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Magnis Resources LIMITED

2018 Annual Report

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CORPORATE DIRECTORY

ABN 26 115 111 763

DIRECTORS
F Poullas
(Chairman)

J C Jooste-Jacobs
(Non-Executive Director)

P Tsegas
(Non-Executive Director)

M Vogts
(Non-Executive Director)

M S Whittingham
(Non-Executive Director)

U Bez
(Non-Executive Director)

W Smith
(Non-Executive Director)

CHIEF EXECUTIVE OFFICER
F Houllis

COMPANY SECRETARY
D N Richardson

CHIEF FINANCIAL OFFICER
M K McPherson

REGISTERED OFFICE
Suite 9.03,
88 Phillip Street
Sydney NSW 2000 Australia
Tel +61 2 8397 9888

TANZANIA OFFICE
House No 19, Plot No. 890
Yacht Club Road
Masaki, Dar es Salaam, Tanzania
Tel +255 739 500 023

INTERNET ADDRESS
www.magnis.com.au

EMAIL ADDRESS
info@magnis.com.au

SHARE REGISTER
Link Market Services
Tower 4, 727 Collins Street
Melbourne VIC 3000 Australia
Tel 1300 554 474
Fax +61 3 9287 0303

AUDITORS
BDO East Coast Partners,
Level 11, 1 Margaret Street
Sydney NSW 2000 Australia
Tel +61 2 9251 4100

BANKERS
National Australia Bank Ltd
Level 15, 680 George Street
Sydney NSW 2000 Australia
Tel +61 2 9237 9290

STOCK EXCHANGE LISTING/ASX
Magnis Resources Limited shares
(code MNS) are listed on the
Australian Securities Exchange.



The Company

Magnis is an Australian based company focused on the lithium-ion battery sector through exposure of having part ownership of over 90GWh of planned lithium-ion battery production in Australia, the USA and Germany. This activity is supplemented by being involved with the proposed development and ultimately mining of natural flake graphite for use in various industries, including in particular, batteries for storing electrical energy.

Magnis has announced its participation in global consortiums, including ownership, to operate lithium-ion battery gigafactories. As a member of these consortiums, Magnis' role will be to provide anode materials and associated technologies to assist in the production process.

The three lithium-ion battery gigafactories are to be based in New York USA (15GWh), Townsville Australia (15GWh) and two planned German gigafactories (34GWh and 30GWh respectively). First production is expected in 2019 for New York and the feasibility study for Townsville has already commenced with the study findings expected early 2019. Germany plans are more infant at present but are expected to develop as further discussions with leading enterprises in that region on their battery requirements increase.

Magnis' key graphite mining asset is the Nachu Graphite Project located in south east Tanzania, circa 220km from the sea port town of Mtwara. The excellent purity levels shown at the metallurgical testing stages combined with the good proportion of super jumbo, jumbo and large flake natural graphite make the project very unique and demands premium prices in the market.

Extensive testing for use in batteries, has occurred on the Nachu graphite with outstanding results being achieved to date, with potential end users interested in further examining the qualities and performance of the Nachu graphite to be used in the anode for lithium-ion batteries.

The Company is well supported by a highly experienced and credible Board of Directors and management team with unrivalled capabilities and expertise in the lithium-ion battery sector. The Board also have specific skills in project development, from the exploration phase through to mining and production.

Magnis is looking to unlock value through its multi approach growth strategy by progressively developing lithium-ion battery plants into production whilst aiming to source raw materials (battery feedstock) from projects such as the Company's Nachu Graphite Project.

Annual General Meeting

The 2018 Annual General Meeting of the members of Magnis Resources Limited will be held at the offices of BDO (Magnis' Auditors), Level 11, 1 Margaret Street, Sydney NSW 2000 on Friday 26 October 2018 at 9:30am. A formal notice of meeting and proxy form will be mailed separately to all shareholders.

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Dear Shareholders,

The past year has certainly seen some significant developments for the Company with no shortage of news releases regarding varying opportunities that have been presented to Magnis. The first few months of the last financial year revolved around the initial uncertainty and changes to the Tanzanian Mining regulations and maintaining patience as further details of Government regulation in Tanzania in the Minerals and Mining sector were released.

The latter part of calendar year 2017 and throughout this year saw the Company announce strong progress on its involvement in the lithium-ion battery industry through its interest in global consortium(s). Entering into the German markets for energy space with the MoU with Terra E and the LISTROM project situated in North Rhine Westphalia provided an early framework whilst firm advances have been made in both Townsville and New York battery plants. A sales agreement was announced for initial New York planned production and this was followed up in February this year of a major event where the Imperium 3 consortium through its subsidiary, iM3NY, acquired valuable battery manufacturing equipment with minimal capital outlay. The equipment and machinery has been successfully transferred interstate from North Carolina to now reside at the Huron Campus in New York where production is slated to begin next year.

Townsville received an added boost recently with the Queensland State Government approving funding for $3.1M towards the feasibility study into the lithium-ion battery plant planned for the coming years ahead.

We still remain in the early stages of the lithium-ion battery revolution. Magnis can participate in the future growth of this sector by investing into raw material suppliers. This continues as the key factor that distinguishes Magnis. The Company is involved in the

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multi facet strategy of raw material supply but also having the intellectual property, technology and involvement including ownership of over 90GWh of planned lithium-ion battery production. In addition to this, Magnis announced in December last year that a sales agreement for 25,000tpa of graphite concentrate with the World Group, based in Turkey, had been reached.

I have been delighted with Board and Management Teams and how the business continues to evolve under its leadership.

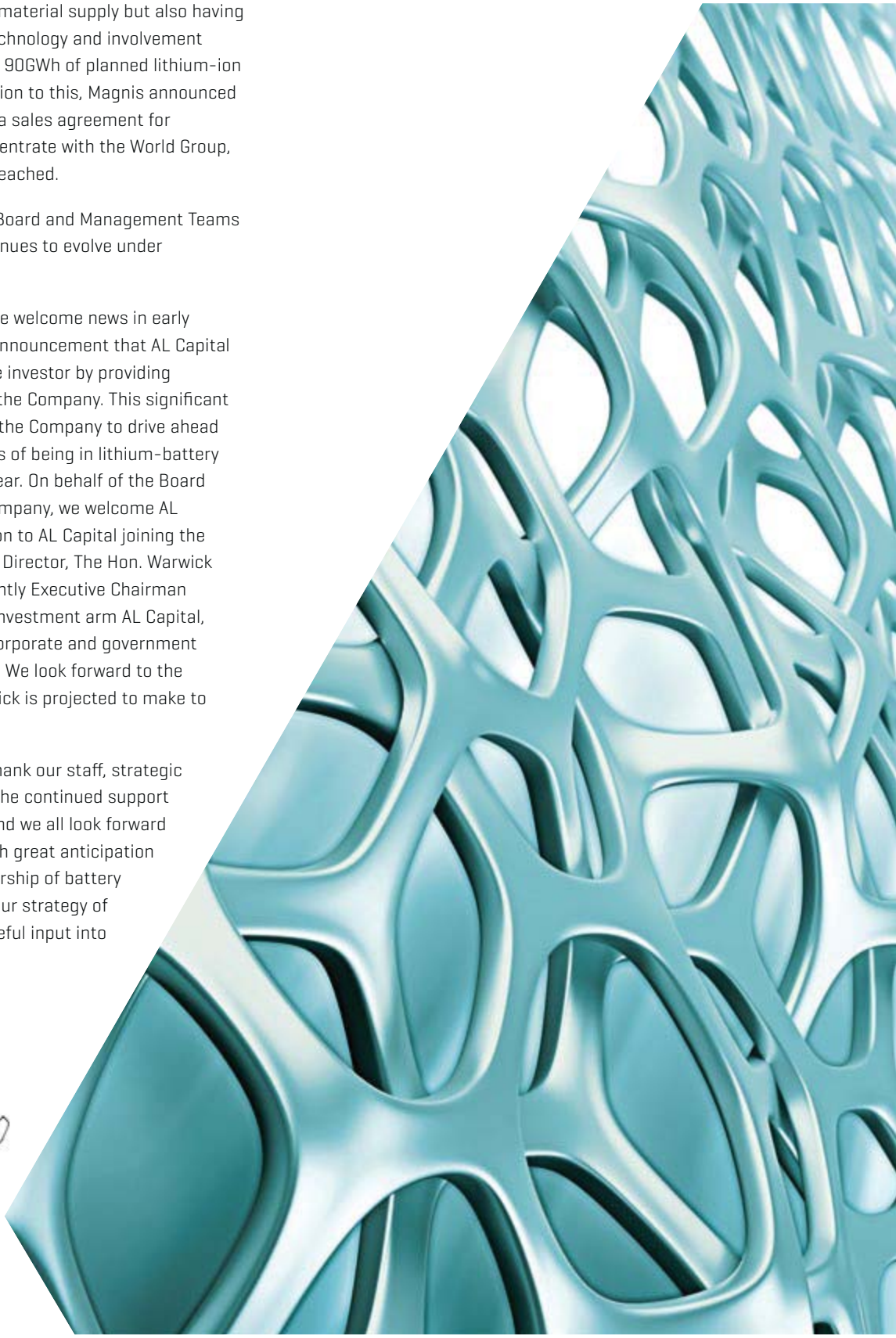
The Company received some welcome news in early September 2018 with the announcement that AL Capital have become a cornerstone investor by providing funding of $11.1 million to the Company. This significant funding opportunity allows the Company to drive ahead with its ambitions and goals of being in lithium-battery production next calendar year. On behalf of the Board and Management of the Company, we welcome AL Capital to Magnis. In addition to AL Capital joining the registry, we welcome a new Director, The Hon. Warwick Smith AM. Warwick is currently Executive Chairman of Aqualand Group and its investment arm AL Capital, and his experience in the corporate and government environment is exceptional. We look forward to the valuable contribution Warwick is projected to make to your Company.

I would like to once again thank our staff, strategic partners and investors for the continued support that Magnis has received and we all look forward to a positive year ahead with great anticipation of the movement into ownership of battery manufacturing along with our strategy of developing Nachu into a useful input into the supply chain.

Chairman,



Frank Poullas



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Magnis has a multi strategy business of lithium-ion battery technology manufacturing in multiple continents combined with pre-mine development of its Nachu Graphite Project in Tanzania.

The Nachu Graphite Project located near Ruangwa, in the south-east of Tanzania and approximately 220km to the Tanzanian port of Mtwara, made progress in the past financial year in the area of adopting and adapting to recent alterations and developments in the Tanzanian Regulatory Mining framework and legislation. The amendments to the original Special Economic Zone (SEZ) license under the Export Processing Zone Authority (EPZA) will assist the strategy that Magnis and its subsidiary companies in Tanzania, Uranex Tanzania Ltd (UTZ) and Magnis Technologies Tanzania Ltd (MTT), have adopted regarding the separation of a mining or quarry site to the graphite concentrate processing plant.

This review of operations will focus on some of these developments at Nachu, but a significant focus in the past nine months on the strategy to gain exposure in the lithium-ion battery manufacturing market has occurred. Demand for lithium-ion batteries is increasing significantly in the electric vehicle (EV) and power storage market for households and businesses. News flow appears to filter through on a daily basis about large corporations setting lower carbon emission targets and plans to produce vehicles with electric batteries rather than combustion engines.

The Board is focused on the participation of the Company to support the expected growth in the graphite and battery powered industries and be a key member of the supply chain.

Battery Focus

A key part of lithium-ion battery production and its components is graphite, along with cobalt and lithium. Recent cobalt prices and other potential ethical factors have led to an interest in technological advancements to produce batteries without cobalt. Magnis with its consortium partner and investee company Charge CCCV (C4V), have been developing battery cells without the use of cobalt. Graphite is used in the anode of the battery and it is where oxidation takes place of lithium metal that is formed in the charging of the battery. The freed electrons from oxidation flow out of the battery to discharge the stored energy.

In the past couple of years, Magnis has rigorously tested the graphite qualities from Nachu used in lithium-ion batteries and the outstanding performances and results achieved during this time has directed attention to focus on a multi approach strategy where Magnis has become more involved in battery production and development. There has been an escalation in resources devoted to its lithium-ion commercial anode development programs. These resources include additional downstream technical expertise and industry leading battery test facilities to allow for full cells and battery fabrication development utilising Nachu anode material.

