



Magnetite Mines Limited
ACN 108 102 432

PROSPECTUS

This Prospectus relates to:

- the offer of up to 20,935,922 Shares and up to 10,467,961 Options to Eligible Shareholders under a pro rata renounceable rights issue, representing three New Shares for every eleven Shares held on the Record Date at an issue price of \$0.30 per New Share, together with one free attaching Option for every two New Shares subscribed under the Rights Issue, to raise up to approximately \$6.2 million; and
- the Shortfall Offer described in Section 3.2.

The Rights Issue is partially underwritten to an amount of \$3 million.

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES

Important Notice

Prospectus

This Prospectus is issued by Magnetite Mines Limited ACN 108 102 432 (**Magnetite Mines** or **Company**) and relates to:

- o the offer of up to 20,935,922 Shares and up to 10,467,961 Options to Eligible Shareholders under a pro rata renounceable rights issue, representing three New Shares for every eleven Shares held on the Record Date at an issue price of \$0.30 per New Share, together with one free attaching Option for every two New Shares subscribed under the Rights Issue; and
- o the Shortfall Offer described in Section 3.2.

(together, the **Offers**).

This Prospectus is dated 26 October 2023 and was lodged with ASIC and ASX on that date. None of ASIC and ASX, or their respective officers, take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares or Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company intends to apply to ASX for Official Quotation of the New Shares and attaching Options offered pursuant to this Prospectus within 7 days of the date of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. New Shares and Options allotted and issued pursuant to this Prospectus will be allotted and issued on the terms and conditions set out in this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities, and options to acquire continuously quoted securities (as defined in the Corporations Act), and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all information that is generally required to be included in a document of this type. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

No Representation other than in this Prospectus

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

Prospectus does not contain investment advice

The information provided in this Prospectus is not investment advice and it has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for New Shares and/or Options and consider the risks that could affect the performance of the New Shares and Options as set out in Section 7 of this Prospectus.

If you are in any doubt about whether to participate in the Offers, you should seek advice from your financial, taxation or other professional adviser before participating.

Accessing the Prospectus and an Application Form

This Prospectus will be issued in electronic format only.

A copy of this Prospectus and a personalised Application Form will be available from the opening date of the Rights Issue, expected to be 2 November 2023, by logging in to the Company's share registry Investor Portal at www.computersharecas.com.au/mgttri. Prior to that date a copy of the Prospectus (with no personalised Application Form) is available for viewing at the Company's website www.magnetitemines.com or from the ASX website, www.asx.com.au (ASX ticker code: MGT).

If you access a copy of this Prospectus electronically you should ensure that you read the entire Prospectus before making any Application.

Eligible Shareholders will only be able to accept the Offers by completing the personalised Application Form which accompanies this Prospectus at <http://www.computersharecas.com.au/mgttri>, and by making payment using BPAY® (refer to Section 3.5 of this Prospectus for further information) or, for New Zealand residents only, by electronic funds transfer (refer to Section 3.6 of this Prospectus for further information).

The Company reserves the right not to accept an Application Form from a person that is not eligible to participate in a particular offer being made under this Prospectus or if it has reason to believe that when that person was given access to the Application Form, a copy of the electronic Prospectus together with any relevant supplementary or replacement prospectus was not made available, or any of those documents were incomplete or altered.

Key risks

Potential investors should be aware that subscribing for New Shares and/or Options in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares and Options in the future. Investors should consider consulting their professional advisers before deciding whether to apply for New Shares or Options under this Prospectus.

Website

No document or information on the Company's website is incorporated by reference into this Prospectus.

Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of the Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (TMD) as set out on the Company's website (<https://magnetitemines.com>) and accompanying the electronic Prospectus at <http://www.computersharecas.com.au/mgtrri>. By completing an Application Form under the Offers, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

Privacy

The Company collects information about each applicant provided on an Application Form for the purposes of processing the application, and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Registry, the Company's related bodies corporate, agents, contractors and third-party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1900* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

If an Applicant becomes a securityholder of the Company, the Corporations Act requires the Company to include information about the security holder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a security holder of the Company. Information contained in the Company's registers is also used to facilitate corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under the law. A fee may be charged for access. Access requests must be made in writing to the Company's registered offices.

Rounding

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

Definitions

Throughout this Prospectus, for ease of reading, various words and phrases have been defined rather than used in full on each occasion. Please refer to the Glossary in Section 9 of this Prospectus for a list of defined terms.

Restrictions of foreign jurisdictions

This Prospectus 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 Prospectus.

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

This Prospectus 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 Prospectus 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 and Options to be offered and sold under the Rights Issue 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 and Options 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.

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

Shareholders resident in New Zealand

The New Shares and Options 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 and Options under the Offers is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

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.

Financial information and forward-looking statements

This Prospectus 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 Prospectus, 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 Prospectus 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 Prospectus, 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 7.

Taxation implications

The Directors do not consider it appropriate to provide Eligible Shareholders advice regarding the taxation consequences of applying for New Shares or Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to you. As a result, you should consult your own professional tax adviser in connection with applying for New Shares or Options under this Prospectus.

Enquiries

If you have any questions in relation to how to participate in the Rights Issue after reading this Prospectus, 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 (Sydney time), Monday to Friday, until the Closing Date.



26 October 2023

Dear Shareholder,

Magnetite Mines Limited – Capital Raising

On behalf of the Directors of Magnetite Mines Limited (**Magnetite Mines** or **Company**), in accordance with the terms of this Prospectus, I am pleased to invite Eligible Shareholders to participate in a pro rata renounceable rights issue of three New Shares for every eleven Shares held on the Record Date at an issue price of \$0.30 per New Share, together with one free attaching Option for every two New Shares subscribed for (**Rights Issue**). Each Option will be issued with an exercise price of \$0.45 and will be exercisable on or before the date that is 18 months after the date of issue of the Option. The Company will apply for quotation of the Options on ASX meaning that they will be tradeable following their issue.

Eligible Shareholders will also have the ability to apply for additional New Shares, together with free attaching Options under the Shortfall Offer. The Shortfall Offer comprises an offer of New Shares, together with free attaching Options, that were not subscribed for by Eligible Shareholders under the Rights Issue.

The issue price of the New Shares represents a 25.9% discount to the closing price of the Shares on 25 October 2023, the last day on which the Shares traded on ASX before the announcement of the Rights Issue, and a 22.4% discount to the 15 day volume weighted average price of the Shares on ASX up to and including that date. The Rights Issue and the Shortfall Offer allow Eligible Shareholders to subscribe for New Shares, together with attaching Options, without incurring brokerage or transaction costs. The Rights Issue is renounceable, meaning that Eligible Shareholders are able to renounce their rights and seek to trade those rights on ASX during the Rights Trading Period commencing on 30 October 2023 and ending on 9 November 2023. The Company cannot guarantee that there will be any market or value in trading the rights.

Shareholders may apply for New Shares under the Rights Issue from 2 November 2023 by accessing a copy of this Prospectus by logging in to www.computersharecas.com.au/mgtrri and accessing a personalised Application Form and paying the subscription amount for New Shares by BPay® or, if you are a resident of New Zealand, by electronic funds transfer.

The Rights Issue aims to raise up to approximately \$6.2 million and is partially underwritten to an amount of \$3 million by Mahe Capital.

All Magnetite Mines Directors, the CEO and CFO intend to participate in full or in part in the Rights Issue.

Background to, and purpose of, the Capital Raising

Magnetite Mines is 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 ore¹ 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.

