



ASX Announcement

5 June 2017

Calibre Group to provide Engineering Services

The board of Magnetite Mines Limited (ASX: MGT) (**Company**) is very pleased to announce that the SA Magnetite Consortium (Consortium) has entered into a formal contract for engineering services with Calibre Group. The objective is that Calibre will provide lead engineering services and management for the multi-stage development of Braemar Infrastructure Pty Ltd, Olary Magnetite Pty Ltd, Fe Mines Limited and Magnetite Mines Limited. Continuation from one stage to the next is linked to satisfactory delivery of the prior stage.

The first stage is scheduled to be completed in 6 weeks and involves the delivery of a comprehensive narrative setting out the Olary-Ward project configuration combined with a Preliminary Engineering Assessment (PEA) of the project. The next step will entail a combined DFS and Basic engineering on a fast track to get the project ready for construction to commence.

Calibre is a diversified professional services, construction and maintenance specialist which operates nationally in Australia with international offices in New Zealand and Singapore. The Calibre Group of companies provides engineering, asset management, construction & trade, decommissioning, geology, management advisory, safety & risk and surveying & planning expertise to a range of major clients throughout their geographies.

Executive Chairman of the Company, Mr. Gordon Toll said: *"We have all the production for the Olary-Ward project covered by Letter of Intent sales so our focus is now on community engagement, permitting, financing and building out the project."*

Subsequent update announcements will be made as various specialised service providers and engineers are engaged and milestones achieved.

South Australian Magnetite Consortium

The South Australian Magnetite Consortium currently comprises of the Company and Lodestone Equities Limited (Lodestone). Mr Gordon Toll is the major owner and Chairman of Lodestone. Lodestone, through its subsidiaries, Fe Mines Limited (FML) (previously Braemar Iron Pty Ltd) and Olary Magnetite Limited (Olary), owns outright or has exclusive iron rights to prospective tenements containing Braemar Iron Formation to the east of the Company's exploration leases.

Collectively, the ground has over 200km of Braemar Iron Formation prospective strike length and large exploration potential. The Braemar Region is one of the largest unexploited magnetite provinces in the world.

Lodestone also owns Braemar Infrastructure Pty Ltd (BIPL), which is developing cost effective methods of transporting and shipping magnetite concentrate in and from South Australia. The infrastructure will not only be accessible to the Consortium, but also to other potential magnetite producers in the region. The South Australian Government has declared the infrastructure being developed by BIPL “a Major Development”. A task force and case officer from the Department of State Development has been assigned to the infrastructure project. This infrastructure is being developed by BIPL for the Consortium.

The Company and Lodestone intend to simplify their corporate structure and merge all their South Australian entities into one listed company. In preparation for this merger, it is intended that FML will become a direct subsidiary of Lodestone and Olary and BIPL will become subsidiaries of FML.

For further information contact:

Gordon Toll
Chairman and Chief Executive Officer
+61 8 8427 0516

Peter Schubert
Executive Director – Investor Relations &
Capital Development
+61 416 375 346