The notable events below have reinforced this focus over the past twelve months:

STRATEGIC INVESTMENT INTO C4V

At the end of March 2018, Magnis announced a strategic investment to acquire a 10% interest in leading US based,

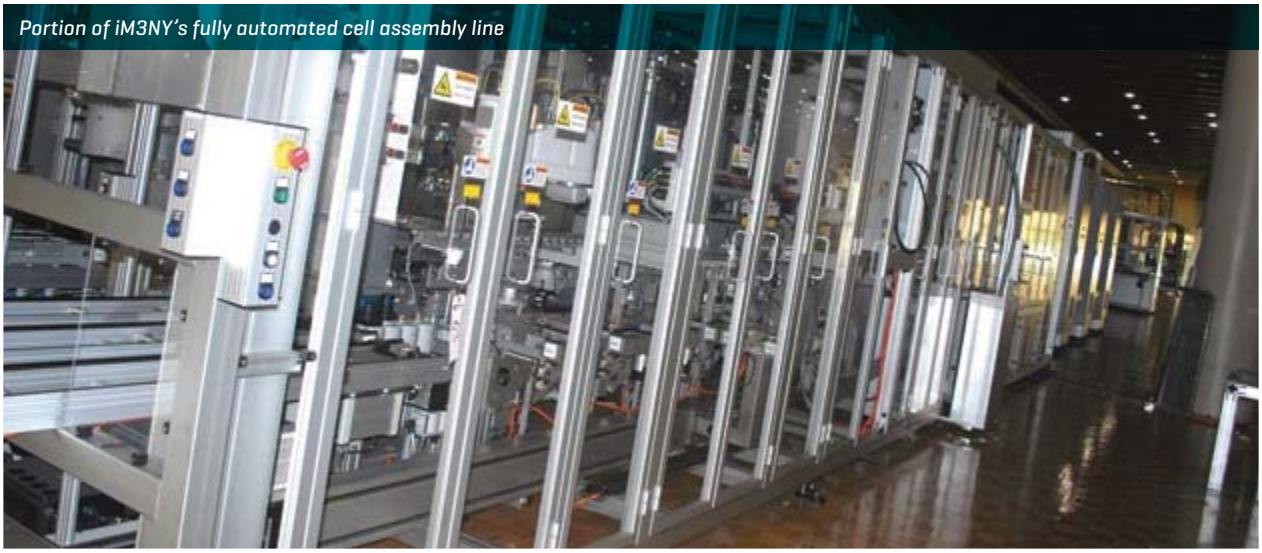


Cell Fabrication lines



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Portion of iM3NY's fully automated cell assembly line

lithium-ion battery technology group C4V and secured an exclusive agreement over selective patents, which will assist in driving the Company's growth in the lithium-ion battery sector. Under the terms of the Agreement, Magnis will acquire a 10% stake in C4V for a total of US$7.5 million, comprising an upfront consideration of US$2m plus 6,940,544 ordinary shares in Magnis (representing US$2.5 million in value) and a further US$3 million cash payment to be paid within 12 months of the signed agreement.

In a subsequent event release to the ASX on 12 September 2018, the Magnis strategic 10% investment in C4V is now complete after the Boards of Magnis and C4V agreed that the remaining US$3 million be paid via US$1 million cash and the remaining US$2 million in the way of Magnis shares. The number of ordinary shares in Magnis that were provided to C4V on 13 September 2018 was 7,507,508. This calculation was based on using a share price of $0.37 and using an exchange rate of one AUD equalling US$0.72.

The Company will appoint one representative to the Board of Directors of C4V and has also secured a first right of refusal for any future capital raising initiatives that C4V undertake. Further to the agreement, Magnis will also have an exclusive agreement for 5 years over selected C4V patents, which will expand the Company's materials technologies in the rapidly growing lithium-ion battery sector.

C4V Generation 1 battery compositions are commercially viable today and feature cobalt and nickel free cathode chemistry that boasts higher voltage and longer cycle lifetime than currently available commercial materials. In addition, compositionally-patented modifications at the crystal-level ensure leading safety. Design and optimisation efforts have been focused on cylindrical (2170 and 3270) and prismatic cells for production. With the support of strategic partners and the key acquisition of cell manufacturing equipment, production at a nominal 1GWh scale is expected to commence in 2019.

Located in the state of the art facilities in Binghamton, New York, the C4V technical team is working on improving current and future technologies. C4V is one of a few IP companies that has a dedicated supply chain department which handles taking lab research all the way through to commercial production.

IMPERIUM3 GLOBAL CONSORTIUM

Members and equal shareholders of the Imperium3 Global Consortium (Magnis, C4V and Boston Energy and Innovation – BEI) have been working together for the past 3 years to develop a sustainable supply chain to produce lithium-ion batteries across the globe in multiple locations.

The consortium has unique and patented lithium-ion battery intellectual property. Its members have been involved in battery production with the requisite, knowledge, experience, expertise and capabilities for lithium-ion battery manufacture from raw materials, to particle engineering, to systems electronics, to cell/battery manufacturing. At the management level, in addition to the highest level battery expertise, the

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consortium comprises successful senior executives in all disciplines from a variety of multi-national companies.

The consortium's objectives are to establish new capacity of lithium-ion battery manufacturing from outside the Pacific Rim. The organisational structure will be grown to enable the necessary and critical agility for rapid commercialisation of new lithium-ion battery technologies, including support for open innovation that is necessary for sustained high performance and low-cost battery products.



Portion of fully robotised formation equipment

NEW YORK

The first USA project, "Imperium3 New York" (iM3NY) has received New York State Government support, and financial incentives to build the first Gigafactory (15GWh/year) for lithium-ion battery cell production in New York. First production for a 1GWh line is planned for mid-2019 from iM3NY's Endicott, NY facility on the Huron Campus at Binghamton University. Production timelines have been moved forward after the consortium announced in February this year that iM3NY had purchased near new lithium-ion battery manufacturing equipment located in North Carolina. The purchased items at a cost of US$5m, have been successfully relocated to the Huron Campus.

The iM3NY team thoroughly reviewed the technology and confirmed the procured plant and equipment can easily and cost effectively be calibrated for such large volume manufacturing runs. As a result, the Imperium3 consortium is of the firm view that this is a low risk, cost-effective and value-accretive transaction.

iM3NY is a recently formalised consortium consisting of five key constituents (C4V, Primet Precision Materials, C&D Assembly, Magnis and BEI). Additionally, over 45 global companies are participating as strategic value-chain partners. At present, Magnis has an indirect and direct shareholding of 44% in the New York Gigafactory project.

Such operation will have the following major implications for the development of Imperium3's and Magnis' development plans for future Gigafactories:

- Qualification of its performance leading, low cost and sustainable materials technologies;
- Demonstration of its supply chain viability;
- Acceleration of strategic partnering with major corporations in lithium-ion battery production;
- Validation of high yield battery production; and
- Acceleration of marketing and qualification of battery product to major Original Equipment Manufacturers

Late last year, iM3NY signed Binding Sales Agreements with a number of end users amounting to 40% of the original planned first years' 3GWh of production. Agreement terms range from 3-5 years with these counterparties and price details remaining confidential due to commercial sensitivity. The majority of customers are based in the United States, Asia and the Middle East and have been engaged with the consortium during the year towards building a sustainable supply chain for the production of lithium-ion batteries.

Sales agreements are for the consortium's proprietary patented cathode technology, which eliminates the need for cobalt and nickel, while delivering comparable performance in terms of energy density and life, at a significantly lower cost.

To assist on the New York project, a Joint Development Agreement with Celgard was executed in February this year with Magnis for the supply of advanced separators to lithium-ion battery production plants. A Strategic Partnership Agreement with Babcock & Wilcox MEGTEC and C4V for the specification and procurement of market leading, double-sided coating technology was also signed in March this year.



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TOWNSVILLE

iM3 Townsville, the recently established subsidiary of Imperium3, has formally received government approvals for a $3.1 million grant supporting the feasibility study into the establishment of a 15 GWh Lithium-ion Battery (LIB) manufacturing plant in Townsville, Queensland. This approval was provided post the financial year end for 2017/18.

The feasibility study for the plant in Townsville commenced following the agreement to fast track development in June this year. Initial work has focused on selection of equipment vendor partners and the development of the manufacturing design concept. In parallel, Townsville City Council has been compiling site information and discussions with major infrastructure providers and funders have commenced.

The Assistance (Funding) Agreement is confidential between iM3 Townsville and the Queensland Government. It should be noted the Assistance Agreement has several obligations on iM3 Townsville that must be delivered, to meet the key terms of the Assistance Agreement.

The Assistance Agreement defines three distinct payment milestones associated with the staged delivery of components of the feasibility study and supporting information. The Assistance Agreement expenditure end date has been set as 30th Sept 2019, with iM3 Townsville aiming to have the feasibility work fully completed in the first half of 2019.



Imperium3 has also secured the commitment of multiple new project partners to assist in the delivery of this project. These partners include SIEMENS, Celgard, Probuild, Norman Young & Disney, Ausenco and WT Partnership.

Land valuation work has been completed on the 400 hectare site in Woodstock, Queensland that has been selected as the location for the Townsville Gigafactory.



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GERMANY

Magnis has consortium interest in two future German based lithium-ion battery projects.

A Memorandum of Understanding (MoU) was signed in August 2017 with German lithium-ion battery consortium TerraE-Holding GmbH (TerraE) for the supply of raw materials to the TerraE Gigafactories.

TerraE plans to build 34GWh of production capacity across two locations in Germany. TerraE leads a project made up of 18 German companies and research institutes, which is planning the construction, development and fit-out of the gigafactories during the next few years.

The second project that Magnis announced, was in October 2017 of a MoU signing for a 30GWh lithium-ion battery gigafactory and lithium-ion recycling plant to be located in Germany's largest state, North Rhine Westphalia (NRW), closely integrated to one of Europe's largest industrial clusters in the Emscher-Lippe region. The agreement is supported by the NRW government and was signed by Magnis and the Public-Private Partnership (PPP) WIN Emscher-Lippe GmbH (WIN).

The Emscher-Lippe region has a strong industrial basis with one of the largest energy-chemicals clusters in Europe and there is existing infrastructure in place to house future industries such as the proposed gigafactory.

Magnis will be responsible for sourcing raw materials and associated technologies. With its partners, Magnis will assist with general project development and management of the project.

Plans on both these projects are at an infant stage at present, however further progress is expected in the coming year as corporations within these regions require batteries for the influx in demand for electronic vehicles and power storage.

Proposed Name Change

As Magnis scales up its lithium-ion battery manufacturing operations, it has become apparent from meetings with stakeholders, potential investors and partners that a change of company name to better reflect current operations is warranted. The Board will ask shareholders to vote on a proposed name change at the Annual General Meeting schedule for 26 October 2018, with the new name to be included in the Notice of Meeting distributed to shareholders. Any name change will not impact on the future development of the high-quality graphite project in Tanzania.



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Nachu Graphite Project

The Nachu Graphite Project is shovel ready with a Special Mining Licence (SML) SML 550/2015 on the project granted by the Ministry of Energy and Minerals (MEM) of Tanzania in September 2015. The SML was granted to UTZ, the 100% owned Tanzanian subsidiary of Magnis.



The global Mineral Resource Estimate at Nachu was announced on 1 February 2016 and comprises 174 Million Tonnes (Mt) at an estimated grade of 5.4% Graphitic Carbon $(Cg)_1$ and is reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). The Nachu Project represents one of the largest Mineral Resources of large flake graphite in the world.

The Nachu Graphite Project Mineral Resource Estimate was carried out by independent mining consultancy AMC Consultants Pty Ltd (AMC).

A Bankable Feasibility Study (BFS) for the Nachu Graphite Project was released to the ASX on 31 March 2016 and there have been no further alterations to this BFS at present.

The Ore Reserve was estimated by Orelogy and as announced on 31 March 2016, the total Proved and Probable Ore Reserve comprises 76 Mt at 4.8% Cg for 3.6 million tonnes of contained $graphite_2$.

This Ore Reserve provides sufficient material for an initial operating life of approximately 15 years. This comprises approximately 11.7 years at 240,000 tpa nameplate concentrate output after which lower grade ore stockpiles are processed for another 3.5 years at an average concentrate output rate of 160,000 tpa.

There is strong potential for extension of operating life at or near nameplate capacity (240,000 tpa) with further conversion of high grade Mineral Resources into future mine planning scenarios.

Notes:
1: ASX Announcement 1 February 2016, Nachu Graphite Project Updated Mineral Resource
2: ASX Announcement 31 March 2016, Nachu Bankable Feasibility Study Finalised

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SEZ

Special Export Zone (SEZ) legislation was introduced in Tanzania in 2006. The legislation provides incentives for companies to create value addition and advance employment and development of the country.

SEZ licences are issued by the Minister of Industry and Trade with key benefits including the exemption from payment of corporate tax for up to 10 years, the exemption of taxes and duties for machinery, equipment and construction materials for the development of SEZ infrastructure and the exemption from payment of withholding tax on rent, dividends and interest for 10 years.

To date the majority of existing SEZ license owners come from the Agriculture Processing, Assembly and Engineering and Textile and Apparel sectors.

Magnis was provided approval by the Export Processing Zones Authority (EPZA) in March 2017 to operate within a SEZ in Tanzania which will allow the Company to apply the advanced technologies it has been developing to produce value enhanced graphite products.

