

ASX ANNOUNCEMENT

19 May 2025

Section 708A(12C)(e) Cleansing Notice

Convertible Securities Agreements

Magnetite Mines Limited ACN 108 102 432 (ASX: MGT) (**Company**) provides this notice under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) pursuant to *ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82* (**Cleansing Notice**).

The Company confirms that:

- (a) the convertible notes described below will be issued without disclosure to an investor under Part 6D.2 of the Corporations Act; and
- (b) this Cleansing Notice has been given in accordance with section 708A(12C)(e) of the Corporations Act.

The issue of this Cleansing Notice enables the fully paid ordinary shares in the capital of the Company (**Shares**) issued upon the conversion of the convertible notes issued by the Company on the terms described below (**Convertible Notes**) to be on-sold to retail investors without further disclosure.

Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

This Cleansing Notice is important and should be read in its entirety.

1. Background

1.1 Convertible Securities Agreements

On 13 January 2025, the Company announced that it had entered into a Convertible Securities Agreement with each of WVP Emerging Manager Onshore Fund LLC – C/M Capital Series and C/M Capital Master Fund, LP (together **C/M Capital**), being US-based investment funds managed by C/M Capital Partners, LP, to provide funding to the Company of up to, in aggregate, \$7,000,000 (before costs) via a multi-tranche convertible note facility, comprising the issue of the following Securities to the funds (or their respective nominee) (**Convertible Note Facility**):

(a) First Tranche Securities:

- (i) 1,296,000 Convertible Notes raising a total of \$1,200,000 (**First Tranche Convertible Notes**); and
- (ii) 1,081,917 Shares (**Commencement Shares**).

(b) Second Tranche Securities:

- (i) 1,404,000 Convertible Notes raising a total of \$1,300,000 (**Second Tranche Convertible Notes**); and
- (ii) 8,106,355 options over Shares (**Initial Options**).

(c) Subsequent Tranche Securities:

- (i) subject to the future agreement of C/M Capital and the Company, up to a maximum of

4,860,000 Convertible Notes, raising up to a further \$4,500,000 in one or more tranches (**Subsequent Tranche Convertible Notes**); and

- (ii) such number of options over Shares (**Options**) which is equal to 50% of the investment amount under each subsequent tranche divided by 120% of the 15 Trading Day average VWAP up to, but excluding, the closing date in respect of the relevant issue of Subsequent Tranche Convertible Notes (**Subsequent Tranche Options**).

The Company issued the First Tranche Convertible Notes and the Commencement Shares to C/M Capital on 24 January 2025 and Second Tranche Convertible Notes and Initial Options to C/M Capital on 7 March 2025 (following shareholder approval at the Company's extraordinary general meeting held on 5 March 2025).

In accordance with the terms of the Convertible Securities Agreements, C/M Capital has agreed to subscribe, and the Company has agreed to issue on the date of this Cleansing Notice, the following Subsequent Tranche Convertible Notes and Subsequent Tranche Options:

- (a) 810,000 Convertible Notes, raising a total of \$750,000 (**New Convertible Notes**); and
- (b) 2,881,548 Options (**New Options**),

The New Convertible Notes and the New Options are being issued to C/M Capital in accordance with the Company's available capacity to issue equity securities under ASX Listing Rule 7.1, and accordingly shareholder approval is not required.

A summary of the rights, privileges and restrictions attaching to the New Convertible Notes is set out in Schedule 1 of this Cleansing Notice. The summary is not exhaustive and it does not constitute a definitive statement of the rights and liabilities of a holder of New Convertible Notes (**Noteholder**).

2. Contents of this Cleansing Notice

This Cleansing Notice sets out the following:

- (a) in relation to the New Convertible Notes:
 - (i) the effect of the issue of the New Convertible Notes on the Company;
 - (ii) a summary of the rights and liabilities attaching to the New Convertible Notes; and
 - (iii) a summary of the rights and liabilities attaching to the Shares that will be issued on the conversion of the New Convertible Notes, and
- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (B) the rights and liabilities attaching to the New Convertible Notes and the Shares; and
 - (iii) other information relating to the Company's status as a disclosing entity.

