

# Magnis Resources

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FOR RELEASE  
1 October 2014

## FURTHER HIGH GRADE GRAPHITE INTERCEPTS FROM NACHU

- **Assay results received from blocks B, F & J**
- **High grade graphite intercepts include**
  - **18m @ 17.6% Cg (NARC083)**
  - **13m @ 18.6% Cg (NARC090)**
  - **24m @ 12.9% Cg (NARC103)**
- **Maiden JORC resource on track for November 2014**
- **Over 16,000m drilled so far in 2014**
- **More assays expected in coming weeks**
- **Metallurgical test work begins on core samples from 2014 drill program**

Magnis Resources Limited (ASX:MNS) is pleased to report the latest assays received from the Nachu Graphite Project in Tanzania.

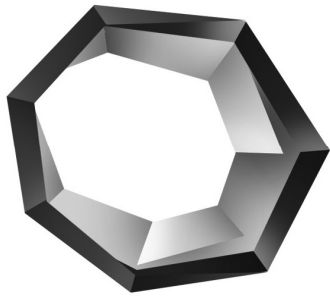
Outstanding drilling progress has been made since the 2014 drill program commenced in July. With the latest assay results received mineralisation modelling can commence with Magnis's maiden JORC resource declaration on track for November 2014.

CEO Dr Frank Houllis commented: "Today's assays continue to impress and with 30% of assays now received are consistent with the identified exploration target for 2014 drilling. There's no doubt that Nachu is a world class graphite deposit."

"With metallurgical test work having commenced on core samples from the 2014 drill program, we look forward to providing our partners with samples and converting our offtake MOUs into binding agreements."

The 2014 exploration drilling program has defined blocks B, D, F and J as the initial resource focus areas. One Hundred and Thirty Five (135) drill holes including 119 Reverse Circulation (RC) and 16 Diamond core drillholes have been completed to date for a total of 16,077 metres drilled in the 2014 exploration and resource definition program. Magnis has received 4,315 graphitic carbon assay results from this program which represents 30% of samples. The remaining assays required for the final resource calculation are scheduled to be received during October.

An extension to drilling programs is nearing completion having identified mineralisation extensions and providing metallurgical study data including the preparation of required samples for our end users. All efforts are being made to include much of the extension drilling in the initial resource calculation.



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Drilling has confirmed graphitic schist and potential mineralisation is present in multiple horizons throughout the Nachu Graphite Project. Full structural interpretation and modelling is continuing using multiple drillhole intersects and evaluation of structural orientations measured from drill core. While assay results are still outstanding in most blocks the process of 3D mineralisation modelling can be commenced for geological understanding that is fundamental to resource calculations. The summary of drilling and geochemical results received to date for the Nachu Graphite Project is described below.

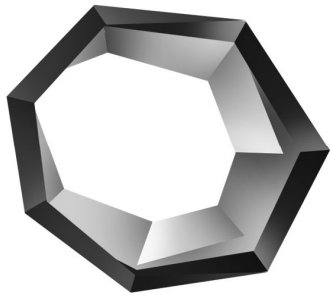
Metallurgical test work has commenced on core samples received from the 2014 drill program. Samples provided in the near future are expected to play an integral part in the converting the two offtake MOUs into binding agreements.

## Block F

Resource extension and exploration drilling has continued at Block F during September. The drilling completed to date in Block F includes 80 drillholes for a total of 10,457 metres drilled including 73 RC (9,534 m) and 7 Diamond (923 m). Two separate areas make up the Block F mineralisation. The main body which appears to be a north-south anticline with moderate to steeply dipping limbs and mineralised horizons either side of a central mineralised hinge zone and a limb or body to the south-east that appears to be moderately dipping to the east. In the main body the 200 metre spaced sections are completed at a nominal 50 metre drillhole spacing while the south-east body has been drilled at a nominal 100 metre by 50 metre drill spacing. Completed drilling locations for Block F are depicted in Figure 2 with drillholes that have assays available highlighted. Geological modelling of the multiple overlying mineralised horizons is ongoing with the main area with mineralisation appearing to be open to the north and south of the already drilled 800 metre long strike.

A selection of significant geochemical assay intercepts downhole using a 5% Cg cut-off for Block F include:

- **NARC067 37m @ 5.5% from 73m**
- **NARC068 24m @ 6.3% from 65m including 6m @ 10.4% from 83m**
- **NARC069 15m @ 6.1% from 2m**
- **NARC069 13m @ 8.8% from 34m including 11m @ 10.4% from 34m**
- **NARC069 8m @ 5.2% from 64m**
- **NARC091 7m @ 7.3% from 2m**
- **NARC091 18m @ 5.9% from 31m**
- **NARC091 5m @ 6% from 75m**
- **NARC091 13m @ 5% from 90m**
- **NARC091 5m @ 5% from 128m**
- **NARC091 5m @ 5.6% from 174m**
- **NARC101 7m @ 5.5% from 50m**
- **NARC101 6m @ 5.2% from 74m**