Twelve months on, an agreement has been reached with the Government of Tanzania (GOT) on amendments to the original SEZ licence, granted to MTT.

The SEZ under the jurisdiction of the Department of Industry, Trade and Investment, governs the operation of the graphite processing plant and is not subject to the changes in the mining legislation promulgated late last year.

Following the introduction of new mining sector legislation in Tanzania during the second half of 2017, Magnis has continued to progress discussions with the GOT regarding the development of the mining and processing projects. The GOT has expressed its desire to see the implementation of large projects that will add significant value to the country's economy and development.

Those discussions led to Magnis submitting a proposal outlining that the entire Nachu processing plant will operate under MTT in the SEZ licence area, with the products from the SEZ continuing to be advanced graphite products that can be made using Magnis' proprietary technology.

MTT will initially produce refined Jumbo and Super Jumbo Flake products and spheroidal graphite products for the lithium-ion battery market. UTZ will operate under the laws and regulations applicable to the country's mining industry under the Ministry of Minerals (previously Ministry of Energy and Minerals).

The impacts of the amended SEZ on MTT and UTZ is tabled below.

Uranex Tanzania	Magnis Technologies Tanzania
Government Jurisdiction:	**Government Jurisdiction:**
› Ministry of Mineral	› Ministry of Industry, Trade and Investment
Scope of Operations:	**Scope of Operations:**
› Ownership of mining license	› Ownership of processing plant in SEZ
› Establish mining quarry to deliver ore to SEZ and includes operation of mining pits and waste stockpiles	› Ownership of utilities including power plant located within the SEZ
› Contract mining operations	› Ownership of warehouse and port storage facilities
	› Graphite rock crushing, grinding and flotation circuit operations for concentrate production
	› Operation of purification operations for high purity graphite production
	› Processing of high purity graphite to make value added products for applications that include lithium ion battery
	› Marketing and export of products
Capital Expenditure:	**Capital Expenditure:**
› ~US$40 million	› ~US$230 million
	Incentives:
	› Tax and duty breaks
	› Full ownership by Magnis
	› International arbitration
	› No restriction of retaining earnings outside of Tanzania

The key change under the amended agreement is that MTT will now purchase graphite ore directly from UTZ,

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which is the holder of the SML for Nachu. This differs from the previous arrangement whereby, it was agreed that MTT would buy graphite concentrate from UTZ. The sale price of graphite ore from Nachu, as per the proposal to the GOT, will be based on an agreed formula for the value of the ore at the gate with consideration to international benchmark pricing to ensure transparency.

At a project level, UTZ will control the mining or quarry operations, water supply system and tailings dam operation, and will deliver ore to the MTT processing plant. UTZ will also operate in accordance with the legislation changes made in 2017 regarding GOT participation.

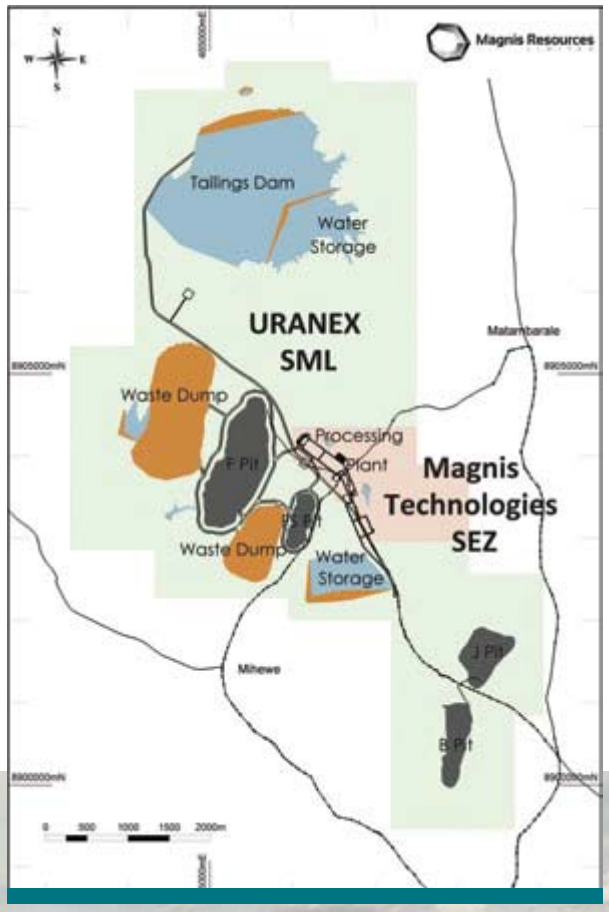
Based on the BFS completed in 2016, the majority of the capital investment will now be made by MTT at approximately US$230m with the remainder by UTZ at approximately US$40m. The only capital expenditure associated with UTZ will be for the tailings dam and site water supply system.

The SEZ is sited over the original SML plant infrastructure location allowing for continued best case economics for ore transportation. Magnis will now reassess the previous BFS with revised pricing and obtain separate Capex and Opex costs for both MTT and UTZ.

The revised SEZ area is now 206 hectares and will be excised from the original Nachu SML. A map showing the new SEZ licence area is depicted in the figure to the right.

Impact of Government Legislation Changes

In reference to UTZ and its future mining operations, the Company is in the same situation as many other companies in Tanzania. Negotiations with the Government via the Mining Commission need to be finalised following the initial July 2017 legislation changes. However, the Company believes that UTZ will be able to operate a mine or quarry successfully under the new legislation where the Government will have a free carried interest in the future Nachu mine.





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The new legislation will potentially impact UTZ that plans to conduct the graphite mining operations. The Written Laws (Miscellaneous Amendments) Bill 2017 has the inclusion of section 10 of the Bill referencing not less than 16 percent non-dilutable free carried interest in shares of the mining company (UTZ in this case). The Government can acquire up to 50 percent of the shares in the mining company commensurate with the total tax expenditures incurred by the Government or tax incentives in favour of the mining company.



The Natural Wealth and Resources Contracts Act, 2017 mentions Government re-negotiation of unconscionable terms that will need to be investigated further and require clarification for the Company. Although the Company believes this does not affect its current position it will require the regulations to be finalised and the Mining Commission to confirm any impacts.

A production royalty of 3% will apply for industrial minerals within the new legislation. An amendment to the Mining Act in section 90 has occurred whereby an inspection fee of 1% of the gross value of exportation of mineral or minerals shall apply. This is a new inclusion that will have a minor impact on the Project.

25,000 TPA GRAPHITE SALES AGREEMENT SIGNED WITH MAJOR EUROPEAN GROUP

Magnis announced to the ASX in December 2017 the securing of a sales agreement for the supply of flake graphite with World Plastik ve Petrokimya Sanayi ve Ticaret, a division of the World Group ("World Group").

The agreement signed is for 25,000 tonnes per annum of flake graphite consisting of 15,000 tonnes per annum of Super Jumbo (+500 microns) at 97-99%TGC purity and 10,000 tonnes per annum of Jumbo (+300 microns) at a purity of 97.5% - 99.5%TGC. Under the agreement, Magnis can source the graphite from its Nachu project, as well

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as from other mines that produce graphite based on the above specifications.

Pricing is fixed over the initial 3-year term and is commercial in confidence with first delivery expected in 2019.

World group is a member of the Energy Council of Foreign Investors for The Republic of Turkey, a group consisting of government officials, industry, and other stakeholders with a view to support the efforts of both international and national market players for new endeavours in the developing Turkish energy market.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Magnis is committed to support the host communities and our various stakeholders. Magnis continues its excellent track record on stakeholder engagement and is building on the positive relationships with governments and local communities.

The broader Magnis involvement in battery manufacturing and the potential of the recently approved Special Economic Zone (SEZ) will bring to Tanzania has been very positively received by the GOT since substantial value addition will be made within the country. The Local Villages and District Government have been very supportive to the Nachu Graphite Project and understanding of delays encountered whilst the Company addresses the revised legislation requirements,



resulting from a united inclusive approach with regular consultations and progress updates.

In the area of Corporate Social Responsibility (CSR), the Magnis Community Partnership Program (MCPP) contributes various inputs, from time and planning skills, to materials and equipment for community development programs in matters such as cultural awareness, education, agriculture, environment, sport and health. The MCPP has extended its programs addressing access



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to learning material and planning to assist in the setup of a central library supporting the local schools.

Magnis has visited all 99 schools within the district (83 primary schools and 16 secondary schools) with an estimated 34,000 students to gain valuable information on the current challenges to aid realistic sustainable support programs including delivery of learning material purchased by Magnis and teacher support systems. Magnis has four freight containers of books and furniture already available with land surveyed and cleared by Magnis in Ruangwa aligned with the District development plan.

Other programs Magnis has been able to assist with include the donation of cement and building materials towards construction of the new Matambarale secondary school local to the Nachu project area and events supporting women's empowerment and education.

Capital Markets

February 2018 saw Magnis raise capital via an equity placement of shares for the first time in two years. The Company raised A$5.0 million via a placement managed by Bell Potter Securities Limited to institutional and sophisticated investors locally. The placement consisted of 12,500,100 shares in Magnis at A$0.40 per share.

The capital raising assisted with the funding of the acquisition of the lithium-ion battery plant assets in North Carolina, USA. These plant assets including raw material stockpiles were recently relocated to the existing Huron Campus in New York.

A further $1,051,246.50 was raised through the exercising of unlisted options at varying exercise prices.







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Significant Events After The Reporting Date

FUNDING – CORNERSTONE INVESTOR

On 4 September 2018, Magnis announced that AL Capital Holding (ALC) had invested $11.1 million for a 4.98% equity holding in the Company. The placement involved the issue of 30,000,000 shares to ALC at A$0.37 per share.

Magnis is pleased to have attracted such a quality cornerstone investor in ALC. ALC is the private investment arm of Aqualand Group which has established itself as a leading property development company. It has generated a portfolio with a collective gross development value exceeding A$5 billion. ALC is closely assessing the energy requirements of current and future communities and it regards lithium-ion battery technology as an energy source that has the capacity to deliver lower cost energy to these sites.

The funds raised are being used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector; and, to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite Project.

Director Appointment

A few days after the ALC funding news, the Company announced that The Hon. Warwick Smith AM had been appointed as a Director of the Company.

Mr. Smith has extensive public policy and commercial acumen and a wealth of experience from national and international business relations in a variety of industries including property, financial services, natural resources, energy, transportation, heavy machinery and equipment, health, media, technology and entertainment. He is currently a director of Seven Group Holdings (ASX: SVW) and director of Estia Health Ltd (ASX: EHE). He is currently Chairman of the Australia China Council, Chairman Emeritus of the Asia Society Australia and Global Trustee of the Asia Society, Chairman of the Advisory Board of the Australian Capital Equity Group of companies, and a director of Coates Hire, ANZ Bank China and Chair of ANZ Bank Thailand.

Previously, Warwick was an Executive Director with the Macquarie Bank Group (ASX: MQG), Chairman New South Wales and Australian Capital Territory and former Senior Managing Director for the ANZ Banking Group Limited (ASX: ANZ), Chairman of E*TRADE Limited, Chairman of the Australian Sports Commission and Australia's first Telecommunications Ombudsman. He has received a Centenary Medal and an Order of Australia.

During his Parliamentary career spanning 15 years, Mr. Smith held many portfolios as a Federal Government Minister including Minister of Sport, Territories and Local government along with Minister Assisting the Prime Minister on the Olympic Games in Sydney and Minister of Family Services. Various Shadow Minister roles included Communications, Privatisation, Aboriginal Affairs and Science and Energy and Leader of the House of Representatives.

Competent Persons Statement

All information with respect to geology, assay results, results interpretation or resource statements of the Nachu tenements have been extracted from ASX announcements made by the Company during 2016 and 2017 as listed below, and which are available to view at www.magnis.com.au. The Company confirms that it is not aware of any new information or data subsequent to those announcements that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially altered.

Previous related ASX announcements include: 31 March 2016; Nachu Graphite Bankable Feasibility Study Finalised (C Moormann, Orelogy Consulting Pty Ltd, A Proudman, AMC Consultants and B Laws, Exploration Manager Magnis Resources Ltd), 1 February 2016; Nachu Graphite Project Updated Mineral Resource (A Proudman, AMC Consultants and B Laws, Exploration Manager Magnis Resources Ltd)

The information in this report that relates to Ore Reserves is based on information reviewed or work undertaken by Mr Carel Moormann, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Moormann is a Principal Mining Consultant employed by Orelogy Consulting Pty Ltd. Mr Moormann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the

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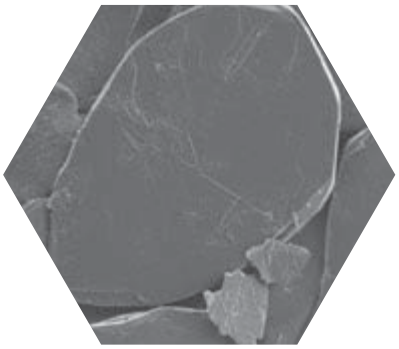
preparation of mining studies to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Moormann consents to the inclusion of this information in the form and context in which it appears in this report.

