



Prospectus

Magnetite Mines Limited

ACN 108 102 432

For a renounceable pro rata offer to Eligible Shareholders of approximately 632 million New Shares at an issue price of \$0.025 per New Share on the basis of 1 New Share for every 5 Existing Shares held, together with 1 free attaching Option for every 2 New Shares issued, to raise up to approximately \$15.8 million before issue costs.

ASX Code: MGT

The Offer is partially underwritten by Mahe Capital Pty Limited for \$5 million.

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about the New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice

This Prospectus is dated 19 April 2022 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

Eligible Shareholders can obtain a copy of this Prospectus during the Offer period on the Company's website at www.magnetitemines.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders will only be able to accept the Offer by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements

This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy

Please read the privacy information located in section 8.15 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Company on + 61 8 8427 0516 or info@magnetitemines.com at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

Mr Peter Schubert	-Executive Chairman
Mr Mark R Eames	Executive Director
Mr Malcolm RJ Randell	Non- Executive Director
Mr Jim McKerlie	Non- Executive Director
Mr Paul White	Non- Executive Director

Company Secretary

John Rodriguez

Registered Office

Suite 1, 22 Greenhill Road
Wayville SA 5034

Tel: +61 8 8427 0516

Email: info@magnetitemines.com

ASX Code: MGT

Website: www.magnetitemines.com

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000
Tel: +61 3 9415 4000
Fax: +61 8 9323 2033
www.computershare.com

Auditor*

Stantons International Audit and Consulting Pty
Ltd
40 Kings Park Road
West Perth WA 6005

Lead Manager and Underwriter

Mahe Capital Pty Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000
AFSL: 517246

Solicitor to the Offer

Atkinson Corporate Lawyers
Level 8, 99 St Georges Terrace
Perth WA 6000

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus.

1 TIMETABLE TO THE OFFER

Ex date - Shares trade ex Entitlement (Ex Date)	21 April 2022
Rights trading commences on a deferred settlement basis	
Record date to determine Entitlement (Record Date)	7pm AEST 22 April 2022
Prospectus with Entitlement and Acceptance Form dispatched	27 April 2022
Offer opens for receipt of Applications	
Rights trading ends	6 May 2022
Closing date for acceptances	5pm AEST 13 May 2022
Notify ASX of results of the Offer	18 May 2022
Issue of New Securities	
Normal trading of New Securities expected to commence Dispatch of shareholding statements	20 May 2022
Last date to issue Shortfall Shares (see section 8.6)	13 August 2022

Note: The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Shares are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

	Underwritten Amount	Full Subscription
Shares currently on issue	3,159,746,881	3,159,746,881
Total unquoted Options currently on issue ¹	153,100,000	153,100,000
New Shares offered under this Prospectus, on a 1 for 5 basis ¹	200,000,000	631,949,376
New Options offered under this Prospectus, being 1 New Option for 2 new Shares issued ²	100,000,000	315,974,688
Issue price per New Share	\$0.025	\$0.025
Amount raised under this Prospectus (before costs) ¹	\$5,000,000	\$15,798,734
Total Shares on issue following the Offer	3,359,746,881	3,791,696,257
Total Options on issue following the Offer, including issued to the Lead Manager ²	268,100,000	516,470,891

1 This assumes no further Shares are issued prior to the Record Date

2 The Company has also agreed to issue the Lead Manager 3 New Options for every \$1 raised.

3 CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of Magnetite Mines Limited (Company), I am pleased to invite you to participate in a renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 5 Shares held on the record date at an issue price of \$0.025 per New Share, together with 1 attaching New Option (exercisable at \$0.05 each on or before 12 months from issue) for every 2 New Shares subscribed for, to raise up to approximately \$15.8 million (before costs) (Offer). Eligible Shareholders may trade their rights on ASX.

The Offer is partially underwritten to \$5 million by Lead Manager and Underwriter Mahe Capital. Shareholders will be able to apply for additional Shortfall Shares in excess of their Entitlement.

The funds raised will be used to materially complete technical investigations and engineering for the Definitive-Feasibility Study (DFS) for the Company's flagship Razorback Iron Ore Project (based on current forecasts and proposed work), and to advance discussions with project financiers. Critical work planned includes DFS process plant design, additional metallurgical and water drilling, geotechnical investigations and advancing permitting and approvals. Additionally, the proceeds will be used for general working capital and to cover costs associated with the Offer.

The recent Expansion Study validated the Company's strategy of a disciplined, technically-led, staged approach to development and the significant upside potential of our large iron ore resources. The Expansion Study valued the Razorback Iron Ore Project at close to \$2.5 billion for the first 3 stages, which makes the offer price all the more compelling (see the Company's announcement dated 21 March 2022. The Company confirms that all the material assumptions underpinning this valuation continue to apply and have not materially changed).

As the technical aspects of the project are further de-risked in the DFS, and government and environmental applications progress towards approval, the Board expects the value of the Company to increase towards the value of the project. The Company believes that a rights issue is a fair and appropriate capital raising approach, as it allows all Shareholders to participate in this fundraising in proportion to their holdings and potentially trade their Entitlement if they elect not to participate for some or all of their New Shares.

Each of the Directors will participate in the issue in full or in part, and Messrs White, Eames and McKelvie are sub-underwriting a portion of the Offer. The Offer is open to all Eligible Shareholders who have a registered address in Australia or New Zealand and who hold Shares on the Record Date.

The Company is subject to a range of risks, both those relating to the success of its operations and exploration programmes, and also including those which apply to the mining and resources sector such as a loss of key personnel and the price of commodities. In particular, there are risks around price increases and supply chain delays in the development of the Razorback project, commodity price fluctuations and obtaining funding to develop Razorback. These risks and others are discussed in more detail in Section 4 of this Prospectus.

Eligible Shareholders may apply for some or all of their Entitlement under the Offer and may also apply for additional New Shares and New Options in excess of their Entitlement (for further details see Section 2.3). The Offer is scheduled to close at 5.00pm (AEST) on 13 May 2022.