¹ References in this letter to Mineral Resources and Ore reserves relate to the Company's Mineral Resources Statement for its magnetite projects released on ASX on 9 February 2023, and subsequent market releases. The Company is not aware of any new information or data that materially affects the information contained in those market releases and, in the case of estimates of mineral resources and ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market releases continue to apply and have not materially changed.

The previous decision to optimise the size of the Razorback development project to at least 5 million tonnes per year output was the right one given the new global economic and market conditions that are being experienced. This was a forward thinking decision by our new Board, and we believe that it will deliver significantly more value in the long term with greater certainty to our shareholders.

Building on the work already undertaken, the Company made significant progress in 2022 and 2023 with a number of critical project milestones achieved and we have a clear pathway ahead, which is what the new funds to be raised under the Offers will be used to achieve.

The reason your Board believes that the right decision was made is based on the following trends and market developments:

- The demand for steel has historically risen, and is forecast to continue rising into the future.²
- Decarbonising steel making is essential to tackle climate change and challenging carbon reduction targets have been set by steel makers and governments globally.
- The transition away from coal has commenced with steelmakers making investment decisions for replacement technologies that will use natural gas or green hydrogen instead of coal for iron ore reduction.
- Low carbon steel making technologies, particularly the production of direct reduced iron (DRI), requires high-grade, low-impurity iron ore such as magnetite concentrates.
- Direct-shipping hematite iron ores, such as those currently exported from the Pilbara, are lower grade and not commercially viable for use in currently available low carbon steel making processes.
- Seaborne DR-grade iron ore supply is currently rare and analysts currently predict a supply gap of 200 million tonnes per year by 2050.³
- Magnetite Mines' Razorback Project is being positioned to meet this new demand and, with 4.5 billion tonnes in Mineral Resources including 2 billion tonnes in Ore Reserves, has the potential to become a very long life iron ore mine.
- An initial estimated capacity at the Razorback Project of 5 million tonnes per year, with the potential to double and beyond, minimises execution risk with respect to the project and provides a relevant supply volume for the emerging demand.
- Regional steel makers from Japan, Korea, Taiwan, China and India are seeking locations where high-grade iron ore will co-exist with low-cost green hydrogen production for future DRI production ('green iron').
- South Australia has the potential to develop a green iron industry with the possibility for several green iron "hubs" to emerge including at Whyalla and Port Pirie, both adjacent to Australia's first Green Hydrogen Energy Hub announced recently by the Prime Minister and the South Australian Premier⁴.

The Company believes these factors create an unprecedented opportunity for Magnetite Mines to become a major iron ore player with a very long life mine in South Australia. However, capital is needed to continue the development of the project.

Our objective is to attract one or more regional steel makers or trading groups that will partner with MGT to complete the necessary project studies and develop the mine. Several such organisations

² <https://worldsteel.org/steel-topics/statistics/world-steel-in-figures-2023/>

³ <https://www.woodmac.com/horizons/metalmorphosis-how-decarbonisation-is-transforming-the-iron-and-steel-industry/>

⁴ <https://www.premier.sa.gov.au/media-releases/news-items/port-bonython-hydrogen-hub-to-boost-australias-hydrogen-industry>

are currently accessing our detailed project data under confidentiality agreements and we are having meaningful conversations with them, although no transaction is guaranteed.

The proceeds from the Rights Issue and Shortfall Offer will be utilised to:

- finalise and lodge a Mining Lease Proposal (MLP) for the Razorback Project with South Australia's Department for Energy and Mining. A Mining Lease gives the Company the exclusive right to conduct mining operations and sell the minerals, and is a critical step on our path to a partnering agreement and financial investment decision;
- complete value engineering work currently in progress aimed at identifying significant operating and capital cost reductions for the project;
- contribute to funds already allocated for the repayment of the Mintech Convertible Note, which the Company has elected to repay in full and not to convert to Magnetite Mines Shares at the current share price which the Board considers to be undervalued; and
- provide general working capital and to cover costs associated with the Offer.

Eligibility to participate in the Rights Issue

Participation in the Rights Issue is open to Eligible Shareholders who, at 7.00pm (AEDT) on 31 October 2023, are entered in Magnetite Mines' share register as a holder of Shares and whose address in Magnetite Mines' share register is in Australia or New Zealand, and who are not in the United States or acting for the account or benefit of persons in the United States.

The Rights Issue is expected to open on 2 November 2023 and it will close at 5.00pm (AEDT) on 16 November 2023 (unless extended).

Further information and Risks

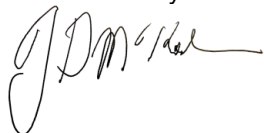
This Prospectus contains further information about the Rights Issue, including its terms and conditions. The terms and conditions set out the relevant criteria for determining eligibility to participate in the Rights Issue as well as rules relating to applications for New Shares, together with attaching Options, under the Rights Issue. The Board recommends that you read this Prospectus in conjunction with Magnetite Mines' continuous disclosure notices on ASX (at www.asx.com.au, ASX ticker code: MGT), including the ASX announcement and Investor Presentation lodged at the time of the announcement of the Rights Issue on 26 October 2023.

Before deciding whether or not to participate in the Rights Issue, Shareholders should carefully read the risks set out in Section 7 of this Prospectus. There is also a risk that the market price of the Shares may rise or fall between the date of this Prospectus and the time of issue of the New Shares under this Prospectus. This means that the price you pay for the New Shares issued to you may be less than, or more than, the market price of Shares at the date of this Prospectus or the time of issue.

If you have any questions in relation to how to participate in the Rights Issue after reading this Prospectus, 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 (Sydney time), 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

2 Timetable and Summary of Offers

2.1 Timetable

Event	Date
Announcement of Rights Issue Lodgment of Prospectus with ASIC and ASX	Thursday, 26 October 2023
Ex-date for Rights Issue Rights trading commences on a deferred settlement basis	Monday, 30 October 2023
Record date to determine Rights (Record Date)	7.00pm on Tuesday, 31 October 2023
Prospectus and personalised Application Form made available at www.computersharecas.com.au/mgtrri Rights Issue opens (Opening Date)	Thursday, 2 November 2023
Rights trading ends	Thursday, 9 November 2023
Rights Issue closing date for applications (Closing Date)	5.00pm on Thursday, 16 November 2023
Announcement of results and shortfall (if any) under the Rights Issue New Shares and Options start trading on ASX on a deferred settlement basis	Wednesday, 22 November 2023
Issue and allotment of New Shares, together with attaching Options	Thursday, 23 November 2023
Commencement of trading of New Shares and Options on ASX on a normal settlement basis Dispatch of holding statements	Friday, 24 November 2023
Last date to issue Shortfall Shares (see Section 3.2)	Friday, 16 February 2024

*** 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 Rights Issue (either generally or in particular cases), and to withdraw or vary the Rights Issue without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of Shares and Options. All times are to Australian Eastern Daylight Savings Time (AEDT).*

2.2 Investment overview and summary of Offers

You should read this Section in conjunction with the details of the Offers set out in Section 3 of this Prospectus.

