

ASX ANNOUNCEMENT

15 NOVEMBER 2021

MAGNETITE MINES INITIATES ELECTRICITY TRANSMISSION LINE TO RAZORBACK IRON ORE PROJECT

Highlights

- Magnetite Mines has submitted a formal application to ElectraNet for a proposed 132kV transmission line to be built from Robertstown to the Razorback Iron Ore Project (Razorback) site.
- The transmission line is designed to carry a load of approximately 40MW for the proposed 2.5–3mtpa stage 1 plant and mining operation to be built at Razorback.
- It allows the Razorback Iron Ore Project to connect to the National Electricity Market and obtain the benefits of competitively priced, reliable grid electricity with a high renewable content.
- Magnetite Mines remains on track for a decision to mine in late 2022, targeting first exports of iron ore in late 2024 or early 2025.
- With an estimated 70% renewable power supply available today, the renewables intensity of the South Australian grid is forecast to be close to 100% when the Razorback iron ore mine commences production.

Magnetite Mines Limited (ASX:MGT) (Magnetite Mines or the Company) is pleased to announce that on 2nd November 2021 it submitted a Connection Enquiry Form to ElectraNet for a proposed 132kV transmission line to be built from Robertstown to the Razorback site, a distance of approximately 130km.

The transmission line is designed to carry a load of approximately 40MW, the power requirements for the proposed 2.5–3mtpa plant and mining operation to be built at Razorback. It will allow Razorback to connect to the NEM and obtain the benefits of high renewable content (currently ~70%), reliable energy supply and competitive electricity pricing.

The information provided through this connection enquiry form will allow ElectraNet to prepare an estimated scope and fee proposal for the work required to investigate the application to connect and prepare the offer to connect in accordance with the National Electricity Rules (NER).

This is an important milestone for Magnetite Mines because it commences the formal process under the NER to connect the Razorback load to the grid including initiation of the necessary pre-planning and engineering design required by the network to accommodate the demand profile.

While it would provide the Company with an estimated 70% renewable power supply today, the renewables intensity is forecast to increase significantly when the mine commences production. The latest

projections for the South Australia grid from the Australian Government Department of Industry, Science, Energy and Resources forecast 97% renewables by 2025⁸.

There is potentially an option for ElectraNet to fund the initial cost of the transmission line via a long-term transmission charge through operating cash flow.

Magnetite Mines' Executive Chairman & CEO Peter Schubert said:

"We take our ESG credentials very seriously and this is another key example of the Razorback Iron Ore Project's infrastructure and location attracting cost and emission savings.

Energy represents a significant component of our operating costs and being able to obtain low-cost, energy with a high renewables content will provide us with a tangible competitive advantage in a decarbonising world."

Percentage of renewables	2005	2019	2025	2030
National Electricity Market		23	51	69
<i>Queensland</i>		12	37	43 ⁶
<i>New South Wales/ACT</i>		16	46	84
<i>Victoria</i>		22	50	61
<i>South Australia</i>		53	97	96
<i>Tasmania</i>		96	100	100 ⁷
Western Australia Wholesale Electricity Market		15	37	45
Other grids, including off-grid		1	8	13
Whole sector	9⁸	21	45	61

Figure 2. Australia's emissions projections 2021, Australian Government Department of Industry, Science, Energy and Resources, October 2021

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

For further information contact:

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ABOUT MAGNETITE MINES

Magnetite Mines Limited (ASX:MGT) is an Adelaide-based ASX-listed development-stage company advancing the Razorback Iron Ore Project located in the Braemar, Australia's emerging iron ore mining region.

The Razorback High Grade Iron Ore Project is the Company's flagship project in the eastern portion of the Braemar. The Project contains a 3.0 billion tonne Mineral Resource⁴ and 473 million tonne Probable Ore Reserve³, estimated as part of a Pre-Feasibility Study released in July 2021¹.

The Company has interest in a total Mineral Resource of 5.7 billion tonnes* of iron ore within the Braemar Iron Formation^{2,5,7}.

The Pre-Feasibility Study was completed using an iron ore (62% Fe) of US\$110 with the 20+ year mine life projecting a post-tax NPV of A\$669 million and a post-tax IRR of 20%. Following the positive PFS result, the Company has commissioned a Definitive Feasibility Study for the Project¹.

Details of the Pre-Feasibility Study can be found at the following [link](#):



Figure 1. Razorback Ridge, forming prominent low-angle outcropping mineralisation (looking west)

References

1. ASX Announcement – 05//07/21 – Positive PFS Results for Razorback Iron Project
2. ASX Announcement – 13/09/16 - Metallurgical Update – Positive Results
3. ASX Announcement – 30/06/21 - Maiden Ore Reserve for the Razorback Iron Project
4. ASX Announcement – 24/05/21 – Razorback Iron Project Mineral Resource Upgrade
5. ASX Announcement – 01/03/21 – Muster Dam Iron Project Tenements awarded to Magnetite Mines
6. ASX Announcement – 07/05/21 – Commitments to raise \$7 Million
7. ASX Announcement – 07/06/21 - Result of MGTOC Option Conversions
8. Australia’s emissions projections 2021, Australian Government Department of Industry, Science, Energy and Resources, October 2021