3. The effect of the issue of the New Convertible Notes on the Company

3.1 Effect of the issue on the Company

The principal effect of the issue of the New Convertible Notes on the Company will be:

- (a) to increase the Company's cash reserves by \$750,000 (before costs associated with the issue of the New Convertible Notes);
- (b) to increase the number of unquoted convertible notes on issue as at the date of this Cleansing Notice from 2,350,000 to 3,160,000;
- (c) the requirement to issue the New Options, which will occur concurrently with the issue of the New Convertible Notes;
- (d) the Company creating a liability for the aggregate face value of the New Convertible Notes (being \$810,000); and
- (e) if the New Convertible Notes are converted at the lowest possible conversion price (being \$0.08), a maximum increase in the number of Shares on issue from 120,995,864 (being the number of Shares on issue at the date of this Cleansing Notice) to 131,120,864 (assuming no Convertible Notes or other convertible securities, including options, that are currently on issue, are converted or exercised prior to the New Convertible Notes being converted).

3.2 Pro Forma Consolidated Statement of Financial Position

To illustrate the effect of the issue of the New Convertible Notes on the Company, a pro forma Consolidated Statement of Financial Position (**Pro-forma Accounts**) which is set out below has been prepared based on the financial position of the Company's audited accounts for the year ended 30 June 2024.

The Pro-forma Accounts show the impact that the issue of the New Convertible Notes and associated securities would have had on the Company's financial position as at 30 June 2024, if those securities had been issued on that date, taking into account the prior issue of:

- (a) the First Tranche Convertible Notes to C/M Capital for \$1,200,000 in cash;
- (b) the Commencement Shares;
- (c) the Second Tranche Convertible Notes to C/M Capital for \$1,300,000 in cash; and
- (d) the Initial Options,

under the terms of the Convertible Securities Agreement.

The accounting policies adopted in the preparation of the Pro-forma Accounts are the same as those used in the preparation of the 30 June 2024 audited accounts.

The Pro-forma Accounts are presented in an abbreviated form, insofar as they don't include all of the disclosures required by Australian Accounting Standards applicable to Annual Financial Statements. The Pro-forma Accounts have not been subject to independent audit or review.

The Pro-forma Accounts have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities on the basis that the issue of the First Tranche Convertible Notes, the Second Tranche Convertible Notes and the New Convertible Notes had been issued on 30 June 2024.

The Company advises that the Pro-forma Accounts do not show the current financial position of the Company as at the date of this Cleansing Notice, and that the information is provided for illustrative purposes only.

	30 June 2024 Audited \$	Pro forma adjustments – Issue of First Tranche Convertible Notes and Commenceme nt Shares to C/M Capital \$	Pro forma adjustments – Issue of Second Tranche Convertible Notes and unquoted options to C/M Capital \$	Pro forma adjustments – Issue of New Convertible Notes and unquoted options to C/M Capital \$	Pro forma after the issue of First Tranche Convertible Notes and Second Tranche Convertible Notes \$
Assets					
Current assets					
Cash and cash equivalents	1,212,955	1,200,000	1,300,000	750,000	4,462,955
Other receivables	156,697				156,697
Total current assets	1,369,652	1,200,000	1,300,000	750,000	4,619,652
Non-current assets					
Other receivables	299,253				299,253
Exploration Expenditure	36,311,546				36,311,546
Property, plant and	112,604				112,604
Right of use of assets	133,088				133,088
Total non-current assets	36,856,491				36,856,491
Total assets	38,226,143	1,200,000	1,300,000	750,000	41,476,143
Liabilities					
Current liabilities					
Trade and other payables	879,873				879,873
Provisions	385,061				385,061
Lease liabilities	73,437				73,437
Total current liabilities	1,338,371				1,338,371
Non-current liabilities					
Convertible loan	-	1,296,000	1,404,000	810,000	3,510,000
Lease liabilities	43,897				43,897
Total non-current liabilities	43,897	1,296,000	1,404,000	810,000	3,553,897
Total liabilities	1,382,268	1,296,000	1,404,000	810,000	4,892,268
Net assets	36,843,875	(96,000)	(104,000)	(60,000)	36,583,875
Equity					
Contributed Equity	95,346,228	140,000			95,486,228
Reserves	13,947,078		175,000	375,000	14,497,078
Accumulated losses	(72,449,431)	(236,000)	(279,000)	(435,000)	(73,399,431)
Total equity	36,843,875	(96,000)	(104,000)	(60,000)	36,583,875

