

11 September 2024

Dear Shareholder,

Pro Rata Renounceable Rights Issue - Notification to Ineligible Shareholders

On 3 September 2024, Magnetite Mines Limited (ASX: MGT) (the **Company** or **Magnetite Mines**) announced a renounceable pro-rata rights issue (**Rights Issue**) to eligible shareholders to raise up to approximately \$4.1 million (before costs), on the basis of one new share (**New Share**) for every five shares held at the Record Date (as defined below) at an issue price of \$0.20 per New Share, together with one free attaching option (**Option**) for every one New Share subscribed for under the Rights Issue.

Any Shares not subscribed for by Eligible Shareholders will be made available for subscription, so Eligible Shareholders participating in the Rights Issue will be able to subscribe for additional shares in excess of their entitlement (**Shortfall Offer**).

The Rights Issue opened on 11 September 2024, and is scheduled to close on 25 September 2024 (**Closing Date**).

The proceeds from the Rights Issue (after costs) will be used to finalise and lodge a mining lease proposal application with South Australia's Department for Energy and Mining and to provide the working capital needed to continue operations whilst negotiations with strategic partners continue, and a decision on a potential transaction is finalised.

The Rights Issue and the Shortfall Offer are partially underwritten by Mahe Capital Pty Ltd (**Underwriter**) to the amount of \$2 million.

Details of the Rights Issue and the Shortfall Offer are set out in a prospectus which was released by the Company to ASX on 3 September 2024 and which is available for review on the ASX website www.asx.com.au (ASX ticker: MGT) or on the Company's website at www.magnetitemines.com.

Why am I receiving this letter?

The purpose of this letter is to inform you about the Rights Issue and to explain why you will not be able to participate in, and acquire New Shares under, the Rights Issue. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Rights Issue that you should be aware of.

Eligibility to participate in the Rights Issue

Shareholders who are eligible to participate in the Rights Issue (**Eligible Shareholders**) are those persons who:

- a) were a registered holder of fully paid ordinary shares in the Company as at 7:00pm (Sydney time) on the record date, being 6 September 2024 (**Record Date**);
- b) have a registered address on the Company's share register that is in Australia and New Zealand; and

- c) are not in the United States and are not acting for the account or benefit of a person in the United States.

Shareholders who are not Eligible Shareholders are “Ineligible Shareholders” and are consequently unable to participate in the Rights Issue. The Company reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Why am I not eligible to participate in the Rights Issue?

Unfortunately, based on the Company’s review of its share register as at the Record Date, you are not an Eligible Shareholder meaning that you are not eligible to participate in the Rights Issue (**Ineligible Shareholder**). This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with securities laws and regulatory requirements in jurisdictions outside Australia and New Zealand, and having regard to the number of shareholders outside of Australia and New Zealand and the number and value of New Shares these Shareholders would be offered. This notice is sent to you in compliance with ASX Listing Rule 7.7.1(b). You will not receive any further correspondence in relation to the Rights Issue, including access to a copy of the prospectus.

Nominee for Ineligible Shareholders

The Rights Issue is renounceable which means that your entitlements to New Shares (**Rights**) are tradeable on the ASX and are otherwise transferable.

In accordance with ASX Listing Rule 7.7.1(c), the Company has appointed the Underwriter (Mahe Capital) to act as sale nominee for Ineligible Shareholders and it will issue the Underwriter with the Rights to subscribe for New Shares that Ineligible Shareholders would otherwise have been entitled to if they were eligible to participate in the Rights Issue. Any premium achieved through the sale of those Rights will, net of expenses and any withholdings required by law, be distributed to Ineligible Shareholders proportionately. There is no guarantee that there will be a liquid market in traded Rights or that any premium will be achieved on any sale. To the extent that the Rights are not sold on the ASX during the Rights trading period, the New Shares attaching to those Rights will be sold under the Shortfall Offer at the issue price, and no value or payment will be received by Ineligible Shareholders for their Rights.

No further action required

This notice is to inform you about the Rights Issue. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything, or take any further action, in response to this letter.

If you have any questions in relation to any of the above matters, please contact the Magnetite Mines Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia) from 8.30am to 5.00pm (Sydney time), Monday to Friday, until the Closing Date. For other questions, you should consult your stockbroker, accountant or other independent professional adviser.

On behalf of the Magnetite Mines’ Board, we regret that you are unable to participate in the Rights Issue but nonetheless thank you for your continued support of the Company.

Yours faithfully



Jim McKerlie
Chair
Magnetite Mines Limited