



MAGNETITE MINES
High Grade Iron Ore Concentrate

ASX Announcement

25 October 2021

Razorback Iron Ore Project – Drilling Commences

Magnetite Mines Limited (ASX:MGT) (Magnetite Mines or the Company) is pleased to announce that it has appointed Foraco Australia Pty Ltd (Foraco), a leading global mineral drilling services company, to undertake a metallurgical bulk drilling program at the Razorback Iron Ore Project (Project). The drilling program aims to collect bulk samples for a metallurgical testwork program as designed by global engineering and processing experts, Hatch. The samples and related testwork derived from the drilling program represent a critical input to process flow sheet design and optimisation required towards AACE guidelines for a Class 3 estimate (18R-97) in line with Definitive Feasibility Studies.

Metallurgical Drilling

The metallurgical drill program has been designed to test mineralisation as contained in mining pit shells representing early-year processing feed (years 0-5) and includes near-surface (oxidised) mineralisation in addition to deeper fresh rock mineralisation. Drilling will occur at new drill sites positioned at intermediate points between previous drilling fence lines to improve resource and geological definition at these locations.

Building on the Company's extensive drill hole database, the metallurgical drilling will initially target the Iron Peak deposit with 12-25 wide diameter 'PQ' diamond core holes planned. The drilling will supply the metallurgical testwork program with up to 8500kg of drill core material to undertake detailed comminution, grinding, flotation and characterisation testwork. The results of the testwork will inform process design and engineering criteria for the processing plant and provide excellent coverage and delineation of early-year processing needs. Associated drilling testwork will include high resolution Davis Tube Recovery (DTR) testwork, together with downhole geophysical testwork, geochemical analysis and characterisation studies. In tandem with the Iron Peak drilling and sampling program, existing drill core samples are being submitted to globally-recognised laboratory Bureau Veritas for testwork towards confirming metallurgical inputs for processing engineering design at the Razorback Prospect.

Stakeholder and permitting requirements for the drilling program have been secured. Heritage surveys have been completed in consultation with Traditional Owners, the Ngadjuri Nation Aboriginal Corporation, together with stakeholder consultation and State government formal permitting requirements.

Further Drilling

It is expected that further drilling programs will follow metallurgical drilling at Iron Peak, including:

Infill and deposit extension drilling - To occur at both Iron Peak and Razorback, this drilling program aims to upgrade JORC classification and improve geological modelling required at a DFS level. The logical extension of the resource, in particular at Iron Peak is required to improve mining economics at this higher-grade prospect as demonstrated in exploration holes here.

Geotechnical drilling - This drilling aims to test the physical rock characteristics of both the hanging and footwall of the proposed mining pit. To be co-ordinated by geotechnical consultants, the drilling will delineate rock wall and slope stability assumptions for use in pit design and optimisations.

Groundwater exploration and dewatering - This program will test the 'Eastern' and 'Southwestern' ground water targets as generated by hydrological consultants at Eco Logical Australia. A total of 12-14 drill holes are proposed to target fractured rock and Neogene palaeochannel aquifers. Cultural heritage surveys of these sites have been completed with State Mines Department permitting in progress.

Exploration drilling - In line with updated Mining Act legislation, Greenfields drilling of prospects external to the DFS Project area is required. Exploration drilling of a number of magnetite rich prospects is anticipated including the Sisters Dam and Manunda Creek prospect.

About Foraco

Foraco, a publicly traded company based in Marseille, France, is the third largest global mineral driller providing innovative solutions for mining and water projects across 22 countries and five continents. Foraco has the third largest global fleet of drilling rigs, best-in-class safety standards and a versatile, well-trained international workforce with a proven track record in geologically complex formations. The appointment of Foraco, a top-tier driller, demonstrates the Company's commitment to safety and high-quality data collection practices for the Project.

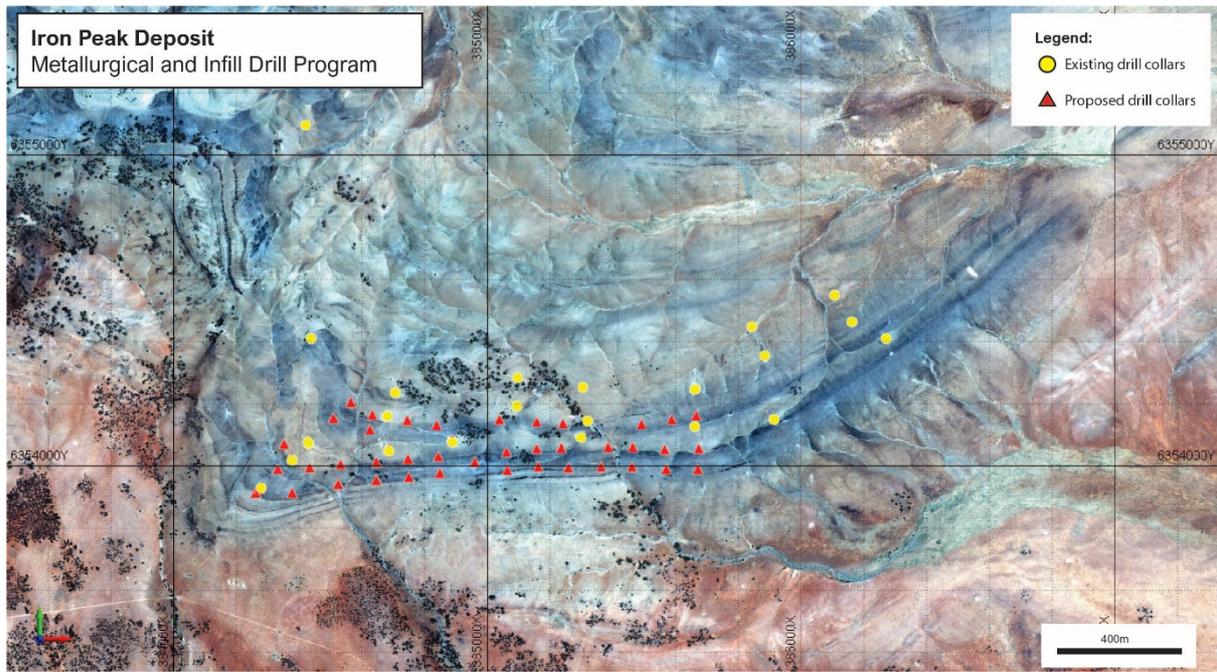


Figure 1. Drilling Plan – Iron Peak Proposed Drilling Program including Metallurgical and Infill Drilling