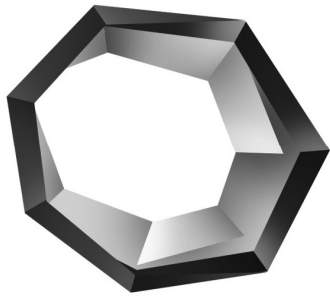
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- NARC101 9m @ 5.2% from 82m
- NARC102 5m @ 5.7% from 15m
- NARC102 6m @ 5.5% from 31m
- NARC102 5m @ 5.1% from 40m
- NARC103 30m @ 6% from 31m
- NARC103 16m @ 8.4% from 64m including 10m @ 10.5% from 70m
- NARC103 24m @ 12.9% from 101m
- NARC103 14m @ 9.4% from 127m including 12m @ 10.5% from 128m
- NARC105 10m @ 6.4% from 55m
- NARC105 5m @ 5.2% from 81m



Figure 1: Block F core sample from 2014 drill program.



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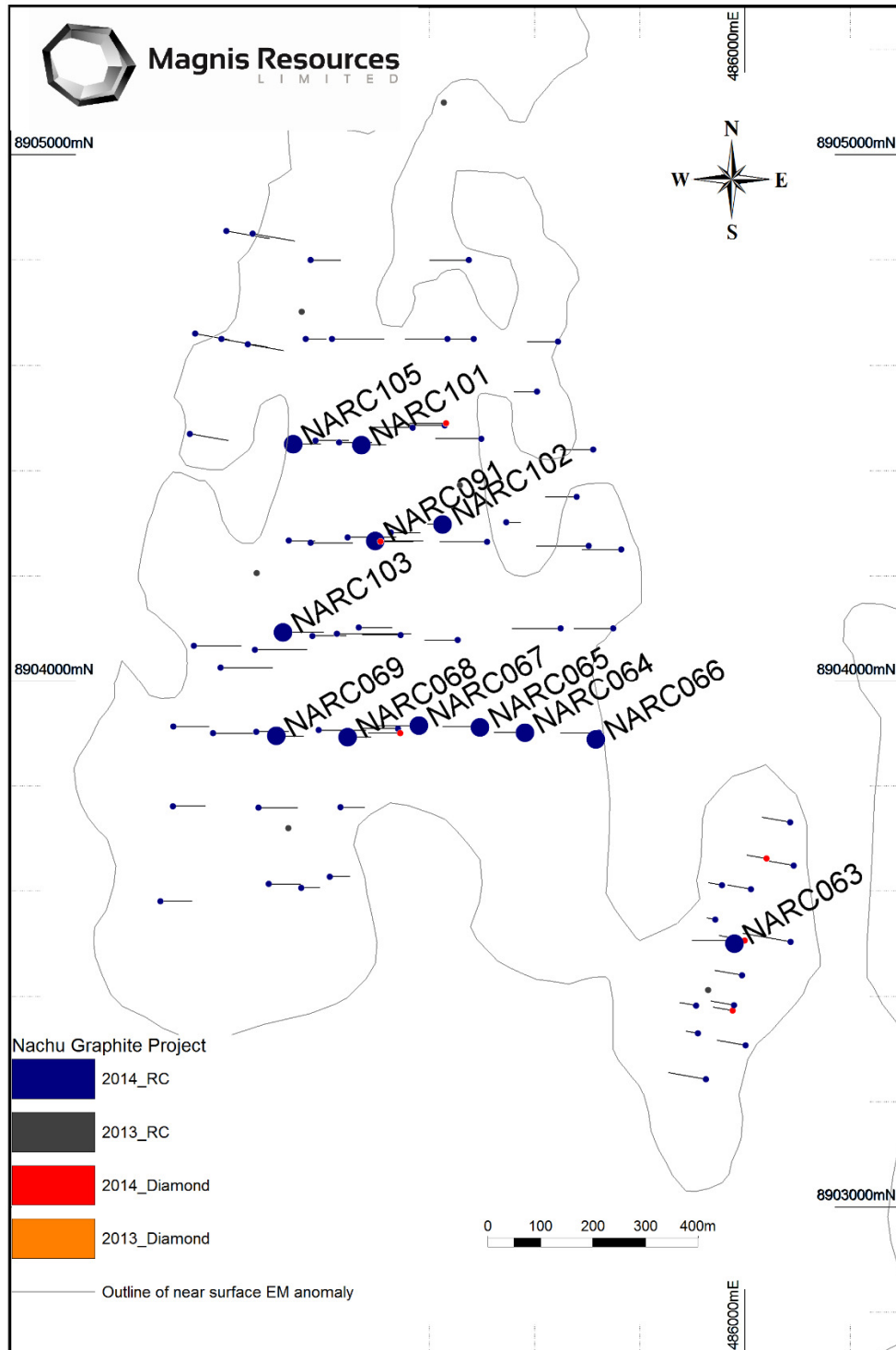
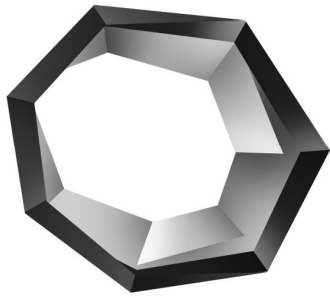


Figure 2: Block F drillhole locations with drillholes labelled identifying drillholes with geochemical results received to date.



