

## ASX ANNOUNCEMENT

19 DECEMBER 2025

### RAZORBACK STRATEGIC PARTNERING UPDATE

- **Strategic partnering focus:** Magnetite Mines is actively broadening its strategic partnering approach for the Razorback Project in response to shifting global iron and steel industry decarbonisation dynamics, with increased momentum emerging in jurisdictions progressing with greater urgency.
- **JFE Shoji Australia (JFESA):** The non-binding Heads of Agreement (HoA) will lapse in accordance with its agreed terms on 31 December 2025. JFESA remains engaged and continues to recognise the quality and strategic value of Razorback, with the potential for future collaboration.
- **ZEN Energy:** Magnetite Mines has renewed its Memorandum of Understanding (MoU) with ZEN Energy to collaboratively assess a green iron production opportunity in South Australia with Magnetite Mines positioned as the key raw material supply partner.

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#### Magnetite Mines' Managing Director Tim Dobson said:

*"Magnetite Mines is deliberately positioning Razorback, a project that is globally significant in scale and DR-grade capability, to supply jurisdictions that are acting with urgency on iron and steel decarbonisation. As the global transition reshapes supply chains, we are expanding our strategic partnering efforts towards markets where policy certainty, capital commitment and execution timelines are aligning."*

*"The conclusion of our non-binding Heads of Agreement with JFESA reflects a disciplined and transparent process, with JFESA continuing to recognise the quality and strategic value of Razorback, while our renewed engagement with ZEN Energy advances a credible pathway for Magnetite Mines to underpin emerging green iron developments in South Australia as a long-term supplier of premium-grade magnetite products."*

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**Magnetite Mines Limited (ASX:MGT)** is pleased to provide an update on the Company's strategic partnering process for the Razorback Iron Ore Project (Razorback or the Project). The Company remains committed to attracting the right strategic partners at this stage of the Project's development and is broadening its strategic partnering approach in response to shifting global iron and steel decarbonisation dynamics.

As transition pathways diverge across regions, Magnetite Mines is prioritising engagement with jurisdictions demonstrating greater urgency and alignment in policy settings, capital investment and project timelines, while continuing to advance opportunities that position the Company as a long-term supplier of high-grade magnetite products.

## Global iron and steel decarbonisation dynamics

Global iron and steel decarbonisation remains a high priority across the world's major steel producing regions. Led by Electric Arc Furnace (EAF) rollout, the proportion of total steelmaking capacity currently in development that is using EAF technology has increased from 33% to 50% over the past three years (Figure 1).

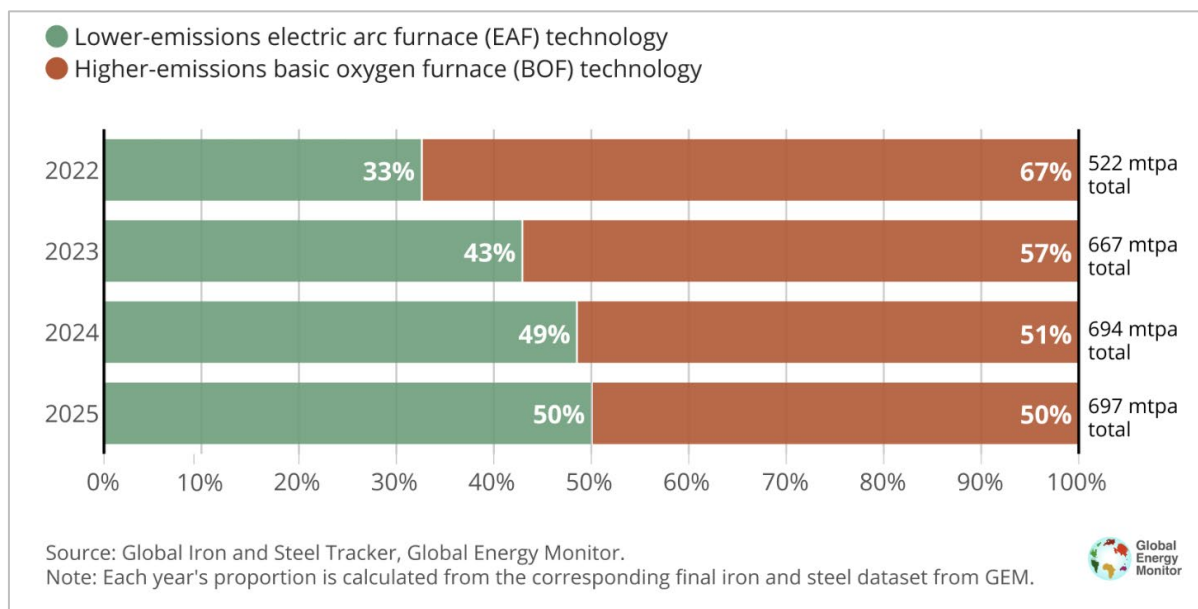


Figure 1. Global Energy Monitor - Proportion of steelmaking capacity in development globally, by year and technology

