



# Magnis Resources

L I M I T E D

FOR RELEASE  
29 December 2014

## BINDING OFFTAKE AGREEMENT WITH SINOSTEEL

- **100,000 tonnes per annum Binding Offtake Agreement signed with Sinosteel, Liaoning**
- **Term is for 10 years with the option to extend for further 5 years**
- **Sinosteel to process graphite for the Electric Vehicle market**
- **Graphite price linked to market prices**
- **Current basket price over US\$2,100 per tonne due to majority of Magnis product in Super Jumbo (+500 microns), Jumbo (+300 microns) and Large (+180 microns) categories**
- **At current market price yearly revenues equate to over US\$210m or over US\$2.1b over 10 years**
- **This is the second offtake contract announced, with the first being with SINOMA (ASX announcement 17 December). Yearly revenues for both binding offtakes announced equate to over US\$380m or US\$1.9b over 5 years**
- **Discussions continue for offtake and financing**

Magnis Resources Limited (ASX:MNS) is pleased to announce it has signed its second Binding Offtake Agreement within a fortnight of its first, signing a new agreement with China-based Sinosteel Liaoning. This follows the first Magnis Binding Offtake Agreement announcement on 17 December 2014 with SINOMA for 80,000 tonnes per annum over an initial 5 years with an option to extend.

Under the new Offtake Agreement Sinosteel has agreed to purchase 100,000 tonnes of graphite per annum across all size ranges for a period of 10 years with an option to extend for a further 5 years.

Sinosteel has been involved in the graphite industry for many decades. There are more than eight graphite production facilities under the control of Sinosteel, with combined production in excess of 220,000 tonnes pa.

As a precursor to this announcement, on 3 September 2014 an MOU for offtake was signed with a JV between Sinosteel and Dalian InterContinental New Materials Corp (Figure 1). In the past few months samples were sent to Sinosteel to be tested at their Graphite Processing Plant. These samples were derived from large scale metallurgical test work that resulted in an average grade over 95%TGC, with the majority of the product in Super Jumbo, Jumbo and Large categories.

Chairman Mr Frank Poullas commented: "Today's announcement is another important step for the success of both Magnis Resources and the graphite industry. The signing of a second binding agreement is testament to the growth we are seeing in the EV market."

"Nachu is a unique project producing a consistent concentrate between 96-98% TGC across the Large, Jumbo and Super Jumbo categories, which make up over 80% of our product. Our strategy to fast track our graphite project to production will be realised as we work with industry leaders like Sinosteel and SINOMA."

"The board of Magnis Resources thanks Sinosteel for this landmark deal and we look forward to continuing our productive working relationship long into the future."

Sinosteel Liaoning Vice President, Mr. Qian Li commented that "we are very pleased to be entering into this long term contract to secure the future supply of high quality, large flake graphite from Magnis, for our future production facilities. Supply from Magnis will be particularly useful for the high tech graphite applications within the EV market, as well as other battery applications."

## Basket Price

The Nachu product is exceptional and commands a higher selling price. A significant portion is in the Jumbo (+300 microns) and Super Jumbo categories (+500 microns) and is consistently produced above a 97%TGC concentrate; this is a rare specialised product.

Magnis Resources has teamed up with overseas industry experts and end users in the graphite industry. The current basket price for the product being produced is over US\$2,100 per tonne.



**Figure 1: From front left to right Mr Stephen Hunt (Non-Executive Director Magnis), Mr Frank Poullas (Chairman of Magnis), Mr Qian Li (Vice General Manager Sinosteel Liaoning), Mr Xiaochun Wang (President of Dalian InterContinental). Back left to right Dr Frank Houllis (CEO of Magnis) and Mr David Jiang (Managing Director of Dalian InterContinental)**

## **About Sinosteel Liaoning Co Ltd**

Sinosteel Liaoning is a 100% owned subsidiary of Sinosteel Corporation. Its main lines of business are producing iron ore, coal, refractory and steel products.

Sinosteel Corporation is a central enterprise under the administration of the State-Owned Assets Supervision and Administration Commission. In 2013 it had revenues of US\$20 Billion and currently employs over 40,000 people. There are 53 subsidiaries and 15 overseas companies including mining operations in many continents including Australia and Africa.

Sinosteel is mainly engaged in developing and processing of metallurgical mineral resources, trading and logistics of metallurgical raw materials and products, and related engineering technical service and equipment manufacture. It is a large multi-national enterprise with clear-defined core businesses that integrate resources development, trade & logistics, engineering project and science & technology, equipment manufacturing and specialised service, providing comprehensive auxiliary service for steel industry, especially steel mills.

## **Financing**

Magnis is currently conducting discussions with its binding offtake partners and other entities on project financing. The binding Offtakes along with the Pre-Feasibility findings will be favourable for progressing these discussions.

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