

**ASX ANNOUNCEMENT****27 APRIL 2022**

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**THIRD QUARTER ACTIVITIES REPORT****ENDING 31 MARCH 2022****Highlights**

- **Positive Expansion Study completed for the Razorback Iron Ore Project, demonstrating the business case for further, staged expansion scenarios at the Project.**
- **The Single Step Expansion case generated a post-tax IRR of 27% and NPV-8 of A\$2,455m at a 62% Fe iron ore price of US\$110/t and has an all-in 62% Fe breakeven price of US\$40/t**
- **Completion of metallurgical and shallow infill drilling at the Iron Peak Deposit for a total of 17 diamond drill cores (~2000m) to deliver metallurgical and resource definition datasets.**
- **Advancement of permitting and approvals baseline studies and stakeholder engagement towards statutory permitting requirements**
- **Significant progress achieved for the Definitive Feasibility Study including the engagement of key consultants for mining (AMC) and tailings design (Hatch) as well as considerable progress in engineering and design of the proposed processing plant**
- **Appointment of new Non-Executive Directors, Mr. Jim McKerlie and Mr. Paul White, strengthening the board's experience and expertise.**

Magnetite Mines Limited (ASX:MGT)(Company) continues to advance the Definitive Feasibility Study (DFS)<sup>1</sup> for its flagship Razorback Iron Ore Project (Project).

During the quarter, a number of key work programs were completed for the Project. An Expansion Study<sup>2,3</sup> assessing production expansion at the Project generated a post-tax IRR of 27% and NPV-8 of A\$2,455m at a 62% Fe iron ore price of US\$110/t and has an all-in 62% Fe breakeven price of US\$40/t.

In addition, a 17 hole diamond drill program at the Iron Peak Deposit<sup>4,5</sup> was completed to supply the project with metallurgical and resource definition datasets together with significant DFS study progression including processing plant design, metallurgical testwork and optimised mining studies.

**RAZORBACK EXPANSION STUDY**

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In March 2022, Magnetite Mines completed an Expansion Study assessing the benefits of increased scale at the Razorback Iron Ore Project following production start-up.<sup>2,3</sup> The key features of the study were as follows:

- The Project would initially be commissioned as a low-capital, 3Mtpa capacity development per the PFS design

- Additional production capacity would be achieved through replicating the modular 15.5Mtpa processing plant designed by Hatch to an AACE Class 5 standard, which is currently undergoing detailed design in the DFS
- In the Single Step Expansion case, representing a one-off increase in production from 3Mtpa to 7Mtpa, two 15.5Mtpa processing modules would be added three years after production, for a final capacity of 7Mtpa
- In the Staged Expansion case, representing a two-step phased increase in production, an additional 15.5Mtpa processing module would be added in year three and again in year six after initial production, equating to capacity of 5Mtpa and 7Mtpa respectively
- The study produced attractive financial outcomes which reflected economies of scale in operating and capital expenditure, and a material reduction in transportation costs from replacing road haulage with rail haulage three years into production
- The Single Step Expansion case generated a post-tax IRR of 27% and NPV-8 of A\$2,455m at a 62% Fe iron ore price of US\$110/t and has an all-in 62% Fe breakeven price of US\$40/t
- ESG considerations were at the forefront of project configuration decisions with additional power to be sourced from the renewables-weighted South Australian grid and additional water likely to come from saline wastewater offtake

The table below presents the key financial and operating metrics of the two cases, both at a project level and in terms of individual stages.

