



Magnetite Mines Limited
ACN 108 102 432

ENTITLEMENT OFFER BOOKLET

1 FOR 6 PRO RATA NON-RENOUNCEABLE ENTITLEMENT OFFER OF NEW SHARES AT AN ISSUE PRICE OF \$0.31 (31 CENTS) PER NEW SHARE

ENTITLEMENT OFFER CLOSSES AT 5:00PM (AEST) ON FRIDAY, 12 JULY 2024 (UNLESS EXTENDED)

IMPORTANT NOTICE

This document is important and requires your immediate attention.

If you are an eligible shareholder you should read this offer booklet in its entirety before deciding whether to apply for new shares.

If after reading this, you have any questions about the securities being offered under this Entitlement Offer Booklet or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

THIS OFFER BOOKLET IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES.

Important Notice

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Defined terms used in these important notices have the meaning given in this Entitlement Offer Booklet (**Offer Booklet**).

About this document

This Offer Booklet contains information relating to a proposed pro rata non-renounceable entitlement offer to be undertaken by Magnetite Mines Limited (ACN 108 102 432) (**Magnetite Mines** or **Company**).

This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet carefully and in its entirety, with emphasis on the risk factors detailed in Section 4, have regard to your own investment parameters, and if required, obtain independent professional investment advice, before deciding whether to invest in Magnetite Mines. In particular, you should consider the risk factors outlined in Section 4 ("*Risk Factors*") of this Offer Booklet that could affect the operating and financial performance of Magnetite Mines or the value of an investment in Magnetite Mines.

The Entitlement Offer (including the Shortfall Offer described in Section 2.2) are being made in accordance with Section 708AA of the Corporations Act (as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*). Accordingly, this document is not a prospectus (and has not been, and will not be, lodged with ASIC) and does not contain all information which an investor may require to make an informed investment decision.

Financial information and forward-looking statements

This Offer Booklet may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Booklet, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Booklet will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Booklet, except where required by law. These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Past performance

Investors should note that past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) future Magnetite Mines performance including future share price performance.

Restrictions of foreign jurisdictions

This Offer Booklet does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, or to issue this Offer Booklet.

No action has been taken to register or qualify the New Shares being offered under the proposed entitlement offer or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia and New Zealand. This Offer Booklet may not be distributed to or relied on by persons outside Australia or New Zealand.

This Offer Booklet may not be released or distributed in the United States or to any person acting for the account or benefit of a person in the United States. This Offer Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be unlawful. The New Shares to be offered and sold under the Offers have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which Magnetite Mines has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US securities laws.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Offers that is not contained in this Offer Booklet or the Associated Offer Announcements. Any information or representation that is not contained in this Offer Booklet or the Associated Offer Announcements may not be relied on as having been authorised by Magnetite Mines in connection with the Offers. Except as required by law, and only to the extent so required, none of Magnetite Mines, or any other person, warrants or guarantees the future performance of Magnetite Mines or any return on any investment made pursuant to the Offers.

No financial product advice

This Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New Shares under the Offers, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If after reading this Offer Booklet, you have any questions about the Offers, you should contact your financial or other professional adviser.

References to “you”

In this Offer Booklet, references to “you” are references to Eligible Shareholders.

Times and dates

Times and dates in this Offer Booklet are indicative only and subject to change. All times and dates refer to the time in Sydney, Australia. Refer to the “Key Dates” section of this Offer Booklet for more details.

Definitions and currency

Capitalised words and expressions in this Offer Booklet have the meanings given in Section 6.

All financial amounts in this Offer Booklet are references to Australian currency, unless otherwise stated.

Date of this document

This Offer Booklet is dated 28 June 2024.

Enquiries

If you have any questions in relation to how to participate in the Offers after reading this Offer Booklet, please call the Magnetite Mines Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia), or consult your stockbroker, accountant or other professional adviser. The Magnetite Mines Offer Information Line will be open from 8.30am to 5.00pm (AEST), Monday to Friday, until the Closing Date.



28 June 2024

Dear Shareholder,

Magnetite Mines Limited – Entitlement Offer

On 20 June 2024, Magnetite Mines Limited (**Magnetite Mines** or **Company**) launched an equity capital raising to raise up to approximately \$5 million by way of a pro rata non-renounceable entitlement offer of 1 new share in the Company for every 6 shares held as at the Record Date at an offer price of \$0.31 (**Entitlement Offer Price**) per New Share (**Entitlement Offer**).

Eligible Shareholders who take up their full entitlement will also have the ability to apply for additional New Shares under the Shortfall Offer. The Shortfall Offer comprises an offer of New Shares that were not subscribed for by Eligible Shareholders under the Entitlement Offer.

The issue price of the New Shares represents a 16.1% discount to the 15 day volume weighted average price of the Shares on ASX up to and including 19 June 2024, the last trading day prior to announcement of the Entitlement Offer. The Entitlement Offer (including the Shortfall Offer) allows you to subscribe for New Shares without incurring brokerage or transaction costs.

The Entitlement Offer is not underwritten.

However, the Directors reserve the right to enter into an underwriting arrangement prior to the Closing Date if the Directors determine that an underwritten offer is more appropriate. The appointment of any underwriter will be announced to the ASX.

Purpose of the Entitlement Offer and use of proceeds

The Company is developing its 100% owned Razorback Iron Ore Project located in South Australia's Braemar Iron Formation with Stage 1 operations designed to produce 5Mtpa of magnetite concentrates, expandable to 10Mtpa. The global steel industry has committed to decarbonise steelmaking and the timing of this development is in line with the forecast increase in demand for premium-quality iron ore products required to produce green iron and consequently green steel.

During 2024, the Company has made significant progress in three key areas:

1. Responding and contributing to the growing state and federal government activity in supporting a “green iron” industry in Australia.

- The South Australian and Federal Governments have recognised the economic opportunity for Australia to use its “comparative advantage”, relative to its key trading partners, of abundant renewable energy resources to produce green metals, and “green iron” in particular.
- Green iron, which is produced using hydrogen instead of coal, is the key ingredient of “green steel” and is expected to attract a premium price. An explanation of “green iron” can be found [here](#).
- Currently Australia does not produce any iron ore or magnetite concentrate products that meet the very high quality specifications required for green iron production.
- The Company's Razorback Iron Ore Project can produce the required specification for green iron production and is designed to deliver long-term supply of magnetite concentrates necessary for a new green iron production and export industry.^{1,2}

- On 27 February 2024, the South Australian Government called for Expressions of Interest for the establishment of a Direct Reduced Iron (DRI) or green iron plant in South Australia before the end of the decade, enabling the state to capitalise on its unique natural endowment of both world-leading renewable energy on grid and abundant magnetite iron ore resources.
- This development signals major interest and intent of the South Australian Government to collaborate with industry and other stakeholders in the establishment of a major green ironmaking industry.
- On 13 February 2024, Magnetite Mines signed a Memorandum of Understanding with the Port Pirie Regional Council.³ The Company identified Port Pirie, located 160km from Razorback, as a logical location for the creation of a “green iron hub” in South Australia. Port Pirie has an operating port, rail access, water and natural gas supply, a skilled industrial workforce and a supportive community.
- The Company is forming an alliance of major industry partners to submit a comprehensive Expression of Interest to the South Australian Government. The alliance will identify the best pathway for the rapid development of a hydrogen-based DRI plant in Port Pirie before the end of the decade.
- On 31 May 2024, the Australian Federal Government launched a consultation process to explore “green metals” opportunities in Australia, including the production of low-emission green iron and steel. Magnetite Mines is preparing a submission outlining the government policies necessary to establish a green iron industry.