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## Block B

The drilling completed in Block B included 22 drillholes for a total of 1,859 metres drilled including 18 RC (1,549 m) and 4 Diamond (310 m). The main body of B appears to be an anticline in which two overlapping mineralised horizons dip to the north. It appears both full folded horizons are present to the north while to the south the top mineralised horizon of the anticline hinge has been eroded away.

Completed drilling locations for blocks B & J are depicted in Figure 3. Geological modelling of blocks B & J and the multiple overlying mineralised horizons is ongoing, a cross section of mineralisation within Block B is illustrated in Figure 4.

Significant geochemical assay intercepts downhole using a 5% Cg cut-off for Block B include:

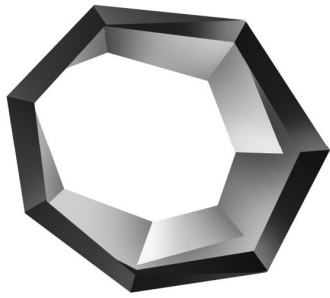
- **NARC077 15m @ 7.4% from 36m including 4m @ 10.4% from 46m**
- **NARC078 18m @ 6.8% from 22m including 3m @ 11.5% from 23m**
- **NARC078 5m @ 5.4% from 81m**
- **NARC082 5m @ 5.6% from 50m**

## Block J

The drilling completed in Block J included 18 drill holes for a total of 1,566 metres drilled including 13 RC (1,120 m) and 5 Diamond (446 m). The main body of J appears to be an anticline with one main mineralised horizon in which a second overlying mineralised horizon present to the East.

Significant geochemical assay intercepts downhole using a 5% Cg cut-off for Block J include:

- **NARC083 8m @ 6.8% from 26m**
- **NARC083 18m @ 17.6% from 78m**
- **NARC083 6m @ 9.2% from 105m including 5m @ 10.2% from 105m**
- **NARC090 13m @ 18.6% from 0m**
- **NARC090 8m @ 19.3% from 17m**
- **NARC090 10m @ 12.3% from 32m**
- **NARC090 6m @ 7.4% from 44m**
- **NARC106 10m @ 16.4% from 10m**
- **NARC106 16m @ 7.1% from 47m including 6m @ 10.2% from 55m**