**Table 1. Summary of Expansion Study financials on an ungeared basis**

		Single-Step Expansion		Staged Expansion		
62% Fe iron ore reference price	US\$/t	110		110		
AUD:USD exchange rate	:	0.71		0.71		
Average product at scale <sup>a</sup>	Mtpa	6.8		6.7		
Construction capital	A\$M	1,985		1,985		
Contingency %	%	26%		26%		
All-in breakeven iron ore price <sup>b</sup>	US\$/t	40		41		
Post-tax NPV-8 <sup>c</sup> – all stages	A\$M	2,455		2,239		
Post-tax IRR – all stages	%	27%		25%		
		Stage 1	Stage 3	Stage 1	Stage 2	Stage 3
Nominal plant feed	Mtpa	15.5	46.5	15.5	31.0	46.5
Average product in 3 years after construction	Mtpa	2.7	7.1	2.7	4.8	6.8
Construction capital	A\$M	671	1,315	671	850	465
Incremental post-tax NPV-8 <sup>d</sup> , each stage	A\$M	660	1,794	660	894	685
Incremental post-tax IRR <sup>d</sup> , each stage	%	19%	33%	19%	28%	38%

a. Calculated as average annual production of concentrate in the first ten years following Stage 3 expansion

- b. The 62% Fe iron ore price at which the NPV-8 of post-construction net cash flows equals zero, calculated at the commencement of Stage 3 production
- c. NPVs in real terms as at 30 June 2022 using 8% post-tax real discount rate, ungeared basis
- d. IRR of the expansion capital and marginal net cash flows reasonably attributable to each stage. Stage 1 net cash flows were taken to equal those of the PFS's Plant Optimised case – therefore, the Stage 1 incremental IRR of 19% represents the IRR of the Plant Optimised case at an AUD:USD exchange rate of 0.71.

Both expansion cases were modelled over approximately thirty years – notwithstanding the significant production rates, total run-of-mine (ROM) ore in the two cases represents just 24% of the company's current indicated and inferred resources (JORC 2012) across the Braemar region.<sup>7</sup> In the first ten years of operation, 87% of ROM ore mined fell within Probable Ore Reserves.<sup>9</sup>

The successful financial and technical outcomes of the Expansion Study validates the Company's strategy of developing the Razorback resource using a technically-rigorous and staged approach. The DFS continues to be developed as planned and the significant potential of the Razorback Project to support higher production rates will be factored into Project design to ensure optionality value is preserved. Further study work on project expansion will only occur after the DFS is complete and construction of the first stage of the Project is funded.

## **RAZORBACK DEFINITIVE FEASIBILITY STUDY**

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During the Quarter, Magnetite Mines continued to advance the Definitive Feasibility Study (DFS)<sup>1</sup> for its flagship Razorback Iron Ore Project (Project). The DFS aims to complete engineering design and capital and operating cost estimates to AACE Class 3 level accuracy and is managed by the Company's in-house owner's team.

