

ASX ANNOUNCEMENT**3 SEPTEMBER 2024****RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO \$4.1 MILLION****Summary:**

- **1 for 5 Renounceable Rights Issue to raise up to \$4.1 million, partially underwritten to \$2 million by Lead Manager and Underwriter, Mahe Capital**
- **Issue price \$0.20 per share representing a 13% discount to the last closing price of \$0.23 per share and 20% to the 15-day VWAP on ASX of \$0.25 per share**
- **With every 1 New Share subscribed, shareholders receive 1 free attaching Option**
- **Options will have an exercise price of \$0.30, a term of 3 years and quotation will be sought on ASX**
- **The Rights Issue is renounceable, meaning shareholders can trade their rights from 5 September 2024 and can also apply to take up additional New Shares from any shortfall under the Rights Issue**
- **Shareholders who participated in the July 2024 Rights Issue can apply to receive 1 free option for every 1 share purchased on the same terms as under the Rights Issue**
- **Funds raised (net of costs) will provide necessary working capital to complete DFS funding negotiations with strategic partners and submission of Razorback Iron Ore Project Mining Lease Proposal**
- **The Company has an ongoing cost management programme in place**
- **Directors and Management subscribed \$242,000 to the Previous Offer and will also be participating in this current offer.**

Magnetite Mines Limited (“MGT” or “the Company”) is inviting Eligible Shareholders to participate in a pro rata (1 for 5) renounceable Rights Issue at \$0.20 per share to raise up to approximately \$4.1 million before costs (“**Rights Issue**”).

Magnetite Mines’ Board of Directors is committed to developing the Razorback Iron Ore Project with a strategy of attracting sought after strategic and offtake partners willing to provide funding support for the completion of the Project’s Definitive Feasibility Study (DFS), and to become future joint venture partners in the Project. Working capital is required to support the Company during this partnering process and also to complete the Project’s Mining Lease approval.

The Rights Issue is an important step of the funding plan that also included raising \$1.17million from existing shareholders in July 2024 (“**Previous Offer**”).

Shareholders who participated in the Previous Offer, which did not have an attaching option, can apply to receive 1 free option for every 1 share purchased as recognition for their loyalty and support of the Company through that capital raising initiative.

Directors and Management subscribed \$242,000 to the Previous Offer and will also be participating in this current offer.

MGT Chair Jim McKerlie commented

“In July 2024, the Company achieved a major milestone by signing a Heads of Agreement with JFE Shoji to negotiate a binding transaction that will provide funding support for the completion of a Definitive Feasibility Study for the Razorback Iron Ore Project. JFE Shoji is part of the JFE Group, which also incorporates JFE Steel, Japan’s second largest steelmaker.

“The Board believes that a stronger balance sheet will enable Magnetite Mines to continue to build on this progress, secure the strategic partnerships crucial for the development of Razorback, and to progress the essential regulatory approvals required to build the Project.

“The Company has an ongoing aggressive cost management programme and maintains a small head count of experienced people that are essential for attracting and working with the major organisations we are partnering with. This team has expertise and experience in areas where there are skill shortages and high demand.

“In what has been a year characterised by challenging equity markets, the Board is very thankful of all our loyal shareholders who have provided ongoing support for the Company, particularly those who supported the Company by participating in our July capital raising. This new Rights Issue provides all shareholders the opportunity to participate at an attractively discounted price, and in doing so, finalise the funding round across the two capital raising activities we have pursued in 2024.

“Magnetite Mines has made significant achievements over the past 12 months and we are committed to ensuring greater recognition of the long-term shareholder value this has created.”

Key achievements over past 6 months

- Securing strategic partnerships, including signing agreements with JFE Shoji Australia Pty Ltd and ZEN Energy
- Progressing regulatory approvals, with the Mining Lease Proposal nearing submission
- Achieving a technical breakthrough in saline water processing
- Engaging extensively with government bodies to support the emerging green iron industry

Pro Rata Renounceable Rights Issue

The Rights Issue aims to raise up to approximately \$4.1 million (before costs), is partially underwritten to an amount of \$2.0 million by Mahe Capital, and has the following terms:

The Rights Issue is renounceable and pro rata to Eligible Shareholders on the basis of **one New Share** for **every five Shares** held at the Record Date (as defined below), and at an **Issue Price** of \$0.20 per New Share.

The issue price under the Rights Issue represents a discount of:

- 13% to the Company's last closing price of \$0.23 per share on the ASX; and
- 20% to the Company's 15-day VWAP on ASX of \$0.25 per share.

For each New Share subscribed, Eligible Shareholders will receive one free attaching Option with the following terms:

- Option Exercise Price of \$0.30
- Option Expiry Date three years from the date of issue of the Option

The Company will apply for quotation of the Options on the ASX meaning that they will be tradeable following their issue.

The Rights Issue is open to all eligible shareholders who are registered shareholders with a registered address within Australia or New Zealand as at 7.00pm (Sydney time) on Friday, 6 September 2024 (**Record Date**) (**Eligible Shareholders**). Ineligible shareholders are all those shareholders with a registered address as at the Record Date outside those jurisdictions (**Ineligible Shareholders**). The Rights Issue will open on Wednesday, 11 September 2024 and close at 5.00pm on Wednesday, 25 September 2024 (unless extended), and Eligible Shareholders can apply for additional shares in the shortfall in excess of their entitlement.

All New Shares issued will rank equally with existing shares on issue and the Company will apply for quotation of the New Shares and the attaching Options on ASX.

