

ASX ANNOUNCEMENT

13 JANUARY 2025

MAGNETITE MINES SECURES UP TO \$7 MILLION FUNDING

HIGHLIGHTS

- **US-based fund manager C/M Capital Partners, LP to provide an initial \$2.5 million in funding, and up to a further \$4.5 million, in the form of unsecured Convertible Notes.**
- **Funding will be provided in tranches as follows:**
 - **First tranche: \$1.2 million to be provided within 15 business days under the Company's existing ASX LR7.1 placement capacity;**
 - **Second tranche: \$1.3 million subject to ASX LR7.1 shareholder approval via an Extraordinary General Meeting of Shareholders (EGM) to be convened separately; and**
 - **Subsequent tranches: up to a further \$4.5 million, if required by the Company and subject to the mutual agreement of both parties and relevant approvals.**
- **Complementing recently announced overhead cost reductions, these new funds will be used to lodge the Razorback Mining Lease Proposal with the South Australian Government and for general working capital.**

Magnetite Mines Managing Director, Tim Dobson said:

"We are very pleased to have secured C/M Capital Partners as our funding partner at this pivotal time in the development of our flagship Razorback Iron Ore Project. Providing timely funding to the business as we complete detailed definitive agreements with JFE Shoji Australia for the provision of DFS funding and long-term strategic partnership, this facility allows us to submit our all-important Mining Lease Proposal to the South Australian Government as well as access to essential working capital. The form of funding, being convertible notes, provides a level of flexibility as we continue to attract new partner interest for the development of Razorback."

C/M Capital Partners, LP Managing Partner, Jonathan Juchno said:

"We are excited to partner with Magnetite Mines through this transformational stage while it completes its strategic partnering process for the development of Razorback. We see a significant value disconnect between Magnetite Mines' current market valuation and the strategic potential of their multi-decade asset. With strong long-term prospects for high-grade iron ore products, we are confident in the management team's ability to advance the project through key milestones expected in the coming months."

Magnetite Mines Limited (**ASX: MGT**) (**Company**) is pleased to announce it has secured up to \$7.0 million funding in the form of unsecured Convertible Notes, from two investment funds managed by US-based C/M Capital Partners, LP (**C/M Capital**):

1. C/M Capital Master Fund, LP
2. WVP Emerging Manager Onshore Fund LLC – C/M Capital Series

C/M Capital have a successful track record of similar investments in other ASX-listed companies, including development-stage resource companies.

FUNDING FACILITY STRUCTURE

The funding facility to be provided by C/M Capital has been structured as follows:

- **First tranche of investment**
C/M Capital will provide \$1.2 million of funding to the Company by way of Convertible Notes with a face value of \$1.296 million. These funds will be provided within 15 business days under the Company's existing ASX LR7.1 placement capacity, subject to the Company's compliance with customary closing conditions.
- **Second tranche of investment**
C/M Capital will provide a further \$1.3 million of funding to the Company by way of Convertible Notes with a face value of \$1.404 million. In accordance with the ASX Listing Rules, the provision of these funds are subject to MGT shareholder approval as they exceed the Company's existing ASX LR7.1 placement capacity limit. Shareholder approval will be sought at an EGM with the Notice of Meeting to be provided in due course and to be held by 15 March 2025.
- **Subsequent tranches of investment**
If required by the Company, and subject to agreement by C/M Capital and the Company's compliance with all necessary approvals, C/M Capital will provide up to a further \$4.5 million by way of Convertible Notes (with a face value of 108% of the relevant investment amount) from the \$7.0 million (facility limit) facility, in tranches to be mutually agreed between C/M Capital and the Company.

KEY COMMERCIAL TERMS

- **Security Description:** Convertible Note
- **Interest rate %:** Nil
- **Security:** Unsecured
- **Maturity:** The Convertible Notes are to be converted on or before the date which is 24 months from the Issue Date (**Maturity Date**).
- **Redemption:** Any remaining Convertible Notes under the facility may be fully redeemed by the Company at any time prior to the Maturity Date and the facility terminated, subject to the payment on redemption being 105% of the outstanding face value of the Convertible Notes being redeemed (C/M Capital may elect to convert up to 30% of the Convertible Notes proposed to be redeemed).