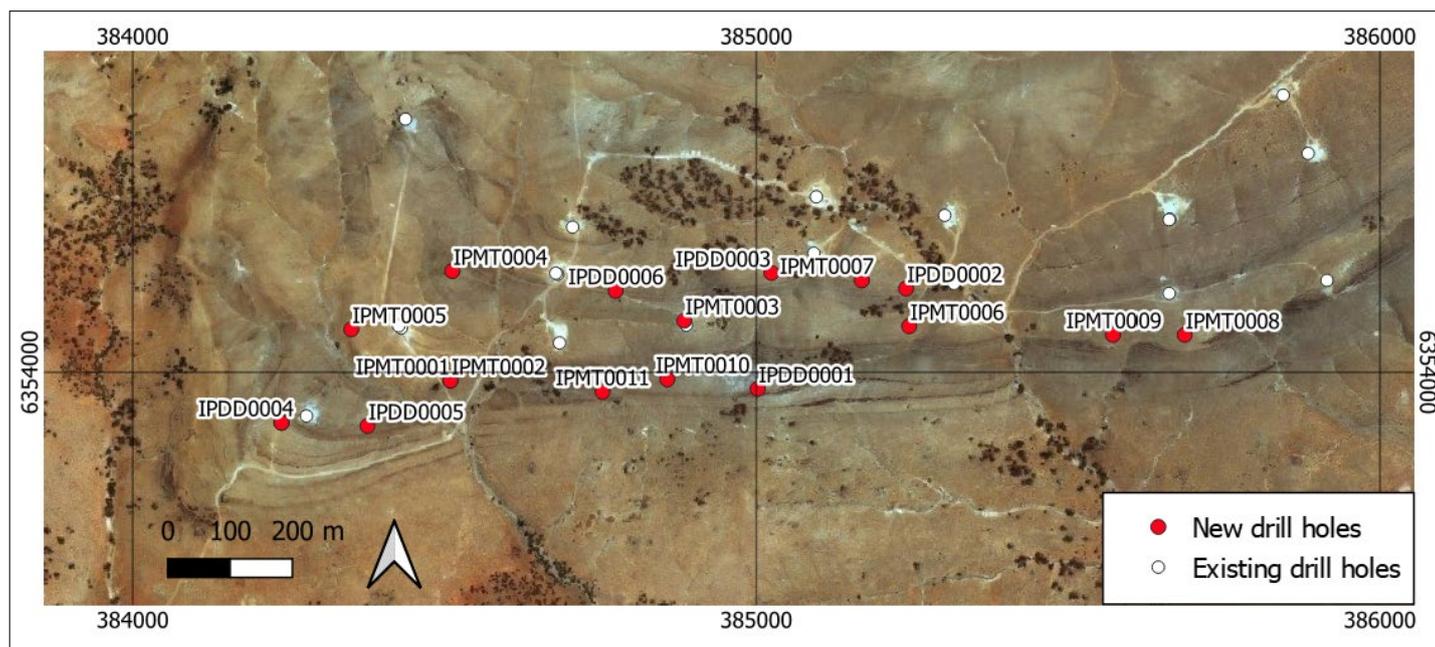
Major study components of the DFS were initiated throughout the quarter including mining and tailings studies as well as significant advancement in processing plant design and metallurgical studies. This quarterly report presents a progress summary of each of the key DFS study sections achieved during the quarter.

**The current DFS is a work in progress and as such, the configuration and execution of the Project is subject to change. Given the commercially sensitive nature of the study areas discussed below, specific naming of locations and the pathways of some key infrastructure components are not discussed in detail.**

### **Geology and Drilling Programs**

Geological work programs to provide samples for metallurgical testwork were completed during the quarter. The aim of the work was to provide engineering consultants Hatch with a variety of spatially distributed samples representing the anticipated first 5 years of mining. Existing samples from previously drilled Razorback deposit inventory and additional drilled samples from the Iron Peak deposit were supplied to Bureau Veritas laboratories in Adelaide for Hatch designed comminution, flotation and bulk flowsheet testwork.

At Iron Peak, in addition to the metallurgical drill program completed in late 2021 (11 PQ diamond drill holes), a shallow infill drilling program comprising 6 angled HQ diamond drill holes was completed during the reporting period.<sup>4,5</sup> The goal of this ~2000m drilling program was to obtain data for near-surface mineralisation towards improved resource definition and to provide material for high-resolution Davis Tube Recovery (DTR) testwork. An industry standard analytical technique, DTR analysis determines the amount of recoverable iron ore concentrate achievable at a given grind or liberation size. The planned testwork will provide over 2500 additional DTR representing a quadrupling of the current DTR database, critical for resource optimisation and definition.



**Figure 1 – Drillholes completed in 2021-2022 drilling program**

To date, all Hatch related metallurgical samples, inclusive of comminution, bulk flotation, variable flotation and bulk samples have been submitted for analysis. These samples are inclusive of three 1 tonne bulk samples airfreighted to Weir Minerals in the Netherlands for bulk High Pressure Grinding Rolls (HPGR) and air classification testwork for dry front-end processing testwork. DTR and head grade analysis sample preparation (core cutting) is ongoing at the Company’s dedicated storage facility in Wingfield SA, with roughly half of those samples submitted for analysis to date.

The outputs of the metallurgical drilling and shallow infill drilling program will provide additional data required to improve resource definition of the Iron Peak deposit, in particular, near surface mineralization at this deposit. Potential updates to the Mineral Resource estimate at Iron Peak are likely to include JORC classification update and will provide inputs for mining studies as described below.