The recent launch of the *Green Iron Principles* at COP30 has established a globally recognised framework for defining, certifying, and reporting low-emissions iron production. These principles are designed to support transparent market development, provide greater certainty for green iron offtake arrangements, and enhance the bankability of projects aligned with verifiable, standards-based decarbonisation pathways.<sup>1</sup>

These developments reinforce the strategic value of long-life, DR-grade magnetite projects capable of supplying low-emissions steelmaking pathways. However, the cost of the steel industry's transition is significant and growing, and has resulted in some regions adjusting their decarbonisation commitments with slower growth paths, while others are moving faster than previously anticipated:

### ■ China

China has signalled its intention to be a major player in industrial decarbonisation. It is by far the world's largest steelmaking country, producing 53% of global steel<sup>2</sup> and has rapidly increased its ratio of Electric Arc Furnaces (EAFs) to Blast Furnace (BF-BOF) operations, much faster than was anticipated a few years ago.

Earlier this year, China extended its national *Emissions Trading Scheme* (ETS or carbon tax policy) to include steel, a key driver for faster industry transition,<sup>3</sup> and in July this year, Australia's Prime Minister travelled to China to discuss the two country's commitment to work together towards steel industry decarbonisation. This resulted in a *Memorandum of Understanding* (MoU) to advance steel decarbonisation being signed by both countries earlier this month.<sup>4</sup>

- **Middle East (Saudi Arabia, UAE, Oman, Egypt)**

The Middle East has emerged as a leading region for low-carbon steelmaking, underpinned by a need to diversify from oil, access to competitively priced renewable energy and established Direct Reduced Iron (DRI) capacity. Governments and major steelmakers across the region continue to invest heavily in green hydrogen and DRI-EAF pathways, positioning the Middle East as an increasingly important hub for future global green steel production.

The recently negotiated *Australia–UAE Comprehensive Economic Partnership Agreement* (CEPA) provides a further platform for strengthened trade and investment linkages, supporting opportunities for Australian high-grade iron ore and green iron supply into a rapidly expanding regional green steel ecosystem.<sup>5</sup>

- **Japan & South Korea**

Japan and South Korea remain firmly committed to the decarbonisation of their steel industries, with the progressive expansion of Electric Arc Furnace (EAF) capacity forming a core component of their long-term transition strategies. Both countries continue to advance plans to increase EAF utilisation as a means of lowering emissions intensity and reducing reliance on traditional blast furnace steelmaking.

While the pace of EAF deployment and associated green iron demand has moderated relative to earlier expectations, this reflects short-term market conditions, including softer domestic steel demand and steel price pressures, rather than any change in long-term policy direction or industry commitment to low-emissions steelmaking pathways.

- **European Union (EU)**

The EU remains strongly committed to steel sector decarbonisation, supported by the implementation of its *Carbon Border Adjustment Mechanism* (CBAM), which comes into full effect on 1 January 2026.<sup>6</sup> This will result in iron and steel importers paying the same carbon levies as those already imposed on EU steel producers under the existing EU *Emission Trading Scheme* (ETS or carbon tax policy), in turn enhancing the competitiveness of low-carbon iron and steel supply chains by providing a clear and durable policy signal favouring low-emissions iron ore and green iron inputs.

This is forecast to significantly reduce the importation of high-emissions steel from countries like India and make the importation of green iron and steel raw materials, including DR-grade magnetite concentrates or green iron produced in places such as Australia, immediately more competitive.

- **USA**

The USA is already a significant low-emission steel producer with around 72% of US steel already produced in EAFs. While the current US administration has elected to withdraw from the Paris Agreement, the US steel sector remains structurally well positioned for low-emissions production due to its high EAF penetration. Policy settings may continue to evolve under future administrations.

- **Australia**

The \$1 billion Federal *Green Iron Investment Fund* announced in February 2025<sup>7</sup>, together with the Whyalla Steelworks sale process<sup>8</sup>, has refocused national attention on Australia's emerging role in the global green steel value chain. The process highlights growing international interest in Australian high-grade iron ore, renewable-energy-enabled green iron production, and the long-term strategic positioning of South Australia as a potential low-emissions steelmaking hub.

In recognition of these changing dynamics, Magnetite Mines is broadening its strategic partnering focus to markets where policy certainty, capital commitment and execution timelines are aligning, as highlighted in our recent AGM presentation (Figure 2).<sup>9</sup>