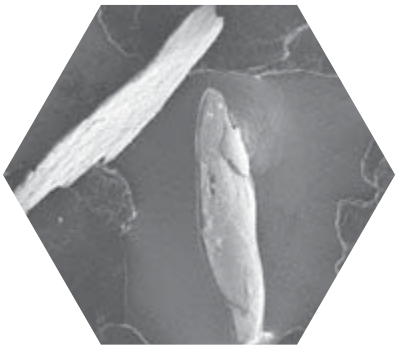
The information in this report that relates to the Mineral Resources is based on information compiled by Mr A Proudman, a Competent Person who is a Fellow and Chartered Professional Geology of the Australian Institute of Mining and Metallurgy. Mr Proudman is employed by AMC Consultants Pty Ltd. Mr Proudman has no financial interests in Magnis Resources Limited and is independent of the company. Mr Proudman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr A Proudman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Information in this report that relates to Exploration activities and Exploration results is based on information complied by Mr. Brent Laws, a Competent Person who is a registered Member of the Australiasian Institute of Mining & Metallurgy. Mr Laws is a full time employee of Magnis Resources 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, a Competent Person who is a registered Member of the Australasian Institute of Mining & Metallurgy, consents to the inclusion of the data in the form and context in which it appears.

Schedule of Mineral Tenements

Tenement Number	Project / Tenement Name	Locality	Group Ownership %
SML550/2015	SML Nachu	Tanzania	100
PL10906/2016	Nachu	Tanzania	100









ANNUAL FINANCIAL REPORT

Year Ended 30 June 2018

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Magnis Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The following persons were Directors of Magnis Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Frank Poullas (Chairman)

Appointed 10 September 2010 (Director), 29 August 2014 (Chairman)

Frank is an information technology consultant and in his personal capacity, a professional investor specialising in the graphite, lithium-ion battery material and uranium sectors. For the past twelve years he has been involved in various ventures increasing shareholder value in these sectors. Frank has a significant number of share holdings in the Company collective with his pro-active nature of business.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
Frank is the Chairman of the Remuneration Committee and is also a member of the Audit and Sustainability Committees.

Hon. Warwick Smith AM (Non- Executive Director)

Appointed 7 September 2018

Warwick has extensive public policy and commercial acumen and a wealth of experience from national and international business relations in a variety of industries including property, financial services, natural resources, energy, transportation, heavy machinery and equipment, health, media, technology and entertainment.

During his Parliamentary career spanning 15 years, Mr. Smith held many portfolios as a Federal Government Minister including Minister of Sport, Territories and Local Government along with Minister Assisting the Prime Minister on the Olympic Games in Sydney and Minister of Family Services. Various Shadow Minister roles included Communications, Privatisation, Aboriginal Affairs and Science and Energy and Leader of the House of Representatives.

Previously, Warwick was an Executive Director with the Macquarie Bank Group (ASX: MQG), Chairman New South Wales and Australian Capital Territory and former Senior Managing Director for the ANZ Banking Group Limited (ASX: ANZ), Chairman of E*TRADE Limited, Chairman of the Australian Sports Commission and Australia's first Telecommunications Ombudsman. He has received a Centenary Medal and an Order of Australia.

Current and former directorships of listed companies in last three years:

Seven Group Holdings (ASX:SVW)
Estia Health Limited (ASX:EHE)

Special responsibilities
None.

Johann C Jooste-Jacobs (Non-Executive Director)
B.Acc, MBL, FCA, FAICD

Appointed 27 August 2010

Johann has more than 35 years experience in the resource sector where he has managed established companies, acquisitions, expansions and start-up mining operations in Australia, South Africa and Indonesia. He is currently Executive Chairman of King Island Scheelite Limited and a Non-Executive Director of Erinbar Limited (delisted in January 2016 and previously known as Australian Zircon NL). Johann is a Fellow member of both the Institute of Chartered Accountants and the Institute of Company Directors of Australia.

Current and former directorships of listed companies in last three years:
King Island Scheelite Limited (ASX:KIS)
Australian Zircon NL (ASX:AZC)

Special responsibilities:
He is Chairman of the Audit Committee and a member of the Remuneration Committee.

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Peter Tsegas (Non-Executive Director)

Appointed 16 June 2015

Peter has over 18 years of experience in Tanzania where he has been a resident for the past 13 years. He has worked to engage both the private and government sectors on a number of projects and was Managing Director of Tancoal Energy Ltd which he successfully took from an exploration company through to a JV with the Tanzanian government and then into production.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
He became Chairman of the Sustainability Committee from 1 January 2016 and was appointed to the Audit Committee on 11 March 2016.

Marc Vogts (Non-Executive Director)

Appointed 2 November 2016

Marc is a project executive with over four decades of experience in the mining industry and over 30 years experience as a Senior Executive in major projects in South Africa, Madagascar, Australia, Canada, Chile, Papua New Guinea and USA.

Marc has held project executive director roles for the likes of BHP Billiton and Rio Tinto during his career. In recent roles Marc was Project Director for the QMM Project in Madagascar for Rio Tinto, Vice President for Project Management for BHP Billiton and Vice President for all Uranium Projects including Olympic Dam for BHP Billiton.

Currently Marc is Executive Director Energy and Resources at the John Grill Centre for Project Leadership at the University of Sydney, a world leading project leadership executive education for value creation and realisation in large-scale projects.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
He became a member of the Remuneration Committee on 20 April 2018.

Distinguished Professor Michael Stanley Whittingham (Non-Executive Director)

Appointed 4 November 2016

Professor Stanley Whittingham has over four decades of experience in the lithium-ion battery industry and is best known for being a key figure in the invention of the lithium-ion battery technology which earned him a nomination for the Nobel Science Prize.

During his illustrious career Professor Whittingham has headed large projects for the US Department of Energy, Exxon and Schlumberger. He has 16 US patents and has been involved in writing over 240 pieces of scientific and engineering literature.

Currently, Professor Whittingham is a professor of Chemistry and a Director of both the Materials Research and Materials Science and Engineering program at Binghamton University which is part of the State University of New York. Professor Whittingham is also Director of the Northeast Center for Chemical Energy Storage (NECCES), which is an effort being led by Binghamton University, and includes as partners Rutgers University, Stony Brook University, Cambridge University, MIT, University of Michigan, University of California at Santa Barbara and University of California at San Diego. He was elected a member of the National Academy of Engineering in 2018.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
None.

Dr Ulrich Helmut Bez (Non-Executive Director)

Appointed 7 February 2017

Dr Bez has over four decades of experience in the automotive industry. He is viewed as one of the key figures contributing to the future of the industry in the last 40 years. He had executive roles in some of the world's most recognised luxury car brands, as well as premium and mass car manufacturers.

During his career Dr Bez was the Chairman and Chief Executive Officer for Aston Martin between 2000 and 2014. During that period Dr Bez has been internationally acclaimed for turning Aston Martin into the global luxury brand that it is today.

Dr Bez has played an important role in shaping global powerhouses Porsche and BMW. In Porsche Dr Bez kept the iconic Porsche 911 alive with the 993 development, ignoring the Boards desire to replace the 911. He led the design and development of the 911 Turbo along with many other models while in BMW he created the BMW Technik GmbH division which included the design of the critically acclaimed Z1 model.

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Dr Bez has also held director level roles with the likes of Daewoo and has been an advisor of some of the world's largest automotive organisations.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
None.

Peter Sarantzouklis (Non-Executive Director)
Appointed 2 November 2016. Resigned 16 April 2018

Peter has held executive roles within the banking industry with wide ranging experiences over the past 23 years.

Roles have included Chief Financial Officer and Head of Strategy for the St George Banking Group, as well as Chief Product Officer for Westpac Bank. Prior to this Peter was with General Electric for 10 years and specialised in transformation, large scale program management and quality process optimisation.

Peter has strong skills around products, financing and governance.

Current and former directorships of listed companies in last three years:
None.

Special responsibilities
None.

COMPANY SECRETARY

Doug Richardson (Company Secretary)
B.Com (Economics & Finance), Grad Dip. Applied Finance & Investment
Appointed 14 January 2015

Doug Richardson has over 23 years experience in the financial services and resources sectors. His experience has included investment research, analytics and client advising for various organisations including GIO Asset Management, The Australian Prudential Regulation Authority, Suncorp and Philo Capital Advisers.

DIRECTORS' INTERESTS

Director	Ordinary Shares	Options over Ordinary Shares
Frank Poullas	14,532,930	1,000,000
Hon. Warwick Smith	138,200	-
Johann Jooste-Jacobs	5,305,714	1,000,000
Marc Vogts	1,164,759	1,000,000
Peter Tsegas	20,000	1,750,000
Stan Whittingham	-	1,000,000
Ulrich Bez	220,000	1,000,000

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The pre-development and operational work on the Nachu Graphite Project continued to be the principle activity of the Group during the year. Given the legislative and regulatory changes that were introduced in Tanzania during the financial year, this activity has been limited in comparison to the previous financial year.

The Group also progressed its strategic investment during the year in the rapid advancement of three (3) proposed lithium-ion battery ('LIB') gigafactories in the USA, Germany and Australia.

DIVIDENDS

No dividends have been paid during the year (2017: $NIL). The Directors do not recommend the payment of a dividend for this financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments that might have a significant effect on the operations of the Group in subsequent financial years that are not already disclosed in this report.

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CORPORATE INFORMATION

Magnis Resources Limited is a Company limited by shares that is incorporated and domiciled in Australia. The shares are listed on the Australian Securities Exchange ("ASX") under the ASX code MNS.

Unlisted options issued to Directors beneficially via the Company's employee option trust scheme are included in the option aggregate.

Details of shares or interests issued during and after the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Total amount paid for shares	Amount unpaid on shares
Magnis Resources Limited	3,750,000	Ordinary	$1,051,247	$nil

EMPLOYEES

Magnis Resources Limited had six employees as at 30 June 2018 (2017: six employees).

		Gender	
Category of employee	Total	Male	Female
All Employees and Board	12	11	1
Senior Executives	5	5	-
Board	6	6	-

SUSTAINABILITY

The Magnis Group is committed to practices of good corporate citizenship with safety, environmental and social integration providing sustainable economic and self-perpetuating social improvement being at the forefront of our endeavours. This includes task assessments and consultations as standard procedure, integrating all aspects of an activity to ensure the appropriate and balanced path is taken to satisfy regulatory requirements whilst in line with best practice and the highest international standards.

Magnis is committed to support the host communities and our various stakeholders. Magnis continues its excellent track record on stakeholder engagement and is building on the positive relationships with governments and local communities. The broader Magnis involvement in battery manufacturing and the potential of the recently approved Special Economic Zone (SEZ) that will bring to Tanzania has been positively received by the Government of Tanzania since substantial value addition will be made within the country. The Local Villages and District Government has been very supportive to the Nachu Graphite Project and understanding of delays encountered whilst the Company addresses the revised legislation requirements, resulting from a united inclusive approach with regular consultations and progress updates.

In the area of Corporate Social Responsibility (CSR), the Magnis Community Partnership Program (MCPP) contributes various inputs, from time and planning skills, to materials and equipment for community development programs in matters such as cultural awareness, education, agriculture, environment, sport and health. The MCPP has extended its programs addressing access to learning material and planning to assist in the setup of a central library supporting the local schools. Magnis has visited all 99 schools within the district (83 primary schools and 16 secondary schools) with an estimated 34,000 students to gain valuable information on the current challenges to aid realistic sustainable support programs including delivery of learning material purchased by Magnis and teacher support systems. Magnis has four freight containers of books and furniture already available with land surveyed and cleared by Magnis in Ruangwa aligned with the District development plan. Other programs Magnis has been able to assist with include the donation of cement and building materials towards construction of the new Matambarale secondary school local to the Nachu project area and events supporting women's empowerment and education.

Magnis actively promotes dynamic employee participation in continuous improvement processes within the broader area of Occupational Health and Safety. Through employee training and engagement in this area, Magnis has a high standard of safety with no work related incidents over the past year. Continuous improvement is always a focus in minimising the risk to employee safety as the Magnis Group moves through the stages of project development.

Magnis was instrumental in setting up and supporting the initial impetus of the Ruangwa jogging (running) club and has seen this club support itself under local commitment and enthusiasm. Appreciating the opportunity, 18 Ruangwa jogging club members were sponsored to travel the 500 kilometres to compete in the Namtumbo Selous Marathon.

The Magnis commitment to maintaining the Ruangwa operations office whilst some mineral exploration companies have been non-existent also contributes directly to the economic and social development of our local communities. Our presence benefits local populations by creating direct employment and indirect economic benefits through the local procurement of food, accommodation and other supplies like construction materials where possible. This naturally aids the positive community relationship setting Magnis up for future success in project development and local benefits that go together with the ongoing and planned support programs.

