



ASX Announcement

29 October 2020

Razorback BMD Farm-In Will Not Proceed

Magnetite Mines Limited (ASX: MGT) (**the Company**) refers to its previous announcement of the 15 June 2020 in relation to the non-binding, conditional term sheet for the proposed farm-in transaction by Braemar Mining Developments Pty Limited (BMD) in to the Razorback Iron Ore Project (Project)

At the time of the announcement shareholders were cautioned by the Company that negotiations were at an early stage and subject to a number of conditions, that there were no guarantees that there would be a formal binding agreement between the Company and BMD, and that the Company would continue to assess and pursue all opportunities for development of the Project. Consistent with that announcement since June 2020 the Company has continued studies to progress the Project and has pursued development opportunities for the Project.

In the last four months the Company's market capitalisation increased substantially and, as announced on 2 October 2020, the Company closed a rights issue raising A\$5.95 million (before costs), a substantial portion of which is allocated to accelerating pre-feasibility study (PFS) work on the Project.

The BMD term sheet included a \$5 million funding condition which contemplated a Stage 1 Capital Raising to be completed by BMD within four months and required that BMD promptly notify the Company of all amounts raised by the Stage 1 Capital Raising. On 9 October 2020, BMD's parent company, RFC Ambrian, advised the Company in writing that BMD was no longer seeking funding from third party investors since RFC Ambrian was to provide the required funding directly. The Company requested that BMD provide a revised complete, binding farm-in proposal as contemplated in the executed non-binding conditional term sheet.

BMD advised the Company that it was not willing to amend the farm-in percentages and expenditure amounts from those set out in the non-binding conditional farm-in term sheet.

The Company advised BMD that, as originally negotiated with BMD, the Company intended to review these and other terms were BMD to submit a full, binding proposal including a draft of the Farm-in Agreement and plans to deliver the farm-in requirements. BMD has not submitted a full proposal and consequently, the parties have agreed the proposed Farm-in transaction will not proceed.

In the circumstances the Company is continuing with PFS studies and investigations and also continues to pursue the potential of the NextOre Pty Ltd (NextOre) ore sorting technology on the Project, which the Company holds exclusivity for Magnetite (Australia wide). On 7 October 2020, the Company announced that it had entered into an agreement with NextOre to supply a mobile bulk ore sorting plant using a Magnetite Resonance sensor for a trial of the NextOre technology.

NextOre was formed in 2017 by CSIRO, Advisian Digital and RFC Ambrian, NextOre supplies Magnetic Resonance ore sorting solutions to global mining companies that applies mineral sensing technology developed by the CSIRO. NextOre's Magnetic Resonance analysers apply a form of radio frequency spectroscopy to generate quantitative measurements of target ore minerals in production applications.

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

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