



Magnis Resources

L I M I T E D

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US\$150M DEBT FINANCE BINDING TERM SHEET SIGNED WITH SINOMA TO DEVELOP NACHU GRAPHITE PROJECT

- **Binding agreement with off-take partner China National Nonmetallic Minerals Industrial Limited Corporation (SINOMA) covers the engineering, procurement, construction and financing (EPC+F) of a 200,000 tpa plant for the Nachu Graphite Project**
- **US\$150M (A\$196M) financing at commercially competitive rates**
- **Debt to equity ratio of 90:10**
- **SINOMA is a China based vertically integrated graphite conglomerate with experience spanning over three decades**

Magnis Resources Limited (ASX:MNS) is delighted to announce it has signed a binding term sheet with SINOMA to provide US\$150 million funding to cover engineering, procurement, construction and finance (EPC+F) for the Nachu Graphite Project in Tanzania. This funding demonstrates the importance SINOMA attributes to the development of Nachu and securing its offtake concentrate.

Chairman Frank Poullas commented: "Today is another historic day for Magnis Resources. Securing a binding term sheet for financing the Nachu Graphite Project for an amount of US\$150 million truly puts Magnis in a strong position. To have a relationship with such a strong partner in SINOMA, one of the largest and most recognised integrated graphite companies in the world, is significant. SINOMA has institutes with world leading expertise in graphite process engineering and plant design. With the financial and technical muscle of SINOMA along with our management team's proven track record of bringing projects into production in Africa, the future looks very promising."

"SINOMA is in the process of completing a large cement plant in Mtwara and understands how to operate a large project in south east Tanzania. With current Super Jumbo prices exceeding US\$10,000 per tonne, this bolsters our capability to fast track Nachu graphite production."

"The Board of Magnis Resources thanks our partner SINOMA on this important binding agreement and we look forward to continually building this strong relationship."

The binding term sheet is structured on the Pre-Feasibility Study findings and has a debt to equity ratio of 90:10 at commercially competitive rates. This translates to SINOMA's portion of finance being US\$150M and the Magnis share being US\$15M for a total of US\$165M (A\$215M).

The framework is structured on the basis of production of 200,000 tonnes per annum of graphite concentrate. SINOMA will provide engineering goods and services including – mechanical, civil, electrical, instrumentation, piping specifications, construction drawings, construction and project management.

Funding is contingent on receiving necessary government approvals. In recent months Magnis has engaged with government officials, the local community and other stakeholders to ensure the project continues to track towards production in the second half of 2016. All work on the Environmental Impact Assessment (EIA) and the consultation with the local communities and district government is progressing without any significant issues.

A project team consisting of SINOMA and Magnis representatives will be set up in coming weeks with senior Magnis management travelling next week to SINOMA's headquarters in Beijing to start this process. Magnis's engineering consultants will be assisting in the process and the development of the detailed design of the plant which has started.

Sales of the future production have been accounted for via the two binding offtakes that total 180,000tpa. These offtakes with SINOMA and Sinosteel Liaoning are the largest in the graphite sector.

ABOUT SINOMA

SINOMA is a vertically integrated State Owned Enterprise (SOE) specialising in industrial minerals, which includes graphite. It holds interests in 69 enterprises including 1 H-share and 5 A-share listed companies and 13 national research and design institutes and more than 200 affiliates with branches in America, Japan, Africa, Hong Kong and other districts. These affiliates deliver services spanning from process development and design through to equipment manufacturing and project construction for the non-metallic mineral industry.

SINOMA Group has assets amounting to over US\$18 billion and is the world's largest integrated supplier of engineering services to the cement industry. The company has recently completed or is constructing overseas cement plants in Spain, Italy, Russia, France, Albania, Saudi Arabia, Egypt, United Arab Emirates, India, Zambia, Morocco, Tanzania, Dominican Republic and Ecuador.

The list of graphite projects in China that SINOMA has provided services includes:

- 50000 tpa graphite mine in Nanshu, Shandong province
- 20000 tpa graphite mine in liumao, Jixi, Heilongjiang province
- 10000 tpa graphite mine in Xinghe, Neimenggu province
- 10000 tpa graphite mine of Qingdao Mingxing graphite product Co.,Ltd
- 10000 tpa graphite mine of Jixi non-metallic industrial company
- 10000 tpa graphite mine of Neimenggu Linhao graphite product company
- 20000 tpa graphite mine in Zhongba, Panzhihua, Sichuan province
- 10000 tpa expanded graphite plant of Shanxi Tianzhen graphite mine
- 6000 tpa high-purity spherical graphite of Panxi graphite Corp., Ltd



Figure 1: Location of the Nachu Graphite Project

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