



**MAGNETITE MINES LIMITED**  
Making Steel Stronger

## ASX Announcement

13 March 2017

# *LOI for 1 Million tpy magnetite pellet fines*

The Board of Magnetite Mines Limited (ASX: MGT) (Company) is very pleased to announce the signing of a Sale and Purchasing Letter of Intent (LOI) between the South Australian Magnetite Consortium (Consortium) and a globally significant non-Chinese steel maker. The LOI details a conditional agreement for the purchase of 1 million tpy of iron ore concentrate for pelletising purposes.

It is the intent of the parties that this LOI, whilst non-binding, is the prologue to the negotiation of an off-take contract, which would become legally binding as part of the security package for financing of the construction of the first production operation. The steel maker has requested anonymity for reasons of commercial confidentiality at this time.

The Chairman of the Company, Mr Gordon Toll said; "This LOI creates a relationship of global significance in the pellet fines sector of the iron ore supply chain and should provide entrées to other steel companies who have pellet plants and who may wish to partner with the Consortium. Together with previously announced agreements with Chinese steel companies, Shandong Steel, Qingdao Steel and Ningbo Iron and Steel, it exemplifies the demand for our high quality products."

Discussions continue with steel makers in China, Japan, Korea, the Middle East and North Africa. To compliment and support these discussions, an additional 5 tonne sample of ore has been produced for further metallurgical testing.



*Razorback adit muck-pile with drums ready for sample collection*

## **South Australian Magnetite Consortium**

The South Australian Magnetite Consortium currently comprises of the Company and Lodestone Equities Limited (Lodestone). Mr Gordon Toll is the major owner and Chairman of Lodestone. Lodestone, through its subsidiaries, Fe Mines Limited (FML) (previously Braemar Iron Pty Ltd) and Olary Magnetite Limited (Olary), owns outright or has exclusive iron rights to prospective tenements containing Braemar Iron Formation to the east of the Company's exploration leases. Collectively, the ground has over 200km of Braemar Iron Formation prospective strike length and large exploration potential. The Braemar Region is one of the largest unexploited magnetite provinces in the world.

Lodestone also owns Braemar Infrastructure Pty Ltd (BIPL), which is developing cost effective methods of transporting and shipping magnetite concentrate in and from South Australia. The infrastructure will not only be accessible to the Consortium, but also to other potential magnetite producers in the region. The South Australian Government has declared the infrastructure being developed by BIPL "a Major Development". A task force and case officer from the Department of State Development has been assigned to the infrastructure project. This infrastructure is being developed by BIPL for the Consortium.

The Company and Lodestone intend to simplify their corporate structure and merge all their South Australian entities into one listed company. In preparation for this merger, it is intended that FML will become a direct subsidiary of Lodestone and Olary and BIPL will become subsidiaries of FML.

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