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## NACHU GRAPHITE PROJECT UPDATE

- Continuous improvement programs for Nachu Graphite Project deliver ongoing results to support upside in project financing and implementation discussions
- Graphite processing technique allows improved extraction of high value graphite from surface and near surface mineralisation
- Mining sequence to be modified to capture significant logistical and financial upfront benefits to project implementation

Magnis Energy Technologies Limited (“Magnis” or the “Company”) [ASX: MNS] is pleased to provide an update on the Nachu Graphite Project in Tanzania, including significant improvements in graphite processing techniques.

Several continuous improvement programs have been undertaken in recent months with one significant result being the ability to process oxide material as mined. These improvements in project fundamentals are supporting the capture of engineering cost efficiencies and the advancement of financing negotiations.

### Advancements in Processing Efficiency

Continuous improvement programs within the product processing and beneficiation proprietary technology area for the Nachu Graphite Project are culminating in improved economics and process flow. These programs have been directed by Magnis CEO Dr Frank Houllis who has over 25 years of experience in process metallurgy. Frank has been instrumental in taking advantage of the excellent crystal structure of graphite in Nachu ore to produce >99% purity graphite products at the mine with only 4 stages of flotation when the industry standard is ~95% purity using significantly more stages of flotation.

Oxide material previously to be stockpiled for later batch processing at end of mine life, can now be processed as mined through one simplified action. This translates to approximately 10% reduction of the volume of oxide material entering the process stream. This enables the removal of the oxide stockpile and associated rehandling costs to realise improved upfront

efficiency in the mining sequence. Mining schedules are now being re-examined with a view to sequencing the oxide material from 2m depth initially to reduce required capital for pre-strip, which previously involved clearing to a depth of 14 metres. Through this work, the operating expenditure for the initial years of the project operation is being optimised as part of project funding programs underway.

### Progress to Construction Commencement

The improved processing and mining fundamentals traverse into additional support of the full Nachu Graphite Project BFS<sub>1</sub> outcomes. Magnis managing director Marc Vogts is now using his extensive project execution expertise to oversee these improvements are captured in the completion by third parties of full engineering and procurement contract work programs that are occurring in parallel with project financing efforts. With all compensation and licenses now in place, these preparation activities are now quickly being finalised along with a schedule towards Nachu being the next major African graphite project to commence construction.

### Nachu Graphite Project Site Works

The clearing of the Nachu Graphite Project access roads and community diversion roads continues to progress smoothly. The main access road to the Special Mining Licence area has been cleared, clearance of the southern diversion road is near completion and internal mining lease access roads continue to be surveyed and cleared to optimise logistics for project implementation. The southern diversion road is a new access road along the southern mining lease boundary developed to keep communities connected without the need to traverse the mining lease.



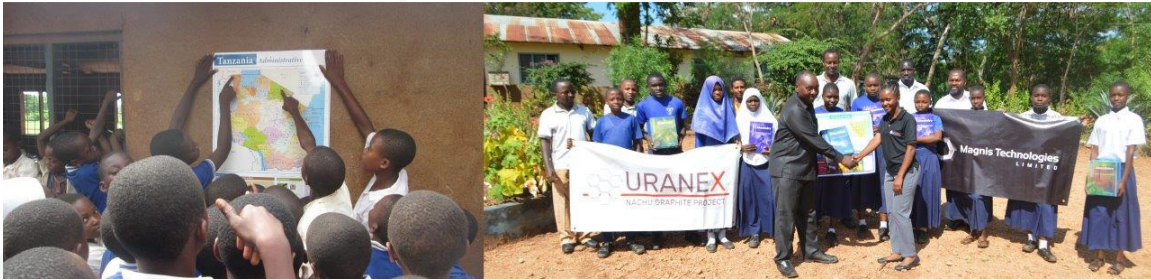
Figure 1: Various tree and vegetation clearing activities within the Nachu Project

## Community Assistance

Magnis continues to have exceptional support from the local community and in turn actively supports the community. Recent support includes timber from clearing works being made available to communities that can be milled for lumber for projects or used as fuel for households.

With the assistance of Magnis subsidiary company, Uranex Tanzania Limited (UTZ), local village groups have formed small businesses producing aggregates which they can sell to local construction businesses within the District.

Following on from the successful program distributing approximately 3,000 story books and maps of Tanzania to Primary Schools, UTZ continues to support students and schools within the Ruangwa District with approximately 2,000 Secondary School books covering Chemistry, Biology and Physics being distributed to the 16 Secondary Schools in the District. UTZ has also provided assistance for specific school needs including assisting in student desk repairs and solar power initiatives.



**Figure 2: Primary school students discussing the map of Tanzania and handover of secondary school books to Nkowe Secondary School from Magnis subsidiary company, Uranex Tanzania Limited.**

Magnis Managing Director Marc Vogts said: “We are making significant progress with Nachu which is shovel ready and Tanzania’s most advanced future graphite project. With the strong uptick in demand for graphite in the battery industry, being able to produce a 99.95% spherical graphite via mechanical processes only, sets Magnis in a unique position to become a leader in the production of anode materials worldwide.”

“Discussions regarding the funding of the Nachu Graphite Project continue to progress well and we look forward to providing further updates as they come to hand.”

Mark Vogts

**Managing Director**

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1. ASX Release Date - 31 March 2016