
ASX Announcement

29 November 2019

2019 AGM Chairman's Address

Good morning ladies and gentlemen,

On behalf of the board, I welcome you all to our 2019 Annual General Meeting for Magnetite Mines Limited and to deliver a brief introductory welcome on what has been a very busy and productive year for your Company.

2019 has been a year of consolidation, rebranding, strengthening of the Company's talent pool, and subsequent progress towards the preparation for development of a redefined Razorback Iron Project and importantly using the existing South Australian infrastructure to significantly reduce the projects capital requirement.

A big part of your Company's strategy in 2019 was to attract an individual with the calibre and experience of Mr Mark Eames. Mark is an accomplished and highly qualified mining professional with extensive international experience across a range of commodities. He has been a great addition to the team.

This year, the Board successfully negotiated amended terms for the redeemable convertible notes (Notes) held by the liquidators of Mintech Resources Pty Ltd. This was a significant achievement for the Company that, in effect:

- reduced the face value of the Notes;
- reduced the annual interest payable by the Company on the Notes; and
- extended the maturity date to 31 August 2023.

The Notes were a significant impediment to the Company attracting investment. The burden still exists but it has been greatly reduced as a result of the revised terms agreed by the parties.

This year, the Company secured a four-year, Australia-wide exclusivity arrangement with NextOre Pty Ltd (NextOre) for the use of their Magnetic Resonance ore sorting technology over magnetite Australia wide. The technology has the effect of improving mining grades by pre-concentrating the magnetite ore that will be subject to processing, whilst rejecting significant tonnages of low-grade material to tailings via a diversion method. The technology potentially has many other benefits for our Project which will be presented by Mr Eames after the formal business of the meeting is concluded.

The board believes that this NextOre technology could be transformational for our Razorback Iron Project and potentially the entire magnetite sector. Once proven, it will be a step-change for processing all magnetite ore, not just ore from our Razorback Project.

As many of you would know, it continues to be difficult for junior mining companies to raise funds for exploration or development. With this in mind, we aimed to redefine the scope of the Razorback Iron Project with the following objectives:

1. review of technological developments that could improve the economics of the Project;
2. dramatically reduce the capital requirements to develop the Project; and
3. deliver a Scoping Study for the redefined project that would guide development and be a marketing tool in the promotion of the Project to potential development partners.

I'm pleased to advise that all of these objectives have been achieved and Mr Eames will provide further details on our findings later in the meeting.

Over the next quarter, we aim to capitalise on this continued interest by presenting a variety of investment options directly to potential local and international project partners. The terms of the investment options are currently being developed.

Mr Eames has been of great assistance to the Company in terms of engaging with potential investors and potential suppliers. Information harvested from these meetings were crucial in finalising the aforementioned Scoping Study and associated Preliminary Economic Assessment.

I wish to thank my fellow Board members, Frank and Mal, our Strategic Advisor, Mr Eames and our staff for the collective contribution and progress we have made over the past year. I know the team will continue to work hard and diligently over the coming year in pursuit of our revised strategy and vision to see the Razorback Iron Project exporting high-grade iron ore concentrate to the World. We look forward to an exciting year ahead.

Finally, I'd like to acknowledge you, our shareholders, and thank you for your ongoing support during a transitional year for the Company.

We will now move onto the formal business. We are more than happy to take questions at the conclusion of the meeting.