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BINDING EPC CONTRACT EXECUTED WITH METALLURGICAL CORPORATION OF CHINA (MCC)

- Binding EPC Contract executed with Metallurgical Corporation of China (MCC), to provide a turn-key solution for The Nachu Graphite Project, with the facility to produce 240,000 tpa graphite
- MCC is the world's largest metallurgical construction contractor and operation service provider, with over 130,000 employees, US \$50 Billion of assets and over US \$28 Billion in annual revenue
- Funding applications and negotiations have commenced with Export Credit Agencies and Banks for contributions to project funding, with at least 80% in debt or delayed payments targeted
- Value added graphite products for emerging industries to be manufactured using sustainable processes

Magnis Energy Technologies Limited ("Magnis", the "Company") (ASX: MNS) is pleased to announce that it has executed a Binding Engineering, Procurement and Construction ("EPC") contract with Metallurgical Corporation of China ("MCC"), to provide turn-key solution for a 240,000 tpa graphite production facility at the Company's Nachu Project in Tanzania.

Development of EPC Contract

The execution of this EPC contract is the culmination of work undertaken over the last 12 months by projects teams from both Magnis and MCC, which involved the MCC team spending a month in Tanzania and a week in Australia, in addition to multiple trips to China by the Magnis team.

The previously completed Bankable Feasibility Study¹ including Front-End Engineering and Design (FEED) for the Nachu Project formed the basis of this work. MCC developed the EPC offer by combining experts from leading institutes for graphite production, with contractors experienced in delivery of African projects.

During field trips, the MCC project team conducted visits to site and local suppliers, in addition to the laboratory where Magnis' graphite process has been developed. MCC has also engaged leading Chinese equipment vendors in the development of its procurement and pricing strategies for this project.

The contract provides a fixed price turn-key solution to produce high-purity graphite products and is inclusive of all items and inventory, including but not limited to the processing plant, infrastructure including roads, power, workers camps and storage facilities.



Figure 1 – Signing Ceremony held at MCC headquarters in Beijing

Fixed Price and Financing

As per the EPC, the fixed price for the turn-key solutions is US\$277 Million, which is the complete cost for a 240,000tpa plant, including savings derived from the Special Economic Processing Zone license provided to the project.

The execution of the EPC contract is an important prerequisite in the application for project financing support from China Export Credit Agency. Funding applications and negotiations with the above agency have already commenced, and concurrently, Magnis and MCC are continuing further negotiations regarding the closure of residual project funding amounts, with the objective of minimising the equity portion required.

Initial meetings between all parties have targeted financing of no less than 80% in debt or delayed payments, and to date this target seems achievable with final outcomes expected in the 1st Half of 2020.

Vice President of MCC International, Mr Wang Zhou, commented: “The Nachu project is very unique and is one of the most impressive graphite projects I have seen to date. In particular, our team has been very impressed with the high purity products it can produce, minus any purification. We believe we can assist with the funding of at least 80% in debt funding or delayed payments and we look forward to working with Magnis in achieving a world class operating graphite mine.”

Magnis Managing Director, Marc Vogts, commented: “The execution of the EPC contract with MCC which is contingent on MCC organising at least 80% of the funding demonstrates the quality of the project along with the significant progress made at Nachu this year, which is shovel ready and Tanzania’s most advanced graphite project. With the ability to produce 99.95% graphite purity via mechanical processes only, Magnis is in a unique position to become a leader in the production of anode materials for the rapidly growing battery market.”

About MCC

Metallurgical Corporation of China (MCC) is the world’s largest metallurgical construction contractor and operation service provider and one of the state-recognised major resource enterprises. MCC is also one of China’s largest steel structure producers, one of the first 16 central SOEs with real estate development as its major business approved by the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council, and the main contractor for China’s infrastructure construction.

With over 130,000 employees, assets of over US\$50 Billion and annual revenues exceeding US\$28 Billion (200 Billion CNY), MCC is part of China Minmetals Corporation and is the nation’s largest mining and metals engineering and construction group, with extensive experience in the design, engineering, construction and operation of processing plants. As an innovation-oriented enterprise, MCC currently has 13 Class A scientific research and design institutes covering a wide range of industries including graphite processing.