- **Conversion:** The Convertible Notes may be converted into Ordinary Shares in the Company at C/M Capital's election. C/M Capital will be entitled to convert the Notes into shares at either 100% of the 10 day Volume Weighted Average Price (VWAP) up to the facility execution date within the first two months of initial funding or from day 61 to the Maturity Date at 90% of the average of the two lowest 15 day VWAP immediately prior to a Conversion Notice being received by the Company, subject to a minimum conversion price of \$0.08 cents per share. The conversion price is subject to adjustment in the event of certain customary events (such as a consolidation or subdivision of the Company's issued capital).
- **Repayment:** Any Convertible Notes which have not been previously converted (or are the subject of a conversion notice) must be repaid on the earlier to occur of:
 - 20 business days of the Maturity Date;
 - if an event of default continues for 10 business days following written notice from C/M Capital, within a further 10 business days; or
 - where there is a change of control event, delisting event, or qualifying capital raising event (being where \$10m or more is raised) and if C/M Capital elects for repayment to occur, on or before the date on which the relevant event occurs.
- **Ownership cap:** At no point can C/M Capital hold shares in the Company that exceed 9.99% of the Company's issued share capital.
- **Options:** Subject to shareholder approval at the EGM, C/M Capital will receive options equivalent to 50% of the funded amount with an exercise price of 120% of the 15 day VWAP immediately prior to, in the case of the first tranche funding and second tranche funding, the execution date of the facility, and in the case of any subsequent funding, the date of the issue of the options. The options will have a 36 month term from the date of issue. If shareholder approval is not received at the EGM to issue the Options, the Company must pay C/M Capital \$175,000 in lieu of the first investment tranche options.
- **Commencement Shares:** On closing of the first tranche funding, in accordance with the Company's ASX LR7.1 placement capacity, C/M Capital will be issued Ordinary Shares in the Company equivalent to 2% of the total facility amount (\$140,000).
- **Other terms:** Customary investor protections have been agreed, such as negative covenants, events of default, and representations and warranties.

EXTRAORDINARY GENERAL MEETING (EGM)

The Company will prepare and despatch a notice to convene an Extraordinary General Meeting of Shareholders (EGM) to be held as soon as practicable and in any event by 15 March 2025. At the EGM, a resolution will be put to shareholders to approve the issuance of Convertible Notes for the second investment tranche of \$1.3 million, the issuance of Options for both the first and second investment tranches and the future issue of up to \$4.5 million of additional Convertible Notes.

USE OF FUNDS

The Company is focused on securing a strategic partnering structure that will provide long-term development surety for the Razorback Project including the provision of funding for the Project's Definitive Feasibility Study (DFS) and other works required to achieve a Final Investment Decision (FID). The Company is also focused on progressing the necessary regulatory approvals for the development of the mine, plant and product logistics facilities.

Accordingly, the funds provided by this facility will be primarily used to provide the Company with essential working capital while it completes definitive agreements for a transaction with JFE Shoji Australia as contemplated in the Heads of Agreement announced on the ASX platform on 8 July 2024.¹ The Company is also in negotiations with other potential strategic partners that could potentially co-invest and partner alongside JFE Shoji Australia.

The first tranche of funding from this facility will also allow the Company to submit its Mining Lease Proposal (MLP) to the South Australian Department of Energy & Mining. This comprehensive submission represents years of work by Magnetite Mines and will attract a submission fee of approximately \$560,000. Submission of the MLP will trigger the commencement of the formal state government approvals process for the Razorback mine.

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

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ABOUT MAGNETITE MINES

Magnetite Mines Ltd is an ASX-listed iron ore company focused on the development of magnetite iron ore resources in the highly prospective Braemar iron region of South Australia. The Company has a 100%-owned Mineral Resource of 6 billion tonnes of iron ore and is developing the Razorback Iron Ore Project, located 240km from Adelaide, to meet accelerating market demand for premium iron ore products created by iron & steel sector decarbonisation, with the potential to produce high-value Direct Reduction (DR) grade concentrates. Razorback is set to become a long-life iron ore project with expansion optionality in a Tier 1 jurisdiction that will produce a superior iron ore product sought by steelmakers globally. For more information visit magnetitemines.com.

References

1. ASX Release - 8 Jul 2024 - Heads of Agreement with JFE Shoji Australia Pty. Ltd.