Key Offer details	Summary	Further information
Rights Issue	<p>The Rights Issue is being made as a pro rata renounceable entitlement offer to acquire three New Shares for every eleven Shares held on the Record Date at an issue price of \$0.30 per New Share, together with one free attaching Option for every two New Shares subscribed, to raise up to approximately \$6.2 million.</p> <p>Each Option will be issued with an exercise price of \$0.45 and is exercisable on or before the date that is 18 months after the date of issue of the Options.</p> <p>Any fractional entitlements to New Shares or Options will be rounded down to the nearest whole number.</p> <p>The purpose of the Rights Issue and the intended use of the funds raised are set out in Section 4 of this Prospectus.</p>	Section 3, Section 4
Purpose of the Rights Issue	<p>The proceeds from the Rights Issue (net of costs of the Rights Issue) will be utilised to finalise and lodge the Mining Lease Proposal for the Razorback project in South Australia. In addition, the Company's funds raised will be used to support the advancement of value engineering work and to contribute to funds already allocated for the repayment of the Mintech convertible note, as well being used for general working capital.</p>	Section 4.1
Eligible Shareholders of Rights Issue and Shortfall Offer	<p>Eligible Shareholders are eligible to participate in the Rights Issue and Shortfall Offer, being shareholders who:</p> <ol style="list-style-type: none">(1) were a registered holder of Shares at 7.00pm (Sydney time) on the Record Date, being 31 October 2023;(2) have a registered address in either Australia or New Zealand; and(3) are not in the United States and are not acting for the account or benefit of a person in the United States.	Section 3.3
Rights Issue Price	<p>The Rights Issue Price for the New Shares is \$0.30 per New Share.</p> <p>The Rights Issue Price represents a 25.9% discount to the closing price of the Shares on 25 October 2023, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and a 22.4% discount to the 15 day VWAP of the Shares on ASX up to and including that date.</p> <p>There is a risk that the market price of the Shares may rise or fall between the date of this Prospectus and the time of</p>	Section 3.1

Key Offer details	Summary	Further information
	<p>issue of New Shares under the Rights Issue. This means that the price you pay for the New Shares issued to you may be less than, or more than, the market price of Shares at the date of this Prospectus or the time of issue.</p> <p>Your application is unconditional and may not be withdrawn even if the market price of Shares is less than the Rights Issue Price.</p> <p>The Options are offered to participants in the Rights Issue for nil consideration on the basis of one Option for every two New Shares subscribed for under the Rights Issue.</p>	
Shortfall Offer	<p>The Shortfall Offer provides participants in the Rights Issue the opportunity to apply for additional New Shares, together with free attaching Options, that were not subscribed for by Eligible Shareholders under the Rights Issue.</p> <p>The New Shares, together with attaching Options, offered under the Shortfall Offer will be issued at the discretion of the Company and on the same terms and conditions (including Rights Issue Price) as the New Shares and attaching Options under the Rights Issue.</p> <p>If the New Shares are not fully subscribed by Eligible Shareholders under the Shortfall Offer, the Company reserves the right to place those New Shares (together with free attaching Options) within 3 months of the close of the Rights Issue to sophisticated or professional investors identified by the Company, subject to compliance with the ASX Listing Rules.</p>	Section 3.2
Participation and key risks	<p>If you are in any doubt as to what action you should take regarding the Rights Issue or the Shortfall Offer, Magnetite Mines recommends you seek independent financial advice from your stockbroker, accountant or other professional adviser. Before making any application for New Shares and attaching Options you should consider the key risks facing Magnetite Mines' business and the key risks of investing in Shares and Options that are set out in Section 7 of this Prospectus. Some of those key risks include:</p> <ul style="list-style-type: none"> • future capital needs and additional funding • resource estimation risk • operating and project costs • commodity and price volatility and exchange rate risks • specific risks relating to the Company's Razorback project <p>If you do not wish to participate in the Rights Issue, you need not take any further action.</p>	Section 7

Key Offer details	Summary	Further information
Rights Trading	<p>The Rights Issue is renounceable which means that if you do not want to participate in the Rights Issue, or if you only wish to take up some of your Rights, provided your Shares are held on the CHESS sub-register, you may trade your remaining Rights on ASX by contacting an ASX market participant (your stockbroker). Rights trading is scheduled to commence on 30 October 2023 on a deferred settlement basis, and will end on 9 November 2023.</p> <p>The Company does not guarantee that there will be any market or value in trading the Rights.</p>	Section 3.1
How to apply under the Rights Issue and Shortfall Offer	<p>You may apply for New Shares and Options under the Rights Issue and Shortfall Offer, by reviewing a copy of this Prospectus at the Registry's investor portal at www.computersharecas.com.au/mgtrri, and by following the directions on the Application Form and making payment directly from an Australian bank account by BPAY® or, if you are resident in New Zealand, by making payment by electronic funds transfer (EFT).</p> <p>Your payment must be received by the Registry prior to the close of the Rights Issue at 5.00pm (Sydney time) on 16 November 2023 (unless extended).</p>	Sections 3.4, 3.5 and 3.6
Rights and liabilities attached to New Shares	<p>New Shares issued under the Rights Issue will rank equally with all other Shares on issue.</p> <p>Details on the rights and liabilities attaching to Shares (including the New Shares) is set out in Section 5 of this Prospectus.</p>	Section 5
Rights and liabilities attached to Options	<p>Options issued under this Prospectus have the rights and liabilities set out in Section 6.</p> <p>The Company will seek quotation of the Options on ASX.</p>	Section 6
Is the Rights Issue underwritten?	<p>The Offer is partially underwritten to an amount of \$3 million by Mahe Capital.</p> <p>A summary of the material terms of the underwriting agreement between the Company and Mahe Capital are set out in Section 8.8.</p>	Section 3.12 and Section 8.8
Issue of Shares and Options	<p>The New Shares and attaching Options offered under the Rights Issue and Shortfall Offer are expected to be issued on or around 23 November 2023.</p> <p>Holding statements for the New Shares and attaching Options issued under the Rights Issue and Shortfall Offer are expected to be despatched to participants on or around 24 November 2023.</p>	Section 3.14
How will the Offers impact existing securities on issue?	<p>Assuming the Rights Issue is fully subscribed, following completion of the Rights Issue the Company will have a total of 97,700,971 Shares, 4,593,908 unquoted Options, 10,467,961 quoted Options and 125,000 Performance Rights on issue.</p>	Section 4.3

Key Offer details	Summary	Further information
What will be the effect of the Offer on control of the Company?	<p>The effect of the Offer on control of the Company will vary with the level of Rights taken up by Eligible Shareholders and the number of Shortfall Shares acquired or placed in the Shortfall Offer.</p> <p>No Shareholder is expected to, and no Shareholder will be entitled to, increase their voting power above 20% as a result of the Offer.</p>	Section 4.4
More information	<p>If you have any questions in relation to how to participate in the Rights Issue or the Shortfall Offer please contact 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 (AEDT), Monday to Friday, until the Closing Date. Alternatively, you can access a copy of this Prospectus online on the Registry's investor portal at www.computersharecas.com.au/mgtrri.</p> <p>If you have any questions in relation to whether an investment in Magnetite Mines through the Rights Issue and Shortfall Offer is appropriate for you, please contact your stockbroker, accountant or other professional adviser.</p>	

3 Details of the Offers

3.1 Rights Issue

The Rights Issue is being made as a pro rata renounceable rights issue to existing Shareholders of three New Shares for every eleven Shares held on the Record Date at an issue price of \$0.30, together with one free attaching Option for every two New Shares subscribed for, to raise up to approximately \$6,280,777 (subject to the rounding of fractions and entitlements to New Shares).

Each Option will be issued with an exercise price of \$0.45 and is exercisable on or before the date that is 18 months after the date of issue of the Options.

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

Based on the capital structure of the Company as at the date of this Prospectus, up to 20,935,922 New Shares and up to 10,467,961 free attaching Options will be issued pursuant to the Rights Issue.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5 for further information regarding the rights and liabilities attaching to the Shares.

All of the Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6. All Shares issued on conversion of the Options will rank equally with the Shares on issue at the date of this Prospectus.

