



Magnetite Mines Limited
ACN 108 102 432

SUPPLEMENTARY PROSPECTUS

1 Important Information

This is a supplementary prospectus (**Supplementary Prospectus**) which is intended to supplement and be read with the prospectus dated 15 August 2025 (**Prospectus**) issued by Magnetite Mines Limited ACN 108 102 432 (**Company**).

This Supplementary Prospectus is dated 20 August 2025 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. ASIC, the Australian Securities Exchange (**ASX**) and their respective officers do not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged and remain applicable. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus and the Prospectus are important documents and should be read together in their entirety. If you do not understand the documents, you should consult your stockbroker, accountant or other professional adviser without delay.

2 Purpose of Supplementary Prospectus

On 8 August 2025, the Company announced a pro rata renounceable rights issue to raise up to \$2.65 million (**Rights Issue**). The Rights Issue is lead managed and partially underwritten by Mahe Capital (**Lead Manager**) pursuant to the terms of a mandate letter from Mahe Capital dated 31 July 2025, and a subsequent underwriting agreement between Mahe Capital and the Company dated 8 August 2025 (**Original Underwriting Agreement**).

On 19 August 2025, the Company released a price sensitive announcement to ASX advising that near-surface, clay-hosted Rare Earth Element (REE) mineralisation had been identified at the 100% owned Ironback Hill Project, adjacent to the Company's magnetite iron ore Razorback Project (**Rare Earths Mineralisation Announcement**).

In addition, on 20 August 2025, the Company released a further announcement to ASX confirming that Mahe Capital had agreed to increase its underwriting commitment for the Rights Issue from \$500,000 to \$2,000,000. In addition to being paid a 5% underwriting fee (the same fee that the Lead Manager would have received if it had successfully placed any of the shortfall under the Rights Issue that it is now agreeing to underwrite), the Company has agreed to issue to the Lead Manager one new option for every \$1.50 raised under the Offers (amended from one new option for every \$2 raised under the previous arrangement), resulting in up to 1,770,278 Options to be issued to the Lead Manager under the Prospectus if the Offers are fully subscribed (**Lead Manager Options**).

By this Supplementary Prospectus, the Company updates the Prospectus to:

- make Shareholders and investors aware of the Rare Earths Mineralisation Announcement; and
- include the offer of up to 1,770,278 Lead Manager Options,

and supplements, and amends the Prospectus, as set out in this Supplementary Prospectus.

The information outlined in Section 3 below should be read in conjunction with the Prospectus.

3 Supplementary disclosure and amendments to the Prospectus

3.1 Rare Earths Mineralisation Announcement

On 19 August 2025, the Company released a price sensitive announcement to ASX advising that near-surface, clay-hosted Rare Earth Element (REE) mineralisation had been identified at the 100% owned Ironback Hill Project, adjacent to the Company's magnetite iron ore Razorback Project.

The identification of REE was made following the re-testing of limited clay rich samples from archived RC (reverse circulation) drill samples which were originally drilled by the Company to support resource development at the Ironback Hill iron ore deposit in 2011-2012 (see ASX Announcement 20/11/2018 – Ironback Hill deposit – JORC 2012 Resource Update).

As an immediate next step, the Company will undertake low-cost follow up work to determine the potential value of further programs.

Important Note: *The results reported in the Rare Earths Mineralisation Announcement are based on limited sampling and early-stage testwork. No metallurgical testwork has yet been undertaken, and recoveries and potential economic significance are unknown at this stage. Further work is required to determine the nature, extent and grade continuity of the mineralisation, and whether extraction would be technically or economically feasible.*

A copy of the Rare Earths Mineralisation Announcement can be found on the ASX website (asx.com.au) (ASX ticker: MGT) or on the Company's website at www.magnetitemines.com/asx-announcements.

3.2 Increase in underwriting commitment and increased offer of Lead Manager Options

Pursuant to an underwriting agreement between the Company and Mahe Capital dated 20 August 2025 (that supersedes and replaces the Original Underwriting Agreement) Mahe Capital has agreed to increase the underwritten amount for the Offers to \$2,000,000 (**Underwritten Amount**), being an underwriting of 30,769,231 new Shares and 30,769,231 new options under the Offers. Other than the foregoing, all other terms of the Underwriting Agreement summarised in Section 8.8 of the Prospectus remain the same.