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CORPORATE

Director Movements

The Hon. Warwick Smith was appointed as Non-Executive Director on 7 September 2018.

Mr Peter Sarantzouklis resigned from his position of Non-Executive Director on 16 April 2018.

Placements

A placement to sophisticated investors was announced on 8 February 2018. The placement consisted of 12,500,100 shares and raised $5 million at a price of 40c per share. The funding assisted with the acquisition of lithium-ion battery plant assets as announced to the ASX on 8 February 2018.

On 23 April 2018, 6,940,544 fully paid ordinary shares were issued to Charge CCCV LLC (C4V) at $0.46816 per share as part consideration for Magnis' 6% investment in C4V as announced to the ASX on 29 March 2018.

Exercise of Listed Options

There were no listed options that were exercised. No options are currently listed on the market.

Exercise of Unlisted Options

There were 3,750,000 unlisted options that were exercised. The proceeds from the exercising of these unlisted options amounted to $1,051,247.

Company Staffing

The Company appointed Travis Peluso as Investor Relations – Director in December 2017. Subsequent to the 2017-18 Financial Year reporting period, Pendy Tju resigned as the Chief Financial Officer and was replaced in August by Megan McPherson.

OPERATING RESULTS FOR THE YEAR

The Group incurred an operating loss after tax of $5,417,885 (2017: $9,756,434). Refer to Note 1 of the financial statements for accounting policies used. Summarised segment operating results are as follows:

	2018	
	Income $	Results $
Lithium-ion battery investments	-	(52,455)
Graphite exploration and development	368,621	(5,365,430)
Intersegment elimination	-	-
Income and losses before tax	368,621	(5,417,885)

The Group reduced its exploration and evaluation expenditure following the announcement in July 2017 of amendments to the Tanzanian Mining and Resources Legislation. Exploration costs for the year amounted to $1,449,656 (2017: $4,003,033). The Group has also become involved in additional strategic businesses of lithium-ion battery technology manufacturing in multiple continents, via a global consortium.

REVIEW OF FINANCIAL POSITION

Liquidity and Capital Resources

The statement of cash flows shows a decrease in cash and cash equivalents for the year ended 30 June 2018 of $6,030,108 (2017 increase: $353,321). During the year the Group raised $5,000,040 (2017: $Nil) before costs from a share placement and $1,051,247 (2017: $13,121,094) from options exercised. At year end the Group has liquid funds of $1,523,886 (2017: $7,554,985) available for future operational use and has no borrowings (2017: $Nil).

Subsequent event- capital raising

On 4 September 2018, Magnis announced it had secured an $11,100,000 investment through the issue of 30,000,000 fully paid ordinary shares at $0.37 per share to AL Capital Holdings ('ALC'). The investment will result in a 4.98% equity holding in Magnis and a representative of ALC will join the Board of Directors.

The funds raised will be used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite project.

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Shares and Options Issues

During the year the Company raised funds from equity as follows:

- $5,000,040 (2017: $Nil) from a share placement of 12,500,100 (2017: $Nil) ordinary fully paid shares.
- $1,051,247 (2017: $13,121,094) from the exercise of options then subsequent issue of 3,750,000 (2017: 121,097,751) ordinary fully paid shares.
- A further 6,940,544 fully paid ordinary shares were issued to Charge CCCV LLC ('C4V') at $0.46816 per share as part consider for Magnis' 6% investment in C4V

Capital Expenditure

Capital expenditure on property, plant and equipment during the year was $65,954 (2017: $181,324).

GROUP PERFORMANCE

Annual Net Income

	2018	2017	2016	2015	2014
Consolidated loss after tax	5,417,885	9,756,434	12,026,781	13,244,576	5,177,375

Shareholder Returns

	2018	2017	2016	2015	2014
Share price at financial year end ($)	0.38	0.515	0.975	0.24	0.16
Basic loss per share (cents)	0.97	2.09	3.42	4.22	1.98
Diluted loss per share (cents)	0.97	2.09	3.42	4.22	1.98

RISK MANAGEMENT

The Board is responsible for ensuring that risks are identified on a timely basis and that the Group's activities manage the risks identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process. The Board has not established a separate risk management committee but reviewed the major risks to the business with management and has the following processes in place to monitor it:

- The Board has undertaken strategic reviews of its activities and conveyed to management and shareholders its objectives.
- The Board approved operating budgets and at its meetings, monitors actual expenditure to budget.
- The Board reviews sovereign, operating and environmental risks with management and from time to time external consultants provide reports on its practices.
- The Board assesses political and sovereign risks relating to its international assets by monitoring local media and politics. Group representatives liaise with all levels of Government to maintain awareness as to matters that may affect the Company. The Company has a resident Board member in Africa to assist with the monitoring of sovereign risk for its Tanzanian assets.

The Directors have identified risks associated with our business. Inherently, evaluation, pre-development, technological advancements and competition is a risky undertaking that often provides substantial rewards to investors whenever success is achieved. This is the foremost risk that the Board endeavours to mitigate through its strategic identification of potential mineralisation targets and oversight of management subsequently conducting the respective exploration programmes. The Board is very aware of the financial risks associated with the exploration and mining industry and the technology risks associated with the battery and energy storage industry. The Group presently accesses funds through the capital markets in order to fund its future business needs. The capital markets are subject to prevailing economic conditions so the Directors are attuned to raising funds to meet future needs when circumstances permit.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Tanzanian Government introduced various legislation changes to the Mining and Mineral Industry over the July to December 2017 period. A Mining Commission was recently formed and is now in full operation. Following the legislation changes to Acts relevant to the mining industry, the Tanzanian Government has announced a ban on the export of unprocessed mineral concentrates. Magnis is not affected by this ban as the Company will be exporting value-added products. Changes to aspects such as free carried interest by the Tanzanian Government of the mining aspect of the Nachu Graphite Project will be discussed and decided on a case by case basis before significant further development occurs.

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ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration activities in Tanzania are subject to environmental regulations and guidelines operating in the licenced areas. Failure to meet environmental conditions attaching to the group's mineral tenements could lead to forfeiture of the tenements. No environmental breaches have occurred or have been notified by any government agencies during the year ended 30 June 2018. The New York lithium-ion battery plant scheduled for operation in the 2019 calendar year will be subject to Environmental and Planning Regulations from various government authorities, that will be strictly managed and adhered to by the consortium members of iM3NY.

DIRECTORS MEETINGS

The number of Directors meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

	Directors Meeting		Audit Committee		Remuneration Committee		Sustainability Committee	
	A	B	A	B	A	B	A	
Number of meetings attended:								
J C Jooste-Jacobs	6	6	2	2	-	-	*	*
F Poullas	6	6	2	2	-	-	-	-
P Tsegas	3	6	1	2	*	*	-	-
P Sarantzouklis	2	5	*	*	-	-	*	*
M Vogts	5	6	*	*	-	-	*	*
MS Whttingham	5	6	*	*	*	*	*	*
U Bez	6	6	*	*	*	*	*	*

Notes
A Number of meetings attended.
B Number of meetings held during the year whilst the director held office.
** Not a member of the relevant committee.*
The Audit Committee comprised J C Jooste-Jacobs (Chairman), F Poullas, and P Tsegas. The Remuneration Committee comprised F Poullas (Chairman), J C Jooste-Jacobs, M Vogts and P Sarantzouklis. P Sarantzouklis resigned as a Director of the Company on 16 April 2018 and was replaced by M Vogts on 20 April 2018. The Sustainability Committee comprised of P. Tsegas (Chairman), F. Poullas and R J Chittenden. R J Chittenden resigned as an employee of Magnis and from the Sustainability Committee in September 2017.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives.

REMUNERATION POLICY

The Board recognises that the performance of the Group depends upon the quality of its Directors and executives. To achieve its operating and financial activities the Group must attract, motivate and retain highly skilled Directors and executives.

The Group's policy for determining the nature and amount of emoluments of Board members and executives of the Company is assessed annually at the end of each calendar year and are set by reference to the mineral exploration industry market place. The Remuneration Committee submits its recommendation to the Board for its consideration.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities based on recommendations from the Remuneration Committee. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability.

The current maximum aggregate of Non-Executive Directors fees payable is $650,000; having been approved by members on 17 November 2017 and this represented the first increase to the maximum aggregate amount in 9 years. Presently, Non-Executive Directors receive annual fees of between $65,000 to $70,000 and the Non-Executive Chairman $120,000. An additional $5,000 per annum is paid to Directors who act as Chairman of Committees. Superannuation is based on each individual Director's service agreement.

Any increase in the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the group. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

DIRECTOR AND OTHER EXECUTIVES DETAILS

Listed on pages 21-23 of the Directors Report are persons who acted as a director of the Company during or since the end of the financial year.

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For the purposes of this report, Key Management Personnel (KMP) of the Group are those persons having authority and responsibility for planning directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and senior or key management. In addition to the Directors, the following were KMP during the financial year:

Dr Frank Houllis – Chief Executive Officer

Travis Peluso- Investor Relations- Director

PERFORMANCE BASED REMUNERATION

The Group currently has no performance-based remuneration component built into the Chief Executives' remuneration package. Bonuses may be payable at the Board's discretion following the annual performance review. The Company does not have policies regarding risk management of flexible components of remuneration packages.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES REMUNERATION

In accordance with the remuneration policy noted above, the Group includes the following principles in its remuneration framework:

- Competitive rewards are set to attract high calibre executives;
- Executive rewards are linked to shareholder value.

For executives the Group's policy is to position total employment costs within a peer group. The mix of fixed and variable components of employment costs is derived from data assessing market rate labour costs by position.

There are no financial measures that are included in the assessment but the Remuneration Committee considers the growth in market capitalisation an important parameter. For non-financial measures a range of factors are considered; market position, relationship with a range of stakeholders, risk management, leadership and team contribution.

SHARE OPTION PLAN

Magnis Resources Limited operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the plan, shares and options are held on behalf of Plan Participants by the Trustee of the Magnis Option Share Trust ("MOST").

During the financial year 7,000,000 options (2017: 5,150,000) on varying terms and conditions were allotted to the Trust under the share scheme.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Remuneration agreements are set out below:

Dr Frank Houllis - Chief Executive Officer

- No agreement expiry date;
- Remuneration is $286,000 per annum plus statutory superannuation guarantee;
- The agreement and the employment created by it may be terminated by either Magnis Resources Limited or Dr Houllis giving the other party 12 months' notice. The agreement also includes a 6 month 'non-compete' clause for Dr Houllis; and
- The agreement is subject to annual review.

Travis Peluso – Investor Relations- Director

- No agreement expiry date;
- Remuneration is $250,000 per annum plus statutory superannuation guarantee.
- The agreement and the employment created by it may be terminated by either Magnis Resources Limited or Mr Peluso giving the other party 3 month' notice; and
- The agreement is subject to annual review.

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Table 1: Remuneration for the year ended 30 June 2018

	Salary & Fees $	Cash Bonuses $	Post Employment Benefits^ $	Share Based Payments Options# $	Total $
Non Executive Directors					
F Poullas*	120,000	-	11,400	-	131,400
J C Jooste-Jacobs	70,000	-	6,650	-	76,650
P Tsegas*	70,000	-	-	-	70,000
M Vogts	65,000	-	-	48,700	113,700
M S Whittingham	70,000	-	-	48,700	118,700
U Bez	64,992	-	-	48,700	113,692
P Sarantzouklis (resigned 16 Apr 18))	51,599	-	-	48,700	100,299
Key management personnel					
F Houllis	295,333	-	43,652	46,500	385,485
T Peluso (appointed 4 Dec 17)	144,178	-	17,498	25,650	187,326
R J Chittenden (resigned 15 Sep 17)	92,078	-	9,441	-	101,519
	1,043,180	**-**	**88,641**	**266,950**	**1,398,771**

**Fees paid to related entities.*
^Includes superannuation and movements in employee entitlements.
 # Share based payments consist of shares, options and rights issued.

Table 2: Remuneration for the year ended 30 June 2017

	Salary & Fees $	Cash Bonuses $	Post Employment Benefits^ $	Share Based Payments Options# $	Total $
Non Executive Directors					
F Poullas*	120,000	-	11,400	217,600[1]	349,000
J C Jooste-Jacobs	70,000	-	6,650	217,600[1]	294,250
P Tsegas*	70,000	-	-	217,600[1]	287,600
P Sarantzouklis (appointed 2 Nov 16)	43,333	-	-	-	43,333
M Vogts (appointed 2 Nov 16)	43,333	-	-	-	43,333
M S Whittingham (appointed 4 Nov 16)	46,667	-	-	-	46,667
U Bez (appointed 7 Feb 17)	25,997	-	-	-	25,997
C Johnstone (resigned 31 Oct 16)	23,333	-	-	-	23,333
Executive Directors					
L Eldridge (resigned 31 Oct 16)*	62,500	-	-	-	62,500
Key management personnel					
F Houllis	286,000	10,000	27,170	-	323,170
R J Chittenden	254,373	-	27,811	-	282,184
	1,045,536	**10,000**	**73,031**	**652,800**	**1,781,367**

[1] Represents 1,000,000 unlisted options granted to each Director by Shareholders at the Annual General Meeting held on 21 October 2016.
**Fees paid to related entities.*
^Includes superannuation and movements in employee entitlements.
 # Share based payments consist of shares, options and rights issued.