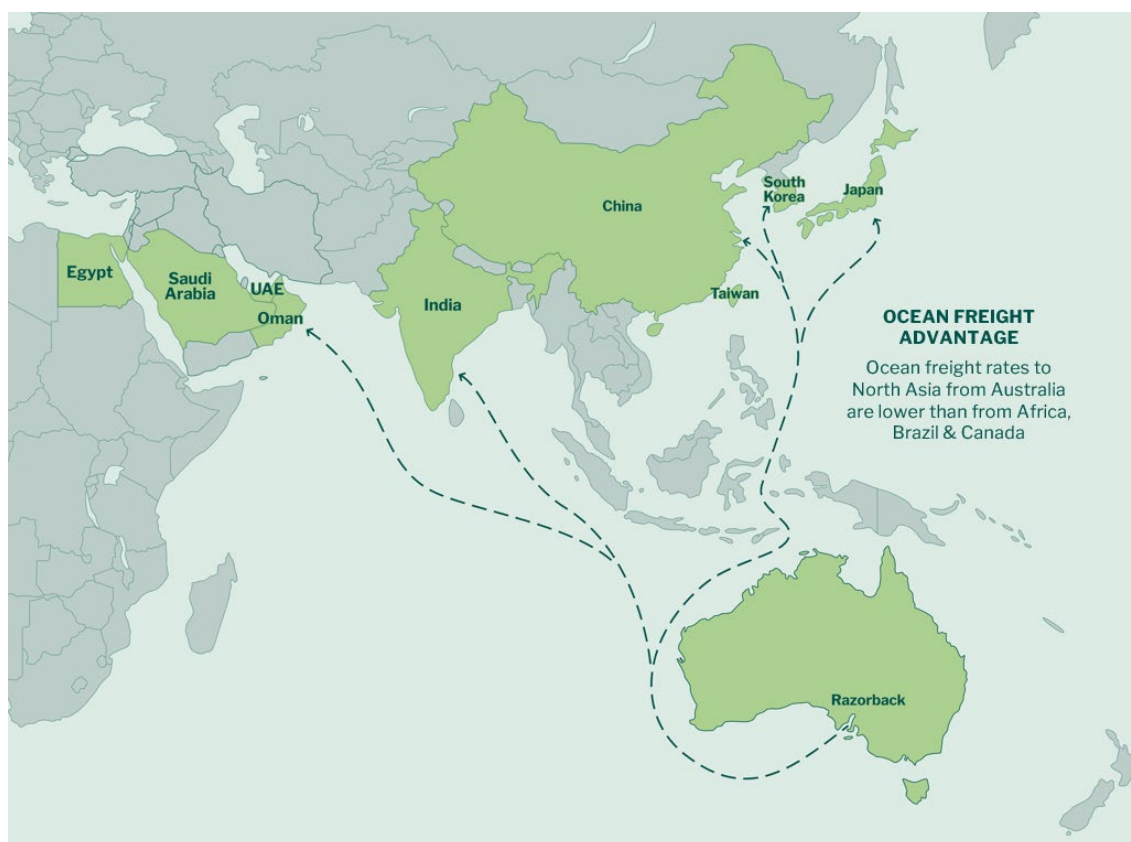


Figure 2. Australia is uniquely positioned to supply the world's major steelmaking markets with DR-grade concentrates and green iron

### **Heads of Agreement with JFE Shoji Australia (JFESA)**

A non-binding Heads of Agreement (HoA) was entered into with JFESA on 8 July 2024 and provided a framework for discussions and due diligence activities in relation to potential participation by JFESA in the funding and delivery of the Company's Definitive Feasibility Study (DFS) for the Razorback Iron Ore Project.<sup>10</sup> As disclosed at the time, the HoA was non-binding and included an agreed end date of 30 April 2025 unless extended by mutual agreement.

The HoA was subsequently extended to accommodate further technical due diligence and to provide more time to introduce a third-party partner into the process in line with JFESA's preference for co-investment.<sup>11,12,13,14</sup> As some of JFESA's requirements to make an investment decision, including securing an additional partner, have not been satisfied, the extended HoA will now lapse on 31 December 2025 in accordance with its agreed terms.

Importantly, the conclusion of the HoA does not preclude future partnership with JFESA, who have reaffirmed their potential interest in the Razorback Project and the potential future supply of Razorback DR-grade products. Magnetite Mines has benefited immensely from the technical and commercial input provided throughout the process with JFESA and looks forward to ongoing collaboration.

## Memorandum of Understanding (MoU) with ZEN Energy Pty Ltd (ZEN)

Magnetite Mines continues to progress key strategic partnerships and has updated its MoU with ZEN, first announced on 18 July 2024.<sup>15</sup> The original MoU formed the basis on which Magnetite Mines and ZEN will work together to negotiate one or more binding transactions with the following possible elements:

- Energy offtake agreement between Magnetite Mines and one or more of ZEN's projects, and/or related infrastructure sharing or leasing agreements between assets owned by ZEN and Magnetite Mines.
- Farm-in, offtake, co-venturing or partnering arrangements between Magnetite Mines and ZEN in connection with the Razorback Project.
- Participation in future Green Iron projects.

The Company has remained in collaborative discussions with ZEN and its partners since that time with a view to developing a green iron project in South Australia that optimises established federal and state government policies, and South Australia's abundant renewable energy and DR-capable magnetite resources.

The preferred location for the proposed green iron project is Port Pirie, in strong alignment with the project concept proposed by the Green Iron SA consortium, of which Magnetite Mines is a founding member, alongside GHD, Aurizon, Flinders Port Holdings, and CSL Australia.<sup>16,17</sup>

The potential role of Magnetite Mines in the proposed green iron project will be as the supplier of DR-grade magnetite concentrates for green iron production in Port Pirie by ZEN and its project partners.

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**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 6.6 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 very 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](https://magnetitemines.com).

## REFERENCES

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