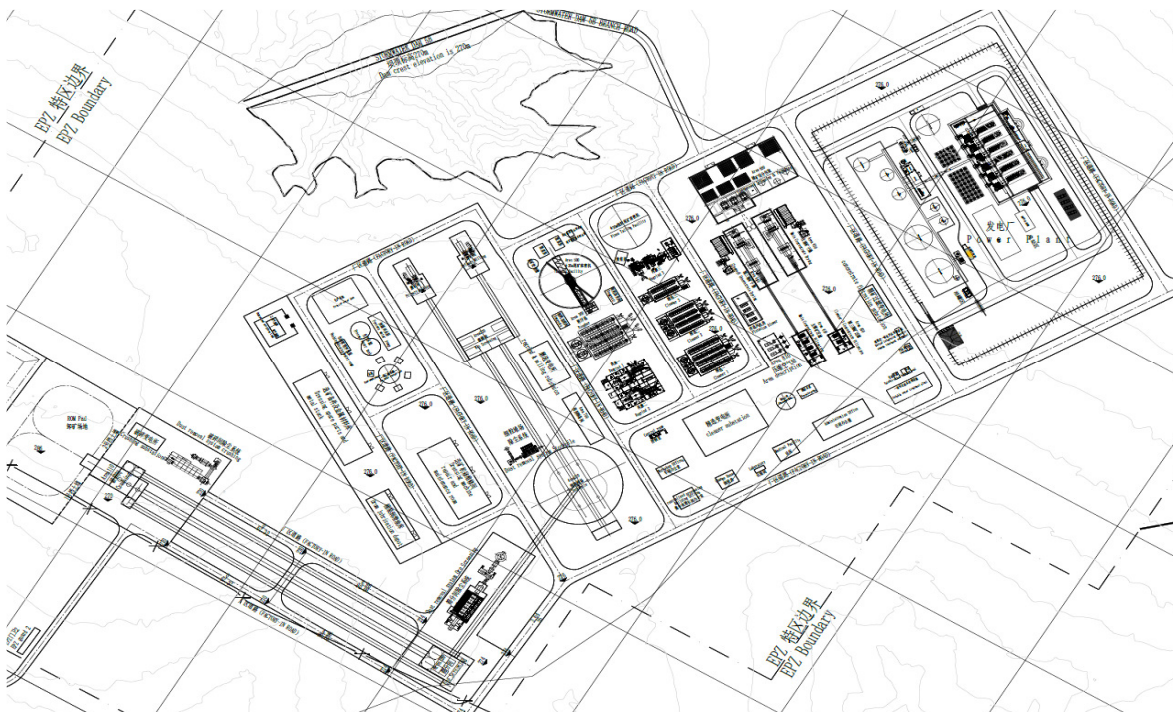


Figure 2 – Nachu Graphite Project Site layout

Graphite Products

Over the past year Magnis and the Company's experts have been working on the development of value-added products for a number of industries using sustainable processes. The Company's Anode product is being produced at a 99.95% purity via mechanical processes and results that are comparable to synthetic graphite products.

Nachu Graphite Project Site Works

As announced 26 June 2019, the clearing of the Nachu Graphite Project access roads and community diversion roads was progressing smoothly with clearing continuing over the past quarter. Roads have been surveyed and cleared providing over 16 kilometres of additional logistically beneficial vehicle access to key planned project areas, including main access routes, cap, plant site, tailings storage facility and mine laydown, in addition to the clearing of the community southern diversion road.

The southern diversion road is a new access road along the southern mining lease boundary which has been developed to keep communities connected without the need to traverse the mining lease.



Images 3 & 4 – Images of clearing at the Nachu Graphite Project in Tanzania

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This announcement has been authorised for release by the Board of Magnis Energy Technologies Ltd.

For further information:

A handwritten signature in black ink, appearing to read 'Mark Vogts'.

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1. ASX Release Date - 31 March 2016