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Compensation options granted and vested

During the financial year, the following share-based payments were awarded, vested or lapsed:

Table 1: Options Awarded

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Option $	Fair Value Expense under AASB 2 $
Nov-17	17-Nov-19	0.0487	4,000,000	0.70	194,800
Dec-17	04-Dec-19	0.0342	750,000	0.70	25,650
Jun-18	18-Jun-21	0.031	1,500,000	0.70	46,500

Table 2: Options Exercised

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Option $	Fair Value Expense under AASB 2 $
Nov-14	17-Nov-17	0.0648	750,000	0.22033	48,600
Aug-15	03-Feb-18	0.0936	3,000,000	0.295333	280,800

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
F Poullas	14,267,500	-	233,860	-	14,501,360
J C Jooste-Jacobs	5,555,714	-	-	(250,000)	5,305,714
P Tsegas	20,000	-	-	-	20,000
M Vogts	78,125	-	236,634	-	314,759
M S Whittingham	-	-	-	-	-
U Bez	-	-	-	-	-
P Sarantzouklis (resigned 16 April 2018)*	5,992,183	-	-	-	5,992,183
F Houllis	72,517	-	750,000	(184,572)	637,945
T Peluso ! (appointed 4 Dec 17)	6,230,303	-	1,156,697	(840,000)	6,547,000
R J Chittenden* (resigned 15 Sept 17)	1,047,943	-	-	-	1,047,943
	33,264,285	**-**	**2,377,191**	**(1,274,572)**	**34,366,904**

**at time of resignation as Director/ key management personnel.*
! opening balance as at 4 Dec 2017

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Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Additions/ Disposal	Exercised	Balance at the end of the year#
Options over ordinary shares					
F Poullas	1,000,000	-	-	-	1,000,000
J C Jooste-Jacobs	1,000,000	-	-	-	1,000,000
P Tsegas	1,750,000	-	-	-	1,750,000
M Vogts	-	1,000,000	-	-	1,000,000
M S Whittingham	-	1,000,000	-	-	1,000,000
U Bez	-	1,000,000	-	-	1,000,000
P Sarantzouklis (resigned 16 April 18)*	-	1,000,000	-	-	1,000,000
F Houllis	2,250,000	1,500,000	(1,500,000)	(750,000)	1,500,000
T Peluso (appointed 4 Dec 17)!	-	750,000	-	-	750,000
R J Chittenden (resigned 15 Sept 17)*	750,000	-	(750,000)	-	-
	6,750,000	**6,250,000**	**(2,250,000)**	**(750,000)**	**10,000,000**

**at time of resignation as Director/ key management personnel*
! opening balance as at 4 December 2017
 # all options vest immediately and are exercisable at anytime

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the consolidated accounts, by reason of a contract entered into by the Company or an entity that the Company controlled or a body corporate that was related to the Company when the contract was made or when the Director received, or became entitled to receive, the benefit with:

- a Director, or
- a firm of which a Director is a member, or
- an entity in which a Director has substantial financial interest except the usual professional fees for their services paid by the Company to:

				Aggregate Amount	
Identity of Related Party	**Nature of Relationship**	**Type of Transaction**	**Terms & Conditions of Transaction**	**2018 $**	**2017 $**
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a director of Magnis Resources Limited	Consulting fees and PP&E purchases	Normal commercial terms	300,064	307,279
Peter Tsegas	Peter Tsegas is a Director of Magnis Resources Ltd	Consulting Fees	Normal commercial terms	-	49,084
Dr Ulrich Bez HonDTech	Dr Ulrich Bez is a Director of Magnis Resources Limited	Consulting Fees	Normal commercial terms	25,300	5,500
M Stanley Whittingham	M Stanley Whittingham is a Director of Magnis Resources Limited	Consulting Fees	Normal commercial terms	16,210	-

2017 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members (98%) at the 2017 Annual General Meeting.

This concludes the remuneration report, which has been audited

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SHARES UNDER OPTION

Details of unissued shares or interests under option as at 30 June 2018 in Magnis Resources Limited are:

Number of Ordinary Shares under Option	Class of Shares	Exercise Price of Option	Expiry Date of Option
375,000	Ordinary	0.35	Nov-18
1,000,000	Ordinary	0.395333	Nov-18
375,000	Ordinary	0.45	Nov-18
750,000	Ordinary	0.495333	Nov-18
1,800,000	Ordinary	0.7	Aug-19
3,000,000	Ordinary	0.7	Oct-19
4,750,000	Ordinary	0.7	Nov-19
750,000	Ordinary	0.7	Dec-19
2,250,000	Ordinary	0.7	Jun-21
1,500,000	Ordinary	0.7465	Dec-18
1,000,000	Ordinary	1	Apr-20

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme. No voting rights attached to the options.

There were 3,750,000 (2017: 121,097,751) shares issued during the 2018 financial year as a result of exercising of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and executive officers for any breach of laws by the Company for which they may be held personally liable. The agreement provides for the Company to pay liabilities or legal expenses to the extent permitted by law.

During or since the financial year, the Company has paid premiums insuring all the Directors of Magnis Resources Limited against costs incurred in defending proceedings for conduct other than:

(a) a wilful breach of duty;

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy.

INDEMNIFICATION AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has not agreed to indemnify its auditors, BDO East Coast Partnership, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO East Coast Partnership during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

SUBSEQUENT EVENTS

Subsequent events since the end of the year are outlined in Note 20 'Subsequent events' to the Financial Statements.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below:

- Taxation services –Australia & Tanzania $68,746
- Corporate services- Australia $2,596

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The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 34.

Signed in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



F Poullas

Non - Executive Chairman

Sydney, 17 September 2018

AUDITOR'S INDEPENDENCE DECLARATION

BDO

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF MAGNIS RESOURCES LIMITED

As lead auditor of Magnis Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Magnis Resources Limited and the entities it controlled during the year.



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 17 September 2018

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED 30 JUNE 2018

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	Notes	Consolidated 2018 $	Consolidated 2017 $
Income			
Interest received		25,799	24,141
R&D Grant		241,698	303,243
Foreign exchange gain		96,114	182,410
Profit on sale of fixed assets		4,988	-
Other revenue		22	-
Total income		**368,621**	**509,794**
Expenditure			
Administration expenses		1,128,561	1,492,247
Depreciation expense		120,124	62,588
Directors fees		589,955	601,934
Employee benefits expense		1,070,023	1,164,244
Legal and consulting expenses		1,069,408	1,214,492
Share based payment to employees	28(a)	290,200	1,064,635
Share based payment to non-employees	28(a)	16,125	663,055
Share of net loss of associate accounted for using the equity method	27	52,455	-
Exploration and evaluation expenses		1,449,655	4,003,033
Total expenditure		**5,786,506**	**10,266,228**
(Loss) before income tax expense		**(5,417,885)**	**(9,756,434)**
Income tax expense	5	**-**	**-**
Net (loss) for the year		**(5,417,885)**	**(9,756,434)**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation		141,762	(175,452)
Other comprehensive income / (loss) for the year, net of tax		**141,762**	**(175,452)**
Total comprehensive income / (loss) for the year, net of tax		**(5,276,123)**	**(9,931,886)**
Attributable to non-controlling interests		-	(73)
Attributable to owners of Magnis Resources Limited		(5,276,123)	(9,931,813)
Basic loss per share (cents per share)	22	0.97	2.09
Diluted loss per share (cents per share)	22	0.97	2.09

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
YEAR ENDED 30 JUNE 2018

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	Notes	Consolidated 2018 $	Consolidated 2017 $
Current assets			
Cash and cash equivalents	6, 17(b)	1,523,886	7,554,985
Trade and other receivables	7	140,969	247,820
Total current assets		**1,664,855**	**7,802,805**
Non current assets			
Other receivables	8	150,977	162,026
Financial assets at FVOCI	9	5,848,713	-
Investment accounted for using the equity method	27	4,020,647	-
Development assets	10	5,176,682	4,986,400
Property, plant & equipment	11	158,205	209,161
Total non current assets		**15,355,224**	**5,357,587**
Total assets		**17,020,079**	**13,160,392**
Current liabilities			
Trade and other payables	12	1,025,764	1,128,057
Provisions	13	127,016	236,103
Total current liabilities		**1,152,780**	**1,364,160**
Non current liabilities			
Provisions	13	33,755	22,613
Total non current liabilities		**33,755**	**22,613**
Total liabilities		**1,186,535**	**1,386,773**
Net assets		**15,833,544**	**11,773,619**
Equity			
Contributed equity	14(a)	110,637,523	101,278,402
Reserves	16	**8,116,450**	**7,997,761**
Accumulated Profits/(Losses)		**(102,920,429)**	**(97,502,472)**
Non controlling interests		-	(72)
Total equity		**15,833,544**	**11,773,619**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 30 JUNE 2018

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	Notes	Issued Capital $	Options $	Share Based Payment Reserves $	Foreign Currency Translation Reserve $	Accumulated (Losses) $	Non controlling interests $	Total Equity $
At 1 July 2017		**101,278,402**	**-**	**3,274,077**	**4,723,684**	**(97,502,472)**	**(72)**	**11,773,619**
Loss for the period		-	-	-		(5,417,885)	-	(5,417,885)
Other comprehensive income/ (loss)		-	-	-	141,762	-	-	141,762
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**141,762**	**(5,417,885)**	**-**	**(5,276,123)**
Transactions with owners :								
Contributions of equity, net of transaction costs		9,029,723	-	-	-	-	-	9,029,723
Share based payments	28	-	-	306,325	-	-	-	306,325
Equity transfer on acquisition of share capital in controlled entity		-	-	-	-	(72)	72	-
Forfeiture of share-based payments		-	-	(1,079,497)	-	1,079,497	-	-
Reclassification from reserve		329,398	-	(329,398)	-	-	-	(116,777)
At 30 June 2018		**110,637,523**	**-**	**2,171,507**	**4,865,446**	**(101,840,932)**	**-**	**15,883,544**

	Notes	Issued Capital $	Options $	Share Based Payment Reserves $	Foreign Currency Translation Reserve $	Accumulated (Losses) $	Non controlling interests $	Total Equity $
At 1 July 2016		**85,501,522**	**1,974,923**	**2,235,537**	**4,899,136**	**(87,746,111)**	**-**	**6,865,007**
Loss for the period		-	-	-	-	(9,756,361)	(73)	(9,756,434)
Other comprehensive income/ (loss)		-	-	-	(175,452)	-	-	(175,452)
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**(175,452)**	**(9,756,361)**	**(73)**	**(9,931,886)**
Transactions with owners :								
Contributions of equity, net of transaction costs		13,112,807	-	-	-	-	-	13,112,807
Share based payments	28	-	-	1,727,690	-	-	-	1,727,690
Equity contributed		-	-	-	-	-	1	1
Reclassification from reserve		2,664,073	(1,974,923)	(689,150)	-	-	-	-
At 30 June 2017		**101,278,402**	**-**	**3,274,077**	**4,723,684**	**(97,502,472)**	**(72)**	**11,773,619**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2018

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	Notes	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,808,251)	(4,522,175)
Payment of exploration expenditure		(1,531,310)	(3,903,660)
Payment for development assets			(4,478,388)
Interest received		25,799	22,818
R&D grant		241,698	303,243
Other receipts		-	-
Net cash from/(used in) operating activities	17(a)	**(5,072,064)**	**(12,578,162)**
Cash flows from investing activities			
Acquisition of property, plant & equipment		(65,954)	(181,324)
Acquisition of interest in associate		(4,073,102)	-
Acquisition of interest in financial asset		(2,599,428)	-
Net cash flows / (used in) investing activities		**(6,738,484)**	**(181,324)**
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		6,051,287	13,121,094
Capital raising expenses		(270,848)	(8,287)
Net cash flows from /(used in) financing activities		**5,780,439**	**13,112,807**
Net increase/(decrease) in cash and cash equivalents		(6,030,109)	353,321
Net foreign exchange differences		(990)	(6,740)
Add opening cash and cash equivalents		7,554,985	7,208,404
Closing cash and cash equivalents	17(b)	**1,523,886**	**7,554,985**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the consolidated group of Magnis Resources Limited and controlled entities ("the Group"). Magnis Resources Limited is a company, limited by shares, incorporated in Australia whose shares are publicly traded on Australian Securities Exchange ("ASX").