Magnetite Mines Limited Technical Director Mark Eames said:

“Drilling at the Razorback Iron Ore Project represents an important next step towards realising the full potential of the processing flow sheet. The drilling has been designed to firstly test the metallurgical properties of the mineralisation spatially, and secondly, to improve resource geological understanding at the Iron Peak deposit. The Iron Peak deposit is a higher-grade, albeit lower-tonnage extension of the Razorback deposit and is currently included in the Mineral Resource estimate. However, further data density at this higher-grade deposit is required to fully realise its potential, with metallurgical and associated infill drilling helping to delineate this eastern extent of the deposit better. In keeping with our stated strategy of best-in-class partners, Foraco are a top-tier drilling contractor and bring with them excellent experience and safety record. We look forward to the drilling results towards de-risking the processing flow sheet and design.”

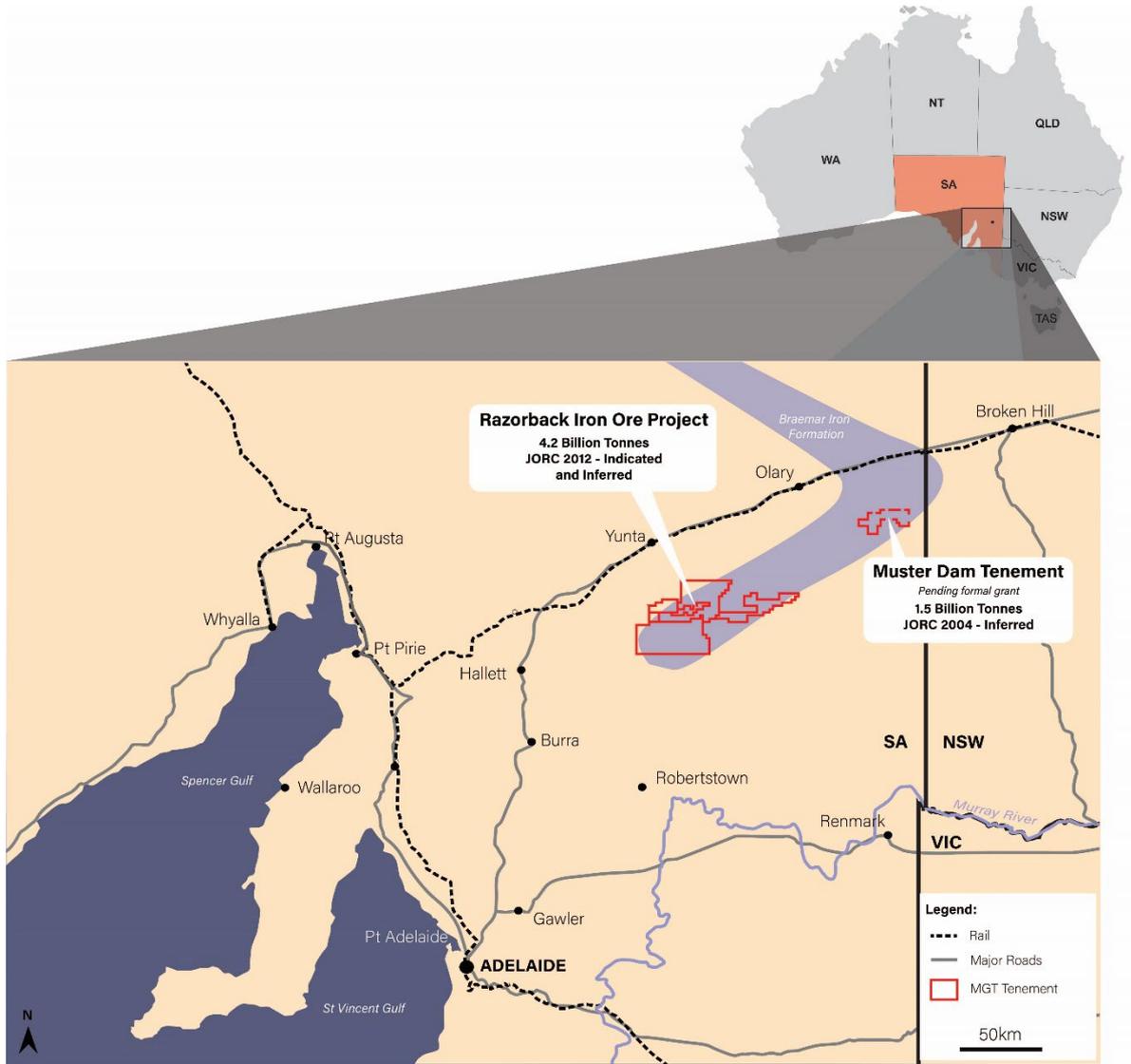


Figure 2. Magnetite Mines Limited – Regional Iron Ore Projects

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

For further information contact:

Peter Schubert
 Executive Chairman & Interim CEO
 +61 416 375 346