

# Magnis Resources

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## EPC & PROJECT FUNDING MOU SIGNED WITH POSCO E&C

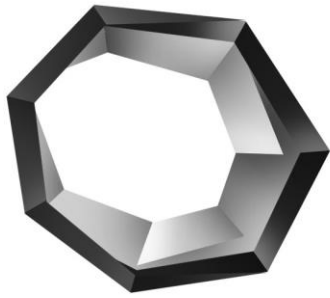
- **MOU outlines roles and responsibilities of each stakeholder in advancing the funding and construction of the Nachu Graphite Project**
- **POSCO E&C mandated to procure senior debt and deliver a fixed price lump sum for project construction**
- **Construction to commence upon finalisation of funding**

Magnis Resources Limited (ASX:MNS) is pleased to announce that the Company has signed an MOU with South Korean industry leader POSCO E&C outlining the basis for co-operation on the procurement of funding and construction of the Nachu Graphite Project in Tanzania (Project).

Key roles and responsibilities outlined in the MOU are as follows:

1. POSCO E&C is mandated for arranging senior loans through its associations with financial institutions.
2. Magnis is responsible for arranging subordinate debt and equity and the overall co-ordination of Project funding.
3. Magnis to update resource/reserve definition and a feasibility study to the satisfaction of lenders.
4. POSCO E&C to develop a fixed price lump sum for Project execution by 2<sup>nd</sup> quarter 2016.
5. Magnis, with support from POSCO E&C, will advance the construction contract in parallel to the funding process.

Chairman Frank Poullas commented: "Today marks another milestone for Magnis. Having POSCO E&C onboard as our lead arranger and EPC consultant really highlights the quality of our project. POSCO E&C has demonstrated time and again that they can bring projects into production on-time with the highest standards. I would like to thank POSCO E&C for its significant commitment and effort that has culminated in the signing of this MOU. We have been impressed with our dealings with POSCO E&C over the past 3 months and we certainly welcome our partnership and the confidence it shares in the Nachu Graphite Project."



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“The financial and sovereign stability afforded by the recent finalisation of the Mineral Development Agreement along with the recent capital raising has been the catalyst to the funding process. The team at Magnis is focused on ensuring commencement of production by the first quarter of 2017.”

POSCO E&C Mining Plant Business Group Director Peter Lim commented: “We are delighted to be involved with the Nachu Graphite Project. The quality of the graphite at Nachu is the best in the world and with the huge demand in the battery market, we are excited to be involved with Magnis.”

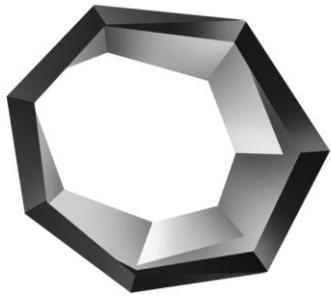
In addition to the raising of senior debt, Magnis has entered into discussions with a number of parties interested in providing subordinate debt. To date these discussions are progressing well and the MOU with POSCO E&C will add further weight to the credibility and strength of the Nachu Graphite Project.

## **ABOUT POSCO E&C**

POSCO E&C is one of the large arms of the POSCO family. POSCO E&C is one of the leading EPC contractors in Korea with a wealth of experience in being a true global total solution provider by implementing the PEPCOM (Planning, Engineering, Procurement, Construction and Operation & Maintenance) System to large projects throughout the world.

POSCO E&C has successfully entered the mine development business in countries with abundant resources, such as Australia and South America, thanks to the strength of their engineering capabilities and value engineering solutions.

The POSCO family has over 35,000 employees and revenues of over US\$65B in 2014.



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**Figure 1 - Technical Due Diligence team comprising members from POSCO E&C E&C, Logiman and Magnis**

Frank Poullas  
Chairman  
**Magnis Resources Limited**  
+61 (0)2 8397 9888