## Mining

During the quarter, the Company engaged leading mining consultants, AMC Consultants to appraise selective mining optionality at the Razorback deposit.<sup>6</sup> Using the existing resource block models available for Razorback, AMC have completed an initial assessment of the deposit together with an initial geotechnical appraisal of rock wall stability.<sup>7</sup>

The results of the mining studies at Razorback during the PFS and those of the DFS so far indicate a robust project around the long-life resource at Razorback. The DFS work to date suggests that a higher cut-off grade than that used in the 2021 PFS schedule improves returns over previous mine schedules for the targeted 30-year mine life. A higher cutoff grade and selective sequencing of ore would result in a larger pit shell and a larger low-grade stockpile for post-mining processing. Further mining studies at Razorback will primarily focus on optimisation of mine scheduling, mine design, haulage and mine cost model development before final mining schedules are prepared for DFS evaluation.

The Company continues to assess the feasibility of mining at Iron Peak during the initial years of mine life at the Project. The geological and mining studies to date encouraged the company to complete infill drilling at Iron Peak to improve resource definition for near surface mineralisation. Geochemical and DTR analysis of core samples will inform any decision to further optimise the mine plan around mining at Iron Peak early in the project mine life.

### Processing Plant

Significant progress on the engineering and design of the processing plant has been completed to date by global engineering experts Hatch.<sup>8</sup> The processing plant is currently 30% complete with initial 3D models and initial design review completed. The processing plant is being developed following the same basic configuration provided in the 2021 Pre-Feasibility Study (PFS) consisting of a dry processing front end comprised of crushing, High Pressure Grinding Rolls (HPGRs) and air classification, followed by staged magnetic separation and flotation circuits to produce a targeted high grade 67.5% to 68.5% Fe concentrate.<sup>9</sup>

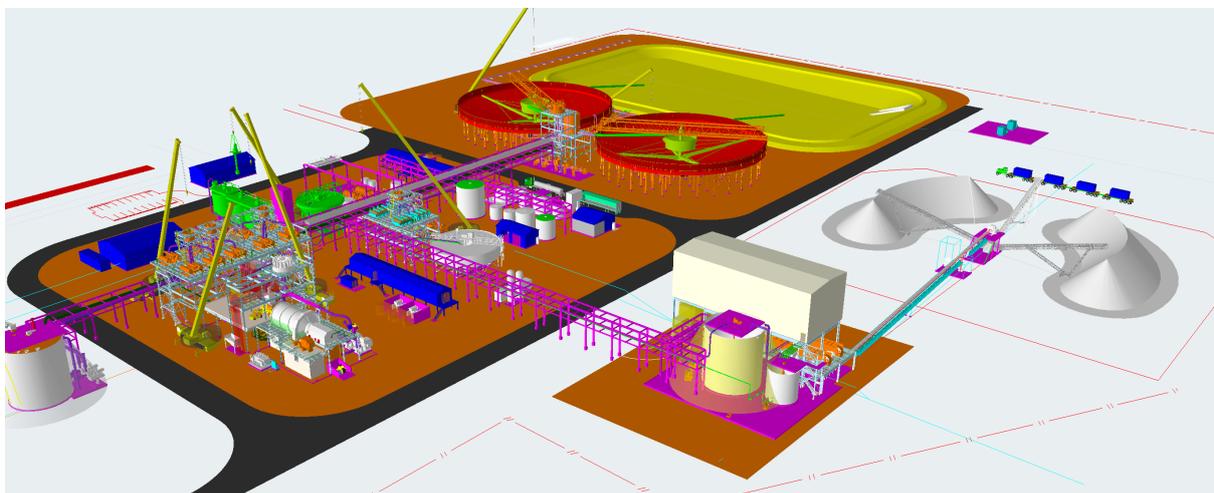


Figure 2. Schematic design of wet-plant processing plant by Hatch, design subject to change.