To participate, you will need to ensure that you have completed and, unless paying by BPAY, returned the Entitlement and Acceptance Form and paid all application monies before this time and date.

Details of how to accept the Offer are provided on the Entitlement and Acceptance Form and in Section 7 of this Prospectus.

This fundraising is a major step in the Company's journey towards becoming a long-life, iron ore producer that creates significant value for shareholders. The Board and management changes announced today (and which become effective on 15 May 2022) in conjunction with the Offer reflect our commitment to implementing strategies and structures to strengthen the Company's position as it undertakes this transition.

This Prospectus also serves the purpose of removing any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date of the Offer.

As my last letter to you as Chairman, I am confident that these strategic changes will result in the Company being better placed to deliver optimal value for shareholders and to grow the business substantially in the coming years.

On behalf of the Directors, I invite you to consider this opportunity to support the Company's strategy and thank you for your continued support.

Yours faithfully,

Peter Schubert
Executive Chairman
Magnetite Mines Limited

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

Question	Response	Where to find more information
What is the purpose of this Prospectus?	The purpose of this Prospectus is to make the Offer to Eligible Shareholders and to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.	Section 5
What is the Offer?	<p>1 New Share for every 5 existing Shares held on the Record Date at an issue price of \$0.025, with 1 attaching New Option for every 2 New Shares issued. The Company may also increase the Offer using its available capacity under Chapter 7 of the Listing Rules.</p> <p>The Offer seeks to issue up to approximately 632 million New Shares and 316 million New Options to raise up to approximately \$15.8 million (before costs) if fully subscribed. Up to a further \$15.8 million may be raised if all New Options are exercised.</p> <p>The Offer is partially underwritten by Mahe Capital for \$5 million.</p>	Section 8
Am I an Eligible Shareholder?	<p>The Offer is made to Eligible Shareholders, being Shareholders who:</p> <ul style="list-style-type: none">(a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and(b) have a registered address in Australia or New Zealand. <p>Shareholders who are not eligible to participate in the Offer may not participate in the Offer.</p>	Section 8.5
Can I trade my rights?	Eligible Shareholders may trade their Entitlement. Contact your stockbroker. Rights trading will commence (on a deferred settlement basis) on 21 April 2022 and must be completed by 6 May 2022.	Section 7.4
How will the proceeds of the Offer be used?	The Company will use the funds raised under the Offer to materially complete technical investigations and engineering for the DFS for the Razorback Iron Ore Project, to advance discussions with project financiers, and for other activities necessary to bring the Project	Section 5.2

Question	Response	Where to find more information
	<p>into development such as permitting and approvals and further drilling programs.</p> <p>A detailed breakdown of the proposed use of Offer proceeds is provided in Section 5.2.</p>	
<p>What are the key risks of a subscription under the Offer?</p>	<p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <p>Future capital needs and additional funding. The proceeds of the Offer are intended to complete the Razorback Iron Ore Project DFS and related activities and enable the Company to secure funding for the Project's construction phase.</p> <p>There can be no guarantee that the proceeds from the Offer will be sufficient to enable the Company to complete the DFS or that, if completed, the DFS will be of a sufficient standard and quality acceptable for submission to project financiers.</p> <p>The July 2021 PFS capital estimate for construction was A\$665M (Plant Optimised case). It may not be possible for the Company to secure funding options for the Project notwithstanding the quality of the DFS produced. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, many of which are outside the Company's control. Any inability to obtain sufficient funding for the Company's operations may result in the delay or cancellation of certain activities or projects, including the Razorback Project, which could have a material effect on the Company's financial condition and performance.</p> <p>Resource Estimation risk. The Company holds projects, including the Razorback Iron Ore Project, for which Mineral Resource and Reserve estimates have been prepared and engineering and economic studies have been completed, however, these estimates are expressions of judgement based on knowledge, experience and industry practice. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resource</p>	<p>Section 6</p>

Question	Response	Where to find more information
	<p>estimates. Consequently, actual mineral resources may differ from those estimated, which may have a negative effect on operations.</p> <p>Operating and project risks. Unforeseen risks may arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables and project inputs, labour forced disruption, the price or unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in adverse economic impacts.</p> <p>Commodity price volatility and exchange rates risks. In the event that the Company achieves development success, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities and some services are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rates of exchange between the United States dollar and the Australian dollar, as determined by international markets.</p>	
<p>Is the Offer underwritten?</p>	<p>The Offer is partially underwritten by Mahe Capital Pty Limited for \$5 million. The underwriting is subject to conditions and terminating events which are typical for an entity in the Company's circumstances.</p>	<p>Section 8.4</p>
<p>What will be the effect of the Offer on</p>	<p>The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible</p>	<p>Section 5.4</p>

Question	Response	Where to find more information
control of the Company?	Shareholders and the number of Shortfall Shares placed in the Shortfall Offer. No Shareholder may increase their voting power above 20% as a result of the Offer.	
How do I apply for New Shares and Shortfall Shares under the Offer?	Applications for New Shares and Shortfall Shares can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Shares applied for.	Section 7.2
Can I sell my Entitlements under the Offer?	Yes, the Offer is renounceable meaning any Entitlement may be transferred.	Section 7.1
How will the Shortfall Shares be allocated?	Eligible Shareholders can apply for Shortfall Shares. The Directors reserve the right to place any Shortfall Shares at their discretion within 3 months of the Closing Date.	Section 8.6
How can I obtain further information?	Contact the Company on +61 8 8427 0516 or info@magnetitemines.com at any time between 8.00am and 5.00pm (AEST) Monday to Friday until the Closing Date. Alternatively, consult your adviser.	

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise up to approximately \$15.8 million before issue costs under the Offer at a price of \$0.025 per Share on the basis of 1 New Share for every 5 Existing Shares held as at the Record Date, with 1 New Option for every 2 New Shares issued.