3.3 Potential effect of the issue on the Company's capital structure

- (a) As at the date of this Cleansing Notice, the total number of Shares on issue is 120,995,864.
- (b) The capital structure of the Company will be affected by any future conversion of the New Convertible Notes by the Noteholder.
- (c) Subject to the shareholding limits agreed by C/M Capital (being 9.99% of total issued capital), upon a conversion of the New Convertible Notes under the Convertible Securities Agreements:
 - (i) the New Convertible Notes can be converted into Shares (at the relevant conversion price) at any time after their issue and prior to 24 months from the date of issue of the New Convertible Notes (**Maturity Date**); and
 - (ii) if C/M Capital has not notified the Company in writing by 5:00 pm on the day that is 10 business days prior to the Maturity Date that it will be converting the New Convertible Notes (in whole or in part), to the extent not already converted or repurchased prior to the Maturity Date, the Company must pay in full to C/M Capital the face value of the New Convertible Notes that have not been converted (and any accrued interest but unpaid interest), within 20 business days of the Maturity Date.
- (d) C/M Capital has agreed that it will not be required by the Company to acquire a relevant interest in any Shares which causes, or would cause, C/M Capital's (and its associates) voting power in the Company to exceed 9.99%.
- (e) The effect on the capital structure of the Company upon the issue and conversion of the New Convertible Notes as at the date of this notice is outlined below.

Upon issue of New Convertible Notes:

Convertible Notes	Number
Number of Convertible Notes on issue immediately prior to the date of this Cleansing Notice	2,350,000
Number of New Convertible Notes to be issued under the Convertible Securities Agreements	810,000
Total number of Convertible Notes on issue under the Convertible Securities Agreements following the issue of the New Convertible Notes	3,160,000

Upon conversion of New Convertible Notes:

Shares	Number
Number of Shares on issue as at the date of this Cleansing Notice	120,995,864
Maximum number of Shares to be issued upon conversion of the New Convertible Notes ¹	10,125,000
Total	131,120,864

Investors should note that the position set out in the tables above is based on the Company's current capital as at the date of this Cleansing Notice and that the position may change if the Company issues any further securities prior to any conversion of New Convertible Notes (see section 3.4 below). Any further issues of securities (whether as a consequence of a conversion of an existing convertible security or otherwise) will be notified to ASX in accordance with the ASX Listing Rules.

3.4 Other securities currently on issue

In addition to the 120,995,864 Shares currently on issue in the capital of the Company, the Company currently has, and will have following the issue of the New Options, the following convertible securities on issue, each convertible into Shares as set out below:

Convertible Security	Number on issue	Maximum number of Shares to be issued if converted
Quoted Options (differing exercise prices and expiry dates)	27,469,606	27,469,606
Unquoted Options, including the Initial Options (differing exercise prices and expiry dates)	17,934,136	17,934,136
Performance rights	3,306,547	3,306,547
First Tranche Convertible Notes	946,000	11,825,000 ²
Second Tranche Convertible Notes	1,404,000	17,550,000 ³
New Options	2,881,548	2,881,548
Total	53,941,837	80,966,837

¹ On the basis that the New Convertible Notes are converted at the lowest possible Conversion Price, being \$0.08. The actual number of Shares to be issued on conversion will be calculated in accordance with the formula for the New Convertible Notes as set out in Schedule 1.

