

Magnis Resources

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FOR RELEASE
10 October 2014

EXCEPTIONAL FLAKE GRAPHITE METALLURGICAL RESULTS

- **Significant metallurgical results from first test of Block F South bulk sample**
- **56% in jumbo flake graphite category +300 microns**
- **30% in medium and large flake graphite categories +150 microns to 300 microns**
- **High sale prices expected with current shortage of large and jumbo flakes**
- **Current jumbo flake graphite price at \$US1,800 per tonne**
- **Samples for MOU off-take parties and potential partners being created**

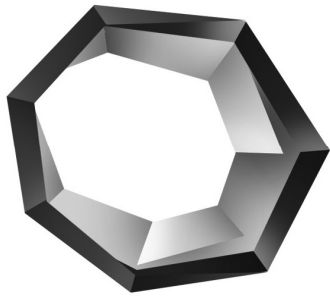
Magnis Resources Limited (ASX: MNS) is very pleased to report significant graphite metallurgical test results from Block F South of its Nachu Graphite Project. These results build on promising outcomes from metallurgical testing of Blocks C and D in early 2014.

Metallurgical testing of the drill core from the Nachu Graphite Project's 2014 exploration program is well underway at AMML laboratories in Gosford. Graphite concentrate is produced from the drill core using a combination of milling and flotation steps (Figure 1). The scope of the current metallurgical program includes ore variability testing, optimisation of processing and flake size.

Magnis CEO Dr Frank Houllis commented: "We have been told by our prospective buyers in China about the particularly strong demand and weak supply of large and jumbo flake graphite. To have 86% of our product in medium, large and jumbo graphite flakes is remarkable."

"Today's initial results are from the first test undertaken. Metallurgical testing is on-going and we expect more results over coming weeks that may further improve the commercial credentials of this project. There are no doubts that Nachu is a world class graphite project."

Initial metallurgical testing has focused on the drill core from Block F South. The test results reported here are for a composite sample of ore produced from a continuous 50m interval of drill core from NADD015 from 24m to 74m downhole in Block F South. Block F is where the majority of the resource is expected when the maiden JORC resource is released in November and the metallurgical testing is an important indicator of product quality.



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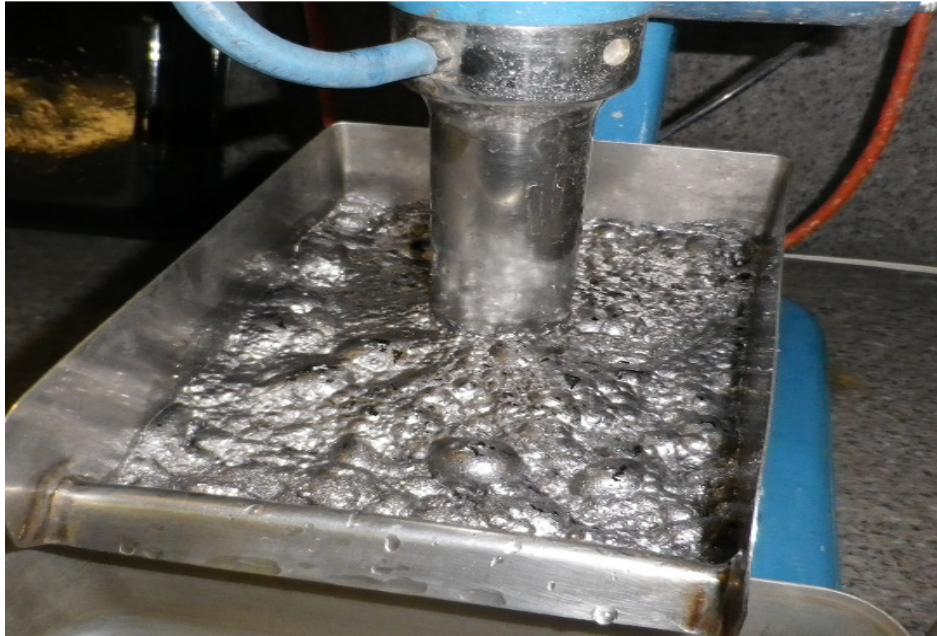