Shareholders may, in addition to their Entitlement apply for Shortfall Shares.

The Offer is partially underwritten by Mahe Capital Pty Limited for \$5 million.

The Company reserves the right to, using its available capacity under Chapter 7 of the Listing Rules, issue additional securities on the same terms as the Offer.

5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

Use of funds (\$ million) (approx.) ¹	Underwritten Amount	Full Subscription
Completion of DFS design of process plant and tailings storage facility including related testwork	2.1	4.2
Completion of DFS design of other project elements	0.5	1.2
Other DFS related costs	-	2.4
Additional metallurgical drilling, water drilling and geotechnical investigations	-	2.3
Resource modelling and estimation	-	0.6
Advancing permitting & approvals including a Native Title Agreement, land access, and operational approval under the Mining Act 1971 (SA)	-	1.6
Electrical grid connection	-	0.8
Exploration tenement expenses	0.2	0.2
Other expenses	-	0.2
Expenses of the Offer ²	0.5	0.6
Working capital ³	1.7	1.7
Total use of funds	5.0	15.8

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 Funds raised will, in the event less than Full Subscription is received, be allocated firstly towards the costs of the Offer and then proportionally as set out above.
- 3 General working capital is intended to accelerate and/or extend/continue the above initiative as required, and corporate administration and operating costs (including directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs).
- 4 See section 10.5 for further details relating to the estimated expenses of the Offer.

This Prospectus also removes any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

5.3 Statement of financial position

Set out in section 13 is the unaudited Statement of Financial Position of the Company and the Pro-Forma Statement of Financial Position, as at 31 March 2022 and on the basis of the following assumptions:

- (a) the Offer was effective on 31 March 2022;
- (b) no further Shares are issued other than all Shares offered under this Prospectus;
- (c) take up of the Offer assuming Underwritten Amount and Full Subscription are received; and
- (d) (cash) costs of the Offer are between \$504,082 and \$638,081 (assuming the Lead Manager does not place any Shortfall in excess of the Underwritten Amount).

The pro-forma Statement of Financial Position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company set out in section 13. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued prior to the Record Date, at the close of the Offer the capital structure of the Company will be:

Shares	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Shares	3,159,746,881	94.05	3,159,746,881	83.33
New Shares offered under this Prospectus	200,000,000	5.95	631,949,376	16.67
Total Shares	3,359,746,881	100	3,791,696,257	100

Assuming that no further Options are issued prior to the Record Date, at the close of the Offer, the number of Options on issue will be:

Convertible securities	Underwritten Amount		Full Subscription	
	Number	%	Number	%
Existing Options and Performance Rights	153,100,000	57.11	153,100,000	32.28
Options to be offered under the Offer	100,000,000	37.30	315,974,688	66.61
Options issued to the Lead Manager ¹	15,000,000	5.59	5,266,245	1.11
Total Options	268,100,000	100	474,340,933	100

¹ The Lead Manager is entitled to be issued 3 New Options for every \$1 raised under this Prospectus.

5.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

(a) Underwriter

As detailed in section 8.4 of this Prospectus, the Underwriter has agreed to underwrite the issue of up to 200,000,000 New Shares under the Offer.

The Underwriter has advised the Company that neither it, nor any of its associates, currently has a relevant interest in any Shares, and will not as a result of the Offer, have a voting power of 20% or more in the Company.

The Underwriter's relevant interests in the Company following the Offer will depend upon the number of New Shares taken up and the number of New Shares subscribed for by sub-underwriters, although the maximum voting power it will acquire is 5.95%.

(b) Others

As the Offer is renounceable, for the purposes of Listing Rule 7.7.1(c), the Company has appointed a nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale. The Company has not appointed a nominee in accordance with section 615 of the Corporations Act, as no person will acquire a relevant interest in 20% or more of the Company's Shares as a result of the Offer.

5.6 Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming the full amount is raised and no further Shares are issued or Options exercised:

Holder	Holding at Record Date	Entitlement
--------	------------------------	-------------

			Holding following the Offer if no Entitlement taken up		
	Number	%	Number	%	
1	315,975	0.01%	63,195	315,975	0.009%
2	3,159,747	0.10%	631,949	3,159,747	0.094%
3	31,597,469	1.00%	6,319,494	31,597,469	0.940%
4	315,974,688	10.00%	63,194,938	315,974,688	9.405%

6 RISK FACTORS

This section identifies the major risks the Board has identified regarding an investment in the Company. The Company's business is subject to risk factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that any forward looking statements will be achieved. An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could, if it eventuates, have a material adverse impact on the Company's prospects, and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Before deciding to invest in the Company, potential investors should:

- (a) read the entire Prospectus;
- (b) consider the assumptions underlying any forward looking statements;
- (c) review these factors in light of their personal circumstances; and
- (d) seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

6.2 Risk specific to the Offer

- (a) Future funding and ability to continue as a going concern

Funds raised from the Offer will be used for the purposes mentioned under section 5.2 of the prospectus. Whilst the Company believes that the Underwritten Amount will be sufficient to sufficiently progress the definitive feasibility study for Razorback, additional funding will, if less than Full Subscription is raised, be required to complete the study. Raising additional capital may be dilutive to existing Shareholders.

- (b) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.6 above.

6.3 Specific Investment Risks

An investment in the Company has risks that you should consider before making a decision to invest. These risks include:

- (a) Future capital needs and additional funding

The proceeds of the Offer are intended to complete the Razorback Iron Ore Project DFS and related activities and enable the Company to secure funding for the Project's construction phase.

There can be no guarantee that the proceeds from the Offer will be sufficient to enable the Company to complete the DFS or that, if completed, the DFS will be of a sufficient standard and quality acceptable for submission to project financiers.