² Taking into account the conversion of 350,000 First Tranche Convertible Notes on 25 March 2025, and on the basis that the remaining First Tranche Convertible Notes are converted at the lowest possible Conversion Price, being \$0.08. The actual number of Shares to be issued on conversion of the remaining First Tranche Convertible Notes will be calculated in accordance with the formula for the First Tranche Convertible Notes as set out in the Company's Cleansing Notice dated 24 January 2025.

³ On the basis that the Second Tranche Convertible Notes are converted at the lowest possible Conversion Price, being \$0.08. The actual number of Shares to be issued on conversion will be calculated in accordance with the formula for the Second Tranche Convertible Notes as set out in the Company's Cleansing Notice dated 7 March 2025.

4. Rights and liabilities attaching to Shares issued on conversion of New Convertible Notes

The Shares issued to the Noteholder on the conversion of the New Convertible Notes under the Convertible Securities Agreements will rank equally in all respects with all of the Company's existing Shares.

Under the Convertible Securities Agreements, the Company is required to apply to ASX for quotation of the Shares issued on any conversion of the New Convertible Notes.

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law. A copy of the Company's constitution can be inspected free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Shareholders. The summary assumes that the Company is admitted, and continues to be admitted, to the Official List of the ASX.

(a) General meetings

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

The Company's Constitution enables the Company to hold a general meeting at two or more venues using any technology that gives the Shareholders as a whole a reasonable opportunity to participate. The chair of the meeting may, subject to the Corporations Act and the Constitution, allow the meeting to continue or adjourn the meeting in the event that a technical difficulty prevents a Shareholder from participating in the meeting.

(b) Voting at a general meeting

The Company's Constitution requires the Company to decide resolutions at a general meeting on a show of hands unless a poll is demanded before a vote by show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the general meeting, by at least five members present and entitled to vote on the relevant resolution or by any member or members present and entitled to vote on the relevant resolution representing at least 5% of the votes that may be cast on the resolution on a poll. In the case of an equality of votes upon any proposed resolution, the chair of the meeting does not have a second or casting vote and the proposed resolution is taken as having been lost.

(c) Dividends

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and decide the method of payment.

(d) Variation of Rights

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

(e) **Transfer of Shares**

Subject to the Constitution and to any rights or restrictions attached to a Shareholder's Shares, Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, *Corporations Regulations 2001* (Cth) and ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the Board and permitted by the Corporations Act and ASX requirements. The Company may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

(f) **Winding-up**

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them. If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

(g) **Preference Shares**

The Company may issue preference shares which are, or at the option of the Company or holder are, liable to be redeemed or converted into ordinary shares, and which may have preferential rights to the rights attaching to Shares. The rights attaching to preference shares are those set out in the Constitution or have been otherwise approved by special resolution of the Company.

(h) **Non-marketable parcels**

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. A marketable parcel of shares is defined in the ASX Listing Rules and is generally, a holding of shares with a market value of not less than \$500.

(i) **Escrow restrictions**

In the event that ASX determines that certain Shares should be classified as 'restricted securities', a Shareholder must not dispose of those restricted securities (and the Company must refuse to acknowledge a disposal) during the applicable escrow period, except as permitted by the ASX Listing Rules. Shareholders who hold restricted securities are taken to have agreed that the restricted securities are kept on the Company's issuer sponsored sub-register and to have a holding lock applied for the duration of the escrow period. Shareholders will not be entitled to participate in any return of capital on restricted securities during the escrow period except as permitted by the ASX Listing Rules.

(j) **Indemnities**

The Company may indemnify each person who is or has been an officer of the Company on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the person as an officer of the Company.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for insurance for each officer of the Company against any liability incurred by that person as an officer or auditor of the Company or of a related body corporate, including, but not limited to, a liability for negligence or for legal costs.

