



MAGNETITE MINES LIMITED
Making Steel Stronger

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16 April 2018

Dear Shareholder

NOTICE TO ELIGIBLE SHAREHOLDERS OF RENOUNCEABLE RIGHTS ISSUE

We write to you as the registered holder of Magnetite Mines Limited (ASX: MGT) (**Magnetite Mines** or the **Company**) shares as at today's date. As advised in the Company's ASX announcement dated 11 April 2018, Magnetite Mines is undertaking a renounceable pro-rata rights issue to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.015 per share and on the basis of 1 new share (**New Share**) for every 4 shares held at the record date on Thursday, 19 April 2018 (**Record Date**), together with one free attaching option (**Attaching Option**) for every New Share issued (**Rights Issue**). The Attaching Options are intended to be quoted, and will be exercisable at \$0.05 each on or before 31 May 2021. Pursuant to the Rights Issue, the Company will issue up to approximately 139.7 million New Shares and 139.7 million Attaching Options to raise approximately \$2 million before costs.

The Rights Issue is renounceable which means there will be trading of rights on ASX and you may dispose of your entitlement to subscribe for New Shares under the Rights Issue (**Entitlement**) to another party other than on the ASX.

The Rights Issue is partially underwritten to \$1 million by CPS Capital Group Pty Ltd (**CPS Capital**).

A copy of the Prospectus has been lodged with ASIC and ASX and is available on the Company's website (www.magnetitemines.com) and the ASX's website (www.asx.com.au) and will be despatched to persons holding shares as at the Record Date.

Eligible Shareholders

The Rights Issue is available to all Magnetite Mines shareholders (**Shareholders**) registered on the Record Date whose registered address is in Australia or subject to certain offer restrictions, New Zealand, Malaysia and the Isle of Man (**Eligible Shareholders**).

A Shareholder who has a registered address outside Australia, New Zealand, Malaysia and the Isle of Man will not be eligible to participate in the Rights Issue (**Ineligible Shareholder**).

The Company has appointed CPS Capital as a nominee to sell the Entitlements to which Ineligible Shareholders are entitled (see the Prospectus for further details).

Effect of the Rights Issue

The table overleaf sets out the impact of the Rights Issue on the capital structure of the Company (assuming all securities are issued under the Rights Issue and no convertible securities are converted or exercised into Shares prior to the Record Date).

Detail	Number of Shares	Number of unquoted options	Number of quoted options
Balance at date of announcement of the Rights Issue	558,894,264	103,300,000	Nil
Maximum number of securities offered under the Rights Issue	139,723,566		139,723,566
Underwriter Options			5,000,000
Total at completion of the Rights Issue	698,617,830	103,300,000	144,723,566

Use of proceeds

Subject to the satisfactory completion of the Rights Issue, funds raised will be used to complete the acquisition of Lodestone Equities Limited (an entity associated with Chairman Mr Gordon Toll) (as announced on 29 March 2018) and holder of the Olary, Wadaminga and Sister's Dam Projects, to progress exploration and evaluation activities at the Olary Project, for working capital and the costs of the Rights Issue.

Indicative Timetable

The Rights Issue will be conducted in accordance with the following indicative timetable:

Item	Date
Lodgement of Prospectus with ASX Lodgement of Appendix 3B with ASX	Friday, 13 April 2018
Notice of Rights Issue sent to Shareholders	Tuesday, 17 April 2018
Securities quoted on an "Ex" basis	Wednesday, 18 April 2018
Record Date for determining Entitlements	Thursday, 19 April 2018
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	Tuesday, 24 April 2018
Rights trading ends	Thursday, 3 May 2018
Securities quoted on a deferred settlement basis	Friday, 4 May 2018
Last day to extend the offer closing date	Monday, 7 May 2018
Closing Date of Rights Issue (5pm WST)*	Thursday, 10 May 2018
Notification of Shortfall	Tuesday, 15 May 2018
Anticipated date for issue of the Securities Deferred settlement trading ends	Thursday, 17 May 2018
Anticipated date for commencement of Securities trading on a normal settlement basis	Friday, 18 May 2018

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the securities.

Rights Trading

The entitlements to securities under the Rights Issue are renounceable. Accordingly, there will be trading of Entitlements on ASX and you may dispose of your Entitlement to another party other than on ASX. If you do not dispose of your Entitlement during the rights trading period (ending on Thursday, 3 May 2018) or take up your Entitlement by the Closing Date your right to take your Entitlement will lapse. The securities in your Entitlement that are not taken up by you, or any person that you dispose of your Entitlement to, will form part of the Shortfall (as noted below). If you are an Eligible Shareholder and you wish to sell or transfer all or part of your Entitlement to another person you should follow the directions in the Entitlement and Acceptance Form and Section 2 of the Prospectus.

Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the shortfall (**Shortfall**).

If you take up your Entitlement in full, you may also apply for additional New Shares and Attaching Options out of the Shortfall (to the extent there is availability) (**Shortfall Securities**) in excess of your Entitlement (**Shortfall Offer**) by completing the relevant part of the Entitlement and Acceptance Form.

Any New Shares and Attaching Options not applied for by the Closing Date which are not then subscribed for by the Underwriter will become Shortfall Securities. The issue price of the New Shares under the Shortfall Offer will be \$0.015 each, being the same price as New Shares under the Rights Issue.

The Company reserves the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules, to issue the Shortfall Securities at their sole discretion in consultation with the Underwriter.

Underwriting

The Rights Issue is partially underwritten to \$1 million (**Underwritten Amount**) by CPS Capital. The Company will pay CPS Capital the fees set out in Section 5.10 of the Prospectus.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may take up all or some of your rights to subscribe for New Shares and Attaching Options pursuant to your Entitlement. To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Computershare Investor Services Pty Limited (**Share Registry**) by no later than 5:00pm (WST) on Thursday, 10 May 2018 by either completing and returning your Entitlement and Acceptance Form together with your application money or making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- If you have taken up all of your Entitlement, you may apply for additional New Shares and Attaching Options via the Shortfall Offer.

- You may seek to sell all or some of your Entitlements on ASX. You can seek to sell your Entitlements on ASX from Wednesday, 18 April 2018 until the close of market on Thursday, 3 May 2018. To sell any of your Entitlements you need to contact your broker as soon as possible.
- You may transfer all or some of your Entitlements to another person other than on ASX. To transfer all or some of your Entitlements you will either need to contact your CHESS controlling participant (usually your broker) and follow their instructions or complete a renunciation and transfer form (which can be obtained from Share Registry) and return it, together with the purchaser's cheque for the Entitlements they wish to take up so that it is received by the Share Registry by no later than 5:00 pm (WST) Thursday, 3 May 2018.
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of shares, your interest in the Company will be diluted and you will receive no value for your Entitlements.

If you have any queries regarding your entitlement or participation in the upcoming Rights Issue, please do not hesitate to contact the Company's Share Registry on 1300 850 505.

Yours sincerely
MAGNETITE MINES LIMITED

A handwritten signature in black ink, appearing to read 'G.L. Toll', written in a cursive style.

Gordon L Toll
CEO & EXECUTIVE CHAIRMAN