

Magnis Resources

L I M I T E D

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EXCEPTIONAL FLAKE GRAPHITE METALLURGICAL RESULTS CONTINUE

- **Significant metallurgical results replicated in larger scale tests using ore from Main Block F and F South**
- **Graphite product marketing samples sent to MOU parties**
- **Up to 88% of product in Jumbo and Large flake graphite categories**
- **Graphite concentrate produced consistently above 94% TGC using basic flotation**
- **Recoveries exceeding 96%**
- **Maiden JORC Resource on track due for late November with majority of resource expected from Block F**
- **Pre-Feasibility Study on track for completion December 2014**
- **Current Jumbo flake graphite price \$US1,800 per tonne**

Magnis Resources Limited (ASX:MNS) reports further consistently high proportions of Large and Jumbo flakes in graphite concentrates from ongoing metallurgical testing of Main Block F and Block F South ore at its Nachu Graphite Project in Tanzania.

Metallurgical testing of the drill core from the 2014 exploration program is continuing. Graphite concentrates are produced from the drill core using a combination of milling and flotation steps. The scope of the metallurgical program includes ore variability testing, generation of marketing samples and optimisation of processing route and flake size. Since the most recent update on metallurgical testing, a further eight tests have been completed on both Block F South and Main Block F.

Magnis CEO Dr Frank Houllis commented: "Sending the marketing samples to offtake MOU parties is a significant milestone for Magnis. Replicating the exceptional graphite size in bulk tests while producing high grade graphite concentrate is important as it provides key pricing data for the upcoming Pre-Feasibility study on the Nachu project. Today's results also demonstrate to our MOU partners that high value graphite concentrates can be consistently produced at Nachu."

"As work progresses towards the announcement of the maiden JORC Resource later this month, we expect a large portion of the resource from Block F to be converted into reserves. Today's metallurgical results and the imminent announcement of the JORC Resource will propel Magnis to a lead candidate for future graphite production."

Bulk Flotation Tests

Following the 1kg batch flotation tests, two larger 12kg tests were conducted to generate larger volumes of graphite product for MOU parties.

The 12kg ore used for the first bulk test (UNX128) came from F South and consisted of equal 6kg lots from composite core sample holes NADD015 and NADD026. The 12kg ore used for the second bulk test (UNX132) came from Main F block and consisted of equal 6kg lots from composite core sample holes NADD028 and NADD030.

Ore Variability Main Block F

Metallurgical testing for ore variability test work was extended to the optimised flowsheet to get an indication of process robustness. Ores from Block F South and Main Block F are reported here. **Table 1** summarises key outcomes for each test and demonstrates the consistently high proportion of Jumbo flake graphite produced (ranging 51.8-65.6%) at high graphite recovery (96-97%). Hole locations are shown in **Figure 1**. The results show minor ore variability across the blocks in F for deeper non-oxidised zones of the core. Furthermore, the optimised process flowsheet regularly resulted in a graphite concentrate grade near or above 94% TGC.

Table 1: Size Distributions and Grade of Graphite Concentrate Produced from Metallurgical Testing of Ore Samples from Block F South and Main Block F

| Flake Size | Sieve Size | | % Distribution by Graphite Mass | | | | |
|--|------------|-----------|---------------------------------|----------------------|---------------------|-----------------------|-----------------------|
| | (microns) | Mesh | Test 126 | Test 127 | Test 129 | Test 130 | Test 131 |
| Jumbo | > 300 | + 50 | 51.8 | 60.6 | 64.6 | 65.6 | 60.2 |
| Large | 180 – 300 | +80, -50 | 27.6 | 24.1 | 22.2 | 22.2 | 24.1 |
| Medium | 150 – 180 | +100, -80 | 6.4 | 4.8 | 3.8 | 4.2 | 3.6 |
| Fine | < 150 | - 100 | 14.1 | 10.5 | 9.5 | 8.1 | 12.1 |
| Total | | | 100 | 100 | 100 | 100 | 100 |
| Ore Tested (interval length metres) | | | NADD015 (24-74m) | NADD028 (19-137m) | NADD029 (11-64m) | NADD029 (104-127m) | NADD029 (218-277m) |
| % TGC in Graphite Concentrate | | | 93.1 | 94.8 | 94.8 | 95.2 | 94.3 |
| % Graphite Recovery to Final Concentrate | | | 96.2 | 97.0 | 96.3 | 96.7 | 96.1 |