As a consequence of the increase in the Underwritten Amount, all references in the Prospectus to the original underwritten amount of \$500,000 should be amended and read as \$2,000,000, being the references:

- on the front cover
- in the Letter from the Chair
- in the Investment overview and summary of the Offers under the heading "Is the Rights Issue underwritten"
- in Section 3.13
- in Section 4.2
- in Section 4.3
- in Section 4.4
- in Section 8.8
- in Section 8.11

In addition, as noted above, in consideration for the increase in the Underwritten Amount the Company has agreed to increase the number of Lead Manager Options to be issued to the Lead Manager from the current proposal of one new option for every \$2 raised under the Offers to one new option for every \$1.50 raised under the Offers, which will result in up to 1,770,278 Lead Manager Options to be issued to the Lead Manager under the Prospectus. The number of Lead Manager Options that will be issued to the Lead Manager is entirely dependent on the

amount raised under the Offers, with such number being exactly two-thirds of the total amount raised under the Offers, rounded up to the nearest Lead Manager Option.

As disclosed in the Prospectus, the issue of the Lead Manager Options remains subject to the approval of Shareholders at the Company's forthcoming Annual General Meeting, expected to be held in November 2025.

If all of the Lead Manager Options are exercised, in due course the Company will receive up to approximately \$212,433 in additional funds. However, the exercise of the Lead manager Options is entirely at the discretion of the holder and is likely to depend on the share price of the Company prior to the expiry date of the Lead Manager Options.

All references in the Prospectus to the ratio of Lead Manager Options to be issued to the Lead Manager should be amended and read as one Option for every \$1.50 raised under the Offers and the total or maximum number of Lead Manager Options to be issued pursuant to the Prospectus should be amended and read as 1,770,278, being the references:

- in the Investment overview and summary of the Offers under the headings "Lead Manager Options" and "How will the Offers impact existing securities on issue"
- in Section 3.3
- in Section 4.3
- in Section 8.8

Subject to the above, all other disclosures with respect to the Lead Manager Options in the Prospectus remain the same.

Mahe Capital is a 'sophisticated investor' under section 708(8) of the Corporations Act and, as such, no Target Market Determination is required in connection with the offer and issue of the Lead Manager Options.

3.3 Use of funds

Since the Offers are now underwritten to a total of \$2,000,000 the Company has updated its use of funds table to replace the existing table in Section 4.1 of the Prospectus, as follows:

Item	Allocation if \$2.0 million raised under Rights Issue and Shortfall Offer (A\$'000)	Allocation if Rights Issue and Shortfall Offer fully subscribed (\$2.65 million) (A\$'000)
Support Mining Lease Proposal assessment / land access	\$150	\$200
Water derisking studies	\$450	\$600
Tenement prospectivity assessment for gold, copper, REE	\$200	\$200
Anticipated costs to complete binding agreements with strategic partners	\$250	\$250
Working capital	\$750	\$1,155
Expenses of the Offers	\$200	\$250
Total	\$2,000	\$2,655

Notes:

All amounts are in A\$'000 (thousands).

The use of proceeds table above is a statement of the proposed application of the funds to be raised under the Offers as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way the funds that are raised are applied.

General working capital includes amounts for ongoing corporate administration and operating costs (including directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs).

The estimated expenses of the Offers includes legal, ASX and Registry costs in connection with the Offers.

3.4 Effect of the Offers

The effect of the increase in the Underwritten Amount, and the increase in the total number of Lead Manager Options has an effect on the Offers.