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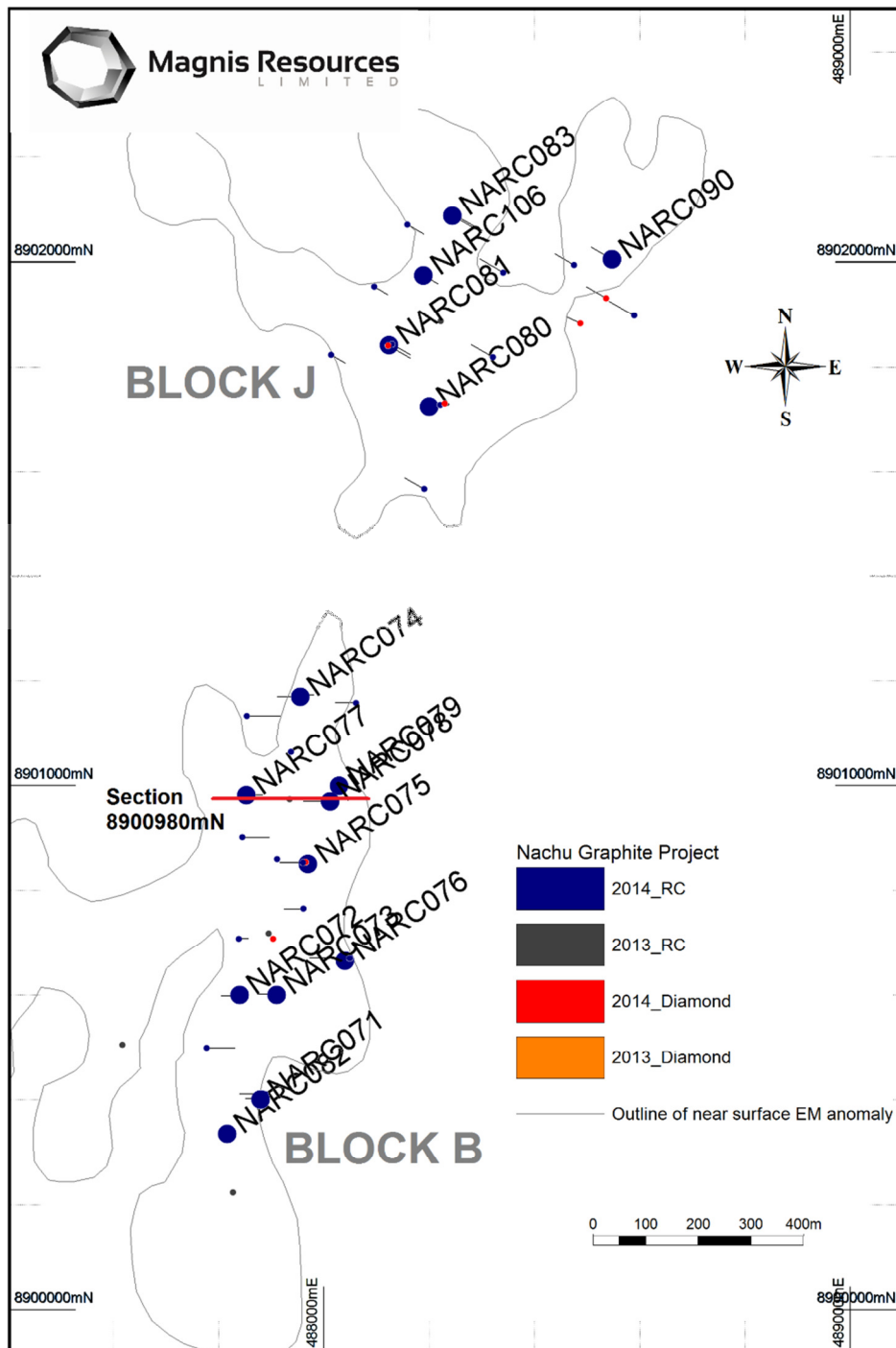
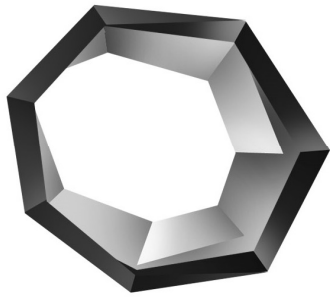


Figure 3: Block B and Block J drillhole locations with drillholes labelled identifying drillholes with geochemical results received to date.





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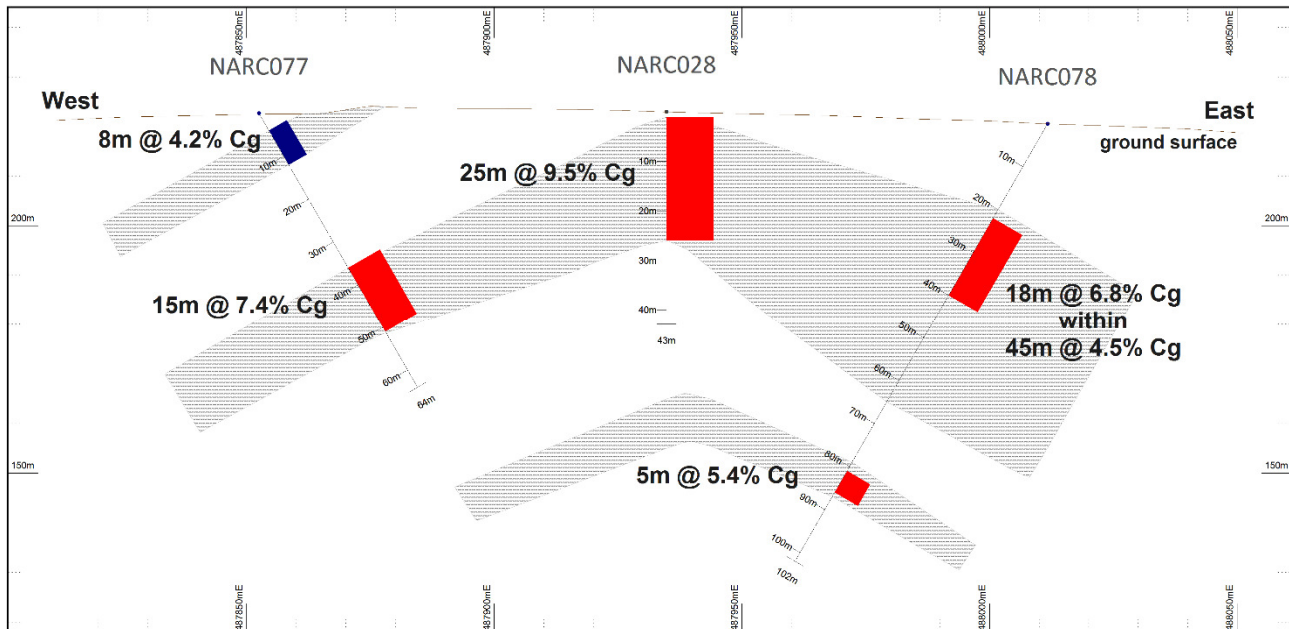
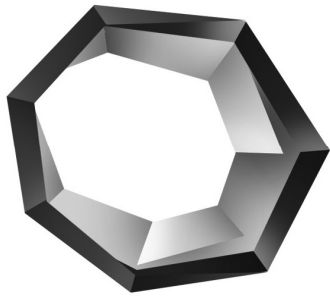