The July 2021 PFS capital estimate for construction was A\$665M (Plant Optimised case). It may not be possible for the Company to secure funding options for the Project notwithstanding the quality of the DFS produced. The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, many of which are outside the Company's control. Any inability to obtain sufficient funding for the Company's operations may result in the delay or cancellation of certain activities or projects, including the Razorback Project, which could have a material effect on the Company's financial condition and performance.

(b) Resource Estimation risk

The Company holds projects, including the Razorback Iron Ore Project, for which Mineral Resource and Reserve estimates have been prepared and engineering and economic studies have been completed, however, these estimates are expressions of judgement based on knowledge, experience and industry practice. The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resource estimates. Consequently, actual mineral resources may differ from those estimated, which may have a negative effect on operations.

(c) Operating and project risks.

Unforeseen risks may arise in the development and production phase including mining or processing issues, environmental hazards, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables and project inputs, labour forced disruption, the price or unavailability of materials and plant and equipment, mechanical failure or plant breakdown, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in adverse economic impacts.

(d) Commodity price volatility and exchange rates risks.

In the event that the Company achieves development success, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors. Furthermore, international prices of various commodities and some services are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rates of exchange between the United States dollar and the Australian dollar, as determined by international markets..

6.4 Razorback Iron Ore Project

The Company currently has a single defined project, the Razorback Iron Ore Project. On 5 July 2021, the Company announced the results of a pre-feasibility study (PFS) for the Razorback project. The study identified a number of key risks for the project such as access to key project resources (such as land, water, transport and power), approvals, project management and product handling, as well as mitigation strategies. These risks and

associated mitigation plans are being addressed in the development work programme for the project as part of the ongoing DFS. The risks include:

(a) Resources/geology

Mineral Resources and Reserve estimates have been prepared for Razorback, but further geological and geometallurgical investigations may result in changes to these estimates and hence to the project outcomes.

(b) Mining

The PFS cases were based on specific mining approaches derived from the geological model information at the time with resulting estimates of quantities, costs and qualities. This work is subject to further, detailed investigation which has the potential to generate different outcomes.

(c) Processing

Capital cost, operating costs, throughputs and recoveries were estimated as part of the PFS work, but detailed work in the DFS may generate different estimates. Metallurgical parameters are subject to change as a result of the DFS work. Input prices and availabilities such as steel and equipment pricing and lead times for major equipment may affect the timing and economic outcomes.

(d) Transport

A number of road, rail and port options were examined as part of PFS work. While pricing and access estimates were based on third party estimates, there is no guarantee of access availability, cost or conditions for transport.

(e) Tailings

The Razorback project by its nature will generate significant quantities of tailings which are planned to be stored in a Tailings Storage Facility (TSF). While the Company considers that the technical risk is manageable due to the geography, benign nature of the tailings and use of appropriate standards (such as ANCOLD (2019)) for TSF design, work is underway to determine storage locations, embankment construction methods/costs and tailings management arrangements, which may impact final costs and approval requirements.

(f) Power

The project requires access to electrical power supply by way of a transmission line to connect to grid power. Engineering and commercial options were studied in the PFS, but work during DFS may affect supply arrangements, costs and timing.

(g) Water

The PFS estimated a water requirement of approximately 5GL of water per year for the Project. Water drilling and testwork is planned as part of the DFS, which may impact on cost, availability and approval requirements for water supply.

(h) Environmental, Social and Governance (ESG)

As part of the company's ESG initiatives, the environmental and social impacts of its operations will be baselined against global best practice, with a drive to outperform peer iron ore suppliers on Scope 1, 2 and 3 emissions profiles. This will be a key area

of focus as part of the DFS, but the final environmental footprint and impacts of the project have yet to be defined.

(i) Approvals

Development of Razorback requires new consents, licensing and operating approvals for which the extensive preparatory work is underway. Major new consents and licences will need to be secured pursuant to the SA Mining Act 1971, while other regulatory approvals and consents (State and/or Commonwealth) may also be required. As with any approval process, consent is not guaranteed and conditions or other consent requirement may impact the project timing and outcomes.

(j) Land-owner and access risk

The Company will be required to negotiate access arrangements and compensation with land owners, local authorities, traditional land users and others who may have an interest in the area covered by a mining tenement. The Company's ability to resolve access and compensation issues will have an impact on the future success and financial performance of the Company's operations.

(k) Native title and Aboriginal heritage

Tenements which may be acquired by the Company may be located within areas that are covered by potential Native Title claims and negotiations under the Native Title Act 1993 (Cth) and related State native title legislation and aboriginal heritage legislation may affect the Company's ability and timing to obtain access to certain of exploration areas or to obtain mining production titles and the timing and costs are uncertain.

(l) COVID

The Company has been able to progress its investigation and studies to date broadly in accordance with estimated timeframes despite the impact of COVID, but there is a risk that the Company's estimated development timeframes and costs are impacted by COVID-related restrictions or impacts.

(m) Convertible notes

In addition, and as announced on 4 September 2019 and 12 November 2019, the Company has entered into an agreement with the liquidators of Mintech Resources Pty Ltd (in liquidation) (**Mintech**) to amend the terms of redeemable notes held by Mintech. Under the agreement, notes with a face value of \$1,975,000 (with an applicable interest rate of 5% per annum) will mature on 31 August 2023 (**Notes**). In the event that the Company is unable to convert the Notes to Shares prior to Shares (in accordance with the terms of the Notes), the Company will have to repay the full face value (and all applicable interest) on the maturity date

(n) Reliance on key personnel and consultants

The Company's success largely depends on the core competencies of its Directors, management and third party consultants and their familiarisation with, and ability to operate in, the resources industry. The financial performance of the Company and the value of an investment in the Company partly depend on the ability of the Company to retain these key personnel and consultants.

(o) Counterparty, supplier and joint venture risks

The Company is a party to a number of contracts with suppliers and may in the future become a party to other contracts or commercial arrangements (such as joint venture agreements). There is a risk that one of the Company's commercial counterparties may default on their obligations or not act in the best interests of the Company. There is a risk of insolvency or managerial failure by any of the contractors or other suppliers used by the Company in any of its activities, or that any of those agreements are terminated in accordance with their terms. There is also a risk of legal or other disputes between the Company and co-venturers or contractors or other suppliers. This may have an adverse effect on the interests and prospects of the Company.