The following is a summary of the material accounting policies adopted by the consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statement have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ["AASB'] and the Corporations Act 2001, as appropriate for -profit orientated entities.

[i] Statement of Compliance
These financial statements also comply with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]

[ii] Historical cost convention
The financial report has been prepared on an accrual basis under the historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

[iii] Critical accounting estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The financial report is prepared in Australian dollars.

Going concern

The Group has a multi strategy business of lithium-ion battery technology manufacturing in multiple continents combined with pre-mine development of its Nachu Graphite project in Tanzania. The Group is committed to an additional investment of US$3,000,000 in US based, lithium-ion battery technology group, Charge CCCV LLC together with expenditure commitments in relation to its Nachu tenements.

For the year ended 30 June 2018 the Group reported a net loss of $5,417,885 (2017: $9,756,434) and net operating cash outflows of $5,072,064 (2017: $12,578,162). The operating cash outflows have been funded by cash inflows from equity raisings of $6,051,287 (2017: $13,121,094) during the year. As at 30 June 2018 the Group had net current assets of $512,075 (2017: $6,438,645) including cash reserves of $1,523,886 (2017: $7,554,985).

Subsequent to year end, these cash reserves have been increased by a placement of 30,000,000 fully paid ordinary shares at $0.37 per share to raise $11,100,000. The Group's reserves are considered sufficient to meet planned expenditure budget, including consortium investment activities, Nachu exploration and development activities, operating and administrative expenditure, for the 12 months to 30 June 2019.

As such, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

The financial statements were authorised for issue by the directors on 17 September 2018.

New accounting standards and interpretations

[i] New and amended standards adopted by the Group
The accounting policies adopted are consistent with those of the previous financial year except as follows;

The Group has adopted the following new and amended Australian Accounting Standards and AASB interpretations as of 1 July 2017; none of which had a material impact on the financial statements:

- AASB 2016- 2 Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 107

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(ii) Early adoption of standards

The Group elected to apply the following pronouncement from the financial year beginning on 1 July 2017:

- AASB 9 'Financial Instruments'

AASB 9 'Financial Instruments' replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement', bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specific dates and solely payments of principle and interest. All other financial instrument assets are to be classified and measured at fair value through profit and loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).
New impairment requirements will use an 'expected credit loss 'ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

As at 30 June 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, investment in equity instruments and trade and other payables.

Cash and cash equivalents and trade and other receivables previously designated as loans and receivables under AASB 139 are now classified as amortised cost under AASB 9. Trade and other payables are designated as other financial liabilities, which are measured at amortised cost.

Cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair value due to their short-term nature.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments.

The three levels of the fair value hierarchy are:

- Level 1- Values are based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3- Values based on prices or valuation techniques that are not based on observable market data.

The Group has made the irrevocable election on initial recognition of it equity investment in Charge CCCV LLC to present gains and losses in fair value (as it is not held-for-trading) in other comprehensive income ('FVTOCI'). The new impairment model under AASB 9 does not apply to this equity instrument.

Impact of early adoption of AASB 9 on the financial accounts

There has been no transitional impact as a result of the early adoption of AASB 9 'Financial Instruments'. No adjustment to the carrying values of financial instruments existing as at 30 June 2017 was necessary as a result of the early adoption of AASB 9.

As the new standard was applied to the initial recognition and measurement of the Group's Financial Assets at FVOCI during the year, no adjustment is necessary.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' ['ECL'] model. The new impairment model is applied to financial assets measured at amortised cost, contract assets and debt investments at Fair Value Through Other Comprehensive Income ("FVOCI"), but not to investments in equity instruments.

Under AASB 9, loss allowances are measured on either of the following basis:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

The Group has adopted a simplified approach for trade receivables on the initial transaction date (1 July 2017) with an amount equal to the full ECL to be recognised. As the ECL assessment has resulted in an immaterial credit loss, no impairment allowance has been recognised.

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(iii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2018 are outlined in the table below:

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 15 Revenue from Contracts with Customers	January 1, 2018	June 30, 2019
AASB 16 Leases	January 1, 2019	June 30, 2020

The Directors have not yet assessed whether the above amendments and interpretations will have a material impact on the financial report of the Group in the year or period of initial application.

Exploration and evaluation costs

Exploration and evaluation expenditure is expensed directly to profit and loss when incurred. Accounting policies for the Group's development assets are outlined in Note 10 'Development Assets'.

Operating Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use a specific asset or assets and the arrangement conveys a right to use an asset

Leases under which the lessor retains substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Goods and services tax (GST and/or VAT)

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

Withholding tax and other indirect taxes are incurred on amounts of VAT recoverable from, or payable to, the taxation authority.

Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

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Financial statements of foreign operations

The financial results and position of foreign operations whose functional currency is not Australian dollars, the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for each month during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in other comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave when it is probable that settlement will be required.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled including related on-costs, such as workers compensation and payroll tax. Non accumulating non monetary benefits, such as medical care, cars or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Revenue recognition

Interest revenue is recognised as interest accrues using the effective interest method.

Rental revenue is accounted for on a straight line basis over the lease term. Contingent rental revenue is recognised as income in the periods in which it is earned.

Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Restatement of comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using a binomial option pricing model that uses the assumptions detailed in note 28(f).

Indirect tax receivables and liabilities

The Group is subject to indirect taxes in Australia and the jurisdiction where it has foreign operations. Significant judgement is required in determining the amounts recorded as receivables for recovery of such taxes and payables for payment of such taxes. The Group is subject to an audit by a tax authority in a jurisdiction in which it operates. The tax authority is disputing the quantum of goods and services tax receivable and withholding taxes payable. Discussions with the relevant tax authority are ongoing. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The Group has adequately recorded receivables and payables for the amounts it believes will ultimately be payable. Where the final outcome of any matters is different from amounts recorded, such differences will impact the indirect tax receivables or provision in the period in which such determination is made.

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3. SEGMENT INFORMATION

a) Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (chief operating decision maker) in assessing performance and in determining the allocation of resources.

During the financial year, the Group announced its participation in global consortiums, including ownership, to operate lithium-ion battery gigafactories in Australia, the USA and Germany. As a member of these consortiums, Magnis' role will be to provide anode materials and associated technologies to assist in the production process.

This activity is supplemented by the involvement in the development and ultimate mining of natural flake graphite for use in various industries, including in particular, batteries for storing electrical energy.

Due to the infancy of its interests in the lithium-ion battery sector, the Group has determined its reportable segments for the financial year ended 30 June 2018 as follows;

- Lithium-ion battery investments
- Graphite exploration and development

b) Identification of reportable segments

	2018 Profit/(loss) before tax $	2018 Segment revenue $	2017 Profit/(loss) before tax $	2017 Segment revenue $
Segment results and revenues				
Segments				
Lithium-Ion battery Investments	(52,455)	-	-	-
Graphite exploration & development	(5,365,430)	368,621	(9,756,434)	509,794
Inter-segment elimination	-	-	-	-
Consolidated	**(5,417,885)**	**368,621**	**(9,756,434)**	**509,794**

	2018 Profit/(loss) assets $	2018 Segment liabilities $	2017 Profit/(loss) assets $	2017 Segment liabilities $
Segment results and revenues				
Segments				
Lithium-Ion battery Investments	9,869,360	-	-	-
Graphite exploration & evaluation	7,150,719	1,186,535	13,160,392	1,386,773
Inter-segment elimination	-	-	-	-
Consolidated	**17,020,079**	**1,186,535**	**13,160,392**	**1,386,773**

Accounting policies

The Group applies AASB 8 Operating Segments and determines its operating segments to be based on its activities relating to the exploration and evaluation of graphite and lithium-ion battery investments as this is how the business is reported internally. Operating segments are subject to risks and returns that are different to those of segments operating in other economic environments.

Inter-segment transactions

To avoid asymmetrical allocation within segments, which management believe would be inconsistent policy, in the event that items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments.

Segment assets and liabilities

Segment assets include all assets used by a segment and consist primarily of cash and cash equivalents. Development assets, property, plant and equipment and trade and other receivables. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are not allocated. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include deferred income taxes.

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4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

5. INCOME TAX

	Consolidated	
	2018 $	2017 $
Current income tax		
Current income tax credit/(expense)	1,570,977	2,426,431
Tax losses not recognised as not probable	(1,570,209)	(1,743,285)
	768	683,146
Deferred income tax		
Relating to origination and reversal of temporary differences	(768)	(683,146)
Tax losses brought to account to offset net deferred tax liability	-	-
	-	-
Income tax credit/(expense) reported in the Statement of Comprehensive Income	-	-
a) STATEMENT OF CHANGES IN EQUITY		
Deferred income tax related to items charged or credited directly to equity		
Share issue costs	(18,571)	(81,088)
Deferred tax offset	18,571	81,088
Income tax benefit reported in Equity	-	-
b) TAX RECONCILIATION		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (loss) before tax	(5,417,885)	(9,756,434)
At the Group's statutory 30% tax rate (2017: 30%)	1,625,366	2,926,930
Share based payment expense	(4,838)	(518,307)
Movement in temporary differences	87,122	(687,023)
Share of net P&L of associate accounted for using equity method	15,736	-
Exploration and evaluation expense write off	(104,759)	(152,862)
Non-assessable R&D offset income	72,509	90,973
Deductible option issue costs	91,691	83,574
Prior year adjustments	(212,619)	-
Tax losses not brought to account	(1,570,209)	(1,743,285)
Income tax (expense) reported in the Statement of Comprehensive Income	-	-

At the reporting date, the Group has estimated tax losses of $89,687,909 (2017: $83,314,241) available to offset against future taxable income subject to continuing to meet relevant statutory tests. To the extent that it does not offset a deferred tax liability, a deferred tax asset has not been recognised for these losses because it is not probable that future taxable income will be available to use against such losses.

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Accounting policies

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of financial position.

Tax consolidated group

The Company and its wholly owned Australian subsidiaries have elected to form a tax consolidated group from 1 July 2015, with Magnis Resources Limited being the head entity within that group. These entities are taxed as a single entity.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2018 $	2017 $
Cash on hand	3,779	1,450
Cash at bank	1,520,107	7,553,535
	1,523,886	7,554,985

Accounting policies

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value, and bank overdrafts. Where applicable, bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

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7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 $	2017 $
Accrued interest	1,445	1,445
Goods and services tax recoverable	24,921	31,246
Prepayments and other receivables	114,603	215,129
	140,969	247,820

8. NON CURRENT ASSETS - RECEIVABLES

	Consolidated	
	2018 $	2017 $
Security deposit	150,977	162,026
	150,977	162,026

9. FINANCIAL ASSETS AT FVOCI

	Consolidated	
	2018 $	2017 $
Equity investment in Charge CCCV LLC	5,848,713	-
	5,848,713	-

On 29 March 2018, Magnis announced a strategic investment to acquire a 10% interest in leading US based, lithium-ion battery technology group, Charge CCCV LLC ('C4V') and secured an exclusive agreement over selective patents, which will assist in driving the Company's growth in the lithium-ion battery sector.

Under the terms of the Agreement, Magnis will acquire a 10% stake in C4V for total consideration of US$7.5million, comprising an upfront cash payment of US$2m together with the issue of 6,940,544 ordinary shares in Magnis (representing US$2.5m in value). A further cash payment of US$3million is to be paid with 12 months of the signed agreement. As at 30 June 2018, Magnis held a 6% stake in C4V.

Magnis will appoint one representative to the Board of Directors of C4V and has also secured a first right of refusal for any future capital raising initiatives that C4V undertake. Further to the agreement, Magnis will also have an exclusive agreement for 5 years over selected C4V patents, which will expand the Company's material technologies in the rapidly growing lithium-ion Battery sector.

Accounting policies

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

- equity securities which are not held for trading, and for which the group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the group considered this to be more relevant, and
- debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income (FVOCI) comprise the following investment:

Non-current assets	Consolidated 2018 $	2017 $
Unlisted securities- Charge CCCV LLC	5,848,713	-
	5,848,713	-

Upon disposal of these equity investments, any balance within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

(iii) Debt investments at fair value through other comprehensive income

There are no debt investments at fair value through other comprehensive income (FVOCI) for both years.

10. DEVELOPMENT ASSETS

	Consolidated 2018 $	2017 $
Development assets	5,176,682	4,986,400
	5,176,682	4,986,400

Accounting policies

Development assets are stated at cost less accumulated depreciation and impairment losses. Cost represent the accumulation of all the compensation and resettlement expenditure incurred by, or on behalf of, the entity in relation to areas of interest in which construction or development has commenced. Compensation and resettlement expenditures are capitalised as development assets.