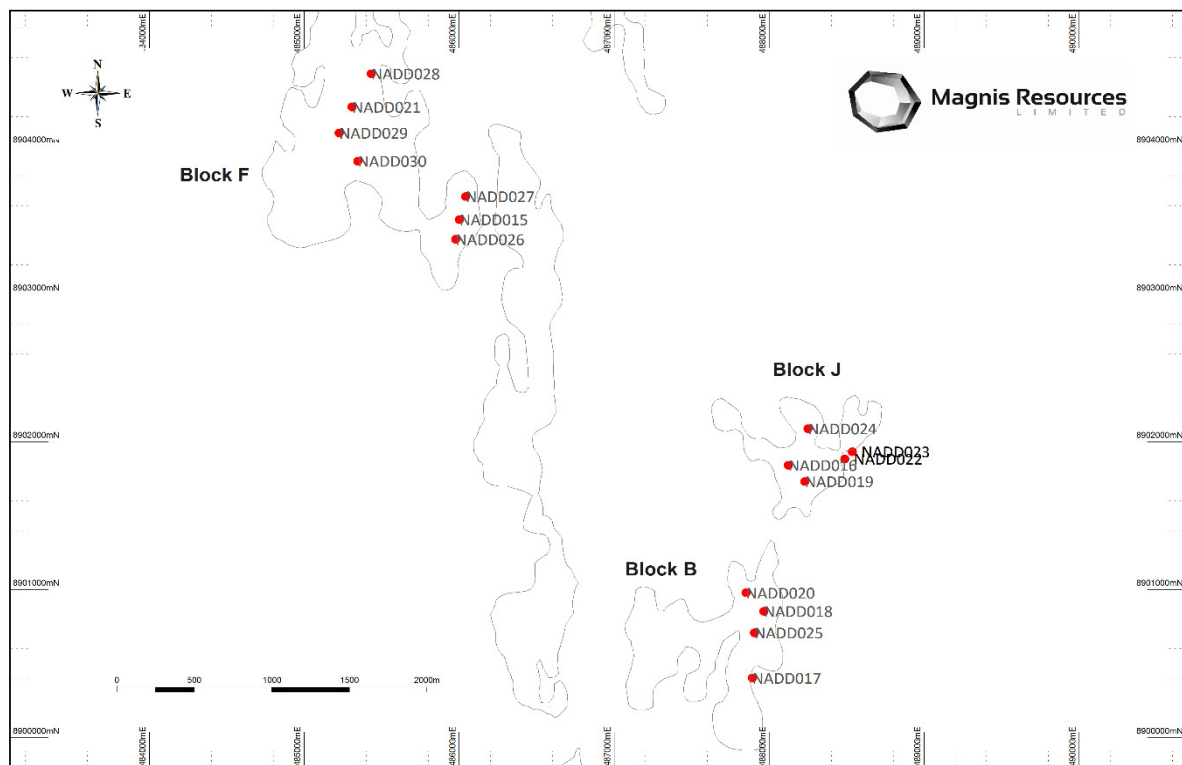


Figure 1: Map of Drill Core Locations

Product Samples for MOU Parties

Samples from the previously noted bulk tests have been sent to Sinoma, Sinosteel and Dalian Intercontinental. Magnis personnel will soon travel to China to solicit feedback and progress towards the signing of binding offtake agreements.

Future Program

The metallurgical testing program supporting the 2014 drilling program will be finalised over coming days. Future work will be associated with validation of the mine schedule and providing data for detailed design. This work is expected to be conducted during the 2015 calendar year.

Pre-Feasibility Study

The metallurgical test program has been conducted in close association with the Pre-Feasibility Study (PFS) for the Nachu Graphite Project. Data from metallurgical testing has been the basis for a large portion of the process design. The key tasks of process design and equipment specification are now complete with the current focus on pricing and logistics. With the imminent JORC Resource, work on the associated mining study will soon begin. The PFS is tracking to schedule and is due for completion in December 2014.



Figure 2: Larger Scale (60 L) Bulk Flotation Test



Figure 3: Location of the Nachu Graphite Project

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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.