2. Securing strategic partners and funding required to reach a Final Investment Decision (FID).

- Given the capital requirements, the Company views strategic partnerships and an operating joint venture as essential for the Razorback Project’s successful development. Parties that have expressed their interest in the Project have also shown strong interest in funding the work required to reach a Final Investment Decision (FID) for the Project.
- The Company is in advanced ongoing negotiations with two parties, both of whom have completed due diligence on the Project, with a view to entering into joint venture and/or off-take arrangements that, if entered into, would provide funding for the completion of a Definitive Feasibility Study (DFS) and other activities required to reach FID.
- On 9 May 2024, Magnetite Mines engaged Azure Capital to provide corporate advisory services to the Company relating to structuring of partnering, financing and offtake agreements for the Razorback Project.
- The Company’s focus is to conclude the current negotiations with one or more groups that will partner with the Company in the completion of the DFS and FID, although a transaction cannot be guaranteed.

3. Progressing regulatory approval processes for the development of the Razorback Project.

- Federal approvals: The Company proactively initiated a self-referral to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) in January 2024, enabling DCCEEW to determine whether the Project requires any authorisations under the Environment Protection and Biodiversity Conservation Act 1993. On 19 April 2024, DCCEEW finalised its validation assessment and published the referral for public consultation. Final assessment of the referral is now nearing completion.
- State approvals: A Mining Lease Proposal (MLP) and associated Miscellaneous Purposes Licence applications have been prepared by the Company for submission to the South Australian Department of Energy & Mining. All technical impact assessment studies and required stakeholder consultation processes have been completed, allowing the Company to finalise the extensive MLP documentation and have it submitted to the relevant regulatory authority.

The proceeds from the Entitlement Offer (net of 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 potential strategic partners continue, and the decision on a potential transaction finalised.

There is an unprecedented opportunity for Magnetite Mines to become a major iron ore player and key enabler of Australia's green iron industry with a very long life mine in South Australia. The Company is committed to using all of its endeavours to realise this opportunity.

Taking up your entitlement

The proposed entitlement offer is currently scheduled to close at 5.00pm on Friday, 12 July 2024 (unless extended) (**Closing Date**).

To participate in the Entitlement Offer and apply for New Shares under the Entitlement Offer, you can access a copy of this Offer Booklet by logging in to www.computersharecas.com.au/mgtoffer and accessing your personalised Application Form.

You need to ensure that your personalised Application Form is completed in accordance with the instructions provided on the form and the instructions in this Offer Booklet under "Offer Details & How to Apply". You must also ensure that you have completed your application by paying the Application Monies by BPay® or, if you are a resident of New Zealand, by electronic funds transfer.

All Magnetite Mines' Directors, the CEO and the CFO intend to participate in full or in part in the Entitlement Offer.

This Offer Booklet contains important information regarding the Entitlement Offer, and I encourage you to read it carefully in its entirety before making any investment decision. In particular, you should consider the risks outlined in Section 4 of this Offer Booklet. If you have any questions, you should consult your financial or other professional adviser.

If you have any questions in relation to how to participate in the Entitlement Offer after reading this Offer Booklet, please call the Magnetite Mines Offer Information Line on 1300 850 505 (from within Australia) or +61 3 9415 4000 (from outside Australia). The Magnetite Mines Offer Information Line will be open from 8.30am to 5.00pm (AEST), Monday to Friday until the Closing Date.

On behalf of the Board, I thank you for your continued support of Magnetite Mines.

Yours faithfully



Jim McKerlie
Chairman
Magnetite Mines Limited

Key Dates

Event	Date (2024)
Announcement of Entitlement Offer	Thursday, 20 June
Ex-date for Entitlement Offer	Monday, 24 June
Record date to determine Entitlements (Record Date)	7.00pm (AEST) Tuesday, 25 June
Offer Booklet and personalised Application Form made available at www.computersharecas.com.au/mgtoffer Entitlement Offer opens (Opening Date)	Friday, 28 June
Entitlement Offer closing date for applications (Closing Date)	5.00pm (AEST), Friday 12 July
Unless otherwise determined by ASX, New Shares quoted on a deferred settlement basis from market open	Monday, 15 July
Announcement of results and shortfall (if any) under the Entitlement Offer	Wednesday, 17 July
Issue and allotment of New Shares	Friday, 19 July
Commencement of trading of New Shares on ASX on a normal settlement basis	Monday, 22 July
Dispatch of holding statements for New Shares	Tuesday, 23 July
Last date to issue Shortfall Shares (see Section 2.2)	Friday, 11 October

*** These dates are indicative only and are subject to change. Magnetite Mines, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable by sending a revised timetable to ASX. In particular, Magnetite Mines reserves the right to extend the Closing Date, accept late applications under the Entitlement Offer (either generally or in particular cases), and to withdraw or vary the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment and issue of Shares. All times are to Australian Eastern Standard Time (AEST).*

1 Summary of your alternatives under the Entitlement Offer

If you are an Eligible Shareholder (as defined in Section 2.3), you may take any one of the following actions in connection with the Entitlement Offer:

1. take up all of your entitlement by subscribing for New Shares under the Entitlement Offer and if you do so, subscribe for additional New Shares under the Shortfall Offer (see Section 2); or
2. take up part of your entitlement under the Entitlement Offer and allow the balance to lapse; or
3. do nothing, in which case your entitlement under the Entitlement Offer will lapse and you will receive no New Shares in connection with those lapsed entitlements.

If you are a Shareholder that is not an Eligible Shareholder, you are an 'Ineligible Shareholder'. Ineligible Shareholders are not entitled to participate in the Entitlement Offer and you should refer to Section 2.3 for further information.