If all of the Options are exercised the Company will receive approximately \$4.7 million in additional funds. However, the exercise of Options is entirely at the discretion of the holder and is likely to depend on the share price of the Company prior to the expiry date of the Options.

The purpose of the Rights Issue and the intended use of funds raised are set out in Section 4.1.

The Rights Issue is renounceable which means that if you do not want to participate in the Rights Issue, or if you only wish to take up some of your Rights, provided you hold your Shares on the CHESS sub-register you may trade your remaining Rights on ASX by contacting an ASX market participant (your stockbroker). Rights trading is scheduled to commence on 30 October 2023 on a deferred settlement basis, and will end on 9 November 2023. The Company does not guarantee that there will be any market or value in trading the rights. It is the responsibility of purchasers of Rights to inform themselves of the eligibility criteria for the exercise of the Rights. If holders of Rights after the end of the Rights Trading Period do not meet the eligibility criteria, they will not be able to exercise the Rights.

3.2 Shortfall Offer

Any New Shares and attaching Options not taken up pursuant to the Rights Issue (including any Rights of Ineligible Shareholders not able to be sold by the Company's nominee) will form the Shortfall Offer (**Shortfall Shares**). The Shortfall Offer is a separate offer made pursuant to this Prospectus.

The Shortfall Shares will first be made available for subscription to Eligible Shareholders. If all Shortfall Shares are not subscribed for by Eligible Shareholders the Company reserves the right to place those Shares (together with free attaching Options) 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 and free attaching Options) under the Shortfall Offer are the same as those for the Rights Issue.

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.

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.

3.3 Eligibility

Rights Issue

Only Eligible Shareholders may participate in the Rights Issue.

'Eligible Shareholders' for the purpose of the Rights Issue are Shareholders who:

- (a) were a registered holder of Shares at 7.00pm (AEDT) on the Record Date, being 31 October 2023;
- (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 due to the low number of overseas shareholders and the cost of complying with regulatory requirements the Rights Issue will not be made available to Shareholders who are residents in jurisdictions outside Australia and New Zealand. Accordingly, the Rights Issue 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**).

For the purposes of ASX Listing Rule 7.7.1(c), the Company has appointed the Underwriter as its nominee to arrange for the sale of the Ineligible Shareholders' Rights and to account to them for the net proceeds of the sale (if any). There is no guarantee that there will be any value or market for the Rights, or that the Underwriter will be able to trade them on ASX. If any proceeds of sale are realised they will be distributed to the Ineligible Shareholders for whose benefit the Rights have been sold in proportion to their shareholdings as at the Record Date (after deduction of the costs of sale).

Participation in the Rights Issue is optional and is subject to the terms and conditions set out in this Prospectus.

Shortfall Offer

The Shortfall Offer will initially only be extended to Eligible Shareholders who make an application for their full entitlement under the Rights Issue.

To apply for Shortfall Shares under the Shortfall Offer, follow the instructions set out in Section 3.4 below.

Participation in the Shortfall Offer is optional and is subject to the terms and conditions set out in this Prospectus.

If Eligible Shareholders do not subscribe for all Shortfall Shares available under the Shortfall Offer, the Board reserves the right to place the balance of the Shortfall Shares (together with attaching Options) to sophisticated and professional investors within three months of the Closing Date, subject to compliance with the ASX Listing Rules. Any such offer will not count towards the Company's placement capacity under ASX Listing Rule 7.1 or ASX Listing Rule 7.1A.

3.4 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/mgtrri (**Offer Website**) once a copy of this Prospectus 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 Rights:***
 - (i) complete the Application Form at the Offer Website for all of your Rights; 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 3.5 or 3.6 below; or
- (b) ***if you wish to accept and take up all of your Rights and also apply for Shares under the Shortfall Offer:***
 - (i) complete the Application Form at the Offer Website for all of your Rights and the number of Shortfall 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 3.5 or 3.6 below; or
- (c) ***if you wish only to accept and take up part of your Rights:***
 - (i) complete the Application Form at the Offer Website for the number of Rights 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 3.5 or 3.6 below; or
- (d) ***if you do not wish to accept and take up any of your Rights, and you wish to sell all of your Rights:***
 - (i) if you hold your Shares on the CHESS sub-register you may trade your Rights on ASX by contacting your ASX market participant (your stockbroker) and instructing them to sell your Rights; or
 - (ii) if you hold your Shares on the issuer sponsored sub-register, you must renounce and transfer your Rights to another person by contacting the Registry on the Magnetite Mines Information Line and obtaining a Renunciation Form, completing that Renunciation Form and sending it to the Registry before the Closing Date; or
- (e) ***if you wish to accept part of your Rights and sell the balance:***
 - (i) for the Rights that you wish to accept, complete the Application Form at the Offer Website for the number of Rights you wish to take up and 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 3.5 or 3.6 below;
 - (ii) for the Rights that you wish to sell, follow the instructions in paragraph (d) above;
- (f) ***if you do not wish to accept and take up all or part of your Rights, and you do not wish to sell any of your Rights, you are not obliged to do anything and your Rights will lapse.***

3.5 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 Rights in full, you are deemed to have taken up your Rights 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 Rights 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 and attaching Options 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 (AEDT) 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.

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

For New Zealand residents, you may pay by 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 Rights in full, you are deemed to have taken up your Rights 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 Rights 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 and attaching Options 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 (AEDT) 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 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.

3.7 Application for Shortfall Offer

To apply for Shortfall Shares under the Shortfall Offer, follow the instructions set out in the Application Form and pay the Application Monies in accordance with Section 3.4(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.

3.8 Implications on acceptance

By completing an Application Form or paying any Application Monies, you will be taken to have acknowledged and represented to the Company and the Underwriter that:

- (a) you are bound by the terms of the Offers and this Prospectus;

- (b) you have reviewed a copy of this Prospectus and the accompanying Application Form and read them both in their entirety;
- (c) the Application Form may not be varied or withdrawn by you except as required by law;
- (d) the Application Form does not need to be signed to be a valid application and the Directors' decision on whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final;
- (e) you are eligible to be offered the New Shares and attaching Options in accordance with all applicable laws, and any acceptance by you on your own behalf or in respect of any person for which you are acting complies with all applicable law;
- (f) the New Shares have not, and will not be, registered under the securities laws in any jurisdiction outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws, in particular the US Securities Act;
- (g) you authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares and attaching Options to be issued to you, including to act on instructions of the Registry and use any contact details set out in the Application Form or held on record by the Registry; and
- (h) you agree to be bound by the provisions of the Constitution (as amended and as it may be amended from time to time in the future), and the terms and conditions of the issue of the Options set out in Section 6.

3.9 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>.

3.10 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 and attaching Options under this Prospectus.

3.11 No minimum subscription and oversubscription

There is no minimum subscription under the Rights Issue.

If the Company receives Applications for an amount that exceeds the full subscription amount, the Company reserves the right to use its available placement capacity under Chapter 7 of the ASX Listing Rules to accept those Applications and to issue additional New Shares and attaching Options on the same terms as the Offers. Any such issue of additional New Shares and attaching Options will be made under, and in accordance with, this Prospectus.

3.12 Underwriting

The Rights Issue is partially underwritten to an amount of \$3 million by Mahe Capital.

A summary of the material terms of the underwriting agreement are set out in Section 8.8.

3.13 ASX quotation

An application for Official Quotation of the New Shares and Options offered pursuant to this Prospectus will be made to ASX within 7 days after the date of this Prospectus.

If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Shares (or attaching Options) and it will refund all Application Monies received under the Rights Issue within the time prescribed under the Corporations Act, without interest.

