

## ASX ANNOUNCEMENT

8 July 2024

### HEADS OF AGREEMENT WITH JFE SHOJI AUSTRALIA PTY. LTD

#### Highlights:

- **Magnetite Mines has signed a non-binding Heads of Agreement with JFE Shoji Australia Pty. Ltd. (JFE), an Australian subsidiary of JFE Shoji Corporation and group company of JFE Holdings.**
- **The Agreement forms the basis on which MGT and JFE will negotiate a binding transaction with the following proposed elements:**
  - **JFE to provide funding towards the completion of the Razorback Iron Ore Project Definitive Feasibility Study (DFS).**
  - **In exchange, JFE to receive “DR-grade” magnetite concentrate production offtake rights for up to 10% of planned Project Stage 1 production over a 15-year term.**
  - **JFE has the option to convert the offtake rights to equity or joint venture participation in the Project**
- **Magnetite Mines and JFE will aim to execute a Definitive Agreement by 31<sup>st</sup> January 2025.**

#### **Magnetite Mines Chief Executive Officer, Tim Dobson said:**

*“Over the past year, Magnetite Mines has established a strong relationship with JFE Shoji Australia Pty Ltd. who is a part of the Japan’s JFE Group. We are delighted to formalise our collaborative efforts today, the culmination of a comprehensive due diligence effort and the first stage of what we envisage will be a long and prosperous relationship for both parties.”*

#### **JFE Shoji Australia Pty. Ltd. Managing Director, Koichi Sawada said:**

*“We are very pleased to secure this agreement to work with Magnetite Mines towards the development of the Razorback Iron Ore Project. Through our due diligence we have gained a good understanding of the Razorback deposit and we see tremendous opportunity in this project that is highly aligned with our strategic priorities, including supporting global efforts to decarbonise steelmaking.”*

#### **South Australian Minister for Energy and Mining Tom Koutsantonis said:**

*“The South Australian Government recently released our Green Iron and Steel Strategy, and today’s announcement by Magnetite Mines aligns with the fundamental objectives of that strategy. South Australia has a key advantage with abundant magnetite resources, which presents the opportunity for the state to be at the vanguard of efforts to meet the world’s increasing demand for green iron.*

*“I congratulate Magnetite Mines and JFE Shoji Australia Pty Ltd on this significant agreement, which will help facilitate the development of the Razorback Iron Ore Project.”*

**Joe Szakacs, South Australian Minister for Trade and Investment said:**

*“The South Australian Government’s overseas representation plays a critical role in supporting collaboration and partnerships between multi-national companies. I congratulate Magnetite Mines and JFE Shoji Australia Pty Ltd on this agreement which supports the South Australian Government’s green iron supply ambitions.”*

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**Magnetite Mines Limited (ASX:MGT)** is pleased to announce the signing of a non-binding Heads of Agreement (Agreement) with JFE Shoji Australia Pty. Ltd. (JFE), a wholly owned subsidiary of JFE Shoji Corporation.

The Agreement provides the framework under which the parties will negotiate a binding transaction to support the completion of a Definitive Feasibility Study (DFS) for the 100%-owned Razorback Iron Ore Project (Project). Completion of a DFS is an essential step in reaching a Final Investment Decision (FID) for the development of the Project.

The Agreement represents the culmination of an extensive period of due diligence by JFE that commenced in April 2023 and included site visits to the Razorback site in South Australia with the MGT team. During this period, MGT and JFE have developed a strong relationship formed on a basis of mutual understanding, trust and respect.

**Partnering approach**

The Company believes that the Project will be best developed via a joint venture (JV) with motivated investors and offtake partners, and with Magnetite Mines as the Operator of the Project. This format has been used extensively and successfully in large-scale Australian resource projects over recent decades and has the benefit of sharing the capital and risk burden between the JV partners.

Recognising the increasing demand from global steelmakers seeking to secure future “green iron” supply produced from premium-grade magnetite concentrates, Magnetite Mines has prioritised engagement and relationship development with strategic partners over the past 12 to 18 months.

The Razorback Project is one of only a handful of projects globally that can produce premium-grade magnetite concentrate at scale. Australia and Japan have a long and successful history as trading partners, and it is natural that both countries will continue to work together towards decarbonisation objectives as the world tackles climate change challenges.

Subject to the findings of the DFS, Magnetite Mines and JFE have agreed to discuss in good faith the basis, terms and mechanics by which, JFE may participate in a joint venture (or other investment vehicle) with MGT to realise the development of the Razorback Project.

## About JFE Shoji Corporation

JFE Shoji Corporation is the core trading company of the broader group company JFE Holdings. Centred on steel products, the company handles a broad range of goods, from raw materials for steel to foods and electronics and conducts business globally through a comprehensive supply chain that covers both domestic and international markets.

## Heads of Agreement key commercial terms

The binding transaction contemplated by the Heads of Agreement includes the following proposed elements, subject to the negotiation and execution of a Definitive Agreement:

### 1. Funding

JFE will provide funding to MGT for the completion a Definitive Feasibility Study (DFS) and related working capital requirements, commencing immediately upon execution of the Definitive Agreement.

### 2. Offtake rights

In exchange for the funding, JFE will earn offtake rights for the delivery of “DR-grade” magnetite concentrate production for up to 10% of planned Project Stage 1 production, i.e. up to 500ktpa, for a 15-year period commencing in year 3 of operations, on commercial terms to be negotiated and included in the Definitive Agreement.

### 3. Conversion to participating interest

Subject to agreement between JFE and MGT on the terms of such a conversion, JFE has the right to convert the value of its offtake agreement into a participating interest in the Razorback Project or MGT, at the election of JFE.

### 4. Future funding

Subject to the findings of the DFS and the outcomes of the FID, MGT and JFE shall discuss in good faith the basis on which, and the terms and mechanics by which, JFE may participate in a joint venture (or other investment vehicle) with MGT to realise the Razorback Project.

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

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## DISCLOSURE

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Where the Company references previously disclosed exploration results, Mineral Resource and Ore Reserve estimates and ASX announcements made previously, it confirms that the relevant JORC Table 1 disclosures are included with them and that it is not aware of any new information or data that materially affects the information included in those ASX announcements and in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

## ABOUT MAGNETITE MINES

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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](https://magnetitemines.com).