Elections available to you	Key considerations	For further information
<p>Election One: Take up all of your Entitlement</p>	<p>You may elect to purchase New Shares at the Entitlement Offer Price (see section 2.4 for instructions on how to take up your Entitlement). The Entitlement Offer closes at 5.00pm on Friday, 12 July (unless extended).</p> <p>The New Shares will be fully paid and rank equally in all respects with existing Shares on issue (including rights to dividends and distributions).</p> <p>If you take up all of your Entitlement, you may also apply for additional New Shares under the Shortfall Offer. Details of the Shortfall Offer and the allocation policy are included in Sections 2.2 and 2.7. The allocation of New Shares under the Shortfall Offer will be subject to the level of demand under the Entitlement Offer and the Shortfall Offer.</p>	<p>See Sections 2.4(a) and 2.4(b).</p>
<p>Election Two: Take up part of your Entitlement</p>	<p>If you do not take up your Entitlement in full, those entitlements will lapse and you will not receive any payment or value for them.</p> <p>You will not be entitled to apply for additional New Shares under the Shortfall Offer.</p>	<p>See Section 2.4(c).</p>

Elections available to you	Key considerations	For further information
	<p>If you do not take up your Entitlement in full, you will have your proportionate equity interest in the Company reduced as a result of dilution by the New Shares issued under the Entitlement Offer.</p>	
<p>Election Three: Do nothing, in which case your Entitlement will lapse, and you will receive no value for your lapsed Entitlement</p>	<p>If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlements will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable, which means your Entitlements are non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can they be privately transferred.</p> <p>If you do not take up your Entitlement your proportionate equity interest in the Company will be diluted as a result of the Entitlement Offer.</p>	<p>See Section 2.4(d).</p>

2 Offer Details & How to Apply

2.1 Entitlement Offer

The Entitlement Offer is being made as a pro rata non-renounceable entitlement offer to existing Shareholders of 1 New Share for every 6 Shares held on the Record Date at an issue price of \$0.31 to raise up to approximately \$5 million (before costs, and subject to the rounding of fractions and entitlements to New Shares).

Any fractional entitlements to New Shares will be rounded down to the nearest whole number.

Based on the capital structure of the Company as at the date of this Offer Booklet, up to 16,405,754 New Shares will be issued pursuant to the Entitlement Offer (subject to the rounding of fractions and entitlements to New Shares).

All of the New Shares offered under this Offer Booklet will rank equally with the Shares on issue at the date of this Offer Booklet.

The purpose of the Entitlement Offer and the intended use of funds raised are set out in Section 3.1.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*) which allows pro rata entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

As a result, the Entitlement Offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on the Company and the Entitlement Offer made publicly available by the Company, prior to taking up all or part of their Entitlement. In particular, please refer to the Company's interim and annual reports, announcements made available at www.asx.com.au and the information provided in this Offer Booklet carefully before making any decisions in relation to your Entitlement.

The Entitlement Offer is non-renounceable which means that the Entitlements of Shareholders will not be tradeable on ASX and are otherwise not transferable.

2.2 Shortfall Offer

Any New Shares not taken up pursuant to the Entitlement Offer (including any Entitlements of Ineligible Shareholders) will form the Shortfall Offer (**Shortfall Shares**). The Shortfall Offer is a separate offer made in conjunction with the Entitlement Offer under this Offer Booklet.

The Shortfall Shares will first be made available for subscription to Eligible Shareholders who take up all of their Entitlements under the Entitlement Offer. If all of the Shortfall Shares are not subscribed for by Eligible Shareholders the Company reserves the right to place those Shares to investors within three months following the Closing Date, subject to compliance with the ASX Listing Rules. The terms and conditions (including the issue price) under the Shortfall Offer are the same as those for the Entitlement Offer.

All decisions regarding the allocation of Shortfall Shares will be made by the Board and will be final and binding on all Applicants under the Shortfall Offer; as such there is no guarantee that any Shortfall Shares applied for will be issued. Notwithstanding the discretion of the Board regarding allocations under the Shortfall Offer, in accordance with legal requirements, the Board will ensure that no Shareholder increases its aggregate shareholding to a percentage greater than 19.9%.

The Company will have no liability to any Applicant who receives less than the number of Shortfall Shares that they applied for under the Shortfall Offer. If the Company scales back any applications for Shortfall Shares under the Shortfall Offer any Application Monies will be returned to the Applicant (without interest) as soon as practicable.

2.3 Eligibility

Entitlement Offer

Only Eligible Shareholders may participate in the Entitlement Offer.

'**Eligible Shareholders**' for the purpose of the Entitlement Offer are Shareholders who:

- (a) were a registered holder of Shares at 7.00pm (AEST) on the Record Date, being Tuesday, 25 June 2024;
- (b) have a registered address in either Australia or 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.

The Company has determined that in accordance with the Corporations Act and the ASX Listing Rules, due to the low number of overseas shareholders and the cost of complying with regulatory requirements the Entitlement Offer will not be made available to Shareholders who are residents in jurisdictions outside Australia and New Zealand. Accordingly, the Entitlement Offer is not made to Shareholders with a registered address outside of Australia and New Zealand, or that are in the United States or are acting for the account or benefit of a person in the United States, and accordingly those Shareholders may not participate (**Ineligible Shareholders**).

Participation in the Entitlement Offer by Eligible Shareholders is optional and is subject to the terms and conditions set out in this Offer Booklet.

2.4 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled is shown on each personalised Application Form which can be accessed on the application website at the Registry investor portal at www.computersharecas.com.au/mgtoffer (**Offer Website**) once a copy of this Offer Booklet has been downloaded and reviewed.

Eligible Shareholders may choose to do any of the following:

- (a) ***if you wish to accept and take up all of your Entitlements:***
 - (i) click on the "Apply Now" button on the Offer Website and complete the Application Form for all of your Entitlements; and
 - (ii) make payment by BPAY® or, if you are resident in New Zealand, EFT, in Australian currency, for the appropriate Application Monies by following the instructions in Sections 2.5 or 2.6 below; or
- (b) ***if you wish to accept and take up all of your Entitlements and also apply for Shares under the Shortfall Offer:***
 - (i) click on the "Apply Now" button on the Offer Website and complete the Application Form for all of your Entitlements and add the number of additional New Shares you wish to apply for under the Shortfall Offer by inserting the total number of New Shares you wish to apply for; and
 - (ii) make payment by BPAY® or, if you are resident in New Zealand, EFT, in Australian currency, for the appropriate Application Monies by following the instructions in Sections 2.5 or 2.6 below; or
- (c) ***if you wish only to accept and take up part of your Entitlements:***
 - (i) complete the Application Form at the Offer Website for the number of Entitlements you wish to take up; and
 - (ii) make payment by BPAY® or, if you are a resident of New Zealand, EFT, in Australian currency, for the appropriate Application Monies by following the instructions in Sections 2.5 or 2.6 below; or
- (d) ***if you do not wish to accept and take up all or part of your Entitlements***, you are not obliged to do anything and your Entitlements will lapse.

2.5 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) by completing the Application Form and paying the Application Monies you will be taken to have made the declarations on the Application Form; and
- (b) if you do not pay for your Entitlements in full, you are deemed to have taken up your Entitlements in respect of such whole number of New Shares which is covered in full by your Application Monies.