If the Company does not receive sufficient Applications to meet the requirements for Official Quotation of a second class of securities (being the Options) under the ASX Listing Rules or ASX does not grant Official Quotation of the Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such other period as varied by the ASIC), the Company will not issue any Options and it will refund all Application Monies received for the Options (which will be \$nil as they are free attaching Options) within the time prescribed under the Corporations Act, without interest, however the Company may continue with the issue of New Shares without the Options, or may, subject to compliance with applicable law, issue Options that are not quoted on ASX.

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

3.14 Issue

New Shares, and attaching Options issued pursuant to the Offers under this Prospectus are expected to be issued on or around 23 November 2023 in accordance with the ASX Listing Rules.

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

3.15 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 Prospectus.

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 Rights Issue is not being extended, and the New Shares (and attaching Options) will not be issued to, any Shareholders with a registered address which is outside Australia or New Zealand, including in a circumstance where a person outside Australia or New Zealand acquires Rights through trading on ASX.

The New Shares and attaching Options 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 and attaching Options under the Offers are being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

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.

3.16 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offers summarised in Section 3.15 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 persons whose registered address is not in Australia or New Zealand 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 3.15 above.

3.17 Inconsistency

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

4 Purpose and effect of the Capital Raising

4.1 Purpose of the Capital Raising and use of funds

Magnetite Mines is aiming to raise up to approximately \$6.2 million under the Rights Issue (and Shortfall Offer) (before costs). The Rights Issue is partially underwritten to an amount of \$3 million by Mahe Capital, meaning that subject to no prior termination of the underwriting agreement (see Section 8.8 for further details) the Company should raise at least \$3 million under the Offers.

The previous decision of the Board to optimise the size of the Razorback development project to at least 5 million tonnes per year output was the right one given the new global economic and market conditions that are being experienced. This was a forward thinking decision by the new Board, and we believe that it will deliver significantly more value in the long term with greater certainty to our Shareholders.

Building on the work already undertaken, the Company made significant progress in 2022 and 2023 with a number of critical project milestones achieved and the Company has a clear pathway ahead, which is what the new funds to be raised under the Rights Issue will be used to achieve.

The reason the Board believes that the right decision was made is based on the following trends and market developments:

- The demand for steel has historically risen, and is forecast to continue rising into the future.⁵
- Decarbonising steel making is essential to tackle climate change and challenging carbon reduction targets have been set by steel makers and governments globally.
- The transition away from coal has commenced with steelmakers making investment decisions for replacement technologies that will use natural gas or green hydrogen instead of coal for iron ore reduction.
- Low carbon steel making technologies, particularly the production of direct reduced iron (DRI), requires high-grade, low-impurity iron ore such as magnetite concentrates.
- Direct-shipping hematite iron ores, such as those currently exported from the Pilbara, are lower grade and not commercially viable for use in currently available low carbon steel making processes.
- Seaborne DR-grade iron ore supply is currently rare and analysts currently predict a supply gap of 200 million tonnes per year by 2050.⁶
- Magnetite Mines' Razorback Project is being positioned to meet this new demand and, with 4.5 billion tonnes in Mineral Resources including 2 billion tonnes in Ore Reserves, is set to become a very long life iron ore mine.⁷
- An initial estimated capacity at the Razorback Project of 5 million tonnes per year, with the potential to double and beyond, minimises execution risk with respect to the project and provides a relevant supply volume for the emerging demand.

⁵ <https://worldsteel.org/steel-topics/statistics/world-steel-in-figures-2023/>

⁶ <https://www.woodmac.com/horizons/metalmorphosis-how-decarbonisation-is-transforming-the-iron-and-steel-industry/>

⁷ Refer the Company's Mineral Resources Statement for its magnetite projects released on ASX on 9 February 2023, and subsequent market releases. The Company is not aware of any new information or data that materially affects the information contained in those market releases and, in the case of estimates of mineral resources and ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market releases continue to apply and have not materially changed.

- Regional steel makers from Japan, Korea, Taiwan, China and India are seeking locations where high-grade iron ore will co-exist with low-cost green hydrogen production for future DRI production ('green iron').
- South Australia has potential to develop a green iron industry with the possibility for several green iron "hubs" to emerge including at Whyalla and Port Pirie, both adjacent to Australia's first Green Hydrogen Energy Hub announced recently by the Prime Minister and the South Australian Premier.⁸

The Company believes these factors create an unprecedented opportunity for Magnetite Mines to become a major iron ore player with a very long life mine in South Australia. However, capital is needed to continue the development of the project.

The Company's objective is to attract one or more regional steel makers or trading groups that will partner with Magnetite Mines to complete the necessary project studies and develop the mine. Several such organisations are currently accessing our detailed project data under confidentiality agreements and we are having meaningful conversations with them.

The proceeds from the Rights Issue and Shortfall Offer will be utilised to:

- finalise and lodge a Mining Lease Proposal (MLP) for the Company's Razorback project with South Australia's Department for Energy and Mining. A Mining Lease gives the Company the exclusive right to conduct mining operations and sell the minerals, and is a critical step on our path to a partnering agreement and financial investment decision;
- complete value engineering work currently in progress aimed at identifying significant operating and capital cost reductions for the project;
- contribute to funds already allocated for the repayment of the Mintech Convertible Note, which the Company has elected to repay in full and not to convert to MGT Shares at the current share price which the Board considers to be undervalued; and
- provide general working capital and to cover costs associated with the Offer.

⁸ <https://www.premier.sa.gov.au/media-releases/news-items/port-bonython-hydrogen-hub-to-boost-australias-hydrogen-industry>

Item	Allocation (if \$3 million raised under Rights Issue and Shortfall Offer) (A\$m)	Allocation (if \$4.5 million raised under Rights Issue and Shortfall Offer) (A\$m)	Allocation (if Rights Issue and Shortfall Offer fully subscribed (\$6 million)) (A\$m)
Mining Lease Proposal application	\$1.67	\$1.67	\$1.67
Value Engineering	\$0.32	\$0.32	\$0.32
Working capital	\$0.73	\$1.14	\$1.58
Mintech loan note repayment*	-	\$1.00	\$1.97
Expenses of the Offers	\$0.28	\$0.37	\$0.46
Total	\$3.00	\$4.50	\$6.00

Notes:

All amounts are in A\$(million).

* As noted in the ASX announcement dated 23 August 2023, the Mintech Loan note repayment date has been extended to 31 March 2024 but remains subject to approval by the creditors of Mintech. Subject to the final amount raised under the Rights Issue, the Convertible Notes liability (\$1.97 million) will either be fully repaid via proceeds of the Rights Issue or will be settled using the proceeds raised from the Rights Issue and cash reserves or other forms of debt.

The use of proceeds table above is a statement of the proposed application of the funds to be raised under the Offers as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way the funds that are raised are applied.

General working capital includes amounts for ongoing corporate administration and operating costs (including directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs).

The estimated expenses of the Offers includes legal, ASX and Registry costs in connection with the Offers.

4.2 Effect of the Offers

The principal effect of the Offers will be to:

- increase the cash reserves of the Company by, at a minimum \$3 million (assuming the underwriting agreement is not terminated) and up to a maximum of approximately \$6.2 million (based on full subscription but subject to the rounding of fractional entitlements to New Shares), before deducting the costs of the Capital Raising;
- increase the number of Shares on issue as shown in Section 4.3 below; and
- assuming the Offers are fully subscribed, increase the number of Options on issue to 15,061,869 Options, of which 4,593,908 will be unquoted (in addition to the 125,000 performance rights that have been issued but have not yet been vested) and 10,467,961 will be quoted on ASX (subject to ASX approval of Official Quotation).