Significant metallurgical testwork consisting of comminution, magnetic separation, flotation and air separation work programs is underway to test the favourable low work-index and liberation characteristics of the local Braemar Iron Formation ores. Samples are currently being processed at Bureau Veritas in Adelaide and Perth as well at Weir Minerals in the Netherlands for air separation testwork. The results of the testwork to date are supportive of the current processing plant configuration.

## **Infrastructure**

The Project infrastructure and site layout is now well defined following various design reviews and engineering workshops. With the progression of Mining<sup>6</sup> and Tailings Studies, preferred locations have been selected for several key infrastructure items, including the processing plant, transmission line route and other minor infrastructure elements. All infrastructure has been located with safety and efficiencies in capital and operational expenditure in mind and are based on industry standards and in-line with SA Mining Lease (ML) and PEPR permitting requirements.

## **Power**

The Company is assessing connection to the SE Australian grid at the proposed Bunday Substation near Robertstown, SA. This connection option has emerged following ongoing dialogue with MGT, GHD and ElectraNet. It reduces the length of the Transmission Line and allows access to the Interconnector between South Australia and New South Wales. This will provide the Project with reliability of supply and optionality with respect to sourcing renewable energy in South Australia as well as renewable projects in Victoria and NSW.

Design work on the transmission line is under review following the preliminary design stage. Further work will commence once the survey data arrives. The first stage of design for the main mine substation (that steps incoming voltage down from 132kV to 11kV) is under review as the plant power demand profile is refined

## **Camp**

The location of the mine camp/accommodation has been determined and a camp layout has been completed. Detailed design within the camp layout is now underway to determine the location of electricity, water and wastewater services lines. The camp is located well away from operational areas to prevent disruption during the day to mine workers on nightshift, while care has been taken to locate the plant out of the prevailing winds to minimize general noise and dust pollution from operational areas.

## **Roads**

Several transport haulage pathways have been defined for the transportation of concentrate to rail siding facilities. At ~50km in total length road haulage pathways have been designed to minimise gradient and intersection with topographic features such as major drainage, hills and settlements. The Company is optimising the haul road alignment working with local landholders to finalise a pathway that is both technically and economically feasible while taking into account community preferences.

## **Siding**

A location has been chosen for the rail siding where concentrate is transferred between road haul and rail haul. This location is approximately 5.5km away from the highway, behind a ridgeline so that visual, noise and dust pollution are minimized for local residents. The location offers relatively flat ground, cleared of vegetation so that capital and offsets costs are kept to a minimum. During the next quarter, a preliminary siding design will be confirmed, and work can then begin on the detailed design of the railway.

## Tailings

Work undertaken in the third quarter has found two optimised locations for the storage of Project tailings (TSF). Both these locations enable the use of the coarse tailings embankment construction method, as selected in 2021 PFS, which offers a more efficient outcome than conventional tailings storage. The tailings design is based on best practice engineering and safety standards.

This coming quarter will see detailed design continue and testing of the tailings key settling characteristics commence. Significant testing of the Razorback tailings was undertaken as part of the 2013 PFS and no trace of harmful elements were found; the testing to be undertaken as part of the DFS is primarily to determine the water recoverable once the tailings have been deposited and have settled.

## Hydrogeology

During the quarter, water drilling permitting was obtained for water bores located within the tenement area. The first of a phased ground water drilling program, a first round of drilling is planned for late May 2022 and intends to test six Project adjacent locations (5-10km) for potential ground water supply. These boreholes will target the NE Manunda Creek palaeochannel and southeastern fractured rock aquifers available within the tenement area.

Further borehole targets have been appraised and defined in the local Murray basin by Water Technology Pty Ltd. These targets lie 30-70km from the mine site within Murray basin sediments. Pending the results of the local aquifer drill testing it is expected that Murray Basin targets will be tested next. Permitting is underway for this program in preparation for drill testing.

