



ASX Announcement

2 October 2020

Rights Issue closes Oversubscribed

Highlights

- Rights issue significantly oversubscribed raising \$5.95 million
- Strong support from shareholders, directors, and new investors - a vote of confidence in the Razorback High Grade Iron Ore Project
- The Company now fully funded to complete the Pre-feasibility Study

Magnetite Mines Limited (ASX: MGT) (**Company**) is delighted to advise that the renounceable pro-rata rights issue to eligible shareholders announced to the ASX on Friday 4 September 2020 (**Rights Issue**) closed on Tuesday 29 September 2020 significantly oversubscribed and raised \$5.65 million (before costs). An additional \$300,000 will be placed to Mahe Capital (or their nominees) (the Lead Manager and Underwriter) (**Placement**) in lieu of the cash fees payable under the Underwriting Agreement.

The total amount raised is \$5.95 million (before costs). The Company will issue 595,261,302 new fully paid ordinary shares (**Shares**) and 297,630,651 new options exercisable at \$0.05 and expiring on 29 October 2021 (**Options**). The Options will be listed on the ASX and have the ASX code MGTOD. The securities issued under the Placement will be issued using the Company's capacity under to Listing Rule 7.1.

Mahe Capital Pty Ltd (Mahe Capital) acted as the Lead Manager and Underwriter to the Offer. The Company would like to thank all its shareholders for their support and welcomes new shareholders, including institutional shareholders introduced by Mahe Capital to the register.

The new securities are expected to be issued on Tuesday, 6 October 2020, in accordance with the timetable in the Prospectus. A supplementary prospectus for the Placement will also be issued today.

The final allocation is set out below:

	Funds raised	Shares*	Options*
Entitlements taken up	\$3,713,514	371,351,379	185,675,690
Shortfall placed	\$1,939,099	193,909,923	96,954,962
Placement	\$300,000	30,000,000	15,000,000
TOTAL	\$5,952,613	595,261,302	297,630,651

*Note: the total number of shares and options is subject to rounding.

Mr Peter Schubert, Executive Chairman, said: *“On behalf of the Board I want to thank shareholders for their comprehensive support for this rights issue – it is a strong endorsement by both existing shareholders and new investors of the Company and its Razorback High Grade Iron Ore Project.*

In the last three months, despite an uncertain global situation, we have seen a substantial re-rating of the Company’s market capitalisation and, with this successful rights issue, the next part of the Company’s exciting study programme is fully funded. The Board is pleased to continue to execute our strategy to realise the inherent value of the Razorback High Grade Iron Ore Project.

The rights issue was significantly oversubscribed and we welcome a number of new shareholders, including professional and institutional investors. The Rights Issue was designed to reward shareholders with access to additional shares at what we believe to be a significantly discounted price. Your Board is pleased to have given shareholders a preferential opportunity to contribute to the Company’s further growth and we thank shareholders for their support.

Your Company has a vision for developing high-grade iron ore products out of Australia, out of South Australia in particular, and unlocking the potential of the Braemar. This fundraising is a critical step on that journey to becoming an iron ore producer.

The Company will continue to keep the market fully informed as we progress the Pre-feasibility study which we believe is the catalyst for the next value uplift.

The Company is also delighted with the level of support from Mahe Capital who acted as Lead Manager and partial Underwriter to the issue.”

This announcement has been authorised for release to the market by the board.

For further information contact:

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