

28 June 2024

Dear Shareholder

## PRO RATA NON-RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

On 20 June 2024, Magnetite Mines Limited (**ASX: MGT**) (**Company** or **Magnetite Mines**) announced that it is raising capital from Shareholders by an **Entitlement Offer** 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 Entitlement Offer, and you may also take up any Shares not subscribed for by other Eligible Shareholders in the **"Shortfall Offer"**.

The terms of the Entitlement Offer are:

1. a pro rata non-renounceable Entitlement Offer to Eligible Shareholders
2. to raise up to approximately \$5 million (before costs)
3. on the basis of **one New Share** for **every six Shares** held at the Record Date (as defined below)
4. at an **Issue Price** of \$0.31 per New Share

The Entitlement Offer opened for applications on Friday, 28 June 2024 (**Opening Date**) and is scheduled to close on Friday 12 July 2024, unless extended (**Closing Date**).

The Issue Price represents a 16.1% discount to the 15 day volume weighted average price of the Company's Shares on ASX up to and including 19 June 2024, the last trading date prior to the announcement of the Entitlement Offer.

### Purpose of Entitlement Offer and use of funds

The Company is developing its 100% owned Razorback Iron Ore Project located in South Australia's Braemar Iron Formation with Stage 1 operations designed to produce 5Mtpa of magnetite concentrates, expandable to 10Mtpa. The global steel industry has committed to decarbonise steelmaking and the timing of this development is in line with the forecast increase in demand for premium-quality iron ore products required to produce green iron and consequently green steel.

During 2024, the Company has made significant progress in three key areas:

1. **Responding and contributing to the growing state and federal government activity in supporting a "green iron" industry in Australia.**
  - The South Australian and Federal Governments have recognised the economic opportunity for Australia to use its "comparative advantage", relative to its key trading partners, of abundant renewable energy resources to produce green metals, and "green iron" in particular.
  - Green iron, which is produced using hydrogen instead of coal, is the key ingredient of "green steel" and is expected to attract a premium price. An explanation of "green iron" can be found [here](#).

- Currently Australia does not produce any iron ore or magnetite concentrate products that meet the very high quality specifications required for green iron production.
- The Company's Razorback Iron Ore Project can produce the required specification for green iron production and is designed to deliver long-term supply of magnetite concentrates necessary for a new green iron production and export industry.<sup>1,2</sup>
- On 27 February 2024, the South Australian Government called for Expressions of Interest for the establishment of a Direct Reduced Iron (DRI) or green iron plant in South Australia before the end of the decade, enabling the state to capitalise on its unique natural endowment of both world-leading renewable energy on grid and abundant magnetite iron ore resources.
- This development signals major interest and intent of the South Australian Government to collaborate with industry and other stakeholders in the establishment of a major green ironmaking industry.
- On 13 February 2024, Magnetite Mines signed a Memorandum of Understanding with the Port Pirie Regional Council.<sup>3</sup> The Company identified Port Pirie, located 160km from Razorback, as a logical location for the creation of a "green iron hub" in South Australia. Port Pirie has an operating port, rail access, water and natural gas supply, a skilled industrial workforce and a supportive community.
- The Company is forming an alliance of major industry partners to submit a comprehensive Expression of Interest to the South Australian Government. The alliance will identify the best pathway for the rapid development of a hydrogen-based DRI plant in Port Pirie before the end of the decade.
- On 31 May 2024, the Australian Federal Government launched a consultation process to explore "green metals" opportunities in Australia, including the production of low-emission green iron and steel. Magnetite Mines is preparing a submission outlining the government policies necessary to establish a green iron industry.

## **2. Securing strategic partners and funding required to reach a Final Investment Decision (FID).**

- Given the capital requirements, the Company views strategic partnerships and an operating joint venture as essential for the Razorback Project's successful development. Parties that have expressed their interest in the Project have also shown strong interest in funding the work required to reach a Final Investment Decision (FID) for the Project.
- The Company is in advanced ongoing negotiations with two parties, both of whom have completed due diligence on the Project, with a view to entering into joint venture and/or off-take arrangements that, if entered into, would provide funding for the completion of a Definitive Feasibility Study (DFS) and other activities required to reach FID.
- On 9 May 2024, Magnetite Mines engaged Azure Capital to provide corporate advisory services to the Company relating to structuring of partnering, financing and offtake agreements for the Razorback Project.
- The Company's focus is to conclude the current negotiations with one or more groups that will partner with the Company in the completion of the DFS and FID, although a transaction cannot be guaranteed.

