



Magnis Resources

L I M I T E D

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NACHU GRAPHITE PROJECT UPDATE

- **Valuation and compensation to be concluded in coming days**
- **Relocation to begin shortly**
- **Detailed engineering commences on water storage dam**
- **Road upgrade progressing**

Magnis Resources Limited ("**Magnis**" or the "**Company**") (ASX: MNS) is pleased to present this update on site activities on its Nachu Graphite Project ("Nachu"). Magnis continues to focus on progressing the development of Nachu in southern Tanzania in a timely manner with a range of initiatives underway.

Valuation and Compensation Progress

Magnis is pleased to advise that land valuations are now almost complete. Of the 776 parties affected, only three people remain who are not local residents and were unavailable to complete the valuation of claimed properties during the previous valuation exercise. They will now be covered under a supplementary valuation which is expected to be completed by the end of this month.

The valuation completed has been done as per the laws of Tanzania with full transparency to the Ministry. They have been verified and signed off by the Chief Government Valuer. The final compensation payments will be made after the supplementary valuation has been accepted by the Chief Government Valuer.

The compensation process included an extensive financial literacy program instigated by Magnis which covers the valuation process and compensation being provided, full details and education about the banking system and its advantages, basic financial literacy, the need to use money wisely, and common money scams of which recipient of funds should be aware.

Grave Relocation

During the valuation, a number of graves (140) were identified and will need to be relocated outside of the project area. This is a common procedure in Tanzania and the necessary meetings with all people associated with the graves have been held. The correct representatives have been identified and have accepted of the need to relocate. The relocation will be conducted by the Ruangwa District Administration under the required health and community procedures. The process, once commenced, is estimated to take approximately three weeks.

Construction of Relocation Housing

The construction of the resettlement village for a total of 59 families living on the project area will commence after the compensation payments have been completed. The final construction tender is now being finalised. There are four types of houses in this scope of works, these being one, two, three, and four bedroom houses varying in size with storage, lounge room and verandah(s) included with detached latrine toilet and washroom building and outside cooking area.

The buildings also include a small solar power system for lighting and fans, and guttering and a water tank for rainwater harvesting. Construction materials, building components and labour will be sourced locally as much as possible. Locally extracted sand and crushed aggregate, along with production of doors by local woodworkers, will be used in construction.



Image 1: Planned two bedroom house for construction

Stable Low-Cost Power Access

Discussions with the Tanzanian Power Development Corporation (TPDC) on gas supply pricing are ongoing and constructive. Recently, the rates for gas sales applying to companies that are classified as “Strategic investors” have been released. The Company qualifies for this status under the Tanzanian Investment Centre requirement and is awaiting the official response from the TPDC.

Magnis intends to construct a 90km pipeline to the site so that gas can be used for power and process requirements, as well as potentially in the transport fleet for moving the products to the port and for any mining equipment that may be suitable. This will provide cost savings to the Company as well as significant benefits to the Government of Tanzania.

Initial Water Storage Dam

Detailed engineering has commenced on the design of one of the site water storage dams. This dam is planned to be constructed in the second half of 2017 and will then act as a source of water to be used in conjunction with the current water bores during the project construction phase. While the water bore pump tests show sufficient flow for our requirements, the Company feels it prudent to have a backup supply as part of the risk mitigation strategy.

Roads

Road upgrades have been taking place for the stretch of road between Nanganga and Ruangwa which is approximately 60 kms. The funding of the project has been done by Tanroads. It is expected the project will take 12 months to upgrade the existing road to a high-quality gravel road whilst the process of sealing with bitumen will be ongoing, approximately 5km of bitumen is already completed whilst another 5km is in progress. It is now expected that Magnis’ main road upgrade priority will be the upgrade of some 12 kms of road that leads directly into the site north from Ruangwa.



Image 2: Locality image of Southern Tanzania highlighting gravel road and sections under improvement.



Image 3: Progress of upgrading to bitumen road near Ruangwa

Magnis will continue to update shareholders on the progress of the above initiatives and the Company is encouraged by the progress being made in Tanzania.

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