(p) Input pricing and availability

The timing and cost of inputs to mining businesses, including consultants, people, equipment, construction materials and consumables, vary with demand and supply has historically been tight when commodity prices rise. Inflation any impacts on mining inputs may result in increased capital and operating cost or delays to the project.

(q) Tenement title

The Company's title to its tenements generally requires the Company to continue to satisfy its expenditure or work commitments. The Company currently has no reason to believe that it will not satisfy those commitments. However, this cannot be guaranteed.

(r) Litigation and counterparty risks

The Company is not currently involved in any litigation, however like any corporation operating in a commercial setting, the Company is exposed to potential legal and other claims or disputes in the course of its business, including litigation from employees, regulators or other third parties.

(s) Technology and performance risk

The scope for development of the Razorback project relies on third party technology and design, some of it proprietary. The Company is currently conducting metallurgical testing and while testing to date has been encouraging, there is no guarantee or assurance that processing outcomes will be replicated at commercial scale, with potential impacts to throughput, quality and costs.

(t) Insurance

The Company, where economically feasible, insures its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance, if obtained, may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a negative effect on the financial performance of the Company and the value of an investment in the Company.

(u) Speculative Nature of Investment

Any potential investor should be aware that subscribing for Shares involves various risks. The Shares to be issued pursuant to the Offer carry no guarantees with respect

to the payment of dividends, return of capital or market value. The success of the Company is dependent on successfully completing the DFS. An investment in the Company should therefore be considered speculative in nature.

6.5 General Investment Risks

(a) Coronavirus (COVID-19)

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share prices.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations.

(b) Share Market Investments

It is important to recognise that the price of Shares may rise or fall, and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Those fluctuations might adversely affect the price of the Shares.

(c) General Economic Conditions

The Company's operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates, could be expected to have a corresponding adverse impact on the Company's operating and financial performance.

In particular, the outbreak of the war in Ukraine and the impact of the sanctions regime applied to Russia is impacting global economic markets. The nature and extent of the effect of the war and its consequences on global economic markets remains unknown. The Company's share price may be adversely affected in the short to medium term by the economic uncertainty caused by the war and its consequences.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Company's operating and financial performance and financial position.

The Company's future possible revenues and Share prices may be affected by these factors, which are beyond the control of the Company.

(d) Accounting Standards

Australian accounting standards are set by the Australian Accounting Standards Board (AASB) and are outside the Directors' and the Company's control. Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in the Company's financial statements.

(e) **Taxation Risks**

Changes to the rate of taxes imposed on the Company (including in overseas jurisdictions in which the Company operates now or in the future) or tax legislation generally may affect the Company and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to the Company's interpretation may lead to an increase in the Company's taxation liabilities and a reduction in Shareholder returns.

Personal tax liabilities are the responsibility of each individual investor. the Company is not responsible either for taxation or penalties incurred by investors.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Shares (see section 7.3);
- (c) sell all of your Entitlement (see section 7.4);
- (d) take up part of your Entitlement and sell the balance (see section 7.5);
- (e) take up part of your Entitlement and transfer the balance other than on ASX (see section 7.6); or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares and attaching Options offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares and attaching options you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Shares

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Shares regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the

instructions set out on that form. See section 8.6 for details of the manner in which Shortfall Shares will be allocated.

A cheque, bank draft or money order should be used for the application money for your Entitlement and the number of Shortfall Shares you wish to apply for as stated on the Entitlement and Acceptance Form.

Alternatively, if you are paying by BPAY®¹, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5pm AEST on 13 May 2022.

Any refund of application monies will be returned to Applicants as soon as practicable following the issue of all Shortfall Shares.

7.4 Sell all of your Entitlement

Complete the section marked “Instructions to Stockbroker” on the back of the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence (on a deferred settlement basis) on ASX on 21 April 2022. Sale of your Rights must be completed by 6 May 2022 when Rights trading is expected to cease.

7.5 Take up part of your Entitlement and sell the balance on ASX

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Entitlement and Acceptance Form) and complete the section marked “Instructions to Stockbroker” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches the Company’s share registry, by 5 pm AEST on 13 May 2022.

Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 21 April 2022. Sale of your Rights must be completed by 6 May 2022 when Rights trading is expected to cease.

7.6 Take up part of your Entitlement and transfer the balance other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Share Registry) together with your personalised Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate application money to reach the Company’s share registry (at the postal address shown below), by 5 pm AEST on 13 May 2022.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

¹ Registered to BPAY Pty Ltd ABN 69 079 137 518

Cash will not be accepted and no receipts will be issued.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Shares.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY do not need to complete and return the Entitlement and Acceptance Form; however must ensure that payment is received by no later than 5.00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5.00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Magnetite Mines Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.025 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement

and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at the following addresses by no later than 5.00pm (AEST) on the Closing Date:

By Post To:

Magnetite Mines Limited

C/- Computershare Investor Services Pty Limited

GPO Box 52

MELBOURNE VIC 3001 AUSTRALIA

7.9 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque, bank draft or money order for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and

accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders on the basis of 1 New Share for every 5 Existing Shares held as at the Record Date at a price of \$0.025 per New Share, with 1 New Option for every 2 New Shares issued, to raise up to approximately \$15.8 million before issue costs. Fractional entitlements will be rounded down to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares offered under this Prospectus are summarised in section 9.