## **3. Progressing regulatory approval processes for the development of the Razorback Project.**

- Federal approvals: The Company proactively initiated a self-referral to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) in January 2024, enabling DCCEEW to determine whether the Project requires any authorisations under the Environment Protection and Biodiversity Conservation Act 1993. On 19 April 2024, DCCEEW finalised its validation assessment and published the referral for public consultation. Final assessment of the referral is now nearing completion.
- State approvals: A Mining Lease Proposal (MLP) and associated Miscellaneous Purposes Licence applications have been prepared by the Company for submission to the South Australian Department of Energy & Mining. All technical impact assessment studies and required stakeholder consultation processes have been completed, allowing the Company to finalise the extensive MLP documentation and have it submitted to the relevant regulatory authority.

The proceeds from the Entitlement Offer (net of costs) will be used to finalise and lodge a mining lease proposal application with South Australia's Department for Energy and Mining and to provide the working capital needed to continue operations whilst negotiations with potential strategic partners continue, and the decision on a potential transaction finalised.

There is an unprecedented opportunity for Magnetite Mines to become a major iron ore player and key enabler of Australia's green iron industry with a very long life mine in South Australia. The Company is committed to using all of its endeavours to realise this opportunity.

## Entitlement Offer

Details of the Entitlement Offer (and the Shortfall Offer) are set out in an entitlement offer booklet which was released by the Company to ASX today (**Entitlement Offer Booklet**).

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

## Eligibility to participate in the Entitlement Offer

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those persons who:

- a) were a registered holder of fully paid ordinary shares in the Company as at 7:00pm (AEST) on the record date, being Tuesday, 25 June 2024 (**Record Date**);
- b) have a registered address on the Company's share register that is in Australia or 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.

According to the Company's records, you are an Eligible Shareholder who may participate in the Entitlement Offer.

## Action you may take

Participation in the Entitlement Offer 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 (**Entitlements**);
- take up all of your Entitlements and apply for additional New Shares under the Shortfall Offer; or
- do nothing and allow your Entitlements 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 Entitlement Offer (including any New Shares issued under the Shortfall Offer).

### 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: [www.computersharecas.com.au/mgtoffer](http://www.computersharecas.com.au/mgtoffer)
2. Provide your country of residence and postcode, and your HIN/SRN identification number – **your HIN/SRN is the number that is located in the top left hand corner of this letter.**
3. Review the Offer Booklet (including the summary of key risks in Section 4), and acknowledge that you have done so when prompted to do so.
4. Click on the “Apply Now” button 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 Entitlement Offer is now open and is scheduled to close on Friday, 12 July 2024 (**Closing Date**).

## Indicative Timetable

The indicative timetable for the Entitlement Offer is detailed below:

Event	Date <sup>*</sup> (2024)
Record Date	Tuesday, 25 June
Offer Booklet and personalised Application Form made available at <a href="http://www.computersharecas.com.au/mgtoffer">www.computersharecas.com.au/mgtoffer</a> Entitlement Offer opens ( <b>Opening Date</b> )	Friday, 28 June
Entitlement Offer closes ( <b>Closing Date</b> )	Friday, 12 July
Unless otherwise determined by ASX, New Shares quoted on a deferred settlement basis from market open	Monday, 15 July
Announcement of results and shortfall (if any) under the Entitlement Offer	Wednesday, 17 July
Issue and allotment of New Shares	Friday, 19 July
Commencement of trading of New Shares on a normal settlement basis	Monday, 22 July
Dispatch of holding statements for New Shares	Tuesday, 23 July

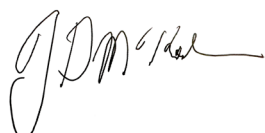
*\* These dates are indicative only and are subject to change. Magnetite Mines, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable by sending a revised timetable to ASX. In particular Magnetite Mines reserves the right to extend the Closing Date, accept late applications under the Entitlement Offer (generally or in particular cases), and to withdraw or vary the Entitlement Offer 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. All times are to Australian Eastern Standard Time (AEST).*

## 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 (AEST), 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**

## References

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1. ASX:MGT Announcement – 28/02/2023 [Metallurgy Confirms Flowsheet and DR Pellet Feed Potential](#)
2. ASX:MGT Announcement – 21/07/2022 [Razorback Iron Ore Project: Positive Interim Metallurgical Test Results](#)
3. ASX:MGT Announcement – 13/02/2024 - [Partnership Positions Port Pirie as Future Green Iron Hub](#)