Figure 4: Block B 8900980mN cross section looking north with significant intercepts labelled. NARC028 was drilled in 2013.

Dr Frank Houllis  
 Chief Executive Officer  
 Magnis Resources Limited  
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*Information in this report that relates to Exploration activities and Exploration results is based on information compiled by Mr Brent Laws, a Competent Person who is a registered member of the Member of the Australasian Institute of Mining & Metallurgy. Mr Laws is a full time employee of Magnis Resource Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for reporting of Exploration Results. Mr Laws consents to the inclusion of the data in the form and context in which it appears.*



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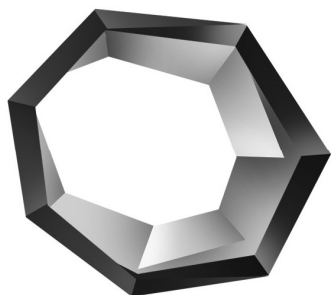
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Section 1 – Drillholes completed since last update on 11 September 2014.

Hole ID	Easting	Northing	RL	Total Depth (metres)	Azimuth	Dip	Drill Type
BLOCK F							
NARC143	484989	8903899	199	156	90	-60	RC
NARC144	485211	8903627	192	77	90	-60	RC
NARC145	485095	8903613	188	121	90	-60	RC
NARC146	485069	8904060	206	199	90	-60	RC
NARC147	484953	8904067	197	180	90	-60	RC
NARC148	485455	8904078	213	127	270	-60	RC
NARC149	485232	8903759	202	91	90	-60	RC
NARC150	485075	8903758	198	151	90	-60	RC
NARC151	484913	8903761	189	123	90	-60	RC
NARC152	485157	8903606	182	71	90	-60	RC
NARC153	484889	8903580	184	121	90	-60	RC
NARC154	485908	8903382	224	65	280	-60	RC
NARC155	485957	8903611	230	53	280	-60	RC
NARC156	485165	8904650	207	80	90	-60	RC
NARC157	485510	8904265	206	180	270	-60	RC
NARC158	485711	8904440	215	125	270	-60	RC
NARC159	485645	8904645	223	118	270	-60	RC
NARC160	485650	8904100	215	185	270	-60	RC
NARC161	485750	8904100	219	151	270	-60	RC
NARC162	485215	8904650	212	199	90	-60	RC
NARC164	485765	8904250	219	150	270	-60	RC
NARC163	485005	8904650	194	178	100	-60	RC
NARC165	485680	8904350	215	119	270	-60	RC
NARC166	485605	8904550	218	89	270	-60	RC
NARC167	485485	8904650	221	169	270	-60	RC
NARC168	485475	8904800	227	149	270	-60	RC
NARC169	485175	8904800	209	113	90	-60	RC
NARC170	485435	8904650	222	163	270	-60	RC
NARC171	484945	8904470	188	149	100	-60	RC
NARC172	484955	8904660	193	134	100	-60	RC
NARC173	485055	8904640	194	139	100	-60	RC

Table 1: Drillhole location information not previously released.





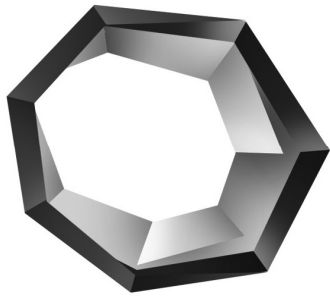
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## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