Consequently, Section 4.2 of the Prospectus is deleted and replaced with the following:

The principal effect of the Offers will be to:

- increase the cash reserves of the Company by, at a minimum \$2,000,000 (assuming the conditions under the Underwriting Agreement are satisfied and the Underwriting Agreement is not terminated) and up to a maximum of approximately \$2.65 million (based on full subscription but subject to the rounding of fractional entitlements to New Shares), before deducting the costs of the Capital Raising;
- increase the number of Shares on issue as shown in Section 3.5 of this Supplementary Prospectus below; and
- assuming the Offers are fully subscribed, increase the number of Options on issue as shown in Section 3.5 of this Supplementary Prospectus below (subject to ASX approval of Official Quotation of the Options to be issued under the Offers).

The Company's prevailing cash position can be reviewed via the quarterly Appendix 5B's the Company lodges with ASX.

3.5 Effect on the Company's capital structure

Up to 1,770,278 Lead Manager Options will be issued subject to Shareholder approval at the Company's forthcoming Annual General Meeting.

Consequently, the capital structure table in Section 4.3 of the Prospectus is deleted and replaced with the following updated capital structure table, based on the new Underwritten Amount of \$2.0 million and based on up to approximately \$2.65 million (being the full subscription under the Offers but subject to the rounding of fractional entitlements to New Shares) being raised under the Offers.

In addition, since the date of the Prospectus, a holder of the Company's convertible notes has exercised its conversion right in respect of 300,000 convertible notes, resulting in the issue of 3,750,000 Shares to that holder.

Shares and Options	Number (if \$2.0 million raised under Rights Issue and Shortfall Offer)	Number (if Rights Issue and Shortfall Offer fully subscribed)
Shares currently on issue	126,307,735	126,307,735
New Shares to be issued pursuant to the Rights Issue (including the Shortfall Offer)	30,769,231	40,852,578
Total Shares	157,076,966	167,160,313
Quoted options currently on issue (ASX: MGTOA)	16,639,408	16,639,408

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Shares and Options	Number (if \$2.0 million raised under Rights Issue and Shortfall Offer)	Number (if Rights Issue and Shortfall Offer fully subscribed)
Unquoted options currently on issue	21,880,819	21,880,819
Convertible Loan Notes (maximum number of Shares to be issued if converted)	39,678,500	39,678,500
Options to be issued pursuant to Rights Issue	30,769,231	40,852,578
Lead Manager Options	1,333,334	1,770,278
Total share capital (on a fully diluted basis)	267,378,258	287,981,896

The Notes set out in Section 4.3 of the Prospectus continue to apply to the replacement capital structure table set out above.

3.6 Effect on the control of the Company

The increase in the Underwritten Amount, and the increase in the number of Lead Manager Options to be issued under the Prospectus, are not expected to have any effect on the control of the Company.

However, the last two bullet points in Section 4.4 of the Prospectus are updated to reflect the amended structure as follows:

- the Underwriter has agreed to underwrite the Offers up to an amount of \$2,000,000, which may result in the Underwriter acquiring a maximum voting power in the Company of 18.4% if it subscribes for its full underwritten amount and the Rights Issue is fully subscribed, however it is expected that the Underwriter will appoint sub-underwriters meaning that the Underwriter is extremely unlikely to hold that percentage in that circumstance; and
- other than as noted above, given the structure of the Rights Issue as a pro rata issue and since the Offers are partially underwritten to \$2,000,000, the Company does not otherwise expect that the Offers will have a material effect on the control of the Company or result in any shareholder increasing their holding to an amount in excess of 19.9%.

3.7 Financial effect of the Offers

The increase in the Underwritten Amount, and the increase in the number of Lead Manager Options to be issued under the Prospectus, does not have any impact on the Pro Forma Statement set out in the Annexure to the Prospectus, which remains the same.

3.8 ASX quotation

An amendment to the application for Official Quotation of the Lead Manager Options offered pursuant to the Prospectus and this Supplementary Prospectus will be made to ASX within 7 days after the date of this Supplementary Prospectus.