You must quote your unique customer reference number as your payment reference/description when processing your BPAY® payment. If you have more than one shareholding and consequently receive more than one invitation to apply for New Shares, when taking up your Entitlements in respect of one of those shareholdings only use the unique customer reference number specific to that shareholding as set out in the applicable Application Form. Do not use the same customer reference number for more than one of your shareholdings. Failure to do any of this may result in your funds not being allocated to your application and New Shares subsequently not being issued to you.

It is your responsibility to ensure that your BPAY® payment is received by the Registry by no later than 5.00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any Application Monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

2.6 Payment by Electronic Funds Transfer (EFT) – New Zealand residents only

For New Zealand residents, you may pay by electronic funds transfer (EFT), by following the instructions on the Application Form. Please note that should you choose to pay by EFT:

- (a) by completing the Application Form and paying the Application Monies you will be taken to have made the declarations on the Application Form; and
- (b) if you do not pay for your Entitlements in full, you are deemed to have taken up your Entitlements in respect of such whole number of New Shares which is covered in full by your Application Monies.

You must quote your unique customer reference number as your payment reference/description when processing your EFT payment. If you have more than one shareholding and consequently receive more than one invitation to apply for New Shares, when taking up your Entitlements in respect of one of those shareholdings only use the unique customer reference number specific to that shareholding as set out in the applicable Application Form. Do not use the same customer reference number for more than one of your shareholdings. Failure to do any of this may result in your funds not being allocated to your application and New Shares subsequently not being issued to you.

It is your responsibility to ensure that your EFT payment is received by the Registry by no later than 5.00pm (AEST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Your financial institution may also charge a cost for facilitating the transfer and the Company will only allocate New Shares that correspond to the actual amount of Application Monies received by the Company. Any Application Monies received for more than your final allocation of New Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

2.7 Application for Shortfall Offer

To apply for Shortfall Shares under the Shortfall Offer, follow the instructions set out on the Offer Website and pay the Application Monies in accordance with Section 2.4(b) above.

You may apply for as many New Shares as you wish under the Shortfall Offer regardless of the size of your present shareholding, however the Company retains absolute discretion with respect to allocations of New Shares under the Shortfall Offer.

Any Application Monies received by the Company will be first allocated against your subscription for New Shares under the Entitlement Offer, with any remaining balance in excess of your full Entitlement then being applied against an application for Shortfall Shares.

2.8 Implications on acceptance

- (a) A payment made through BPAY® or, if you are based in New Zealand, by EFT constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once paid, cannot be withdrawn. The Company's decision whether to treat an acceptance as valid and how to construe, amend or complete the Acceptance Form is final.
- (b) By making a payment by BPAY® or, if you are based in New Zealand, by EFT, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:
 - (i) you are (or the person on whose account you are acting is) an Eligible Shareholder;
 - (ii) you acknowledge that you have read and understand this Offer Booklet and your personalised Application Form in their entirety;
 - (iii) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet (and your personalised Application Form), and the Company's constitution;
 - (iv) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
 - (v) you declare that all details and statements in the personalised Application Form are complete and accurate;
 - (vi) you declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Application Form;
 - (vii) you acknowledge that once the Company receives any payment of Application Monies via BPAY® or, if you are based in New Zealand, by EFT, you may not withdraw your Application Form or Application Monies provided except as allowed by law;
 - (viii) you agree to apply for and be issued up to the number of New Shares (and any additional New Shares under the Shortfall Offer) for which you have submitted payment of any Application Monies via BPAY® or, if you are based in New Zealand, by EFT, at the Entitlement Offer Price per New Share;
 - (ix) you authorise the Company, Computershare and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of Computershare upon using the contact details set out in your personalised Application Form;
 - (x) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Application Form as being held by you on the Record Date;
 - (xi) you acknowledge that the information contained in this Offer Booklet and your personalised Application Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
 - (xii) you acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX which you should review before making any Application and continue monitoring throughout the Offer Period;

- (xiii) you acknowledge the statement of risks in Section 4, and that investments in the Company are subject to risk;
- (xiv) you acknowledge that the Company, its related bodies corporate and affiliates and its directors, officers, partners, employees, representatives, agents, consultants or advisers, do not guarantee the performance of the Company, the performance of the New Shares offered under the Entitlement Offer nor do they guarantee the repayment of capital;
- (xv) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (xvi) you authorise the Company to correct any errors in your personalised Application Form or other form provided by you;
- (xvii) you acknowledge and agree that determination of eligibility of Shareholders for the purposes of the Entitlement Offer was determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company, and the Company, its related bodies corporate and affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise of that discretion to the maximum extent permitted by law;
- (xviii) you represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet and the personalised Application Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer; and
- (xix) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is resident in Australia or, subject to the restrictions in Section 2.15, New Zealand.

2.9 Privacy policy

Chapter 2C of the Corporations Act requires information about a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. This information must continue to be included in the public register if you cease to be a securityholder.

Magnetite Mines and the Registry may collect personal information to process your application, implement the Offers and administer your holding of Shares. The personal information contained in the share register is also used to facilitate payments and corporate communications (including financial results), annual reports and other information to be communicated to holders of Shares, and to ensure compliance with legal and regulatory requirements, including Australian taxation laws and the Corporations Act.

Your personal information may be disclosed to joint investors, the Registry, securities brokers, third party service providers (including print and mail service providers, technology providers and professional advisers), related entities of Magnetite Mines and its agents and contractors, and the ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom your personal information may be disclosed may be located overseas.

Computershare's privacy policy is available on their website: <https://www.computershare.com/au/privacy-policies>.

2.10 Costs of participation

Magnetite Mines will not charge any brokerage, commissions or other transaction costs in respect of the application for, and allotment of, New Shares under this Offer Booklet.

2.11 No minimum subscription and oversubscription

There is no minimum subscription under the Entitlement Offer.

If the Company receives Applications for an amount that exceeds the full subscription amount under the Entitlement Offer, the Company reserves the right, where appropriate and in compliance with securities law, to use its available placement capacity under Chapter 7 of the ASX Listing Rules to accept those additional Applications (including where such Applications may only be accepted by obtaining shareholder approval) and to issue additional New Shares on the same terms as the Entitlement Offer. Any such issue of additional New Shares will be made under, and in accordance with, the Corporations Act and the ASX Listing Rules.

2.12 No underwriting

The Entitlement Offer is not underwritten.

However, the Directors reserve the right to enter into an underwriting arrangement prior to the Closing Date if the Directors determine that an underwritten offer is more appropriate. The appointment of any underwriter will be announced to the ASX.

2.13 ASX quotation

An application for Official Quotation of the New Shares offered pursuant to this Offer Booklet will be made to ASX in accordance with the ASX Listing Rules. If ASX does not grant quotation of the New Shares, the Company will repay all Application Monies (without interest).

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered under this Offer Booklet.