Shortfall Offer

The Shortfall Offer comprises an offer of New Shares, together with free attaching Options, that were not subscribed for by Eligible Shareholders under the Rights Issue, on the same terms as the Rights Issue

To the extent there is any shortfall shares remaining after the close of the Rights Issue, the Board reserves the right to place those remaining shortfall shares within 3 months of the closing date of the Rights Issue.

Loyalty Offer

The Directors wish to acknowledge the loyalty of those Shareholders that participated in the Previous Offer by offering those Shareholders one free Option for each New Share purchased under the Previous Offer, on the same Options terms as those described above under the Rights Issue being announced today (**Loyalty Offer**).

For the avoidance of doubt, the Loyalty Offer only applies to Shareholders that purchased shares under the Previous Offer and will incur no purchase cost, nor brokerage or transaction costs.

Shareholders that are eligible to participate in the Loyalty Offer will be contacted directly by the Company's share registry, Computershare, via their preferred contact method, i.e., email or physical mail, with instructions on how to apply for the Loyalty Options

Use of proceeds

Building on progress made, the Company has two clear priorities for the funding proceeds from this Rights Issue:

1. Completing a binding transaction with strategic partners (JFE Shoji Australia Pty Ltd and potentially others) to secure funding for the Definitive Feasibility Study (DFS).
2. Lodging the Project's Mining Lease Proposal (MLP) with the SA Dept for Energy and Mining.

In the Board's view, Magnetite Mines is now strategically positioned for success. It has demonstrated that it has a premium iron ore resource, the ability to attract high calibre partners seeking long term involvement in the Project, and is garnering strong support for its role across the highest levels of Federal and State Governments.

This has created an unprecedented opportunity for Magnetite Mines to become a major iron ore player and key enabler of Australia's proposed new green iron opportunity. Through the Razorback Iron Ore Project, real potential exists for the Company to become a long-life, high-value iron ore operator, producing premium-grade magnetite concentrates at scale, for decades into the future.

Underwriting

The Rights Issue is partially underwritten to \$2 million by the lead manager and underwriter to the Rights Issue, Mahe Capital Pty Ltd (ACN 634 087 684) (AFSL 517246) (**Mahe Capital**).

Rights trading

Since the Rights Issue is renounceable, shareholders can also trade their Rights on the ASX from 5 September 2024 to 18 September 2024. There is no guarantee that there will be a market for the Rights. It is the responsibility of purchasers of rights to inform themselves of the eligibility criteria for the exercise of the rights. If holders of Rights after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Rights.

The Company has appointed Mahe Capital to act as nominee for the purpose of selling the Rights which would otherwise have been available to Ineligible Shareholders and for arranging for the distribution to Ineligible Shareholders of their proportion of the net proceeds of sale (if any).

How to apply for New Shares under the Rights Issue

Eligible Shareholders may apply to take up all or part of their Rights or choose to sell their Rights or take up part of their Rights and sell the balance.

Details of the Rights Issue, the terms of the New Shares and the Options to be issued and the effect of the Rights Issue on the capital structure and financial position of the Company are set out in a Prospectus that was lodged with ASIC and the ASX today (**Prospectus**). For the purposes of the Rights Issue, the Prospectus will be made available to shareholders in electronic form only, together with a personalised application form, at the following website, from the opening date of the Rights Issue, being 11 September 2024:

www.computersharecas.com.au/mqtoffer

Eligible Shareholders should follow the instructions set out at the website to make an application. Payment can be made by BPay® or, if you are an Eligible Shareholder resident in New Zealand, by

electronic funds transfer. Eligible Shareholders who would like to participate in the Rights Issue are encouraged to apply as soon as possible.

Before making any investment decision, Eligible Shareholders should carefully consider the Prospectus, including the key risks with respect to the Company with respect to investing in the New Shares as set out in section 7 of the Prospectus.

Additional Information

The Prospectus should be read together with the Company's disclosures to ASX, including the Company's investor presentation which has also been provided to ASX today.

Indicative Timetable

Indicative timetable for the Rights Issue is detailed below:

Event	Date*(2024)
Ex date for Rights Issue Unless otherwise determined by the ASX, rights trading commences on a deferred settlement basis from ASX market open	Thursday, 5 September
Record Date for determining rights	7:00pm Friday, 6 September
Prospectus and personalised Application Form made available at www.computersharecas.com.au/mgtoffer Rights Issue opens (Opening Date)	Wednesday, 11 September
Rights trading ends at ASX market close	Wednesday, 18 September
Unless otherwise determined by ASX, New Shares and attaching Options quoted on a deferred settlement basis	Thursday, 19 September
Rights Issue closes (Closing Date)	5:00pm Wednesday, 25 September
Announcement of results and shortfall (if any) under the Rights Issue Announcement of take up of Loyalty Options under the Loyalty Offer	Wednesday, 2 October
Issue and allotment of New Shares and Options, together with attaching Options Lodge Appendix 2A	Before Noon, Wednesday, 2 October
Commencement of trading of New Shares and Options on normal settlement basis Dispatch of holding statements	Thursday, 3 October

* 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 (either 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 Sydney, Australia time.

Further Information

If you have any questions in relation to the details of the Rights Issue, please contact the Company's share registry on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) between 8.30am to 5.00pm (Sydney time) Mon – Fri until the Closing Date, or if you require advice about your participation in the Rights Issue, consult your stockbroker, accountant or other independent professional adviser.

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.