(k) Alteration of Constitution

The Constitution can only be amended by special resolution passed by at least three-quarters of Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of the Company.

5. Compliance with disclosure obligations

The Company is a “disclosing entity” under the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under both the Corporations Act and the ASX Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise. In particular, the Company is obliged to continuously disclose to the market any information which a reasonable person would expect to have a material effect on the price or the value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors’ statement and report, and an audit report or review. Copies of documents lodged with ASIC in relation to the Company may be obtained from the offices of ASIC.

The Company will provide a copy of each of the following documents, free of charge, to any person on request:

- (a) the annual financial report most recently lodged by the Company with ASIC, being the financial report of the Company for the year ended 30 June 2024, which was lodged with ASX on 30 September 2024;
- (b) any half-year financial report lodged by the Company with ASIC after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX; and
- (c) any continuous disclosure notices given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure notices given by the Company to ASX after lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Cleansing Notice with ASX is set out in the table below.

Date	Headline	Type
01/05/2025	Notification of Expiry of Quoted Options - MGTO	Issued Capital – Other
29/04/2025	Quarterly Activities/Appendix 5B Cash Flow Report	Third Quarter Activities Report Third Quarter Cash Flow Report
03/04/2025	Section 708A(5)(e) Notice	Cleansing Notice
03/04/2025	Application for quotation of securities - MGT	Appendix 2A
02/04/2025	Saline Water Provisional Patent Submitted	Progress Report
26/03/2025	The Australian Green Iron & Steel Forum Presentation	Company Presentation

Date	Headline	Type
26/03/2025	Razorback Project Mining Lease Proposal Lodged	Progress Report
25/03/2025	Application for quotation of securities – MGT	Appendix 2A
14/03/2025	Notification of cessation of securities – MGT	Appendix 3H
12/03/2025	Half Year Accounts	Half Year Audit Review Half Year Directors' Statement Half Year Accounts Half Year Directors' Report
07/03/2025	Cleansing Statement – Section 708A(12C)(e)	Cleansing Notice
07/03/2025	Notification regarding unquoted securities – MGT	Appendix 3G
05/03/2025	Results of EGM	Results of Meeting
05/03/2025	Chair's address to the Extraordinary General Meeting	Chair's address to the EGM
07/02/2025	Resignation of CFO and Co-Company Secretary	Resignation of Chief Financial Officer / co-Company Secretary
31/01/2025	Notice of Extraordinary General Meeting/Proxy Form	Notice of Extraordinary General Meeting
30/01/2025	Quarterly Activities Report and App 5B Cash Flow report	Second Quarter Activities Report
24/01/2025	Cleansing Statement – Section 708A(12C)(e)	Cleansing Statement
24/01/2025	Notification regarding unquoted securities - MGT	Appendix 3G
24/01/2025	Cleansing Statement - Section 708A(5)(e) Notice	Cleansing Statement
24/01/2025	Application for quotation of securities - MGT	Appendix 2A
13/01/2025	Proposed issue of securities – MGT	Appendix 3B
13/01/2025	Proposed issue of securities – MGT	Appendix 3B
13/01/2025	Magnetite Mines secures up to \$7M funding	Funding Announcement
13/12/2024	Notification of cessation of securities – MGT	Appendix 3H