8.2 Minimum subscription

The Offer is underwritten for \$5,000,000 and not subject to any minimum subscription.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Underwriting

The Underwriter has agreed to underwrite the issue of 200,000,000 Shortfall Shares (**Underwritten Securities**) in accordance with an underwriting agreement dated 19 April 2022 (**Underwriting Agreement**). The Underwriter will be paid the following fees:

- (a) A lead manager's fee of \$60,000. The Underwriter has the right to have this fee satisfied through the issue of Shares on the same terms as under the Offer;
- (b) 3 New Options for every \$1 raised under this Prospectus;
- (c) A management fee of 1% of the total amount raised under the Offer. The Underwriter has the right to have this fee satisfied through the issue of Shares on the same terms as under the Offer;
- (d) An underwriting fee of 5% of the Underwritten Amount; and
- (e) A placement fee of 5% of any Shortfall and other securities placed by the Underwriter beyond the Underwritten Amount.

The Underwriter will, in the event the Underwriting Agreement is terminated in certain circumstances, be entitled to a termination fee of \$30,000.

The Company will also be required to reimburse the Underwriter for all of the reasonable costs incurred by the Underwriter in relation to the Offer.

The underwriting of the Offer is conditional upon the satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (f) the Underwriter being satisfied with the due diligence investigations by the Company in relation to the Offer; and
- (g) the Company's solicitors providing the Underwriter with a legal sign off letter in relation to the due diligence investigations.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- (h) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its officers, employees, advisers and related bodies corporate, and the officers, employees and advisers of any of its related bodies corporate against losses suffered or incurred in connection with the Offer;
- (i) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (j) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) (Indices fall): the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) (Price): the Price is greater than the volume weighted average price of Shares calculated over three consecutive trading days after the date of the Underwriting Agreement;

- (iii) (Misleading Announcement): it transpires that the Company has made a statement via the ASX that is misleading or deceptive or likely to mislead or deceive.
- (iv) (Adverse change): an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a likely Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time. Material Adverse Event means:
 - (A) a material adverse effect on the outcome of the Offer or on the subsequent market for the Underwritten Securities (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Underwritten Securities); or
 - (B) a material adverse effect on the assets, condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company and its Subsidiaries either individually or taken as a whole;
- (v) (Board and senior management composition): there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Underwritten Securities without the prior written consent of the Underwriter, such consent not to be unreasonably withheld;
- (vi) (Change in shareholdings): there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer or a matter disclosed in the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (vii) (Market Conditions): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

For the purposes of section 706 of the Corporations Act, the Company offers the Underwriter three New Options for every \$1 raised under this Prospectus. This offer may only be accepted by the Underwriter or (subject to the Corporations Act and Listing Rules) its nominees by completing a personalized application form which accompanies this Prospectus. The Company relies upon its 15% capacity under Listing Rule 7.1 to issue these New Options to the Underwriter and its nominees, and Shareholder approval will not be sought for the issue.

8.5 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 5.00pm (AEST) on the Record Date; and

- (b) have a registered address in Australia or New Zealand.

8.6 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Shares. The Directors reserve the right to issue any Shortfall Shares at their discretion within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Shares by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Shares using the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Shares in circumstances which do not require the offer for Shortfall Shares or this Prospectus to be registered.

It is possible that there may be no Shortfall Shares available for issue.

Subject to the above, the Directors reserve the right at their absolute discretion and subject to the Corporations Act and Listing Rules, to:

- (a) issue Shortfall Shares at their discretion by applying a policy of allocating Shortfall Shares in a manner that is in the Company's best interests; and
- (b) to reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than that applied for.

It is an express term of the Shortfall Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.7 New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

8.8 Treatment of Ineligible Shareholders and sale for Ineligible Shareholders' Entitlement

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations outside Australia and New Zealand, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

For the purposes of Listing Rule 7.7.1(c), the Company has appointed the Underwriter as nominee to arrange for the sale of the Non-Eligible Foreign Shareholders' Entitlements and to account to them for the net proceeds of the sale.

The proceeds of sale (in Australian dollars) will be distributed to the Non-Eligible Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

8.9 Beneficial holders, nominees, trustees and custodians

The foreign selling restrictions under the Offer summarised in section 8.8 of this Prospectus apply to the underlying beneficial holder. Nominees, trustees and custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder. Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed. Shareholders who hold Shares on behalf of persons whose registered address is not in Australia or New Zealand are responsible for ensuring that applying for New Shares does not breach securities laws in the relevant overseas jurisdictions.

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.10 Allotment and application money

New Shares will be issued only after all application money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 18 May 2022 and normal trading of the New Shares on ASX is expected to commence on 20 May 2022.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.11 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be allotted or issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

8.12 Market prices of Existing Shares on ASX

The 30 day VWAP and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	30 day VWAP	Last market sale price
Price (\$)	\$0.035	\$0.041
Date		14 April 2022

8.13 CHESS

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.14 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary

of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.15 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.16 Enquiries

Any queries regarding the Offer or Entitlement and Acceptance Form should be directed to the Company on +61 8 8427 0516 or info@magnetitemines.com or emma.brosnan@magnetitemines.com.

You can also contact your adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 Rights and liability attaching to Shares

Full details of the rights and liabilities attaching to the Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and

- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Except as otherwise required by the Corporations Act and to the terms on which shares are on issue and the rights and restrictions attaching to shares, the Directors may from time to time:

- declare dividends (whether final or interim) to be paid to members on such terms, including the amount and the time for and the method of payment, as the Directors think fit; or
- determine that a dividend is payable, fix the amount and time for payment.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Liquidation rights

The Company has one class of shares on issue, ordinary shares. Each ordinary Share ranks equally in the event of liquidation.

(g) Variation of rights

Subject to the Corporations Act and Listing Rules, the rights attached to the Shares may be varied in accordance with the Corporations Act

(h) Election of directors

At every annual general meeting one third of the Directors (rounded up to the nearest whole number) must retire from office. Any Director who would have held office for more than 3 years if that Director remains in office until the next general meeting must retire. These retirement rules do not apply to certain appointments including the managing director.

(i) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(j) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus must be divided among the shareholders of the Company.