4.3 Effect on the Company's capital structure

The effect of the Capital Raising on the capital structure of Magnetite Mines, based on \$3 million (underwritten amount), \$4.5 million and up to approximately \$6,280,777 (full subscription but subject to the rounding of fractional entitlements to New Shares) being raised under the Capital Raising is set out below.

Shares and Options	Number (if \$3 million raised under Rights Issue and Shortfall Offer)	Number (if \$4.5 million raised under Rights Issue and Shortfall Offer)	Number (if Rights Issue and Shortfall Offer fully subscribed)
Shares currently on issue	76,765,049	76,765,049	76,765,049
New Shares to be issued pursuant to the Rights Issue	10,000,000	15,000,000	20,935,922
Total Shares	86,765,049	91,765,049	97,700,971
Unquoted options currently on issue	4,593,908	4,593,908	4,593,908
Options to be issued pursuant to Rights Issue	5,000,000	7,500,000	10,467,961
Total share capital (on a fully diluted basis)	96,358,957	103,858,957	112,762,840

Notes:

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

The table above does not include any potential issue of Shares under the Company's existing \$1,975,000 convertible note held by Mintech on the assumption that the creditors of Mintech approve the proposed variation to the Convertible Notes at a forthcoming creditors' meeting, extending the repayment date to 31 March 2024 and meaning that the Convertible Notes must be redeemed for cash and cannot be converted into Shares.

As at the date of this Prospectus the Company has 4,593,908 unquoted Options on issue, as follows:

- 80,000 unquoted options with an exercise price of \$2.265 each expiring on 17 March 2024;
- 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;
- 600,000 unquoted options with an exercise price of \$0.915 each expiring on 15 December 2025;
- 382,883 unquoted options with an exercise price of \$1.34 each expiring on 1 December 2028; and
- 167,940 unquoted options with an exercise price of \$0.78 each expiring on 1 February 2029.

In addition to the above, there are 125,000 performance rights that have been issued but they remain subject to vesting on 1 July 2024.

4.4 Effect on the control of the Company

The potential effect that the Rights Issue will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Rights Issue (together with the Shortfall Offer), it is considered unlikely to have a material effect on the control of the Company.

The potential effect on control of the Capital Raising is summarised below:

- in the likely event that some Eligible Shareholders do not take up all of their Rights under the Rights Issue, then the interests of those Eligible Shareholders in the Company will be diluted relative to those Eligible Shareholders who subscribe for their full Rights, or those Eligible Shareholders who take up their full Rights and subscribe for additional Shares under the Shortfall Offer;
- while Eligible Shareholders who take up all of their Rights can apply for such number of Shortfall Shares as they determine, the Company has discretion over allocations and it will look to disperse the Shortfall Shares in a manner which will ensure that no Eligible Shareholder affects the control of the Company;
- the Underwriter has agreed to underwrite the Offers up to an amount of \$3 million, which may result in the Underwriter acquiring a maximum voting power in the Company of up to 10.24% if it subscribes for its full underwritten amount and the Rights Issue is fully subscribed, however it is expected that the Underwriter will appoint sub-underwriters meaning that the Underwriter is extremely unlikely to hold that percentage in that circumstance; and
- there is currently one Shareholder who holds more than 5% of the Company's issued Shares (substantial shareholder). Following completion of the Rights Issue, and assuming the Rights Issue (and Shortfall Offer) is fully subscribed and that holder does not take up its Rights under the Rights Issue, its projected voting power in the Company will be as follows:

• Shareholder	Shares	% before Capital Raising	% after Capital Raising
Citicorp Nominees Pty Limited	10,065,001	13.11%	10.30%

- other than as noted above, given the structure of the Rights Issue as a pro rata issue and since the Offers are partially underwritten to \$3 million, the Company does not otherwise expect that the Rights Issue will have a material effect on the control of the Company and, as such, does not expect any material consequences to flow from that.

4.5 Financial effect of the Capital Raising

The audited balance sheet as at 30 June 2023 and the unaudited pro-forma balance sheet as at 30 September 2023 shown below have been prepared on the basis of the accounting policies adopted by the Company and reflect the financial effect of the Capital Raising on the Company.

The pro forma balance sheet has been prepared on the basis that the Rights Issue (and Shortfall Offer) raises either \$3 million (underwritten amount) or \$6,280,777 (fully subscribed but subject to the rounding of fractional entitlements to New Shares). These two scenarios are outlined in the table below.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and the pro-forma assets and liabilities of the Company as noted below. The historical financial information and the pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	30 June 2023 Audited \$ (Note 1)	Subsequent events \$ (Note 2)	Pro forma 30 September 2023 (unaudited) \$ (Note 3)	Pro forma adjustments (assuming 50% subscription of Rights Issue) \$ (Note 4)	Pro forma adjustments (assuming full subscription of Rights Issue) \$ (Note 5)	Pro forma after the Offers (assuming 50% subscription of Rights Issue) \$	Pro forma after the Offers (assuming full subscription of Rights Issue) \$
Assets							
Current assets							
Cash and cash equivalents	5,134,710	(2,051,323)	3,083,387	3,000,000	6,280,777	6,083,387	9,364,164
Other receivables	274,634	(31,613)	243,021			243,021	243,021
Total current assets	5,409,344	(2,082,936)	3,326,408	3,000,000	6,280,777	6,326,408	9,607,185
Non-current assets							
Other receivables	112,588	134,705	247,293			247,293	247,293
Exploration Expenditure	32,863,921	642,009	33,505,930			33,505,930	33,505,930
Property, plant and equipment	107,343	(9,728)	97,615			97,615	97,615
Right of use of assets	477,950	(56,317)	421,633			421,633	421,633
Total non-current assets	33,561,802	710,669	34,272,471			34,272,471	34,272,471
Total assets	38,971,146	(1,372,267)	37,598,879	3,000,000	6,280,777	40,598,879	43,879,656
Liabilities							
Current liabilities							
Trade and other payables	969,114	(233,249)	735,865			735,865	735,865
Provisions	267,642	(53,100)	214,542			214,542	214,542
Lease liabilities	313,855	(9,175)	304,680			304,680	304,680
Convertible loan	1,975,000	-	1,975,000			1,975,000	1,975,000
Total current liabilities	3,525,611	(295,524)	3,230,087			3,230,087	3,230,087
Non-current liabilities							
Lease liabilities	135,390	(62,650)	72,740			72,740	72,740
Total non-current liabilities	135,390	(62,650)	72,740			72,740	72,740
Total liabilities	3,661,001	(358,174)	3,302,827			3,302,827	3,302,827
Net assets	35,310,145	(1,014,093)	34,296,052			37,296,052	40,576,829
Equity							
Contributed Equity	89,513,282	(3,773)	89,509,509	3,000,000	6,280,777	92,509,509	95,790,286
Reserves	13,398,439	-	13,398,439			13,398,439	13,398,439
Accumulated losses	(67,601,576)	(1,010,320)	(68,611,896)			(68,611,896)	(68,611,896)
Total equity	35,310,145	(1,014,093)	34,296,052	3,000,000	6,280,777	37,296,052	40,576,829

- Note 1** The Statement of Financial Position at 30 June 2023 has been extracted from the Company's audited financial statements for the year ended 30 June 2023 as released to the ASX on 25 September 2023.
- Note 2** The subsequent events adjustment provides for actual material changes subsequent to 30 June 2023 up to 30 September 2023, including:
- decrease of cash and cash equivalents by \$2,051,323;
 - exploration expenditure incurred of \$642,009; and
 - general expenditure incurred of \$1,409,314.
- Note 3** The unaudited pro forma Statement of Financial Position at 30 June 2023 is based on the Company's Statement of Financial Position at 30 June 2023 adjusted for material changes subsequent to that date including the items in Note 2.
- Note 4** The pro forma adjustments assuming 50% subscription of Rights Issue and Shortfall Offer include the following:
- the issue of 10,467,961 New Shares through the Rights Issue at \$0.30 per New Share raising \$3 million before costs; and
 - estimated transaction costs of \$315,000 to be paid in cash and offset against the issued capital.
- Note 5** The pro forma adjustments assuming full subscription of Rights Issue and Shortfall Offer include the following:
- the issue of 20,935,922 New Shares through the Rights Issue at \$0.30 per New Share raising \$6,280,777 before costs; and
 - estimated transaction costs of \$460,000 to be paid in cash and offset against the issued capital.