If the Company does not receive sufficient Applications to meet the requirements for Official Quotation of a second class of securities (being the class of Options offered under the Prospectus and this Supplementary Prospectus, including all the Options to be issued under the Offers and the Lead Manager Options) under the ASX Listing Rules, or ASX does not grant Official Quotation of the Lead Manager Options offered pursuant to the Prospectus and this Supplementary Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such other period as varied by ASIC), the Company will refund all Application Monies received for the Lead Manager Options (which will be \$nil as there is no consideration payable with respect to the issue of the Lead Manager Options) within the time prescribed under the Corporations Act, without interest, however the Company may continue with the

issue of the Lead Manager Options, and subject to compliance with applicable law, may issue Lead Manager Options that are not quoted on ASX.

The fact that ASX may grant Official Quotation to the Lead Manager Options is not to be taken in any way as an indication of the merits of the Company or the Lead Manager Options offered under the terms of the Prospectus and this Supplementary Prospectus.

3.9 Continuous disclosure obligations

The Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. As such, the Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company that has been notified to ASX. Accordingly, any investor should have regard to the other publicly available information in relation to the Company before making a decision whether to invest or not.

The table in Section 8.1 of the Prospectus sets out details of documents lodged by the Company with ASX since the date of lodgement of the Company’s 2024 annual financial report up to the date of lodgement of the Prospectus with ASIC.

That table has been updated in this Supplementary Prospectus to incorporate details of documents lodged with ASX subsequent to the lodgement of the Prospectus with ASIC, up to the date of lodgement of this Supplementary Prospectus with ASIC, as follows:

Date	Headline	Type
19/08/2025	Application for quotation of securities - MGT	Appendix 2A
19/08/2025	Rare Earths Mineralisation Identified at Ironback Hill	Exploration Results
15/08/2025	Results of EGM	Results of Meeting
15/08/2025	Chair’s address to the EGM	Chair’s address to the EGM
15/08/2025	Notification to Ineligible Shareholders	Renounceable Rights Issue Letter to Shareholders
15/08/2025	Letter from the Chair to Ineligible Shareholders	Renounceable Rights Issue Letter to Shareholders
15/08/2025	Target Market Determination	Renounceable Rights Issue
15/08/2025	Renounceable Rights Issue Prospectus	Renounceable Rights Issue
15/08/2025	Renounceable Rights Issue Open	Renounceable Rights Issue

3.10 Expenses of the Offers

Section 8.11 of the Prospectus is deleted and replaced with the following:

The total expenses of the Offers are estimated to be approximately \$250,000 (excluding GST), assuming full subscription under the Rights Issue and Shortfall Offer. If only the underwritten amount of \$2,000,000 is raised, the total expenses of the Offers are estimated to be approximately \$200,000 (excluding GST).

4 Consent

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities offered under the Prospectus), the Directors, any underwriter, persons named

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in this Supplementary Prospectus with their consent having made a statement in this Supplementary Prospectus and persons involved in a contravention in relation to this Supplementary Prospectus, with regard to misleading and deceptive statements made in this Supplementary Prospectus. Although the Company bears primary responsibility for this Supplementary Prospectus, other parties involved in the preparation of this Supplementary Prospectus can also be responsible for certain statements made in it.

The party referred to below:

- (a) does not make, or purport to make, any statement in this Supplementary Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Supplementary Prospectus other than a reference to its name and any statement included in this Supplementary Prospectus with the consent of that party as specified in this Section.

Mahe Capital has given its written consent to being named in this Supplementary Prospectus as the lead manager and underwriter to the Rights Issue and Shortfall Offer, and the subscriber of the Lead Manager Options, in the form and manner in which it is named. Mahe Capital has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with ASIC.

5 Governing law

This Supplementary Prospectus, the Offers, the offer of the Lead Manager Options, and the contracts formed on acceptance of the Offers or the offer of the Lead Manager Options are governed by the laws in force in New South Wales.

Any dispute arising out of, or in connection with this Supplementary Prospectus, the Offers or the offer of the Lead Manager Options will be determined by the courts of New South Wales. By accepting the Offers or the offer of the Lead Manager Options, the subscriber agrees to submit to the non-exclusive jurisdiction of the courts in New South Wales.

6 Directors' Authorisation

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC.

Dated: 20 August 2025

Signed for and on behalf of Magnetite Mines Limited by



Paul White
Chairman
Magnetite Mines Limited