(k) Shareholder liability

As the Shares offered under the Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(l) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(m) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

9.2 Rights and liability attaching to Options

Options offered under this Prospectus are subject to the following terms:

- (a) Each Option entitles the holder to be issued one Share.

- (b) The exercise price of the Options is \$0.05 each.
- (c) The expiry date of an Option is 12 months from issue.
- (d) The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- (e) The Company currently intends to apply for quotation of the Options on the official list of the ASX. Quotation of the Options is not guaranteed or automatic but will depend on ASX exercising its discretion under the Listing Rules.
- (f) The Options are freely transferable subject to any restriction or escrow arrangements imposed by the Corporations Act and the ASX Listing Rules.
- (g) The holder of an Option may not exercise less than 10,000 Options at any one time unless the holder has less than 10,000 Options in which event the Holder must exercise all of the Options together.
- (h) The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Share Registry to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be issued and the identity of the proposed subscribers. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- (i) All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company must apply to the ASX in accordance with the Listing Rules for all Shares pursuant to the exercise of Options to be admitted to quotation.
- (j) There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. Thereby, the Option holder has no rights to a change in:
 - (i) the exercise price of the Option; or
 - (ii) period of exercise of the Option; or
 - (iii) except in the event of a Bonus Issue (defined below), a change to the number of underlying securities over which the Option can be exercised.
- (k) The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- (l) If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company (Bonus Issue), then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her

under that Bonus Issue if the Options had been exercised before the record date for the Bonus Issue.

- (m) In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements of the Company for the financial year ended 30 June 2021 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

The Company confirms that, to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in this Prospectus, there is no information

- (a) that has been excluded from a continuous disclosure notice in accordance with ASX Listing Rules; and

- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
- (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to New Shares.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 30 June 2021 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) the half-year financial report lodged with ASIC by the Company for the half year ending 31 December 2021; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in paragraph (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours or from asx.com.au.

The Company has lodged the following announcements with ASX since its 2021 annual report was lodged with ASX on 27 October 2021:

Date	Announcement
19 Apr 2022	Strategic board and management changes
5 Apr 2022	Conversion of Director Options
30 Mar 2022	Expansion Study Presentation
29 Mar 2022	Global Iron Ore Steel Forecast Conference Presentation
21 Mar 2022	Conversion of Director Options
21 Mar 2022	Magnetite Mines Confirms Benefits of Expansion at Razorback
18 Mar 2022	Application for quotation of securities - MGT

11 Mar 2022	Half Year Accounts
21 Feb 2022	Correction Notice - Appendix 2A
3 Feb 2022	Application for quotation of securities - MGT
31 Jan 2022	Second Quarter Activities & Cashflow Reports
12 Jan 2022	Initial Director's Interest Notice
12 Jan 2022	Initial Director's Interest Notice
12 Jan 2022	Appointment of New Non-Executive Directors
15 Dec 2021	Change of Director's Interest Notice - Mark Eames
15 Dec 2021	Change of Director's Interest Notice - Peter Schubert
15 Dec 2021	Notification regarding unquoted securities - MGT
13 Dec 2021	Appointment of Strategic Advisor
9 Dec 2021	Expiry of Options
9 Dec 2021	Appendix 3Y - Change of Director's Interest Notice x 1
3 Dec 2021	Change of Chief Financial Officer and Company Secretary Role
1 Dec 2021	Expiry of Director Options
1 Dec 2021	Secondary Trading Notice
1 Dec 2021	Application for quotation of securities - MGT
29 Nov 2021	Results of 2021 Annual General Meeting
29 Nov 2021	Confirmation of Exercise Price For Issue of Director Options
29 Nov 2021	Chairman's Address and Presentation to 2021 AGM
15 Nov 2021	MGT Initiates Electricity Transmission Line to Razorback
9 Nov 2021	Magnetite Mines Gains Access to Muster Dam Data
5 Nov 2021	Appendix 3Y - Change of Director's Interest Notice x 3
3 Nov 2021	Expiry of Quoted Options (MGTOD)
3 Nov 2021	Application for quotation of securities - MGT
29 Oct 2021	First Quarter Activities & Cashflow Reports

28 Oct 2021	2021 Notice of Annual General Meeting
27 Oct 2021	2021 Corporate Governance Statement & Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration is as set out below.

		Annual Remuneration ¹		Shares	Options	Entitlement
		Base salary (\$)	Share based ²			
Peter Schubert	current	302,500		110,786,693	42,000,000	22,157,339
	2021	239,531	20,000,000	105,786,693	47,500,000	21,157,339
	2020	109,500	-			
Mark Eames	R current	264,000		40,098,262	25,000,000	8,019,652
	2021	263,550	10,000,000	40,098,262	14,009,827	8,019,652
	2020	71,424	-			
Malcolm RJ Randall	current	82,500		17,000,000	10,000,000	3,400,000
	2021	58,444	-	17,000,000	11,014,774	3,400,000
	2020	53,708	10,000,000			
Jim McKertlie ³	current	\$82,500		2,500,000	-	500,000
	2021	-	-	-	-	-
	2020	-	-	-	-	-
Paul White ³	current	\$82,500		281,808	-	56,362
	2021	-	-	-	-	-
	2020	-	-	-	-	-

Notes:

- 1 The Chairman and Directors' current annual remuneration includes annual directors' fees, superannuation and consultancy fees paid to directors.
- 2 During the 2020-2021 financial year the Company granted 30,000,000 Options as equity compensation benefits to Directors. Details of the grant, including Option terms and valuation, are set out in the remuneration report contained in the Company's 2021 annual report.
- 3 Messrs McKerlie and White were appointed as non-executive Directors on 12 January 2022.

The Company's remuneration policies recognise the grant of Options encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership.

Further information on the Directors remuneration and interests in the Company are set out in the Company's 2021 annual report and announcements to ASX.