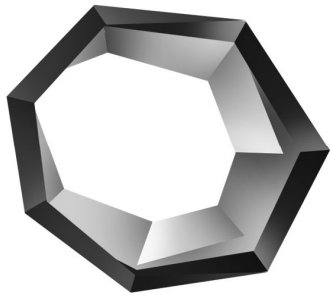
Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i></li> </ul>	<ul style="list-style-type: none"> <li>Reverse Circulation (RC) and Diamond (DD) drilling programs have been completed at the Nachu graphite project.</li> <li>The purpose of the drilling programs is to confirm the presence of graphite below and lateral to the previously identified mineralized zones as indicated by a ground Electro-Magnetic survey sufficient in delineating a JORC competent resource.</li> <li>Diamond drilling is also being used to twin existing RC holes for lithology and grade verification plus provide structural information on the deposit.</li> <li>RC samples are routinely being taken in 1m intervals via a dry and regularly cleaned cyclone and 1/8<sup>th</sup> split using a riffle splitter in order to obtain an A sample for analysis and an accurate B sample for QAQC verification.</li> <li>Samples are submitted for LECO analyses as well as for ICP Multi-element analyses. Within the total samples dispatched a random sequence of 5 % standards, blanks and duplicates are to be included. For every 100 samples within a laboratory batch, 5 standards, 5 blanks and 5 duplicates are to be included. All samples are labelled with a unique sequential number with a sample ledger kept with all samples recorded.</li> <li>The standards are supplied by an external and independent third party. The blanks are made from non-graphitic rock outcrop in the vicinity of the project area. The duplicates are a B sample selected from within the drilling sequence.</li> <li>The 2014 diamond core drilling program produced HQ3 sized core with an average diameter of 61 mm. The recovered core was cut with a rock saw by a trained technician. The site geologist determined the sample interval which is usually in downhole lengths of 1m. Where lithological boundaries did not fit the 1m geometry, the sample length was to be a minimum of 0.5m or a maximum of 1.5m. Core was halved for normal analyses. In the case of duplicate analyses (5 % of samples submitted), the core was quartered. The remaining core is retained in stratigraphic sequence in the core trays.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li><i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details</i></li> </ul>	<ul style="list-style-type: none"> <li>The RC drilling is being completed at 5 1/2 inch diameter using two Schramm 450 drill rigs with additional booster and axillary used as required to</li> </ul>



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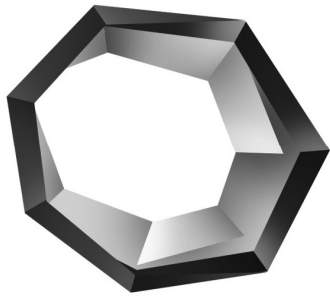
Criteria	JORC Code explanation	Commentary
	<i>(e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	<p>keep samples dry and continue to produce identifiable rock chips.</p> <ul style="list-style-type: none"> <li>The core drilling was completed with a Christensen CS -1400 drilling rig. The drilling equipment was HQ3 (triple tube) sized.</li> <li>All core holes if not vertical are orientated to facilitate structural measurements.</li> <li>Drilling is planned to optimally intersect the target horizon as close as possible to perpendicular. Drillholes completed have regular downhole surveys and at full depth. Initial borehole locations are surveyed using a handheld GPS. Final borehole collar positions are surveyed post drilling with a differential GPS survey instrument, by a certified independent external surveyor.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i></li> </ul>	<ul style="list-style-type: none"> <li>RC sampling includes the weight measurement of the full sample length and subsequent A and B samples to assess the accuracy of the sample splitting process.</li> <li>Core recovery measurements are recorded for every borehole.</li> <li>To date no discernable loss has been noted with all sample recovery processes being at industry best practice.</li> </ul>
<i>Logging</i>	<ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></li> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	<ul style="list-style-type: none"> <li>All drill holes drilled are logged in full and sampled by the site geologists.</li> <li>All the logged information which includes depth, lithology, mineral assemblage, Cg mineralisation (laboratory data), collar survey and geologist are recorded in a strip-log which is generated from the field logging sheets.</li> <li>The entire core is recorded in sequence in digital photograph format.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for</i></li> </ul>	<ul style="list-style-type: none"> <li>RC samples are routinely being taken in 1m intervals via a dry and regularly cleaned cyclone and 1/8th split using a riffle splitter in order to obtain an A sample for analysis and an accurate B sample for a duplicate for QAQC verification.</li> <li>The core is split by saw and half core is submitted for analyses. When a duplicate sample is submitted, the core is quartered. One quarter remains in the core</li> </ul>