2.14 Issue

New Shares issued pursuant to the Offers under this Offer Booklet are expected to be issued on or around Friday, 19 July 2024 in accordance with the ASX Listing Rules.

Holding statements for the New Shares issued under this Offer Booklet will be mailed to successful Applicants in accordance with the ASX Listing Rules as soon as practicable after their issue.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk. The Company disclaims all liability (whether in negligence or otherwise (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise.

2.15 Overseas Shareholders

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Booklet. In particular, this Offer Booklet may not be distributed to any person, and such securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and the New Shares will not be issued to, any Shareholders with a registered address which is outside Australia or New Zealand.

The New Shares under the Offers are not being offered or sold to the public in New Zealand other than to Eligible Shareholders to whom the offer of New Shares under the Entitlement Offer are being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

This document has not been registered, filed or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

2.16 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offers summarised in Section 2.15 above apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of other persons are responsible for ensuring that applying for New Shares does not breach securities laws in relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offers are only available to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial holder of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offers is compatible with applicable foreign laws and the rules outlined in Section 2.15 above.

For the avoidance of doubt, the Company reserves the right (in its absolute sole discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims. The Company also reserves the right to reject any acceptance of an Entitlement that it believes comes from a person who is not eligible to accept an Entitlement.

2.17 Withdrawal of Entitlement Offer

Subject to applicable law, the Company reserves the right to withdraw the Entitlement Offer and/or the Shortfall Offer at any time before the issue of New Shares, in which case the Company will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

2.18 Inconsistency

The terms and conditions of the Offers set out in this Offer Booklet prevail to the extent of any inconsistency with the Application Form.

3 Purpose and effect of the Entitlement Offer

3.1 Purpose of the Entitlement Offer and use of funds

The proceeds from the Entitlement Offer (net of 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 potential strategic partners continue, and the decision on a potential transaction finalised.

A summary of the use of funds, depending on the amount raised under the Entitlement Offer is below:

	Use of funds (\$000)		
	\$3m raised	\$4m raised	\$5m raised (full subscription)
Mining Lease Proposal submission and related costs	765	1,020	1,275
Value Engineering	599	798	998
Working capital	1,487	1,982	2,478
Offer costs	150	200	250
Total	3,000	4,000	5,000

Notes:

- The above table is a statement of current intentions as at the date of this Offer Booklet. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including market conditions, the development of new opportunities and/or any number of other factors (including the risk factors summarised in Section 4). Actual expenditure levels may also differ significantly from the above estimates.
- If the Company raises less than \$3 million or more than \$5 million it will adjust its expenditure in the above categories in a manner that the Board considers prudent and reasonable based on the actual amount raised.
- Although the Company's immediate focus will be on its existing projects, the Company is continually assessing new business opportunities which complement its business. These new business opportunities may take the form of direct project acquisitions, joint ventures, farm ins, acquisition of permits, and/or direct equity participation.
- Where it is appropriate, the use of further equity or debt funding may be considered by the Board.

3.2 Financial Impact

The proceeds from the Offers, before allowing for costs and expenses of the Entitlement Offer, will amount to up to approximately \$5 million (assuming the Entitlement Offer is fully subscribed).

3.3 Effect of the Offers

The principal effect of the Offers will be to:

- increase the cash reserves of the Company by the amount raised under the Offers, before deducting the costs of the Entitlement Offer; and
- increase the number of Shares on issue as shown in Section 3.4 below.

3.4 Effect on the Company's capital structure

The effect of the Entitlement Offer (including the Shortfall Offer) on the capital structure of Magnetite Mines, based on a \$3 million, \$4 million and up to approximately \$5 million (full subscription under the Offers but subject to the rounding of fractional entitlements to New Shares) being raised under the Offers is set out below.

Shares	Number (if \$3 million raised under Entitlement Offer and Shortfall Offer)	Number (if \$4 million raised under Entitlement Offer and Shortfall Offer)	Number (if Entitlement Offer and Shortfall Offer fully subscribed)
Shares currently on issue	98,434,688	98,434,688	98,434,688
New Shares to be issued pursuant to the Entitlement Offer (including the Shortfall Offer)	9,677,420	12,903,226	16,405,754
Total Shares	108,112,108	111,337,914	114,840,442
Quoted options currently on issue	10,830,198	10,830,198	10,830,198
Unquoted options currently on issue	6,492,621	6,492,621	6,492,621
Performance rights currently on issue	3,047,942	3,047,942	3,047,942
Total share capital (on a fully diluted basis)	128,482,869	131,708,675	135,211,203

Notes:

Full subscription is subject to the rounding of fractional entitlements of New Shares.

The Company's quoted and unquoted options are issued on the following terms:

- 10,830,198 quoted options with an exercise price of \$0.45 each expiring on 23 May 2025;
- 300,000 unquoted options with an exercise price of \$0.57 each expiring on 1 December 2024;
- 1,052,000 unquoted options with an exercise price of \$1.81 each expiring on 8 December 2024;
- 540,000 unquoted options with an exercise price of \$1.76 each expiring on 13 December 2024;
- 135,360 unquoted options with an exercise price of \$1.95 each expiring on 27 June 2025;
- 286,071 unquoted options with an exercise price of \$2.03 each expiring on 14 October 2025;
- 1,049,654 unquoted options with an exercise price of \$1.39 each expiring on 1 December 2025;

- (h) 600,000 unquoted options with an exercise price of \$0.915 each expiring on 15 December 2025;
- (i) 382,883 unquoted options with an exercise price of \$1.34 each expiring on 1 December 2028;
- (j) 167,940 unquoted options with an exercise price of \$0.78 each expiring on 1 February 2029; and
- (k) 1,978,713 unquoted options with an exercise price of \$0.556 each expiring on 5 December 2029.

In addition to the above, there are 125,000 sign-on performance rights which will vest on 1 July 2024 and 2,922,942 performance rights which will vest on 30 September 2024, subject to satisfaction of a vesting condition relating to service.

3.5 Effect on the control of the Company

As at the date of this Offer Booklet, the Company has not received any formal notification of any substantial shareholder holding more than 5% of the Company's issued share capital (although the Company is aware that Citicorp Nominees Pty Limited has an aggregate holding of approximately 13.51% on behalf of various underlying beneficial Shareholders, none of whom themselves, as far as the Company is aware, hold more than 5% of the Company's issued share capital).

The potential effect of the issue of the New Shares pursuant to the Offers on the control of the Company and the consequences of that effect will depend on a number of factors, including Eligible Shareholder demand under the Entitlement Offer, the percentage of existing shareholding and the additional demand under the Shortfall Offer. However:

- since the Entitlement Offer is a pro rata issue, if all Eligible Shareholders take up their full Entitlements under the Entitlement Offer they will maintain their existing percentage interest in the total issued share capital of the Company;
- if Eligible Shareholders do not take up all of their Entitlements, the percentage of their existing shareholding will be diluted;
- the proportional interests of Shareholders who are ineligible to participate in the Entitlement Offer will be diluted; and
- so far as the Company is aware, no shareholder will increase their holding to an amount in excess of 19.9% through applying for their Entitlements under the Entitlement Offer and the Shortfall Offer (and the allocation policy under the Shortfall Offer will expressly prohibit such an occurrence).

