



# Magnis Resources

L I M I T E D

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## PRODUCTION TO BE FAST TRACKED IN NEW YORK WITH ACQUISITION OF LITHIUM-ION BATTERY PLANT ASSETS

- Production expected to commence within 12-15 months through acquisition of a near-new operating Lithium-ion battery plant
- Plant assets including raw material stockpiles to be relocated to existing Huron Campus in NY from North Carolina
- Magnis to co-fund acquisition in exchange for increased equity in Imperium3 NY
- Capital raising to assist with funding the acquisition raises A\$5 Million

Magnis Resources Limited [**"Magnis"** or the **"Company"**] [ASX: MNS] is pleased to announce that Imperium3 New York [IM3NY] placed the winning bid for the acquisition of near new Lithium-ion battery manufacturing equipment currently located in North Carolina, USA. Magnis has completed a successful A\$5.0 million capital raising to fund its share of the purchase and to increase its stake in IM3NY to a percentage level that will be disclosed on the closing of the purchase.

### Lithium-ion Battery Plant Assets

The Lithium-ion battery plant assets consists of high quality new and near new equipment from major United States and European suppliers. Over US\$200M was initially invested by the previous owners into the plant which was constructed and commenced full scale operations in 2016 and employed over 290 people. The liquidation sale of the equipment occurred as the previous manufacturers constrained production to bespoke lithium-ion batteries that had limited commercial appeal, while the facility itself was equipped to manufacture large volume batteries for the auto industry or power walls for home usage which are now growing in demand. The IM3NY team thoroughly reviewed the technology and confirmed the procured plant can easily and cost effectively be calibrated for such large volume manufacturing runs. As a result, the Imperium3 consortium is of the firm view that this is a low risk, cost-effective and value-accretive transaction.

The plant is currently housed in a facility in North Carolina and includes all operations from slurry making to coating to cell assembly, formation and testing and even includes module assembly and packing. The

equipment will now be disconnected and packed for transport to Huron Campus in New York where it will be reassembled and re-engineered for battery production at a nominal 1GWh scale.

Plant re-engineering will be directed at incorporating Imperium3's leading materials and IP processing technologies as well as introducing additional cylindrical battery production beyond that existing for prismatic.

As previously announced on 22 September 2017, Stage 1 development for 3GWh of production at Huron Campus had an original CAPEX cost of US\$130m. This current equipment acquisition now allows IM3NY to produce over 1GWh at a significantly reduced CAPEX cost of US\$5M plus removal, re-engineering and reassembly.

### Details of the Acquisition

The purchase price of the plant equipment, raw materials and machinery is US\$5 Million with a US\$1 Million deposit accepted and close of purchase scheduled for completion in late February. The purchase was made through the Imperium3 NY consortium, in which Magnis and fellow partner C4V will equally co-invest to enable the purchase of the plant. This investment will result in an increased stake for Magnis in the Imperium3 NY consortium. Figures 1-3 are examples of the plant machinery acquired.



Figure 1: Cathode Welding



Figure 2 - Cell and Module Assembly



Figure 3 - Electrode Stacking Equipment

### Near-Term Battery Production

Plant relocation, re-assembly and re-engineering for production at 1GWh capacity is scheduled to begin immediately with the commencement of plant operations scheduled for the first half of 2019. This strategic

acquisition will thus bring forward commercial cell production at Huron Campus, New York from the previously indicated end of 2019 target. Such operation will have the following major implications for the development of Imperium3's and Magnis' development plans for future Gigafactories:

- Qualification of its performance leading, low cost and sustainable materials technologies;
- Demonstration of its supply chain viability;
- Acceleration of strategic partnering with major corporations in Lithium-ion Battery production;
- Validation of high yield battery production; and
- Acceleration of marketing and qualification of battery product to major Original Equipment Manufacturer

## Capital Raising

The Company has raised A\$5.0 million via a placement lead managed by Bell Potter Securities Limited to Institutional and sophisticated investors locally. The placement consisted of 12,500,000 shares in MNS at A\$0.40 per share.

**Magnis' Chairman Frank Poullas added:** "This transaction is an incredible opportunity for Magnis and its IM3NY partners to purchase high quality near new battery plant assets for such a small outlay. In comparison to the build cost of the original plant as well as a new plant of equivalent size, the value we have gained here is most satisfying. The battery plant equipment will allow us to get 1GWh of production in a short period of time. The demand for the placement in difficult market conditions shows the support for our acquisition."



Figure 4: Huron Campus, the location of the Imperium3 New York Lithium-ion battery plant

**Frank Poullas**  
Chairman  
Magnis Resources Limited  
Ph: +61 2 8397 9888  
[www.magnis.com.au](http://www.magnis.com.au)