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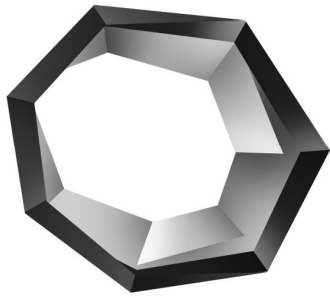
Criteria	JORC Code explanation	Commentary
	<p><i>all sub-sampling stages to maximise representivity of samples.</i></p> <ul style="list-style-type: none"> <li>• <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i></li> <li>• <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<p>tray as a drilling record, with another available for metallurgical testing.</p> <ul style="list-style-type: none"> <li>• Samples are submitted for LECO analyses as well as for ICP Multi-element analyses. Within the total samples dispatched a random sequence of 5 % standards, blanks and duplicates are to be included. For every 100 samples within a laboratory batch, 5 standards, 5 blanks and 5 duplicates are to be included. All samples are labelled with a unique sequential number with a sample ledger kept with all samples recorded. The core is split by saw and half core is submitted for analyses. When a duplicate sample is submitted, the core is quartered. One quarter remains in the core tray as a drilling record, with another available for metallurgical testing.</li> <li>• Sample preparation is done by ALS in Mwanza (Tanzania), before the prepared samples are shipped to ALS in Brisbane for content determination.</li> <li>• The sample procedure standards followed are internal to ALS and are listed below:</li> <li>• WEI-21 (Receive Sample Weight, Mwanza), LOG-22 (Sample Log-in, Mwanza), CRU-31 (Fine Crushing, Mwanza), SPL-21 (Split Sample, Mwanza), PUL-32 (Pulverizing Sample, Mwanza), CRU-QC (Crushing QC Test, Mwanza), PUL-QC (Pulverizing QC Test, Mwanza), LOG-24 (Pulp Log-in, Mwanza), LEV-01 (Waste Disposal Levy, Brisbane), QUA-01 (Quarantine Treatment Charge, Brisbane), C-IR18 (Graphitic Carbon by LECO, Brisbane). For the RC cuttings the multi-element analysis is coded ME-ICP41 (35 Element Aqua Regia ICP AES, Brisbane).</li> <li>• QC measures include the submission of duplicate samples (5% of samples), blanks (5% of samples) and standards (5% of samples) over and above the internal controls at ALS.</li> <li>• The smallest core sample dimension after cutting is 29 mm. Large category flake size is &gt; 8 mesh or 2.38 mm. The sample size exceeds the target material size comfortably.</li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li>• <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make</i></li> </ul>	<ul style="list-style-type: none"> <li>• The laboratory uses internal standards in addition to the standards, blanks and duplicates inserted by Uranex.</li> <li>• The samples have been analysed by ALS, with sample preparation done in Mwanza Tanzania, and analyses performed in Brisbane. Sampling procedures are listed above and includes drying, crushing, splitting and pulverizing such that 85% of the sample is 75 micron or less in size. A split of the</li> </ul>



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	<p><i>and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <li><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></li> </ul>	<p>sample will analysed using a LECO analyser to determine carbon in graphite content.</p> <ul style="list-style-type: none"> <li>The detection limits are deemed sufficient for the purpose of future resource estimation.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></li> <li><i>Discuss any adjustment to assay data.</i></li> </ul>	<ul style="list-style-type: none"> <li>The field geologists are in the employment of Uranex, and external oversight is established with the contracting of an external consultant to regularly assess on site standards and practices to maintain best practice.</li> <li>All the exploration drilling in the Nachu tenement by Uranex is on blocks identified in 2013 using updated EM targets to expand on known mineralisation and expand into previously unexplored areas. The twinning of Reverse Circulation boreholes was done by Core Drilling and will continue in the 2014 program.</li> <li>The primary data is collected using a logging and sampling data collection system allowing full security of collected data and is kept in the company office in Dar Es Salaam under the custodianship of the site geologist. The Exploration Manager has a duplicate dataset at his office in Adelaide, and the company has a dataset in the Sydney office. The company has a secure geological database set up for graphite data storage and control.</li> <li>Previous assay data has not been adjusted, and is released to the market as it is received from the laboratory.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li><i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i></li> <li><i>Specification of the grid system used.</i></li> <li><i>Quality and adequacy of topographic control.</i></li> </ul>	<ul style="list-style-type: none"> <li>A hand-held GPS was used to site the drill holes (xy horizontal error of 5 metres) and reported using ARC 1960 grid and UTM datum zone 37 south.</li> <li>All drill holes to NARC062 have had the location verified and surveyed using an independent surveyor with a differential GPS (Trimble R8 GNSS instrument).</li> <li>Topographic control is good due to the DTM survey that was completed by Terratec, as part of the EM survey.</li> <li>The dip and azimuth of the DD holes were measured using a Reflex ACTII down-hole survey tool.</li> </ul>
Data spacing	<ul style="list-style-type: none"> <li><i>Data spacing for reporting of Exploration Results.</i></li> <li><i>Whether the data spacing and</i></li> </ul>	<ul style="list-style-type: none"> <li>The spacing of RC drilled holes is a nominal grid of 100m x 100m or less up to 200m x 200m being deemed appropriate in most instances; drilling will</li> </ul>