## Permitting and Environmental Studies

### ***Environmental Assessments and Regulatory Approvals***

During the quarter, Magnetite Mines and environmental approvals consultant Eco Logical Australia (ELA) completed a number of baseline characterisation surveys within the mine/processing and off-site infrastructure areas. Initial noise, groundwater and sediment sampling programs were completed, with groundwater sampling to continue quarterly to establish seasonal variations. The air quality desktop study was also finalised.

ELA progressed its planning for further baseline characterisation and footprint assessments, particularly for off-site infrastructure developments, to commence in the next quarter. Surveys for targeted ecology (priority species), final flora and fauna characterisation and further groundwater sampling are all planned, with final reporting of all baseline characterisation activities to be achieved within the next period. It is envisaged that this program of work will enable the company to fully assess its offset requirements up to nine months in advance of conventional approvals programming.

The approvals program is now advancing to the environmental impact assessment phase for all project elements. This phase may require minimal targeted field assessments (particularly ecology) on final project footprints and will assess the impacts of and define mitigation strategies for all project activities.

Development of the Mining Lease Proposal, as per the SA Mining Act 1971, also commenced this period. This primary approval will cover all project elements, including mining, processing, NPI, haul road and transmission line. The award of the Mining Lease remains on target for H1 2023.

### **Stakeholder Engagement and Land Access**

Engagement with the South Australian Government, and Department of Energy and Mining in particular, has been the focus of Magnetite Mines' engagement program this quarter. Communication has centered on progressive updates on project development and initial scheduling of approvals referrals and submissions.

Magnetite Mines has also been maintaining regular communication with private landowners, lessees and local government authorities as it progresses DFS project design. Land access discussions have commenced for those landholders relevant to the intended Mining Lease area. Magnetite Mines is taking a respectful approach in engaging with landholders to identify preferred alignments for key off-site project infrastructure. This considerate approach de-risks land access negotiation processes that are formally commencing in the next quarter for the haul road and transmission line.

### **Native Title**

Magnetite Mines is actively engaging with the Ngadjuri Nation Aboriginal Corporation (NNAC) as the representative body for the Native Title claim over the Razorback Iron ore Project area. The Company recently provided a project presentation to the NNAC Board and requested the commencement of formal negotiations leading to a Native Title agreement.

Required statutory notifications are currently being prepared, after which the Native Title negotiations will commence. The Company is seeking a strong, long-term partnership with the Ngadjuri to support the shared opportunities arising through the Razorback Iron Ore Project

### **Cultural Heritage**

To date, baseline cultural heritage surveys for mining development have been completed on over 1,300 ha of Country by Ngadjuri heritage representatives, including over 1,100 ha within this quarter alone. Company representatives, including Chairman Peter Schubert, joined the Stage 1 Razorback baseline cultural heritage survey, demonstrating the importance the Company places on its relationship with the Ngadjuri and on the project's cultural heritage management program.

Two further surveys have been commissioned and are provisionally scheduled for May 2022. These will include completion of the remainder of the Stage 1 Razorback program, further step-out surveys at Razorback and Iron Peak as well as within infrastructure corridors. Magnetite Mines is reviewing opportunities to manage cultural heritage information to support Ngadjuri stakeholder accessibility.

### **Environmental and Social Governance**

Magnetite Mines is committed to delivering a robust and meaningful sustainability ESG strategy that is an intrinsic element of our business strategy, underpinning our role in a global effort and bringing value to shareholders and stakeholders alike.

The Company's objective for sustainable magnetite operations continues to drive performance across the business, from DFS design work to corporate initiatives. A snapshot of ESG-related activities in this quarter include:

- Climate action: targeting a high percentage of renewable electricity supply to site.
- Climate action / resource utilisation: improving the grid connection structure and transmission line design to negate thermal constraints, improve predicted line losses and reduce project carbon emission intensity.
- Water / resource utilisation: progressing groundwater investigations for near-site water supply with prioritisation of resources without competing uses; furthering assessment of expansion case water supply options including wastewater use.
- Biodiversity / ecological system resilience: commissioned further assessment into the presence of listed microbat species (targeted ecology survey) to suitably investigate and manage any potential material impacts on biodiversity.
- Community development: the company's commitment to supporting local communities resulted in sponsorship of the Yunta Race Club and the 2022 Yunta Easter Tennis Tournament.
- First Nation rights / equitable agreement-making: formal request made to NNAC to commence negotiations on a Native Title agreement, enshrining equitable knowledge and influence into the process.