Based on the above, the issue of the New Shares under the Offers is not expected to have a material effect or consequence on the control of the Company.

4 Risk Factors

There are a number of potential risks associated with the Company's business and an investment in the Shares. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, others are outside the control of the Company, the Directors and the management team and cannot be mitigated. Therefore, investors who acquire New Shares may be exposed to a number of risks. Broadly, these risks can be classified as risks that are general to investing in the share market and risks specific to an investment in the Shares and Magnetite Mines' underlying business.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and management team as at the date of this Offer Booklet. There may be other risks which Directors are unaware of at the time of issuing this Offer Booklet which may impact on the Company, its operations or the valuation and performance of the Shares. The importance of different risks may change and other risks may emerge in the future.

Before applying for New Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and should consider whether the New Shares are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Offer Booklet or are in any doubt as to whether to invest in the New Shares, it is recommended that you seek professional guidance from your stockbroker, accountant or other professional adviser before deciding whether to invest.

4.1 Risks specific to an investment in the Company

(a) Future capital needs and additional funding

Part of the proceeds of the Offers are intended to complete and lodge the Mining Lease Proposal (**MLP**) application to the South Australian government. The MLP is a critical next step on the development path for the Company's Razorback project.

The Company will require additional funding to complete the Definitive Feasibility Study (**DFS**) on the Razorback project. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to the number of factors, many of which are outside the Company's control. Any inability to obtain sufficient funding for the Company's operations may result in the delay or cancellation of certain activities or projects, including the Razorback project, which could have a material effect on the Company's financial condition and performance.

(b) Material Business risk

Magnetite Mines recognises that effective risk management is a critical component of its operations. The company has developed a robust framework for identifying, understanding, managing, and reporting risks. As outlined in our Board Charter, the Board bears the responsibility for overseeing our risk management framework and monitoring significant business risks. The Audit & Risk Committee assists the Board in ensuring the existence of an appropriate corporate risk management framework and in identifying business, operational, financial, and regulatory risks along with mitigation measures.

Given the nature of Magnetite Mines' operations, the material business risks that could have an adverse impact on the Company's financial position or performance include economic risks, operational risks, social licence-to-operate and health, safety and environmental risks. A description of the nature of the risks and how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

(c) Operating and project risks

Unforeseen risks may arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables and project inputs, labour forced disruption, the price or unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in adverse economic impacts.

(d) Major Project Delivery

Magnetite Mines is focused on creating shareholder value through the future commercial development of the Razorback project. However, with any future significant capital project, there is a risk of failure or incomplete achievement of project objectives, which could result in lower investment returns than initially anticipated. These risks could emerge from various factors, including challenges in obtaining necessary regulatory approvals within expected timelines, obstacles in securing land access (including navigating native title agreements), procurement issues resulting from delays in equipment fabrication or constraints in global supply chains, labour shortages, inflationary pressures, failure to effectively define or meet project scope, budget, and definition, deficiencies in project design and quality, concerns regarding process safety, failures in cost control and delivery schedule management, limitations in available resources and suboptimal decision-making.

(e) Disputes and litigation

The nature of the operations of Magnetite Mines means it may be involved in litigation or disputes from a range of sources, including contractual disputes, breach of laws, lawsuits or personal claims. Magnetite Mines engage experienced external legal firms and keeps abreast of claims, changes to legislation and regulatory requirements.

(f) Commodity price volatility and exchange rate risks

In the event that the Company achieves development success, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities and some services are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rates of exchange between the United States dollar and the Australian dollar, as determined by international markets.

(g) Cyber Risk

The integrity, availability and confidentiality of data within Magnetite Mines information and operational technology systems may be subject to intentional or unintentional disruption (for example, from a cyber security attack). Given the current size of Magnetite Mines' business, the Company engages a third party IT support company who have robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur.

(h) People and Capability

The industry in which Magnetite Mines operates faces challenges in attracting and retaining personnel with specialised skills and expertise. The inability to attract and retain such individuals could potentially disrupt business continuity through the loss of critical human resource capability. To address this risk, we have implemented employment arrangements that are specifically designed to secure and retain key personnel.

(i) Health, Safety and Environmental risks

The business of exploration and development involves a variety of risks that may impact the health and safety of personnel, the community and the environment. Potential failure to manage these risks could result in injury or loss of life, damage to the environment, legal liability and damage to Magnetite Mines' reputation. Losses and liabilities arising from such events could increase costs and have a material adverse effect on the operations and/or financial conditions of Magnetite Mines. Magnetite Mines has implemented an online safety management system to identify and manage risks in this area, and works closely with contractors and consultants to ensure planned activities are conducted safely and with supervision, as may be required.

Insurance policies, standard operating procedures, contractor management processes and facility design and integrity management systems, amongst other things, are important elements of the system that support the mitigation of these risks. Magnetite Mines seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in the resources sector. Any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment (for example, due to a deterioration in an insurer's ability to honour claims), could adversely affect Magnetite Mines' business, financial position and operational results.

(j) Climate Change

Magnetite Mines is likely to be subject to increasing regulations and costs associated with climate change and, specifically, management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change and the energy transition are progressively being incorporated into Company policy, strategy and risk management processes and practices. The Company actively monitors current and potential areas of climate change and energy transition risk.

(k) Speculative Nature of Investment

Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Offers carry no guarantees with respect to the payment of dividends, return of capital or market value. An investment in the Company should therefore be considered speculative in nature.

4.2 Razorback Iron Ore Project

The Company currently has a single defined project, the "Razorback Iron Ore Project", consisting of the Razorback and Iron Peak deposits. On 9 June 2023, the Company announced to ASX the results of an optimisation study (PFS) for the Razorback project. The study identified a number of key risks for the project such as access to key project resources (such as land, water, transport and power), approvals, project management and product handling, as well as mitigation strategies. These risks and associated mitigation plans are being addressed in the development work programme for the project. The risks include:

(a) Resource Estimation risk

The Company holds projects, including the Razorback project, for which Mineral Resource and Reserve estimates have been prepared and engineering and economic studies have been completed, however, these estimates are expressions of judgement based on knowledge, experience and industry practice. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always be different from the assumptions used to develop resource estimates. Consequently, actual mineral resources may differ from those estimated, which may have a negative effect on operations.

(b) Resources/geology

Mineral Resources and Reserve estimates have been prepared for Razorback, but further geological and geo-metallurgical investigations may result in changes to these estimates and hence to the project outcomes.