The Options to be issued pursuant to this Prospectus will be issued for nil consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. However, capital will be raised if those Options are subsequently exercised. This will have a positive effect on the Company's balance sheet by raising current assets by a corresponding amount.

If the maximum number of Options are issued and then exercised, the Company will receive approximately a further \$4.7 million in current assets. However, the Company is not able to specify with any certainty the extent of any change to the balance sheet given the uncertainty around the number of Options to be ultimately issued and whether and when the Options may be exercised.

5 Rights and Liabilities attaching to Shares

5.1 Introduction

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 summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted, and continues to be admitted, to the Official List of the ASX.

5.2 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.

5.3 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, 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.

5.4 Meetings of members

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.

5.5 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.

5.6 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.

5.7 Issues of further Shares

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

5.8 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.

5.9 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.

5.10 Variation of class 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.

5.11 Directors – Appointment and retirement

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of ten Directors or such lower number as the directors determine, provided the directors have been authorised by the Company at a general meeting to make such a determination if required under the Corporations Act. Directors are elected or re-elected at general meetings of the Company.

No Director may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either as an addition to the existing Directors or to fill a casual vacancy, who will then hold office until the conclusion of the next annual general meeting of the Company following his or her appointment.

5.12 Directors – Voting

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairman of the meeting has a casting vote in addition to any vote the chair has in his or her capacity as a director, unless there are only two Directors present or entitled to vote in which case the chairman of the meeting does not have a second or casting vote and the proposed resolution is taken as having been lost.

5.13 Directors – Remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director but the total aggregate amount provided to all non-executive Directors of the Company for their services as Directors must not exceed in total in any financial year the amount fixed by the Company in general meeting. Any change to that maximum fixed sum determined by the Company aggregate amount needs to be approved by Shareholders.

Directors are entitled to be paid for all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of Board Committees. Any Director who performs extra services or makes any special exertions for the benefit of the Company may be remunerated for the services (as determined by the Board) out of the funds of the Company.

5.14 Powers and duties of Directors

The business of the Company is to be managed by the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers that are within the power of the Company and that are not by the Constitution or by law directed or required to be done by the Company in its general meeting.

5.15 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. The rights attaching to preference shares are those set out in the Constitution or have been otherwise approved by special resolution of the Company.

5.16 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.

5.17 Access to records

The Company may enter into contracts with an officer or former officer agreeing to provide rights of access to the books of the Company conferred by the Corporations Act or otherwise by law.

5.18 Amendment

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.

6 Rights and Liabilities attaching to Options

The free attaching Options to be issued pursuant to the Rights Issue each have the same terms and conditions as set out in this Section.

6.1 Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

6.2 Exercise Price

Subject to Section 6.10, the amount payable upon the exercise of each Option will be \$0.45 when exercised on or before the Expiry Date (**Exercise Price**).

6.3 Expiry Date

Each Option will expire at 5.00 pm (AEDT) on or before the date that is 18 months after the date of issue of the Options or, where such date falls on a day that is not a Business Day, on the next Business Day (**Expiry Date**).

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

6.4 Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

6.5 Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option holding statement (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

6.6 Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

6.7 Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will, subject to compliance with all applicable laws and the ASX Listing Rules:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under Section 6.7(b) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

6.8 Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

6.9 Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

6.10 Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

6.11 Change in Exercise Price

Subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

6.12 Transferability

The Company will apply for the Options to be quoted on ASX. The Options will be transferable subject to any restrictions imposed by ASX.

7 Risk Factors

This Section 7 describes the potential risks associated with the Company's business and an investment in Shares. It does not list every risk that may be associated with the Company or an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 7 are partially or completely outside the control of the Company, the Directors and the management team.

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 Prospectus. There may be other risks which Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations or the valuation and performance of the Shares or Options. The importance of different risks may change and other risks may emerge in the future.

Before applying for New Shares and attaching Options, 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 and attaching Options 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 Prospectus or are in any doubt as to whether to invest in the New Shares and attaching Options, it is recommended that you seek professional guidance from your stockbroker, accountant or other professional adviser before deciding whether to invest.

7.1 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 insurers 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 Offer 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.

7.2 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 differ 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 requirement 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 could 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 DFS, but the final environmental footprint and impacts of the project have yet to be defined.

7.3 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 of Shares may trade on ASX at a price higher or lower than the exercise price of the Options.

The price at which the New Shares trade following the Capital Raising 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 and the Options to be issued pursuant to this Prospectus 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

Other than the Convertible Notes on issue, 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 and attaching Options to be issued under this Prospectus.

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

8 Additional Information

8.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities or an offer of options to acquire securities in a class of securities that has been continuously quoted by ASX in the three months prior to the date of the Prospectus. The New Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been continuously quoted on the official list of the ASX during the three months prior to the issue of this Prospectus. The Options are options to acquire Shares, such Shares having been continuously quoted securities on the official list of the ASX during the three months prior to the issue of this Prospectus.

In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect on the Company of the issue of the New Shares and Options and the rights and liabilities attaching to the New Shares and Options. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from the lodgement of the Company’s annual financial report for the financial year ended 30 June 2023 up to the date of this Prospectus. This requires the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities exchange operated by ASX.

Generally, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the Company’s annual financial report for the year ended 30 June 2023; and
 - (ii) any continuous disclosure documents given by the Company to ASX after the lodgement of the Company’s annual financial report for the year ended 30 June 2023 and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the Company's principal place of business during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and up to the date of lodgement of this Prospectus with ASIC are set out in the table below.

Date	Headline	Type
23/10/2023	Notice of Annual General Meeting	Notice of Annual General Meeting
03/10/2023	App3Y Change of Director's Interest Notice - Letton	Change of Director's Interest Notice
27/09/2023	Water supply exclusive negotiation rights secured	Progress Report
25/09/2023	2023 Corporate Governance Statement & Appendix 4G	Corporate Governance Appendix 4G
25/09/2023	Annual Report to shareholders	Annual Report Top 20 shareholders Full Year Accounts Full Year Audit Review Full Year Directors' Statement Full Year Directors' Report

The announcements are also available through the Company's website <https://magnetitemines.com/asx-announcements/>.

8.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last closing prices of the Shares on ASX during the three months immediately preceding 25 October 2023 (being the latest practicable date prior to the lodgement of this Prospectus with ASIC) and the respective dates of those prices were:

	Price	Date
Highest	\$0.45	17 October 2023
Lowest	\$0.29	9 October 2023
Last close	\$0.405	25 October 2023

The Rights Issue Price for the New Shares represents a discount of 25.9% to the last market price of Shares on 25 October 2023, being the last trading date before the announcement of the Rights Issue.