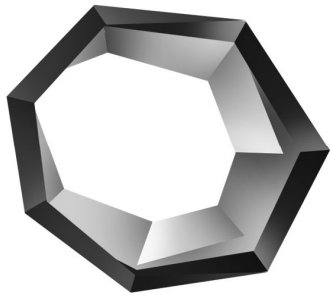
Figure 1: Flotation of Nachu Graphite Project ore

Concentrate Grade and Flake Size

The graphite concentrate produced from testing of a composite ore sample from Block F South contained 91.6% TGC. Classification of the graphite concentrate (Table 1) by wet sieving indicated 56% of flake by weight in the jumbo category (>300 microns) and 30% in the medium to large category (150-300 microns).

Table 1 – Size Classification and TGC Distribution of Graphite Concentrate from Metallurgical Testing of Composite Ore Sample from Block F South

Classification	Sieve Size		%Weight Distribution	Graphite (%TGC)	% Graphite Distribution
	(microns)	Mesh			
Jumbo	+ 300	+ 50	56	94.7	57.6
Medium to Large	+150 – 300	+100, -50	30	90.0	29.5
Fine	-150	- 100	14	82.7	13
Total			100	91.6	100



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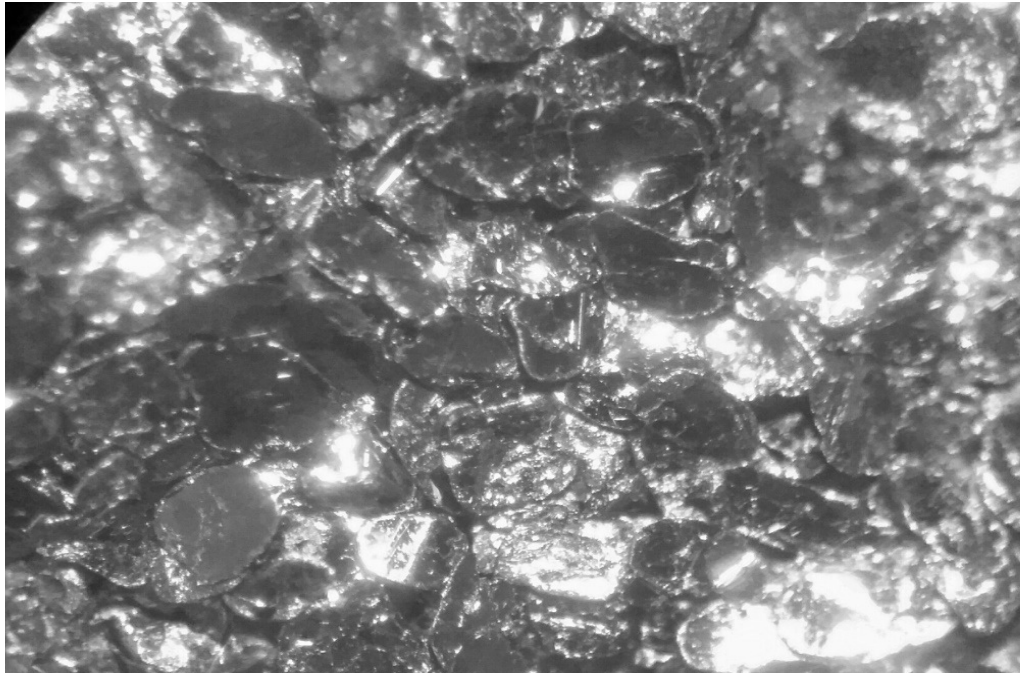


Figure 2: Image of graphite flake under an optical microscope

Future Test Work

All 2014 exploration drill cores from Blocks F, B and J have been delivered to AMML for testing. The current focus of metallurgical testing is to assess flotation performance across the main blocks of the Nachu deposit. Ore variability within each block shall also be assessed. Once ore variability is assessed, representative bulk samples will be forwarded to our MOU off-take parties and other potential partners.

Dr Frank Houllis
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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.