(c) Mining

The PFS cases were based on specific mining approaches derived from the geological model information at the time with resulting estimates of quantities, costs and qualities. This work is subject to further, detailed investigation which has the potential to generate different outcomes.

(d) Processing

Capital cost, operating costs, throughputs and recoveries were estimated as part of the PFS work, but detailed work in the DFS may generate different estimates. Metallurgical parameters are subject to change as a result of the DFS work. Input prices and availabilities such as steel and equipment pricing and lead times for major equipment may affect the timing and economic outcomes.

(e) Transport

A number of road, rail and port options were examined as part of PFS work. While pricing and access estimates were based on third party estimates. The technical outcomes of DFS studies will determine the alignment and subsequent permitting of the transport solution, there is no guarantee of access availability, cost or conditions for transport.

(f) Tailings

The Razorback project by its nature will generate significant quantities of tailings which are planned to be stored in a Tailings Storage Facility (**TSF**). While the Company considers that the technical risk is manageable due to the geography, benign nature of the tailings and use of appropriate standards for TSF design, work is underway to determine storage locations, embankment construction methods/costs and tailings management arrangements, which may impact final costs and approval requirements.

(g) Power

The project requires access to electrical power supply by way of a transmission line to connect to grid power. Engineering and commercial options were studied in the Optimisation Studies, but work during DFS may affect supply arrangements, costs and timing.

(h) Water

The PFS estimated a water requirement of approximately 10GL of water per year for the Project. A solution for water delivery/offtake to the proposed mine site will be tested during DFS studies. The availability, offtake and permitting of water has not been completed which may impact on cost, availability and approval requirements for water supply.

(i) Reliance on key personnel and consultants

The Company's success largely depends on the core competencies of its Directors, management and third party consultants and their familiarisation with, and ability to operate in, the resources industry. The financial performance of the Company and the value of an investment in the Company partly depend on the ability of the Company to retain these key personnel and consultants.

(j) Tenement title

The Company's title to its tenements generally requires the Company to continue to satisfy its expenditure or work commitments. The Company currently has no reason to believe that it will not satisfy those commitments. However, this cannot be guaranteed.

(k) Counterparty, supplier and joint venture risks

The Company is a party to a number of contracts with suppliers and may in the future become a party to other contracts or commercial arrangements (such as joint venture agreements). There is a risk that one of the Company's commercial counterparties may default on their obligations or not act in the best interests of the Company. There is a risk of insolvency or managerial failure by any of the contractors or other suppliers used

by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or other suppliers. This may have an adverse effect on the interests and prospects of the Company.

(l) Input pricing and availability

The timing and cost of inputs to mining businesses, including consultants, people, equipment, construction materials and consumables, vary with demand and supply and has historically been tight when commodity prices rise. Inflationary impacts on mining inputs may result in increased capital and operating cost or delays to the project.

(m) Technology and performance risk

The scope for development of the Razorback project relies on third party technology and design, some of it proprietary. The Company is currently conducting metallurgical testing and while testing to date has been encouraging, there is no guarantee or assurance that processing outcomes will be replicated at commercial scale, with potential impacts to throughput, quality and costs.

(n) Regulatory risk

Changes in government policy (such as in relation to taxation, environmental and cultural protection, and licensing) or statutory changes may affect Magnetite Mines' business operations and its financial position. A change in government regime may significantly result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse or positive impact on Magnetite Mines' business. Magnetite Mines monitors changes in relevant regulations and engages with regulators and governments to ensure policy and law changes are appropriately influenced and understood.

(o) Permit risk

All exploration licences held by Magnetite Mines are subject to the granting and approval of relevant government bodies and ongoing compliance with licence terms and conditions. Tenure management processes and standard operating procedures are utilised to minimise the risk of losing tenure. The Company regularly engages with principal regulator Department for Energy and Mining regarding its tenement compliance management. Development of Razorback requires new consents, licensing and operating approvals for which the extensive preparatory work is underway. Major new consents and licences will need to be secured pursuant to the SA Mining Act 1971, while other regulatory approvals and consents (State and/or Commonwealth) may also be required. As with any approval process, consent is not guaranteed and conditions or other consent requirements may impact the project timing and outcomes.

(p) Land access, cultural heritage, Native Title and community stakeholders

Magnetite Mines is required to notify owners and occupiers of land within its licence areas prior to undertaking exploration works and must negotiate access conditions prior to commencing mine development activities. There is a risk that any negotiations with owners and occupiers regarding access could be protracted and/or costly.

Magnetite Mines operates in a number of areas within South Australia that are subject to Native Title determination or claim. Native title rights are acknowledged by Magnetite Mines and the Company must comply with relevant obligations under Federal and State regulation. A Native Title agreement is generally required before the commencement of exploration activities upon a tenement or prior to the granting of a mining lease; consequently, this may impact the timing and cost of exploration, development and production. Magnetite Mines notes that it already has a relevant agreement in place for exploration activities upon the Razorback tenements and negotiation for a mining agreement is scheduled into the development process.

The iron ore industry is also subject to interest from a wide range of stakeholders from the broader community who may be opposed to the role of the industry. Magnetite Mines' standard operating procedures and stakeholder engagement processes are used to manage land access, cultural heritage, native title and community stakeholder risks. The Company actively engages with its stakeholders and monitors for any emerging risks.

(q) Environmental, Social and Governance (ESG)

As part of the company's ESG initiatives, the environmental and social impacts of its operations will be baselined against global best practice, with a drive to outperform peer iron ore suppliers on Scope 1, 2 and 3 emissions profiles. This will be a key area of focus as part of the Definitive Feasibility Study, but the final environmental footprint and impacts of the project have yet to be defined.

4.3 General risks

(a) The price of Shares may fluctuate

Following their issue, the New Shares may trade on ASX at a price higher or lower than the price paid for the New Shares.

The price at which the New Shares trade following the Entitlement Offer will be affected by the financial performance of the Company and by external factors unrelated to the operating performance of the Company, including movements on international share markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters.

(b) Dilution

The potential exercise of existing Options will have a dilutory effect on the existing shareholdings of Shareholders. This means that each New Share may ultimately represent a lower proportion of the ownership of the Company on a fully diluted basis.

(c) Trading in Shares might not be liquid

There can be no guarantee that an active market in Shares will exist. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid for their Shares.

(d) Australian Accounting Standards may change

Australian Accounting Standards are set by the AASB and are outside the control of the Company. The AASB regularly introduces new or refined Australian Accounting Standards, which may affect future measurement and recognition of key statements of profit and loss and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items, may differ. Changes to Australian Accounting Standards issued by the AASB, or changes to commonly held views on the application of those standards, could materially adversely affect the financial performance and position reported in the Company's consolidated financial statements.

(e) Inflation rates

Higher than expected inflation rates could lead to increased development and/or operating costs. If such increased costs cannot be offset by increased sources of capital or potential revenue, this could impact the Company's future financial performance.