## **Other Activities**

While the project team has been busy locating the key mine infrastructure and commencing DFS design work with our consultants, there has been considerable hours spent on gathering the data that builds the foundation for the mine infrastructure.

### ***LiDAR***

The Company has completed the second LiDAR survey of the wider mine site and key infrastructure corridors such as the haul road and transmission line. This work involves a light aircraft with LiDAR and imagery equipment on board, with survey work undertaken on the ground to correct the aerial data.

### ***Geotechnical Testwork***

For the Project, there are two separate disciplines of geotechnical investigation: Surface and Pit Wall Stability. The Company has completed early stage works for both disciplines.

Surface geotechnical investigations have been limited to a field study and desktop study. The next stage of work involves digging test pits at defined locations where key infrastructure is to be located. Test pitting is an important tool for characterising the soil and determining the depth of rock so that foundations can be designed to the correct tolerances. The foundations requiring this test work includes the powerline, workshop and plant, while they are also crucial for designing the main haul road and siding used for delivery concentrate from the plant to rail haul.

Following this work, the Company will drill bore holes to characterise the load bearing characteristics of rock beneath large moving and rotating equipment like the crushers and HPGRs. With the plant layout now confirmed, this work has been scoped and is currently in the permitting phase.

Drilling conducted at Razorback to date (~38,000m) has suggested that geotechnical conditions are reasonably consistent. Consequently the Pit Wall Stability analysis has been suspended until mining studies to determine the early life pit locations are completed. This will then inform the scope of the DFS drilling campaign which will be finalised in the coming quarter with drilling set to commence thereafter.

## CORPORATE UPDATE

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### Key Announcements During the Quarter

During the quarter, the Company made a number of announcements, the details for each announcement can be found on the ASX website. The key announcements are listed as follows:

- Expansion Study Presentation – 30/03/2022<sup>3</sup>
- Global Iron Ore & Steel Forecast Conference Presentation – 29/03/2022<sup>10</sup>
- Magnetite Mines Confirms Benefits of Expansion at Razorback – 21/03/2022<sup>2</sup>
- Interim Financial Statements as at 31 December 2021 – 11/03/2022<sup>11</sup>
- Appointment of New Non-Executive Directors – 12/01/2022<sup>12</sup>

### Finance

#### **Unquoted Options Conversion**

During the quarter, the Company received \$75,000 in cash (before costs) from the conversion of unquoted director options exercisable a \$0.015 each expiring 31 December 2024.<sup>13</sup> The Company issued 5,000,000 new fully paid ordinary shares from the conversion of the unquoted options and the shares issued rank equally with all existing shares from the date of issue.

During the quarter, the Company also received \$60,000 in cash (before costs) from the conversion of unquoted employee options exercisable a \$0.015 each expiring 18 March 2022.<sup>14</sup> The Company issued 4,000,000 new fully paid ordinary shares from the conversion of the unquoted options and the shares issued rank equally with all existing shares from the date of issue.

#### **Appointment of New Non-Executive Directors**

New Non-Executive Directors Mr. Jim McKerlie and Mr. Paul White were appointed to the board of Magnetite Mines Limited during the quarter.<sup>12</sup>

Former Chair of Drillsearch, Mr. McKerlie is a highly-regarded global business leader and experienced public company chairman with over 30 years' experience transforming digital, media, technology, energy and professional services organisations.

Mr. White is a highly accomplished and experienced business leader with a track record of driving organisational performance and delivering superior outcomes in both corporate and board positions.

Former Brisbane Broncos Chief Executive Officer, Mr. White has substantial executive experience with global mining companies including FTSE-listed Anglo American and Xstrata, with expertise in people strategy, business transformation and community stakeholder relations.

