



## ASX Announcement and Media Release

11 May 2018

# *Retraction and Clarification of Information in AFR Article*

Magnetite Mines Limited (ASX: MGT) (**Company**) refers to the article published in the Australian Financial Review on Thursday 10 May 2018 (**Article**).

The Article makes reference to various statements set out below that require clarification or retraction.

### **Reference to reserves of 4 billion tonnes**

The Article refers to there being estimated reserves of 4 billion tonnes of magnetite ore in the Mawson Iron Province in the Braemar region of South Australia.

The Company has a 100% interest in the Razorback Deposit and is party to a framework agreement to acquire a 100% interest in the Olary Deposit (see ASX announcement of 29 March 2018). Both projects are located in the Mawson Iron Province in the Braemar region of South Australia.

As previously disclosed, the Company's table of mineral resource estimates does not contain any ore reserve estimate. The Company confirms it does not presently have an ore reserve estimate and that the reference to reserves is an error in the Article. The total mineral resource estimates for the Razorback, Ironback Hill and Olary deposits are set out below.

The Mineral Resource information below for the Razorback Deposit was prepared and first disclosed under the JORC Code 2004 and the information has not been updated since to comply with the JORC Code 2012 on the basis the information has not materially changed since it was last reported. The Resource was first announced on 11 June 2013.

The Mineral Resource information below for the Ironback Hill Deposit was prepared and first disclosed under the JORC Code 2004 and the information has not been updated since to comply with the JORC Code 2012 on the basis the information has not materially changed since it was last reported. The Resource was first announced on 21 November 2012.

The Olary Deposit was prepared and disclosed under JORC Code 2012. The Olary Resource (as presently owned by Lodestone Equities) was announced 12 April 2017.

**Table 1: Total 2004 JORC Mineral Resource from the Razorback Deposit (11% eDTR cutoff).**

Prospect	JORC Classification	Resource Million Tonnes*	eDTR%#	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
Razorback	Indicated	833	16	21.7	45.2	7.3	0.2
	Inferred	1,532	14.6	16.1	50.2	8.5	0.17
Iron Peak	Indicated	203	16.8	20	45	7.67	0.18
	Inferred	163	15.6	17.1	46.7	8	0.16
<b>Total</b>	<b>Mineral Resources</b>	<b>2,732</b>	<b>15.3</b>	<b>18.2</b>	<b>48.1</b>	<b>8</b>	<b>0.18</b>
<b>CONTAINED EQUIVALENT</b>	<b>CONCENTRATE</b>	<b>418</b>		<b>67.4</b>	<b>4.74</b>	<b>0.54</b>	<b>0.016</b>

\* Tonnages rounded to significant values; totals may not appear correct as a result. The resource has been estimated in accordance with the JORC (2004) Code.

# eDTR is determined by DTR and SATMAGAN magnetite estimated % data (see ASX announcement 11 June 2013)

**Table 2: Total 2004 JORC Mineral Resource from the Ironback Hill Deposit**

Prospect	JORC Classification	Resource Million Tonnes*	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%
Ironback Hill	Inferred	1,187	21.0	44.1	7.2	0.21
<b>Total</b>	<b>Mineral Resources</b>	<b>1,187</b>	<b>21.0</b>	<b>44.1</b>	<b>7.2</b>	<b>0.21</b>

\* Tonnages rounded to significant values; totals may not appear correct as a result. The resource has been estimated in accordance with the JORC (2004) Code.

**Table 3: Total 2012 JORC Mineral Resource from the Olary Iron Deposit (12% DTR cutoff).**

Prospect	Sub-Area	JORC Resource Classification	Million Tonnes**	DTR%	DTR Mt
EL6115	-	Inferred	265.8	21.22	56.4
EL6115	South	Inferred	165.5	18.68	30.9
	North	Inferred	40.8	14.19	5.8
EL6115	Upper	Inferred	15.1	15.51	2.3
	Lower	Inferred	55.6	14.20	7.9
<b>Total</b>	<b>Mineral Resources</b>		<b>542.9</b>	<b>19.04</b>	<b>103.4</b>

\*\* Tonnages rounded to significant values; totals may not appear correct as a result. The resource has been estimated in accordance with the JORC (2012) Code.

### Retraction of production targets and forecast financial information

The Article makes reference to an estimated mining commencement date, production targets and a capital cost estimate for the Company's projects (forward looking statements).

The Company clarifies these forward looking statements relate only to the Olary Deposit, and the Article is incorrect in implying that those statements apply to the Company's Razorback Deposit.

The Article also refers to a recently completed pre-feasibility study and implies the source of the forward looking statements is this study. The Company clarifies that only a preliminary economic assessment and a conceptual engineering narrative report has been completed for the Olary Deposit. This has previously been referred to in the Company's quarterly activities reports released to ASX on 31 January 2018 and 24 April 2018.

The Olary Deposit is comprised of a wholly inferred resource estimate. On this basis results of the preliminary economic assessment and the conceptual engineering narrative report for the Olary Deposit have not previously been released by the Company as the wholly inferred resource does not provide a

reasonable basis for making forward looking statements in accordance with present ASX and ASIC guidance.

Accordingly, the Company does not consider, at this stage, that it has a reasonable basis to disclose the forward looking statements in the Article and accordingly, retracts those statements. As a consequence of the retraction the Company advises that those forward looking statements should be disregarded and investors should not rely on the retracted information as a basis for their investment decisions.

Mr Toll approved the release of the Article. Following release of the Article and contact from ASX from this morning, Mr Toll has been reminded by the Board of the disclosure rules in relation to the basis for making forward looking statements and the correct process to be followed in approving such media releases.

#### **Clarification to tonnage from MOUs and LOIs**

The Article makes reference to the Company having a number of memorandums of understanding (MOUs) and letters of intent (LOIs) for product off-take in total adding up to 15mtpa and that these will be converted to firm sales commitments when the Company procures finance for construction of the project.

The Company confirms it is party to various LOIs (not MOUs) with respect to potential off-take arrangements totalling up to 19mtpa of off-take as set out below. In each case, and as disclosed in the original announcements noted below, the LOIs are either non-binding or form the basis of negotiation of conditional purchase agreements. The reference in the Article that the LOIs "...will be converted to firm sales commitments..." is incorrect and accordingly is retracted by the Company.

<b>Announcement Date</b>	<b>Counterparty</b>	<b>Tonnage</b>
18 July 2016	Shandong Steel International Company Ltd	10mtpa <sup>1</sup>
28 November 2016	Qingdao Iron & Steel Group	1mtpa
17 January 2017	Ningo Iron & Steel Co Ltd	1mtpa
13 March 2017 and 16 March 2017	Mitsubishi Corporation RtM Japan Ltd	1mtpa
27 March 2017	Sha Steel (Shagang)	2mtpa
17 July 2017	Kuwait Steel	2mtpa-4mtpa
<b>TOTAL</b>		<b>17mtpa-19mtpa</b>

Note: 1. The original announcement made by the Company did not include the tonnage reference.

The Company confirms that this announcement has been approved and authorised for release by the Board and that the Company is in compliance with the Listing Rules, and in particular Listing Rule 3.1.

#### **For Further Information Contact:**

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