing and allow your Rights to lapse.

If you choose to do nothing, you will continue to hold the same number of shares in the Company, however, your interest in the Company will be diluted by the issue of the New Shares under the Rights Issue (including any New Shares issued under the Shortfall Offer).

⁴ <https://www.premier.sa.gov.au/media-releases/news-items/port-bonython-hydrogen-hub-to-boost-australias-hydrogen-industry>

How to apply

All applications can be made online, making it easier for you to apply. You do not have to return any Application Form to the Company.

If you wish to subscribe for New Shares you must:

1. Access the offer website at: <http://www.computersharecas.com.au/mgtrri>
2. Provide your country of residence and postcode, and your HIN/SRN identification number – **your HIN/SRN is the number that is located at the top right hand of this letter.**
3. Review the Prospectus (including the summary of key risks in Section 7) and the TMD in their entirety, and review the Investor Presentation.
4. Click on, and complete, the personalised Application Form on the offer website and apply for additional New Shares in the Shortfall Offer if you wish to do so – at the end of the application process you will be given a customer reference number (**CRN**) to assist with payment.
5. Go to your financial institution's online banking website and pay the relevant subscription monies for the New Shares applied for by BPay® or, if you are resident in New Zealand, by electronic funds transfer (EFT) by using the CRN as your payment reference.

The Rights Issue is now open and is scheduled to close on Thursday, 16 November 2023 (**Closing Date**).

If you have any questions in relation to applying, 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.

Trading of Rights

The Rights Issue is renounceable which means that your Rights are tradeable on the ASX and are otherwise transferable. Rights trading commenced on the ASX at market open on 30 October 2023 and will cease at the close of trading on the ASX on 9 November 2023. You should refer to the Prospectus for further information on how to trade or renounce your Rights. The Company does not guarantee that there will be a market or value in trading the Rights.

Indicative Timetable

The indicative timetable for the Rights Issue is detailed below:

Event	Date*(2023)
Rights trading commences on a deferred settlement basis	30 October
Record Date	7.00pm Tuesday, 31 October
Dispatch of Prospectus and Entitlement and Acceptance Forms to Eligible Shareholders	Thursday, 2 November
Rights Issue opens (Opening Date)	

Event	Date*(2023)
Rights trading ends	4.00pm on Thursday, 9 November
Unless otherwise determined by the ASX, New Shares and Options quoted on a deferred settlement basis	Friday, 10 November
Rights Issue closes (Closing Date)	5.00pm on Thursday, 16 November
Announcement of results and shortfall (if any) under the Rights Issue	Wednesday, 22 November
Issue and allotment of Rights Issue Shares and Rights Issue Options	Before Noon, Thursday, 23 November
Commencement of trading of Rights Issue Shares on normal settlement basis Dispatch of holding statements	Friday, 24 November

* 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 the 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 the New Shares and Options. All times are to Australian Eastern Daylight Savings Time (AEDT).

Further Information

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 independent professional adviser.

On behalf of the Magnetite Mines' Board, we thank you for your continued support of the Company.

Yours faithfully



Jim McKerlie
Chairman
Magnetite Mines Limited

MGT

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

2 November 2023

Dear Shareholder

RENOUNCEABLE PRO-RATA RIGHTS ISSUE OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

On 26 October 2023, Magnetite Mines Limited (ASX: **MGT**) (**Company** or **Magnetite Mines**) announced a renounceable pro-rata rights issue (**Rights Issue**) to eligible shareholders to raise up to approximately \$6.2 million (before costs), on the basis of three new shares (**New Shares**) for every eleven shares held at the Record Date (as defined below) at an issue price of \$0.30 per New Share, together with one free attaching option (**Options**) for every two New Shares subscribed for under the Rights Issue.

Any Shares not subscribed for by Eligible Shareholders will be made available for subscription, so Eligible Shareholders participating in the Rights Issue will be able to subscribe for additional shares in excess of their entitlement (**Shortfall Offer**).

The Rights Issue opened today, 2 November 2023, and is scheduled to close at 5.00pm (AEDT) on Thursday, 16 November 2023 (**Closing Date**).

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

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

Details of the Rights Issue and the Shortfall Offer are set out in a prospectus which was released by the Company to ASX on 26 October 2023 and which is available for review on the ASX website www.asx.com.au (ASX ticker: MGT) or on the Company's website at www.magnetitemines.com.

Why am I receiving this letter?

The purpose of this letter is to inform you about the Rights Issue and to explain why you will not be able to participate in, and acquire New Shares under, the Rights Issue. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Rights Issue that you should be aware of.

Eligibility to participate in the Rights Issue

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are those persons who:

- a) were a registered holder of fully paid ordinary shares in the Company as at 7:00pm (AEDT) on the record date, being 31 October 2023 (**Record Date**);
- b) have a registered address on the Company's share register that is in Australia and New Zealand; and
- c) are not in the United States and are not acting for the account or benefit of a person in the United States.

Shareholders who are not Eligible Shareholders are "Ineligible Shareholders" and are consequently unable to participate in the Rights Issue. The Company reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.


Why am I not eligible to participate in the Rights Issue?

Unfortunately, based on the Company's review of its share register as at the Record Date, you are not an Eligible Shareholder meaning that you are not eligible to participate in the Rights Issue (**Ineligible Shareholder**). This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with securities laws and regulatory requirements in jurisdictions outside Australia and New Zealand, and having regard to the number of shareholders outside of Australia and New Zealand and the number and value of New Shares those shareholders would be offered. This notice is sent to you in compliance with ASX Listing Rule 7.7.1(b). You will not receive any further correspondence in relation to the Rights Issue, including a copy of the prospectus.

Nominee for Ineligible Shareholders

The Rights Issue is renounceable which means that your entitlements to New Shares (**Rights**) are tradeable on the ASX and are otherwise transferable.

In accordance with ASX Listing Rule 7.7.1(c), the Company has appointed the Underwriter (Mahe Capital) to act as sale nominee for Ineligible Shareholders and it will issue the Underwriter with the Rights to subscribe for New Shares that Ineligible Shareholders would otherwise have been entitled to if they were eligible to participate in the Rights Issue. Any premium achieved through the sale of those Rights will, net of expenses and any withholdings required by law, be distributed to Ineligible Shareholders proportionately. There is no guarantee that there will be a liquid market in traded Rights or that any premium will be achieved on any sale. To the extent that the Rights are not sold on the ASX during the trading period for the Rights, the New Shares attaching to those Rights will be sold under the Shortfall Offer at the issue price, and no value or payment will be received by Ineligible Shareholders for their Rights.

No further action required

This letter is to inform you about the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything, or take any further action, in response to this letter.

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 independent professional adviser.

On behalf of the Magnetite Mines' Board, we regret that you are unable to participate in the Rights Issue but nonetheless thank you for your continued support of the Company.

Yours faithfully



Jim McKerlie
Chairman
Magnetite Mines Limited