



FOR RELEASE : 30 JANUARY 2019

Nachu Graphite Project Update

- Major project milestone achieved - compensation payments completed
- Project area grave relocation program 100% completed
- Tanzanian Government Officials praise the work conducted
- Environmental Certificate received for resettlement program
- Discussions regarding Engineering, Procurement, Construction plus Financing progressing

Magnis Energy Technologies Ltd (“Magnis” or the “Company”) (ASX: MNS) is pleased to advise an update on the Nachu Graphite Project as major milestones have recently been completed and others nearing completion.

Compensation Program

The Compensation Program resulting from the Land and Asset Valuation that Magnis subsidiary, Uranex Tanzania Ltd (“Uranex”) undertook, was completed for all Project Affected Persons (PAP) within the Nachu Graphite Special Mining Licence (SML) in accordance with the laws and guidelines of Tanzania, guiding valuation of assets for compensation and resettlement programs.

The main valuation process was approved by the Chief Valuer (CV) in December 2016, and a signing of the Supplementary Valuation Report by the CV occurred in July 2018 concluding legal occupancy of the SML land by Uranex in accordance with the Act Supplementary No.11 dated 23 March 2018: The Valuation and Valuers (General) Regulations, 2018. Within the SML, 785 PAP were identified in total for Valuation and Resettlement Program.

By 21 January 2017, a total of 720 PAP were paid a sum of TZS 6.7 Billion (~AUD 4.064 million). During November 2018 land payments to the remaining PAP accounted for a sum of TZS 643

Million [~AUD 386 thousand] making a cumulative total of TZS 7.4 Billion [~AUD 4.5 million] for paid compensation for land and assets as per the approved Valuation Report.

In conjunction with clear access to the ground and to allow unrestricted ground clearance where required, the grave sites identified during valuation have also been compensated for and relocated. The grave relocation program is 100% complete with grave payments totalling a sum of TZS 45.3 Million [~AUD 27 thousand] and all graves were relocated to local demarcated village grave yards. The successful completion of removal of graves in the SML concession, allows commencement of initial ground disturbing project development activities such as vegetation clearance and improving access.

In a media conference held in Lindi, Tanzania on 15 January, 2019 the Lindi Regional Commissioner Hon. Godfrey Zambi stated "The Government of Tanzania recognises the efforts of Uranex during the valuation and land compensation process, the Company and consultants performed in a professional and very correct manner to assure all the Project Affected People were compensated fairly and timely."

Resettlement Program

As part of the Magnis valuation and compensation program there is a need to look after the relocation of families that resided within the Special Mining License area. 59 households ranging from relatively well-built local clay fired brick houses that are roofed with corrugated iron sheets to poorly built mud walled, and grass thatched houses were identified to be inside the SML area. These people must be resettled elsewhere or placed into short term rental accommodation whilst new housing is built to make way for development of the mine and its infrastructure.

Magnis has decided to build alternative modern houses outside the SML and to do so has acquired 54 acres of land outside the SML area to build houses for the affected households falling inside the SML. This village land is currently named Nachu Village and since it will host a minimum of 59 households, key social facilities will be required to support the population of the area. The Nachu Village will likely in time, become a small township and for this reason, a separate ESIA study was completed to identify, assess and focus on all positive and negative impacts generated by the establishment of such a small township to properly mitigate the negative impacts and enhance positive benefits of establishing such a village. The ESIA is a key planning and management tool of the township during the construction and operational phase of the Nachu Village project.

Uranex has recently received the Environmental Certificate approving and accepting the ESIA report and the measures within and in turn allowing the next phase of proceeding with the resettlement village including a local District building permit and finalisation of construction tender processes.

Engineering, Procurement, Construction and Finance (EPC+F) Discussions

In recent weeks senior level Magnis representatives have been overseas speaking with a global engineering group regarding EPC+F for the Nachu Graphite Project. Discussions to date have been very encouraging with information remaining commercial in confidence.



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