

Magnis Resources
L I M I T E D

MAGNIS RESOURCES

LIMITED

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13 August 2018

Ms V Codreanu
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear Violetta Codreanu

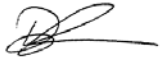
ASX 5B Query

We refer to your letter dated 8 August, 2018 in which you have requested a response to your queries.

Accordingly, we submit the following information in respect to each of your queries:

1. Magnis Resources Limited [‘the Company’] expects it will continue to have negative operating cash flows in the near to medium term given the Company is involved with pre-development stages of its lithium-ion battery manufacturing strategy and the Company’s pre-development resource based activities.
2. The Company released a Corporate Update to the ASX on 25 July 2018 followed by a funding description in the Quarterly Activities Report released to the ASX on 31 July 2018. In those releases, the Company highlighted potential investors, both domestic and international, are undertaking various forms of due diligence with a view to making an investment in Magnis. As part of this process, non-disclosure agreements with interested parties have been entered into and the Company sees no change to the comments made in that recent update with the aim to announce a definitive investment during this quarter.
3. The Company believes that it is able to continue its current operations and meet its current business objectives for the reasons outlined in Question 2.
4. The Company has a history of securing adequate funding including capital raisings and believes it will be successful in securing adequate funding. The Company considers that it is in compliance with Listing Rule 12.2.
5. The Company is in current compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.
6. The Company’s response to this related ASX 5B Query have been authorised and approved by the Board of Directors.

Yours Sincerely,

A handwritten signature in black ink, appearing to be 'DR' followed by a horizontal flourish.

Doug Richardson
Company Secretary

8 August 2018

Mr Doug Richardson

Company Secretary
Magnis Resources Limited
88 Phillip Street
Sydney NSW 2000

By email: doug.richardson@magnis.com.au

Dear Mr Richardson

Magnis Resources Limited (the “Company”): Appendix 5B Query

We refer to the Company’s Appendix 5B quarterly report for the period ended 30 June 2018 lodged with ASX Market Announcements Platform on 31 July 2018 (the “Appendix 5B”).

ASX notes that the Company has reported:

- negative net operating cash flows for the quarter of \$937,000;
- cash at the end of the quarter of \$1,553,000; and
- estimated cash outflows for the next quarter of \$1,503,000.

It is possible to conclude, based on the information in the Appendix 5B that if the Company were to continue to expend cash at the rate indicated by the Appendix 5B, the Company may not have sufficient cash to continue funding its operations. In view of that, ASX asks the Company to respond separately to each of the following questions and requests for information:

1. Does the Company expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does the Company expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that the Company considers may be relevant to ASX forming an opinion on whether the Company is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that the Company’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9.30am AEST on Tuesday, 14 August 2018**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Company's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.


If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.



Kind regards

[Sent electronically without signature]

Violetta Codreanu

Senior Adviser, Listings Compliance (Sydney)