Directors Paul White, Mark Eames and Jim McKerlie have agreed to sub-underwrite the Offer for 800,000 New Shares, 1,200,000 New Shares and 800,000 New Shares respectively. Under the sub-underwriting arrangements with the Underwriter, sub-underwriters will only be relieved of their obligation if the Offer is withdrawn. These Directors have waived any right to any sub-underwriting fee.

The Constitution provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Mahe Capital Pty Limited has acted as lead manager and underwriter to the Offer. The fees to be paid for this service are set out in section 8.4. Mahe Capital Pty Limited has received \$554,547 and 15,000,000 Options for services to the Company in the 2 years prior to the date of this Prospectus.

Atkinson Corporate Lawyers has acted as solicitor to the Offer. In respect of this work, the Company will pay approximately \$12,500 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Atkinson Corporate Lawyers has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role
Mahe Capital Pty Limited	Lead Manager and Underwriter

10.5 Expenses of the Offer

The total (cash) expenses of the Offer (assuming the full amount is raised and no further Shares are issued or Options exercised) are estimated to be between \$504,082 (Underwritten Amount) and \$638,081 (Full Subscription), consisting of the following:

Cost ¹	Underwritten Amount (\$)	Full Subscription (\$)
Legal fees	12,500	12,500
ASX and ASIC fees	31,582	57,594
Capital raising fees ²	360,000	467,987
Registry, printing, postage and other expenses	100,000	100,000
Total	504,082	638,081

1 These expenses have or will be paid by the Company.

2 This assumes that the Lead Manager does not place any Shortfall in excess of the Underwritten Amount. The Company has also agreed to issue to the Lead Manager 1 New Option for every \$1 raised under the Offer.

10.6 Litigation

As at the date of this Prospectus, the Company is not involved in any other legal proceedings of a material nature and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

10.7 Cleansing Offer

On 5 April 2022 the Company issued certain Shares without disclosure. The Offer satisfies section 708A(11) of the Corporations Act so that these Shares may be offered for sale without disclosure.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 19 April 2022

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Signed for and on behalf of Magnetite Mines Limited

By Peter Schubert
Chairman

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
AEST	Australian Eastern Standard Time
Applicant	a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus.
Application	a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the board of Directors.
Business Day	Monday to Friday inclusive, except any day that ASX declares is not a business day.
Closing Date	the date set out in section 1.
Company or MGT	Magnetite Mines Limited (ACN 108 102 432).
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Eligible Shareholders	a Shareholder as at the Record Date with a registered address in Australia or New Zealand.
Entitlement or Right	a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus.
Entitlement and Acceptance Form	the personalised entitlement and acceptance form attached to this Prospectus.
Ex Date	the date set out in section 1.
Existing Share	a Share issued as at 5.00pm (AEST) on the Record Date.
Full Subscription	approximately \$15.8 million before costs.

Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Listing Rules	the listing rules of the ASX.
New Option	means an Option on the terms set out in section 9.2 and offered under this Prospectus.
New Shares	Shares issued pursuant to this Prospectus.
Offer	an offer made under this Prospectus to subscribe for New Shares.
Official List	the official list of the ASX.
Opening Date	the date set out in section 1.
Option	an option to be issued a Share.
Prospectus	this Prospectus and includes the electronic prospectus.
Record Date	the date set out in section 1.
Share	a fully paid ordinary share in the Company.
Share Registry	Computershare Investor Services Pty Limited.
Shareholder	the registered holder of Shares in the Company.
Shortfall Offer	has the meaning given in section 8.6.
Shortfall Shares	New Shares for which valid Applications have not been received for Entitlement by the Closing Date.
Underwriting Agreement	has the meaning given in section 8.4.
Underwritten Amount	means \$5,000,000.
Underwritten Securities	has the meaning given in section 8.4.
US person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	the <i>United States Securities Act of 1933</i> , as amended.

13 PRO FORMA STATEMENT OF FINANCIAL POSITION

	Unaudited	Underwritten amount		Full subscription	
	Balance Sheet		Pro forma		Pro forma
	31/03/2022	adjustments	balance sheet	adjustments	balance sheet
			31 March 2022		31 March 2022
Current Assets					
Cash and cash equivalents	8,920,031	4,495,918	13,415,949	15,160,653	24,080,684
Trade and other receivables	377,403		377,403		377,403
Other	-		-		-
Total current assets	9,297,434	4,495,918	13,793,352	15,160,653	24,458,087
Non-current assets					
Other receivables	112,588		112,588		112,588
Property, plant & equipment	126,038		126,038		126,038
Exploration expenditure	19,917,315		19,917,315		19,917,315
Intangibles	33		33		33
Right of use of asset	261,555		261,555		261,555
Total non-current assets	20,417,529		20,417,529		20,417,529
Total asset	29,714,963	4,495,918	34,210,881	15,160,653	44,875,616
Current liabilities					
Trade creditors	(1,560,134)		(1,560,134)		(1,560,134)
Lease Liabilities	(63,842)		(63,842)		(63,842)
Provisions	(320,221)		(320,221)		(320,221)
Total current liabilities	(1,944,197)		(1,944,197)		(1,944,197)
Non-current liabilities					
Lease Liabilities	(186,557)		(186,557)		(186,557)
Other liabilities	(1,975,000)		(1,975,000)		(1,975,000)
Total non-current liabilities	(2,161,557)		(2,161,557)		(2,161,557)
Total liabilities	(4,105,754)		(4,105,754)		(4,105,754)
Net Assets	\$ 25,609,209		\$ 30,105,127		\$ 40,769,862
Equity					
Contributed equity	(74,869,285)	(4,495,918)	(79,365,203)	(15,160,653)	(90,029,938)
Reserves	(11,901,850)		(11,901,850)		(11,901,850)
Accumulated losses	61,161,926		61,161,926		61,161,926
	\$(25,609,209)	(4,495,918)	\$(30,105,127)	(15,160,653)	\$(40,769,862)

Adjustment - Amount raised less capital raising costs of \$504,082 (Underwritten Amount) and \$638,081 (Full Subscription).