



**MAGNETITE MINES LIMITED**  
Making Steel Stronger

## ASX Announcement

11 April 2018

### *Renounceable Rights Issue*

- *1 for 4 renounceable rights issue at \$0.015 per new share*
- *Attractively priced at 48% discount to 30-day VWAP of \$0.029*
- *1 free attaching option for every new share subscribed for (exercise price \$0.05 and expiring on 31 May 2021). New options will be listed*
- *Shareholders can apply for additional shares in excess of their entitlement*
- *Issue will raise approximately \$2 million (fully subscribed) before costs*
- *Partially underwritten for \$1 million by CPS Capital, Lead Manager to the offer*
- *Directors intend to participate or arrange for their rights to be subscribed*
- *Funds will be used to complete the proposed acquisition of Lodestone Equities Limited, holder of the Olary Magnetite Project, and progress exploration and evaluation activities on the Olary Magnetite Project to fast-track development*
- *Acquisition will make the Company the most significant magnetite tenement holder in the Mawson Iron Province south of the Barrier Highway in South Australia*

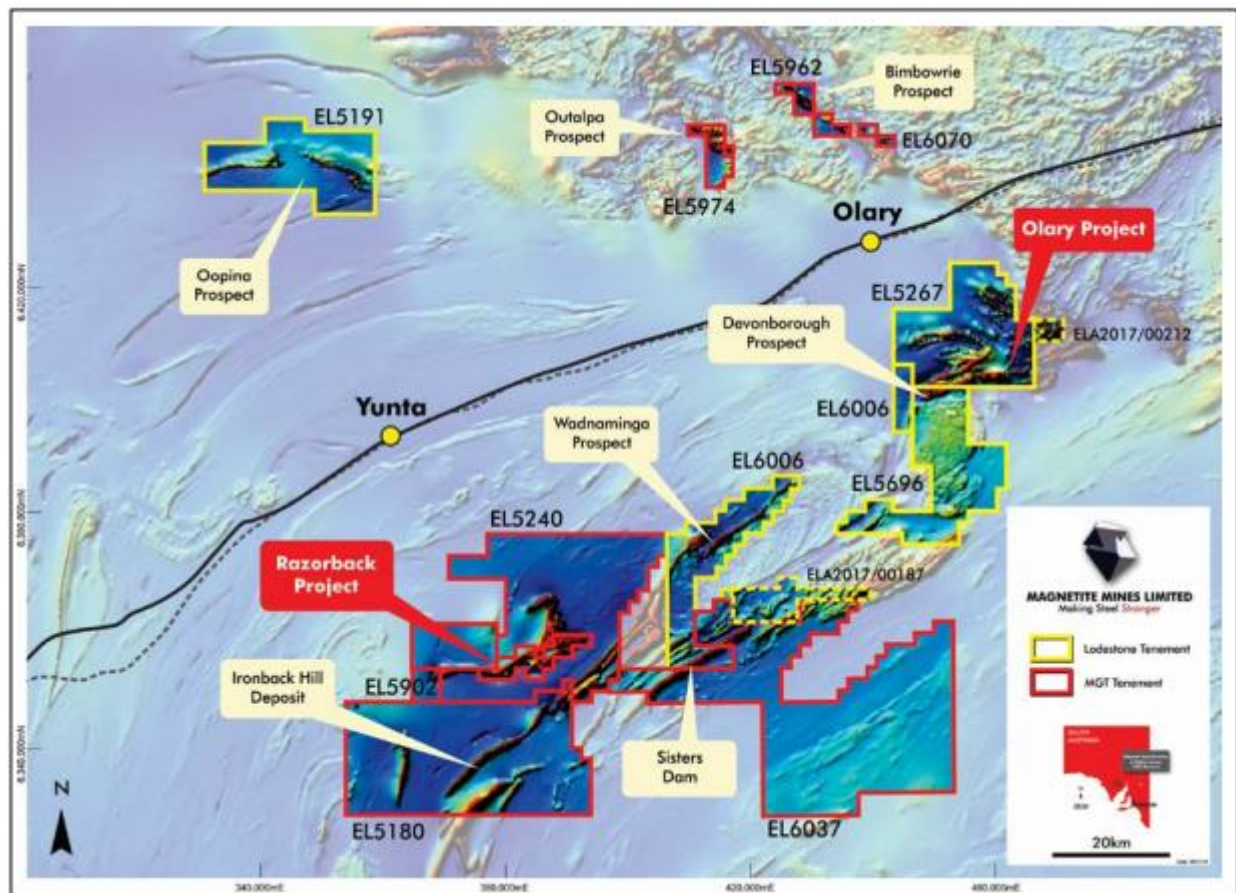
Magnetite Mines Limited (**Magnetite Mines** or the **Company**) is pleased to announce a renounceable pro-rata rights issue to eligible shareholders to raise up to approximately \$2 million before costs (**Rights Issue**). Eligible shareholders will be able to subscribe for 1 new share for every 4 existing shares they hold at the Record Date, at an issue price of \$0.015 per share, together with 1 free attaching listed option for every share subscribed for (**New Options**). The New Options will have an exercise price of \$0.05 each and expire on 31 May 2021.

The issue price of \$0.015 represents a 48% discount to the volume weighted average price (VWAP) over the last 30 trading days. The Rights Issue is partially underwritten (to \$1 million) by CPS Capital Group Pty Ltd who will also act as Lead Manager.

Each of the directors of the Company has confirmed their intention to either participate in the issue or arrange for their entitlement to be fully subscribed, and shareholders will be able to apply for additional shares beyond their entitlement if they wish.

Funds raised will be used to complete the acquisition of Lodestone Equities Limited (an entity associated with Chairman Mr Gordon Toll) and holder of the Olary, Wadaminga and Sister's Dam Projects, to progress exploration and evaluation activities at the Olary Project to fast track development, for working capital and the costs of the offer.

The Company believes the Olary Project provides a pathway to early production as it is located proximate to existing critical infrastructure (water, power, rail and port site) and has an existing inferred resource estimate of 542.9Mt at an average DTR of 19% and a concentrate grade of 69% to 70% Fe.



Following completion of the proposed acquisition of Lodestone (which is subject to shareholder approval), the Company will be the most significant magnetite tenement holder in the Mawson Iron Province (Braemar Formation) south of the Barrier Highway in South Australia.

Magnetite Mine's Executive Director Peter Schubert said:

*"We encourage all shareholders to take this opportunity to purchase new shares at a very attractive price. The directors intend for their full entitlement to be taken up."*

*The independent board looks forward to finalising the proposed acquisition of Lodestone and progressing the Company's vision of holding the largest portfolio of magnetite assets in the world, and to become the global steel industries primary source of high quality magnetite concentrate."*

Full details of the Rights Issue, including the indicative timetable, will be contained in a prospectus expected to be lodged later this week with ASIC and the ASX.

The prospectus will be despatched to 'Eligible Shareholders', at this stage anticipated to be those with an address in Australia, New Zealand, Isle of Man and Malaysia.

**For Further Information Contact:**

**Gordon Toll – Executive Chairman & CEO**  
+61 8 8427 0516

**Mr Peter Schubert – Executive Director**  
Investor Relations & Capital Development  
+61 416 375 346

**MAGNETITE MINES LIMITED**

Issued Shares: 558.9M  
ASX Code: MGT

*The information in this announcement that relates to Inferred Mineral Resources at the Olary Project was first reported by the Company in its announcement released to ASX on 12 April 2017. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*