8.3 Substantial Shareholders

Based on the information available to the Company, as at 25 October 2023 (being the latest practicable date prior to the lodgement of this Prospectus) those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Citicorp Nominees Pty Limited	10,065,001	13.11%

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

8.5 Directors' interests

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options
Jim McKerlie	76,000	-
Mark Eames	1,030,000	500,000
Peter Schubert	2,275,128	640,000
Paul White	145,953	-
Simon Wandke	20,000	-
Dr Carmen Letton	70,000	-

Note: The table above does not include any New Shares and attaching Options that the Directors may apply for under the Offers.

8.6 Litigation

As at the date of this Prospectus, Magnetite Mines is not involved in any legal proceedings against the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.7 Remuneration of Directors

The Constitution provides that each Director is entitled to such remuneration from the Company as the Board decides. The total maximum remuneration of non-executive directors in any financial year is determined by the Company in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The current maximum aggregate amount payable to all non-executive directors in any financial year has been set at an amount not to exceed \$800,000. The determination of each individual non-executive director's remuneration within that approved remuneration pool is made by the Board having regard to a number of factors including the inputs and value to the Company of the non-executive director's contribution.

Under the Constitution of the Company, the remuneration of the executive directors is to be determined by the Board. As at the date of this Prospectus, the Company does not have an executive director.

The table below sets out the remuneration provided to each of the Directors and their associated companies during the last two financial years (**FY**) and for FY2024, inclusive of directors fees, executive payments, consultancy fees, superannuation benefits and share-based payments.

Director	FY 2022	FY 2023	FY2024
Jim McKerlie*	38,817	110,500	162,231
Mark Eames	481,710^	201,689	59,627
Peter Schubert	454,241^	130,474	106,631
Paul White	38,817	110,500	111,000
Simon Wandke	6,029	129,450	123,125
Dr Carmen Letton	-	45,298	112,181

Notes:

* Appointed as Chairman effective from 25 September 2023.

^ Includes amounts paid to those Directors as executive directors.

Please refer to the remuneration report, which is contained on pages 34-54 of the Company's latest annual financial report for the financial year ended 30 June 2023 (**Annual Report**), for full details of the remuneration of the Company's directors.

Related party transactions (if any) are disclosed on page 54 of the Company's Annual Report.

The Annual Report was lodged with ASX on 25 September 2023 and is available on the company's announcements platform at the ASX website – www.asx.com.au (ASX code: MGT).

8.8 Underwriting

The Underwriter has agreed to underwrite the issue of 10,000,000 Shortfall Shares, together with 5,000,000 Options (**Underwritten Securities**) totaling an amount of \$3 million (**Underwritten Amount**) in accordance with an underwriting agreement dated on or about the date of this Prospectus (**Underwriting Agreement**). The Underwriter will be paid the following fees:

- (a) a lead manager's fee of \$60,000 which the Underwriter or its nominees may elect to be satisfied through a subscription for New Shares under the Offers;
- (b) a management fee of 1% of the total amount raised under the Offers, which the Underwriter or its nominees may elect to be satisfied through a subscription for New Shares under the Offers;

- (c) an underwriting fee of 5% of the Underwritten Amount; and
- (d) a placement fee of 5% of any Shortfall Shares and other securities placed by the Underwriter beyond the Underwritten Amount.

The Underwriter will not be entitled to an underwriting fee if in certain circumstances an investor has been introduced to the Underwriter by the Company.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The underwriting of the Rights Issue is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Rights Issue; and
- (b) the Company's solicitors providing the Underwriter with a legal sign-off letter in relation to the due diligence investigations.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) (Indices fall): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) (Price): the Rights Issue Price is greater than the volume weighted average price of Shares calculated over three consecutive trading days after the date of the Underwriting Agreement;
 - (iii) (Misleading Announcement): it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.
 - (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time. Material Adverse Event means:
 - (A) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
 - (B) a material adverse effect on the assets, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
 - (v) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the

prior written consent of the Underwriter, such consent not to be unreasonably withheld;

- (vi) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company; and
- (vii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

8.9 Interests of experts and advisers

Other than as set out in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company;
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offers.

8.10 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares and Options), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriter, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Mahe Capital has given its written consent to being named in this Prospectus as the lead manager and underwriter to the Rights Issue in the form and manner in which it is named. Mahe Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Mills Oakley has given its written consent to being named in this Prospectus as the legal adviser to the Company in the form and manner in which it is named. Mills Oakley has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Computershare has given its written consent to being named in this Prospectus as the Registry in the form and manner in which it is named. Computershare has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

8.11 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$460,000 (excluding GST), assuming full subscription under the Rights Issue and Shortfall Offer. If only the underwritten amount of \$3 million is raised, the total expenses of the Offer are estimated to be approximately \$315,000 (excluding GST).

8.12 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Shares and attaching Options.

8.13 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

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

Under CHESS, 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 and Options issued under this Prospectus. If an investor is broker sponsored, APSL will send a CHESS statement.

The CHESS statement will set out the number of New Shares and Options issued to an investor under this Prospectus, provide details of your 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 and Options issued to you under this Prospectus and your security holder reference number.

A CHESS 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.

8.14 Governing law

This Prospectus, 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 Prospectus 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.

8.15 Director's authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'JDM', followed by a horizontal line.

Jim McKerlie
Chairman
Magnetite Mines Limited

9 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, together with attaching Options, which is offered under this Prospectus.

Application Form means, in respect of the Rights Issue, an Application Form (personalised or otherwise), which accompanies this Prospectus 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 Rights Issue Price.

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

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

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.

Capital Raising means the Rights Issue and the Shortfall Offer.

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

Closing Date means the date on which the Rights Issue closes, being the date specified as such in the timetable set out in Section 2.1 (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 Prospectus.

Convertible Notes means the redeemable convertible notes issued by the Company in favour of Mintech.

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

DFS means definitive feasibility study.

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholders are the Shareholders determined in accordance with Section 3.3.

Ineligible Shareholders means those Shareholders who are not Eligible Shareholders.

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

Mahe Capital means Mahe Capital Pty Ltd ACN 634 087 684 .

Mintech means Mintech Resources Pty Ltd (in liquidation) ACN 068 689 485.

MLP means mining lease proposal.

New Share means a Share to be issued under the Rights Issue.

Offers has the meaning given to it in the Important Notice.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share on the terms on which the option is issued.

PFS means pre-feasibility study.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out in Section 2.1.

Rights means the entitlements of a Shareholder who is eligible to participate in the Rights Issue.

Rights Issue has the meaning given to it in Section 3.1.

Rights Issue Price means \$0.30 per New Share.

Rights Trading Period means the period from 30 October 2023 to 9 November 2023 during which the Rights will trade on ASX.

Section means a section of this Prospectus.

Securities mean Shares and/or Options.

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 3.

Shortfall Shares has the meaning given to it in Section 3.

TSF means tailings storage facility.

Underwriter means Mahe Capital.

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>Mark Eames <i>Non-executive Director</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>Company Secretary Inthu Siva</p>	<p>Registry Computershare Investor Services Pty Limited Level 17 221 St Georges Terrace Perth WA 6000</p>
<p>Legal adviser Mills Oakley Level 7 151 Clarence Street Sydney NSW 2000</p>	<p>Magnetite Offer Information Line Within Australia: 1300 850 505 Outside Australia: +61 3 9415 4000 Operating hours: 8.30am to 5.00pm (AEDT) Mon – Friday until the Closing Date.</p>
<p>ASX Code MGT</p>	