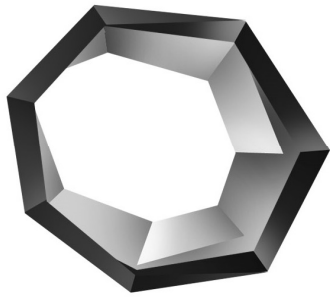


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Criteria	JORC Code explanation	Commentary
<i>and distribution</i>	<p><i>distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<p>have some closer spacing in order to confirm continuity of mineralisation.</p>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• From surface mapping of the area, the regional foliation dips at low angles of between 5 and 15 degrees to the west. The 2013 drilling was hence planned at vertical orientation.</li> <li>• 2014 drilling has also given confidence in the EM survey modelling in which Block D had interpreted shallow angled rolling horizons. Given the flat to shallow dipping nature of the target zones vertical drillholes are adequate to target mineralisation in Block D</li> <li>• Block A, B, F &amp; J have interpreted antiform structures with steeper dipping horizons away from the hinge zone identified through EM survey data modelling that has been confirmed through drilling intercepts.</li> <li>• The structural analysis is in progress on all other blocks with surface mapping of outcrops and 2014 EM modelling and interpretation into 3D.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The samples are split and packed at the drill site and sealed prior to daily transport to the field office in Ruangwa which has 24 hour security prior to transport by locked commercial truck carrier to ALS Mwanza. The laboratory (ALS) ships the sealed samples after preparation, to Brisbane in Australia.</li> <li>• The remaining B samples and core are kept in a safe facility under guard at the site sample storage facility and the Ruangwa office.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• The 2014 resource is being undertaken by independent consultants AMC Consultants who have completed a site visit. The sampling protocol was observed with no recommendations made for adjustment to the current practices which were implemented to conform to industry standards.</li> </ul>





# Magnis Resources

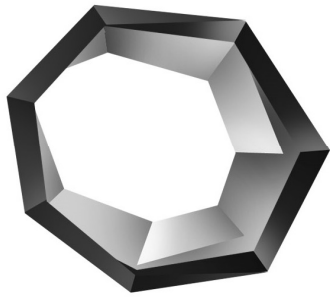
L I M I T E D

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The prospecting license PL 9076 was granted (renewal) on the 12<sup>th</sup> of April 2013 for a period of two years. The area covered by the prospecting license is 198.57 km<sup>2</sup>. The PL is situated in the Ruangwa District of south-east Tanzania.</li> <li>The PL is held by Uranex Tanzania Ltd. and is not subject to joint venture agreements, third parties, royalties or partnerships. The surface area is administered by the Government as native title. The area is rural, with wilderness areas and subsistence farming occurring on the PL.</li> <li>At this stage the tenure is intact, and we have no reason to believe that tenure is threatened.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>No exploration for graphite has been done by other parties in this area. Some gemstone diggings for tourmaline are present in the PL.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The Nachu project is situated in graphitic schist which does have associated dolomites and gneisses.</li> <li>The majority of EM modelling and geological intercepts indicate folded anticlines of various limb steepness in each key resource Block.</li> <li>The graphite mineralisation is mostly associated with the schist, and is metamorphic (meta-sedimentary) in origin.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this</li> </ul>	<ul style="list-style-type: none"> <li>The drillhole information is supplied in Section 1 and previous ASX releases.</li> <li>No material information has been deliberately excluded.</li> </ul>

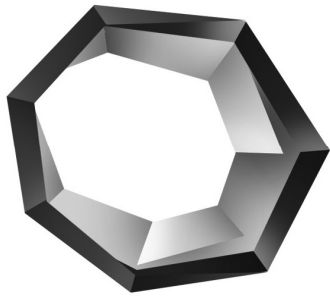




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Criteria	JORC Code explanation	Commentary
	<i>exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>Significant intercepts are reported based on a 5% cut-off with a minimum length of 5 m which has an allowable maximum 2m of internal low grade material. All significant intercepts are generated using Micromine softwares automated advanced grade compositing function.</li> <li>Higher grade significant intercepts are reported based on a 10% cut-off with a minimum length of 2m with no internal low grade material. All significant intercepts are generated using Micromine softwares automated advanced grade compositing function.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>The structural modelling is in progress. The majority of EM modelling and geological intercepts indicate folded anticlines of various limb steepness in each key resource Block. At present all the reported lengths are 'down-hole'. The true widths will be applied once the structure and mineralogy has been correlated with structural core measurements and modelled.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Block plans show the distribution of the RC and DD boreholes respectively. All boreholes drilled have drilling direction noted using an azimuth and dip identified in Section 1 collar information or in previous releases.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>All reported intervals are downhole intervals from drilling aimed at being as perpendicular to mineralisation as practical.</li> </ul>



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Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li>The 2013 &amp; 2014 electro-magnetic survey has been processed with data used to target mineralisation in the most efficient and representative manner.</li> <li>At the moment the structural interpretation of the geology is in progress. The regional mapping will be combined with the lithological and quality information from the drill holes, to provide a structural framework around which mineral envelopes will be modelled for resource purposes.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li>An expanded exploration program is planned for the dry season during 2014. Further drilling will aim to extend known extents of mineralisation. More than 800 Ha of potential target area has been identified.</li> <li>An ongoing rolling process of delivering the analytical samples to the laboratory for analyses and awaiting results for building on visual observations is in progress.</li> <li>Umpire samples have been identified and are in the process of being dispatched to a third party laboratory.</li> <li>The samples for metallurgy are being sent to the laboratories and interested parties.</li> </ul>