Date	Headline	Type
06/12/2024	Appendix 3Y – Change of Director’s Interest Notice x 3	Appendix 3Y
06/12/2024	Notification regarding unquoted securities – MGT	Appendix 3G
06/12/2024	Notification regarding unquoted securities – MGT	Appendix 3G
06/12/2024	Application for quotation of securities – MGT	Appendix 2A
06/12/2024	Notification of cessation of securities – MGT	Appendix 3H
27/11/2024	Results of 2024 AGM	Results of Meeting
27/11/2024	Final Director Notice (Appendix 3Z)	Appendix 3Z
27/11/2024	MD’s AGM Presentation	Company Presentation MD’s Address to Shareholders
27/11/2024	Chair’s address to the AGM	Company Presentation Chair's Address to Shareholders
30/10/2024	1 st Quarter Activities Report and Appendix 5B	First Quarter Activities Report
29/10/2024	Notice of General Meeting/Proxy Form	Notice of Meeting
29/10/2024	IMARC Conference Presentation	Company Presentation
29/10/2024	Resignation of Director – Jim McKerlie	Director Resignation
25/10/2024	Appendix 3Y – Change of Director’s Interest Notice x 6	Appendix 3Y
24/10/2024	Top 20 Option Holders & Distribution Schedule – MGTOA	Issued Capital - Other
24/10/2024	Notification of cessation of securities – MGT	Appendix 3H
24/10/2024	Cancellation of Loyalty Options Issued to Directors	Issued Capital - Other
22/10/2024	Green Iron SA alliance launched for Green Iron revolution	Progress Report
04/10/2024	Section 7018A(5)(e) Notice	Cleansing Notice
04/10/2024	Appendix 3Y – Change of Director’s Interest Notice x 6	Appendix 3Y

Date	Headline	Type
02/10/2024	Notification of cessation of securities – MGT	Appendix 3H
02/10/2024	Application for quotation of securities – MGT	Appendix 2A
02/10/2024	Top 20 Option Holders & Distribution Schedule – MGTOA	Issued Capital - Other
02/10/2024	Application for quotation of securities – MGT	Appendix 2A
02/10/2024	Supplementary Prospectus	Renounceable Issue
02/10/2024	Rights Issue Closes Securing \$2.4M	Renounceable Issue

Copies of all of the above documents can be accessed at www.asx.com.au (ASX: MGT) or at the Company's website – <https://www.magnetitemines.com/asx-announcements>

6. Information Excluded from continuous Disclosure Notices

As at the date of this Cleansing Notice, the Company advises that it has fully complied with its disclosure obligations under the ASX Listing Rules and the Corporations Act, and, in particular, there is no information which the Company has excluded from any of its continuous disclosure notices given in accordance with the ASX Listing Rules and the Corporations Act as at the date of this Cleansing Notice which it would be reasonable for investors and their professional advisors to require for the purpose of making an informed assessment of:

- (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
- (b) the rights and liabilities attaching to the New Convertible Notes and any Shares to be issued on conversion of the New Convertible Notes.

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

For further information contact:

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ABOUT MAGNETITE MINES

Magnetite Mines Ltd is an ASX-listed iron ore company focused on the development of magnetite iron ore resources in the highly-prospective Braemar iron region of South Australia. The Company has a 100% owned Mineral Resource of 6 billion tonnes of iron ore and is developing the Razorback Iron Ore Project, located 240km from Adelaide, to meet accelerating market demand for premium iron ore products created by iron & steel sector decarbonisation, with the potential to produce high-value Direct Reduction (DR) grade concentrates. Razorback is set to become a very long-life iron ore project with expansion optionality in a tier 1 jurisdiction that will produce a superior iron ore product sought by steelmakers globally. For more information visit magnetitemines.com.