## MINING EXPLORATION ACTIVITIES

The cost in relation to the mining and evaluation activities during the quarter totalling \$ 3,081,000 relate to the cost incurred in relation to the completion of the DFS and also the following activities:

- DFS preparation and planning consultancy and engagement of key consultants
- General geological field work – particularly stakeholder engagement, sample preparation and storage
- Progressing permits to drill (particularly around environmental and heritage signoffs) for the upcoming drill programme
- Execution of drilling activities and associated overheads at the Iron Peak deposit
- Metallurgical testwork
- DFS related engineering and design for the Razorback Iron Ore Project

During the quarter drilling activities occurred at the Iron Peak deposit to complete a total of 17 drillholes consisting of PQ (11) and HQ (6) diameter diamond drill cores. This drilling program was designed to provide metallurgical sample for ongoing DFS related metallurgical testwork as well as inform resource definition at the Iron Peak Prospect. A total of 1,912m were drilled at this deposit. Further drill testing within the Razorback Iron Ore Project tenement package area is anticipated to test hydrogeological conditions towards groundwater definition.

### **Mining Production and Development activities during the Quarter:**

None of the Company's projects are at a production or development stage and consequently there were no activities during the quarter relating to production or development.

### **Tenements**

**Table 2. The following tenements held by Magnetite Mines Limited (and its controlled entities) as at 31 March 2022**

Tenement/ Project Name	Tenement Number	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during the Quarter	Disposed during the Quarter	Joint Venture Partner/Farm -In Party
<b>SOUTH AUSTRALIA</b>						
PUALCO	EL6126	100%	100%	-	-	-
RED DRAGON	EL6127	100%	100%	-	-	-
RAZORBACK RIDGE	EL6353	100%	100%	-	-	-
DRAGON'S TAIL	EL5902	100%	100%	-	-	-
SISTER'S DAM	EL6037	100%	100%	-	-	-

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

## References – MGT ASX Announcements

1. 29/10/21 - First Quarter Activities Report
2. 21/03/22 - Magnetite Mines Confirms Benefits of Expansion at Razorback
3. 30/03/22 - Expansion Study Presentation
4. 25/10/21 - Razorback Iron Ore Project Drilling Commences
5. 31/01/22 - Second Quarter Activities Report
6. 11/04/22 - Appointment of AMC to Razorback Definitive Feasibility Study
7. 24/05/21 - Razorback Iron Ore Project Mineral Resource Upgrade
8. 08/10/21 - Appointment of Hatch to Razorback DFS
9. 05/06/21 - Positive PFS Results for Razorback Iron Ore Project
10. 29/03/22 - Global Iron Ore Steel Forecast Conference Presentation
11. 11/03/22 - Half Year Accounts
12. 12/01/22 - Appointment of New Non-Executive Directors
13. 03/02/22 - Application for quotation of securities – MGT
14. 18/03/22 - Application for quotation of securities – MGT

## Appendix 5B

### Mining exploration entity quarterly cash flow report

Name of entity

MAGNETITE MINES LIMITED

ABN

34 108 102 432

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(220)	(760)
(e) administration and corporate costs	(233)	(796)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	27
1.5 Interest and other costs of finance paid	-	(98)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	26	(24)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(408)</b>	<b>(1,651)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(22)	(116)
(d) exploration & evaluation	(3,081)	(6,220)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	1	4
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,102)</b>	<b>(6,332)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	135	320
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>132</b>	<b>315</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	12,298	16,588
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(408)	(1,651)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,102)	(6,332)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	132	315

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,920</b>	<b>8,920</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,667	1,244
5.2	Call deposits	7,253	11,054
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,920</b>	<b>12,298</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(408)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,081)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,489)
8.4 Cash and cash equivalents at quarter end (item 4.6)	8,920
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	8,920
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2.56</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 April 2022

Authorised by: This report has been authorised for release to the market by the board.

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.