



ASX Announcement

30 November 2016

Proposed Amendment to Resolutions at Annual General Meeting

Magnetite Mines Limited (ASX:MGT) (**Company**) has convened its annual general meeting to be held today, 30 November 2016 at 10.30am (ACDT) (Adelaide time) pursuant to a Notice of Annual General Meeting released to ASX on 19 October 2016.

Resolutions 4 and 5 relate to the proposed issue of options to Directors, Mr Peter Schubert (Resolution 4) and Mr Gordon Toll (Resolution 5). The terms and conditions of the options for which approval will be sought were set out in Annexure A to the Explanatory Memorandum.

Following discussions between the Company and each of Mr Schubert and Mr Toll, the Company wishes to advise that it intends to propose an amendment to each of these resolutions at the annual general meeting to add the following term to the terms and conditions of the options:

13. If the Option holder ceases to be an employee of the Company (where employee means a full-time or part-time employee of the Company or a director of the Company), all Options will automatically lapse and all rights of the Option holder in respect of those Options will be forfeited.

To give effect to this, Resolutions 4 and 5 would read as follows (the proposed amendment is underlined):

Resolution 4

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue 10,000,000 Options, with each Option having an exercise price of \$0.02 and an expiry date that is 5 years after the date of issue, to Mr Peter Schubert or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum), except that Annexure A to the Explanatory Memorandum be modified by adding the following clause:

13. If the Option holder ceases to be an employee of the Company (where employee means a full-time or part-time employee of the Company or a director of the Company), all Options will automatically lapse and all rights of the Option holder in respect of those Options will be forfeited.”

Resolution 5

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to a maximum of 50,000,000 Options to Mr Gordon Toll or his nominee(s) with each Option having an expiry date that is five years after the date of issue, and exercise prices as follows:

- (a) 10,000,000 Options, each having an exercise price of \$0.02;*
- (b) 10,000,000 Options, each having an exercise price of \$0.017;*
- (c) 10,000,000 Options, each having an exercise price of \$0.044;*
- (d) 10,000,000 Options, each having an exercise price of \$0.037; and*
- (e) 10,000,000 Options, each having an exercise price equal to the 15-day volume weighted average price of Shares based on the 15 Trading Days immediately prior to 31 December 2016,*

and otherwise on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum), except that Annexure A to the Explanatory Memorandum be modified by adding the following clause:

13. If the Option holder ceases to be an employee of the Company (where employee means a full-time or part-time employee of the Company or a director of the Company), all Options will automatically lapse and all rights of the Option holder in respect of those Options will be forfeited.”

The Chairman’s motion to amend each of Resolutions 4 and 5 will be put to the meeting immediately prior to each of those resolutions being put to shareholders at the meeting. If each of the motions to amend Resolutions 4 and 5 are passed, the revised Resolutions 4 and 5 will be put to shareholders at the meeting. If each of the motions to amend Resolutions 4 and 5 is not passed, Resolutions 4 and 5 in their original form as set out in the notice of meeting will be put to shareholders at the meeting.

The Directors (in the absence of Mr Schubert and Mr Toll) believe that the proposed amendment is in the interests of the Company and its shareholders as not only do the options represent remuneration in lieu of cash remuneration, but with the addition of the proposed amendment the Directors (excluding Messrs Schubert and Toll) believe the options will also foster loyalty from the Directors for the benefit of the Company and enhance the relationship between the Company and the Directors for the long term mutual benefit of all parties. The Directors also believe the proposed amendment does not change the spirit and intent of the original Resolutions 4 and 5.

Proxy forms that have been lodged with the Company will remain valid for the annual general meeting.

For further information contact:

Frank DeMarte
Company Secretary
+61 8 8427 0516