(f) Interest rates

The Company does not currently have any material debt. If the Company borrows money in the future, it will be exposed to increases in interest rates which would increase the cost of servicing the Company's debts.

(g) Other risks

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares to be issued under this Offer Booklet.

Shareholders and other investors are recommended to consult their stockbroker, accountant or other professional adviser before deciding whether to apply for New Shares pursuant to this Offer Booklet.

5 Additional Information

5.1 Reconciliation

- (a) In any entitlement offer, shareholders may believe that they own more Shares on the Record Date than they ultimately do. This may result in a need for reconciliation to ensure all Eligible Shareholders have the opportunity to receive their full Entitlement.
- (b) The Company may need to issue a small quantity of additional New Shares to ensure all Eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Entitlement Offer Price.
- (c) The Company also reserves the right to reduce the Entitlement or the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees/custodians fail to provide information requested to substantiate their Entitlement claims, or if they are not Eligible Shareholders.

5.2 Continuous Disclosure

- (a) The Company is a “disclosing entity” under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.
- (b) The Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Shares. That information is available to the public from ASX and can be accessed at www.asx.com.au. Shareholders are recommended to monitor any such information before, and throughout, the Offer Period.

5.3 Taxation

Taxation implications of participating in the Offers will vary depending on the particular circumstances of individual Eligible Shareholders. Eligible Shareholders are advised to obtain their own professional taxation advice before making a decision in relation to the Offers.

5.4 Directors' interests

The relevant interest of each of the Directors in the securities of the Company as at 27 June 2024 (being the latest practicable date prior to the date of this Offer Booklet) was as follows:

Director	Shares	Options
Jim McKerlie	96,727	10,363
Peter Schubert	2,408,460	706,666
Paul White	513,370	183,708
Simon Wandke	33,509	5,000
Dr Carmen Letton	89,090	9,545

Note: The table above does not include any New Shares that the Directors may apply for under the Offers. The Directors' interests may be held directly or indirectly through associated entities or trusts. The options are exercisable at various prices and at a variety of dates. Refer to the list of the Company's unquoted options in Section 3.4.

As at the date of this Offer Booklet, all directors, the CEO and the CFO have each indicated that they each intend to take up some or all of their Entitlements under the Entitlement Offer.

5.5 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHES**). CHES is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHES, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including the New Shares issued under this Offer Booklet. If an investor is broker sponsored, APSL will send a CHES statement.

The CHES statement will set out the number of New Shares issued to an investor under this Offer Booklet, provide details of their holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub-register, your statement will be dispatched by the Registry and will contain the number of New Shares issued to you under this Offer Booklet and your security holder reference number.

A CHES statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

5.6 Governing law

This Offer Booklet, the Offers, and the contracts formed on acceptance of the Offers are governed by the laws in force in New South Wales.

Any dispute arising out of, or in connection with this Offer Booklet or the Offers will be determined by the courts of New South Wales. By accepting the Offers, you agree to submit to the non-exclusive jurisdiction of the courts in New South Wales.

6 Glossary

\$ means the lawful currency of the Commonwealth of Australia.

Applicant means a person who submits an Application Form.

Application means an application for New Shares which is offered under this Offer Booklet.

Application Form means, in respect of the Offers, an Application Form (personalised or otherwise), which accompanies this Offer Booklet with respect to the Offers to which it relates (including any electronic form provided by an online Application facility).

Application Monies means the total subscription amount to be paid by an Applicant for New Shares at the Entitlement Offer Price.

ASPL means ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX.

ASIC means the Australian Securities and Investments Commission.

Associated Offer Announcements means the announcements released to the ASX by Magnetite Mines on 20 June 2024.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except any day that ASX declares is not a business day.

CHESS means the Clearing House Electronic Subregister System operated by ASPL.

Closing Date means the date on which the Entitlement Offer closes, being the date specified as such in the timetable set out in the 'Key Dates' section of this Offer Booklet (unless extended or closed early).

Computershare or **Registry** means the share registry for the Company, being Computershare Investor Services Pty Limited ACN 078 279 277.

Constitution means the constitution of the Company as at the date of this Offer Booklet.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors means the directors of the Company as at the date of this Offer Booklet.

Eligible Shareholders are the Shareholders determined in accordance with Section 2.3.

Entitlements means the right to subscribe for 1 New Share for every 6 Shares held by an Eligible Shareholder on the Record Date, pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to it in Section 1.

Entitlement Offer Price means \$0.31 per New Share.

Ineligible Shareholders means those Shareholders who are not Eligible Shareholders.

Magnetite Mines or **Company** means Magnetite Mines Limited ACN 108 102 432.

New Share means a Share to be issued under the Entitlement Offer or the Shortfall Offer.

Offer Booklet means this Entitlement Offer Booklet.

Offer Period means the period between the Opening Date and the Closing Date.

Offers means the Entitlement Offer and the Shortfall Offer.

Official Quotation means official quotation on ASX.

Opening Date means the date on which the Entitlement Offer opens, being the date specified as such in the timetable set out in the 'Key Dates' section of this Offer Booklet.

Record Date means the record date for the Entitlement Offer specified in the timetable set out in the 'Key Dates' section of this Offer Booklet.

Section means a section of this Offer Booklet.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shortfall Offer has the meaning given to it in Section 2.2.

Shortfall Shares has the meaning given to it in Section 2.2.

US Securities Act means the US Securities Act of 1933, as amended.

VWAP means volume weighted average price.

Corporate Directory

<p>Directors</p> <p>Jim McKerlie <i>Non-executive Chairman</i></p> <p>Peter Schubert <i>Non-executive Director</i></p> <p>Paul White <i>Non-executive Director</i></p> <p>Simon Wandke <i>Non-executive Director</i></p> <p>Dr. Carmen Letton <i>Non-executive Director</i></p>	<p>Registered Office Level 3, 30 Currie Street Adelaide, SA 5000</p> <p>Shareholder Enquiries Contact Computershare Telephone: 1300 850 505</p> <p>Website: https://magnetitemines.com/</p> <p>Principal place of business Level 3, 30 Currie Street Adelaide, SA 5000</p>
<p>Joint Company Secretaries</p> <p>Inthu Siva</p> <p>Simon Smith</p>	<p>Registry Computershare Investor Services Pty Limited Level 17 221 St Georges Terrace Perth WA 6000</p>
<p>Legal adviser</p> <p>Mills Oakley Level 7 151 Clarence Street Sydney NSW 2000</p>	<p>Magnetite Mines Offer Information Line</p> <p>Within Australia: 1300 850 505 Outside Australia: +61 3 9415 4000</p> <p>Operating hours: 8.30am to 5.00pm (AEST) Mon – Friday until the Closing Date.</p>
<p>ASX Code</p> <p>MGT</p>	<p>Entitlement Offer website</p> <p>www.computersharecas.com.au/mgtoffer</p>