Schedule 1 Summary of material terms and conditions of New Convertible Notes

Number of Convertible Notes	810,000 New Convertible Notes
Subscription Price	\$0.92590 per Convertible Note
Face Value	Each Convertible Note will have a face value of \$1.00.
Maturity Date	24 months from the date of issue.
Interest Rate	Upon an event of default occurring, the Company must pay interest at a rate of 12% per annum on the amount of the face value of all Convertible Notes issued which have not been converted or repurchased, calculated daily and compounded monthly. Interest is not otherwise payable on the Convertible Notes.
Conversion of Convertible Notes	<p>C/M Capital may (at its absolute discretion) convert the Convertible Notes (in a minimum parcel with a face value of at least \$100,000) at any time prior to the date which is 24 months from their date of issue, by giving the Company a conversion notice. The conversion will occur within three business days of receipt of the notice. The number of Shares to which the Noteholder is entitled upon conversion of the Convertible Notes is determined by the following formula:</p> <p>Number of Shares = RA / Conversion Price</p> <p>where:</p> <p>RA means the Repayment Amount of the Convertible Note being converted.</p> <p>Conversion Price means the applicable conversion price per Convertible Note. The applicable conversion price is set out below.</p> <p>Upon conversion of the Convertible Notes:</p> <p>(a) the applicable Convertible Notes are cancelled and may not be reissued; and</p> <p>(b) the face value of the Convertible Notes which have been converted will be deemed satisfied.</p>
Conversion by the Company	The Company has no right to require C/M Capital to convert any Convertible Notes at any time.
Conversion Price	<p>In respect of the New Convertible Notes, the higher of:</p> <p>(a) 90% of the average of the two lowest daily VWAPs during the preceding fifteen (15) Trading Days on which Shares were traded in the ordinary course of business on the ASX up to but excluding the date on which the Conversion Notice is received by the Company; and</p> <p>(b) \$0.08.</p>
Security Interest	The Convertible Notes are unsecured debt obligations of the Company.

Repurchase	<p>So long as:</p> <ul style="list-style-type: none"> (a) there is no existing event of default; and (b) C/M Capital has not issued a conversion notice, <p>the Company may elect to repurchase all of the outstanding Convertible Notes on issue at any time before the Maturity Date at a 1.05 times premium, subject to compliance with the law and the ASX Listing Rules.</p> <p>If the Company issues notice with respect to the repurchase of Convertible Notes on issue, C/M Capital may elect to convert up to 30% of the Convertible Notes the subject of the repurchase notice.</p>
Repayment	<p>If the Noteholder has not notified the Company in writing by the day that is 10 business days prior to the Maturity Date that it will be converting the Convertible Notes (in whole or in part), the Company is to pay in full to the holder of the Convertible Notes, the face value of the Convertible Notes (and any accrued but unpaid interest).</p> <p>If an event of default is subsisting after the Company has received 10 business days' written notice from the noteholder setting out details of the event of default and requiring repayment of the Convertible Notes, the Company must repay the face value of the outstanding Convertible Notes held by the noteholder together with any accrued but unpaid interest. The Convertible Securities Agreement contains various events which constitute events of default which are considered standard for agreements of this nature.</p> <p>If there occurs a Change of Control Event, a Qualifying Capital Raising Event or Delisting Event, the Noteholder may require repayment by the Company of some or all of the Convertible Notes on or before the completion of any such event.</p> <p>Change of Control Event means each of:</p> <ul style="list-style-type: none"> (a) a takeover bid being made to acquire all of the Company's shares and: <ul style="list-style-type: none"> • the offer under the takeover bid is, or becomes, unconditional; and • the bidder has acquired at any time during the offer period (or after the close of the offer period) a relevant interest in more than 50% of the Shares on issue; and (b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100% of the Shares on issue in the Company (where the requisite shareholder approval has also been obtained), <p>Delisting Event means where the Shares are no longer quoted on ASX or the Shares are suspended from trading on ASX for a period of 20 consecutive business days, and in either case, other than as a result (directly or indirectly) of a Change of Control Event.</p> <p>Qualifying Capital Raising Event means capital raises under which the Company raises in aggregate \$10 million or more during the term of the Convertible Securities Agreements.</p>
Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
Reconstruction of Capital	In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Notes will be reconstructed in accordance with the requirements of the ASX Listing Rules.

Participation Rights	The Convertible Notes will not carry any entitlement to participate in future issues of securities by the Company prior to any conversion of the Convertible Notes into Shares.
No Voting Rights	Except as required by the Corporations Act, the Convertible Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Notes.
Transfer	The Convertible Notes are non-transferable.