

ASX ANNOUNCEMENT

18 July 2024

MEMORANDUM OF UNDERSTANDING WITH ZEN ENERGY

Highlights:

- **Magnetite Mines has signed a non-binding Memorandum of Understanding with ZEN Energy, an Australian renewable energy company.**
- **Both companies have shared interests in the development of a Green Iron industry in South Australia, for which the two enabling inputs are premium-grade magnetite concentrates and abundant renewable energy.**
- **The MOU forms the basis on which Magnetite Mines and ZEN Energy will work together to negotiate one or more binding transactions with the following possible elements:**
 - **energy offtake agreement between Magnetite Mines and one or more of ZEN's Energy projects, and/or related infrastructure sharing or leasing agreements between assets owned by ZEN Energy and Magnetite Mines; and**
 - **farm-in, offtake, co-venturing or partnering arrangements between Magnetite Mines and ZEN Energy in connection with the Razorback Project;**
 - **participation in future Green Iron projects.**

Magnetite Mines Chief Executive Officer, Tim Dobson said:

"We are very pleased to formalise a working relationship with ZEN Energy via this MOU. ZEN's South Australian renewable energy projects are located near our Razorback Project. Our companies share a common vision for the development of a Green Iron industry in South Australia, underpinned by Razorback's magnetite concentrates and ZEN's renewable energy."

"By positioning itself to export Green Iron to the world, South Australia can embody its renewable energy advantage into an increasingly valuable and desired low-carbon export product and in doing so, secure a major new economic opportunity for generations to come."

ZEN Energy Chief Executive Officer, Anthony Garnaut said:

"ZEN's collaboration with Magnetite Mines represents a new load bigger than Olympic Dam to connect to the grid before the end of the decade. ZEN seeks to play a leadership role in bringing together the needed firmied renewable generations to enable this significant development as well as the corresponding value chain in enabling Green Iron production in South Australia, particularly around Port Pirie."

"The collaboration between ZEN and Magnetite Mines in enabling new value chains to realise Green Iron production in South Australia demonstrates that the Superpower vision for Australia can become a reality, and at a market competitive cost."

Magnetite Mines Limited (ASX:MGT) is pleased to announce the signing of a non-binding Memorandum of Understanding (MOU) with ZEN Energy Pty Ltd, an Australian renewable energy company with projects in South Australia located near MGT's Razorback Iron Ore Project.

The Agreement provides the framework under which the parties will work together to negotiate one or more binding transactions relating to the development and energy provision for the Razorback Project, as well as collaboration on the development of possible future Green Iron production projects in South Australia.

Memorandum of Understanding

The MOU provides the framework for collaboration between the two companies regarding the development of Magnetite Mines' Razorback Iron Ore Project, having regard to:

1. project development planning and execution;
2. staged funding requirements, options and commitments;
3. project level farm-in and farm-out options and arrangements;
4. project level co-venturing opportunities;
5. opportunities to share knowledge, expertise and human resources;
6. offtake arrangements for energy and/or magnetite concentrates, or infrastructure sharing or leasing arrangements between assets owned by ZEN Energy and Magnetite Mines;
7. opportunities to partner with, solicit support from, or otherwise coordinate activities with, State and Federal governments; and
8. "Green Iron" project development at Port Pire, including consortium-based approaches with others, to potentially include:
 - a. Pellet plant development for pellet export and/or Direct Reduced Iron (DRI) plant supply;
 - b. DRI/Hot Briquetted Iron (HBI) plant development;
 - c. Hydrogen plant development (for use in DRI/HBI production); and
 - d. Rail, port and logistics development.

If the MOU does not lead to a binding transaction between the two parties, it will expire in July 2025.

South Australia's Green Iron Opportunity

At present, the main "Green Iron" processes being pursued utilise renewable energy and hydrogen to convert iron ore into iron. The processes involve the reduction of very high-grade, low-impurity iron ore (magnetite concentrates) to iron using hydrogen gas, followed by the conversion of iron into steel using an electric arc furnace (EAF). These processes eliminate the need for coal in iron production, offering a sustainable steelmaking solution for the future.

South Australia is in a unique position to benefit from these innovative technologies. The state has access to abundant renewable energy sources such as wind and solar power and the capacity to build even greater renewable energy capacity. Green Iron production for export creates an opportunity for South Australia to diversify the state economy while reducing the carbon footprint of steel production globally.

South Australia has recognised the importance of green hydrogen and green iron, and has developed a plan to establish the state as a leader in this field. Recently, the state government commenced an Expression of Interest process with the objective of having Australia's first Green Iron production facility in development by 2030. Both Magnetite Mines and ZEN Energy are participating in the EoI process.

ABOUT ZEN ENERGY

ZEN Energy is an established Australian energy business, focused on building a portfolio of renewable energy resources and firming assets, to support clients with large electricity needs. ZEN stands for Zero Emissions Now. We believe that now is the time to embrace the transition to the post carbon world. We believe that by turning towards low cost, renewable energy, our communities will become more prosperous, and we will help restore a sense of balance to the world. Balance between the human and the natural world. Balance between our people, our customers, and our partners. This is the ZEN way.

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 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.

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

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DISCLOSURE

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.