Development costs in which the Group has in interest are amortised other the life of the area of interest to which the costs relate on a units of production basis over the estimated proven and probable ore reserves and proportion of other measured and indicated mineral resources where there is a high degree of confidence that they can be extracted economically. Changes in the life of the area of interest and/or ore reserves and other mineral resources are accounted for prospectively.

Impairment

At each reporting date, the Group reviews the carrying values of its development assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As at 30 June 2018, no impairment to the carrying value of the development assets has been deemed necessary.

Movements in development assets

Movements in development assets during the financial year, are set out as follows:

	Development Asset $
At 1 July 2017	4,986,400
Development costs capitalised during the year	-
Currency translation difference	190,282
At 30 June 2018	5,176,682

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11. PROPERTY PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the year.

	Consolidated						
	Plant and equipment $	Office equipment $	Software $	Office furniture and fittings $	Office improvements $	Motor vehicles $	Total $
Year ended 30 June 2018							
Balance at 1 July 2017 net of accumulated depreciation	**135,950**	**40,526**	**129**	**9,551**	**-**	**23,005**	**209,161**
Additions	2,507	7,849	-	-	60,842	-	71,198
Disposals	(118,838)	(36,325)			-		(155,163)
Currency translation differences	116,448	36,881	-	136	-	878	154,343
Depreciation charge for the year	(77,843)	(21,915)	(129)	(4,666)	(10,001)	(6,778)	(121,333)
Balance at 30 June 2018 net of accumulated depreciation	**58,224**	**27,015**	**-**	**5,020**	**50,840**	**17,105**	**158,205**
At 30 June 2018							
Cost	412,861	84,190	717	15,301	60,842	33,982	607,893
Accumulated depreciation and impairment	(354,637)	(57,176)	(717)	(10,281)	(10,001)	(16,877)	(449,688)
Net carrying amount	**58,224**	**27,015**	**-**	**5,020**	**50,840**	**17,105**	**158,205**
Year ended 30 June 2017							
Balance at 1 July 2016 net of accumulated depreciation	**12,464**	**48,705**	**308**	**11,004**	-	**19,576**	**92,057**
Additions	153,962	11,418	-	2,832	-	10,409	178,621
Currency translation differences	(397)	1,372	-	105	-	(623)	457
Depreciation charge for the year	(30,079)	(20,969)	(179)	(4,390)	-	(6,357)	(61,974)
Balance at 30 June 2017 net of accumulated depreciation	**135,950**	**40,526**	**129**	**9,551**		**23,005**	**209,161**
At 30 June 2017							
Cost	517,726	111,231	717	14,820	-	32,733	677,227
Accumulated depreciation and impairment	(381,776)	(70,705)	(588)	(5,269)	-	(9,728)	(468,066)
Net carrying amount	**135,950**	**40,526**	**129**	**9,551**	-	**23,005**	**209,161**

Accounting policies

Each class of property, plant and equipment is carried at cost, less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associate with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is provided on plant and equipment, motor vehicles, office equipment, furniture and fittings, and is calculated on a straight line basis, commencing form the time the asset is first used, so as to write off the net costs of each asset over the expected useful life.

The following useful lives are used in the calculation of depreciation;

- Plant & Equipment 2 to 5 years
- Vehicles 2 to 5 years
- Office equipment, furniture & fittings 2 to 20 years

Both assets residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Impairment

At each reporting date, the Group reviews the carrying values of its property, plant & equipment assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

12. TRADE AND OTHER PAYABLES

	Consolidated	
Current	**2018 $**	**2017 $**
Trade payables	81,622	74,503
Other payables and accruals	944,142	1,043,261
	1,025,764	1,117,764
Related party payables and accruals	-	10,293
	1,025,764	**1,128,057**

Accounting policies

Trade and other payables are recognised when the Group becomes obliged to make further payments from the purchase of goods and services and are measured at amortised cost using the effective interest method, less any impairment losses.

13. PROVISIONS

	Consolidated	
Current	**2018 $**	**2017 $**
Provision for annual leave (a)	127,016	236,103
	127,016	**236,103**
Non-current		
Provision for long service leave (a)	31,641	15,833
Provision for lease liability (b)	2,114	6,780
	33,755	**22,613**

Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out as follows:

	Lease liability $
At 1 July 2017	6,780
Additions/(utilised/reversed)	(4,666)
At 30 June 2018	**2,114**

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(a) Annual Leave and Long Service Leave

An estimate of annual leave is provided after reviewing relevant workplace agreements and industrial awards for respective employees and determining entitlement at the reporting date. The cost includes an account of direct employment costs.

The significant assumptions applied in the measurement of this provision include devising probabilities for employees complying with the legislative requirements (years of service) and the computed employment costs discounted by using RBA bond rates applied for the respective years of service.

(b) Lease liability

The lease liability for the Company's registered office as per AASB 16 Operating Lease

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

14. CONTRIBUTED EQUITY

	Number of shares and options	2018 $
a) Issued capital and options		
Ordinary shares fully paid	572,878,488	110,637,523
	572,878,488	110,637,523

In addition to the above, 17,550,000 unlisted options were not exercised as at 30 June 2018. Please refer to Note 28(c) for further details.

Fully paid ordinary shares carry on vote per share and carry a right to dividends.

Option holders are not entitled to vote and dividend.

b) Movements in fully paid shares		
At 1 July 2017	549,687,844	101,278,402
Shares issued	19,440,644	8,249,324
Exercise of unlisted rights and options	3,750,000	1,051,247
Transaction costs		(270,848)
Reallocation		329,398
At 30 June 2018	572,878,488	110,637,523

During the year the Company raised funds from equity as follows:

- $5,000,040 (2017: $nil) from share placements of 12,500,100 fully paid ordinary shares. Transaction costs amounted to $270,848.
- $1,051,247 (2017: $13,121,094) from the exercise of rights and options, subsequent issue of 3,750,000 (2017: 121,097,751) ordinary fully paid shares.
- A further 6,940,544 fully paid ordinary shares were issued to Charge CCCV LLC ('C4V') at $0.46816 per share as part consider for Magnis' 6% investment in C4V.

c) Capital management

Management's prime objective when managing the Group's capital is to ensure the entity continues as a going concern as well as ensuring that funds expended provide shareholders with optimal returns. The capital structure is intended to provide the lowest cost of capital available to the Group considering its present phase of operations.

Management is continually reviewing the Group's equity needs. During the financial year the entity raised $8,249,324 (2017: Nil) via share placements and $1,051,247 (2017: $13,121,094) via the exercise of unlisted options before transaction costs of $270,848 (2017: $8,287).

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The Group is undertaking an exploration and evaluation program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A new term capital raising or asset sale should ensure the Group has a safety margin of funds available to continue with its desired level of operations - refer Note 1.

Capital risk management

During the previous year the Company used an equity instrument combination of shares and options to raise funds. The group is undertaking an exploration program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A new term capital raising or asset sale should ensure the group has a safety margin of funds available to continue with its desired level of operations – refer Note 1.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

15. FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities are the equivalent of the net carrying amount as the financial assets and liabilities are short term instruments. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of cash, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Company classified the fair value of its other financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments;

The three levels of the fair value hierarchy are:

- Level 1- Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3- Values based on prices or valuation techniques that are not based on observable market data.

		Consolidated	
	Level in Fair Value hierarchy	2018 $	2017 $
Financial assets measured at fair value			
Financial assets at FVOCI	3	5,848,713	-
Investment accounted for using the equity method	3	4,020,647	-
		9,869,360	

Valuation Techniques- Level 3

Financial assets at FVOCI

Financial assets at FVOCI comprise the Group's investment in private US based, lithium-ion battery technology group, Charge CCCV LLC ('C4V') which is accounted for as a financial asset measured at fair value through other comprehensive income. The investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

The Group has utilised the discounted cash flow (DCF) method to calculate the fair value of the investee company. This involves the projection of a series of cash flows and to this an appropriate market derived discount rate is applied to establish the present value of the income stream

Investment accounted for using the equity method

Investment accounted for using the equity method comprises the Group's investment in a private New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY'). The investment which is accounted for using the equity method is measured at cost and the carrying value of the investment is subsequently adjusted for the Group's interest in the associates profit or loss. The investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

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The Group has used the discounted cash flow (DCF) method to calculate the fair value of the investee company. This involves the projection of a series of cash flows and to this an appropriate market derived discount rate is applied to establish the present value of the income stream.

Quantitative information on significant unobservable inputs- Level 3

Description	Valuation technique	Unobservable inputs	2018 range	2017 range
Financial assets at FVOCI	DCF	Earnings growth factor	5%	-
		Risk adjusted discount rate	12.80%	-
Investment accounted for using the equity method	DCF	Earnings growth factor	-	-
		Risk adjusted discount rate	11%	-

16. RESERVES

a) Reserves

	Consolidated	
	2018 $	2017 $
Foreign currency translation	4,865,446	4,723,684
Share based payment	2,171,507	3,274,077
	7,036,953	**7,997,761**

b) Nature and purpose of reserves

i. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1. The reserve is recognised in profit or loss when the net investment is disposed of.

ii. Share based payment reserve

The share based payment reserve is used to recognise the fair value of paid options issued to Directors, employees and contractors.

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17. STATEMENT OF CASH FLOWS

a) Reconciliation of the net loss after income tax to the net cash flows from operating activities

	Consolidated	
Operating activities	**2018 $**	**2017 $**
Net loss	(5,417,885)	(9,756,434)
Non cash and non operating items		
Depreciation of non current assets	120,124	62,588
(Profit)/ Loss on sale of assets	(4,988)	-
Share based payments	306,325	1,727,690
Share of associates net loss accounted for using the equity method	52,544	-
Net foreign currency translation gain (loss)	144,437	(167,079)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	207,378	(92,986)
(Increase)/decrease in prepayments	(100,527)	57,267
(Increase)/decrease in security bonds	11,049	(94,635)
(Increase) in development assets	(190,282)	(4,986,400)
Increase/(decrease) in trade and other payables	(102,293)	583,640
Increase/(decrease) in provisions	(97,946)	88,187
Net cash outflow from operating activities	**(5,072,064)**	**(12,578,162)**

a) Reconciliation of cash and cash equivalents

Cash at bank		
Cash at bank and in hand	1,523,886	7,554,985
	1,523,886	**7,554,985**

18. COMMITMENTS

a) Investment commitments

As per the Agreement Terms for the Investment by Magnis in Charge CCCV LLC dated 28 March 2018, the Group is committed to a further cash payment of US$3,000,000 for an additional 4% equity investment within 12 months from the date of the agreement. Note 1 outlines the Group's future funding options to meet its commitments. Outstanding investment commitments are as follows:

	Consolidated	
	2018 $	**2017 $**
Not later than one year	4,052,411	-
	4,052,411	**-**

Subsequent to financial year end, the Company announced that it had completed its investment in US lithium-ion battery technology group Charge CCCV LLC. Pursuant to a deed of amendment, the Group completed its investment by way of US$1,000,000 cash payment and by the issue of 7,507,508 fully paid ordinary shares at $0.37 per share.

b) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. Note 1 outlines the Group's future funding options to meet its commitments. Outstanding exploration commitments are as follows:

	Consolidated	
	2018 $	2017 $
Not later than one year	83,608	298,191
	83,608	**298,191**

Exploration expenditure commitments beyond twelve months could not be reliably determined because the annual commitment was set at the anniversary date for each tenement.

c) Leasing

Operating lease commitments – the Group as lessee

The Group has commercial leases on commercial property.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2018 are as follows:

	Consolidated	
	2018 $	2017 $
Within one year	156,044	144,713
After one year but not more than five years	52,910	178,743
Total minimum lease payment	**208,954**	**323,456**

19. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2018. The Group has guarantees for property leases and banking finance facilities of $150,977 (2017: $162,026).

20. SUBSEQUENT EVENTS

On 25 July 2018, the Company announced a proposed name change to be approved by shareholders at the Annual General Meeting scheduled for 26 October 2018. The new name to be advised in the Notice of Meeting is proposed to better reflect the current operations of the Company.

In August 2018, Imperium3 Townsville Pty Ltd ('iM3 Townsville') was incorporated to undertake the feasibility study into the establishment of a 15 GWH Lithium-ion battery ('LIB') manufacturing plant in Townsville. iM3 Townsville is a 100% subsidiary of consortium company Imperium3 Pty Ltd, of which Magnis holds 33.33%.

On 27 August 2018, the Company announced Queensland Government approval for a $3.1m grant to support the feasibility study into the LIB manufacturing plant in Townsville, Queensland.

On 4 September 2018, Magnis announced it had secured an $11.1million investment through the issue of 30,000,000 fully paid ordinary shares at $0.37 per share to AL Capital Holdings ('ALC'). The investment will result in a 4.98% equity holding in Magnis. The Hon. Warwick Smith AM was announced on 7 September as Non-executive Director representing ALC.

The funds raised will be used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite project.

On 12 September 2018, the Company announced that it had completed its investment in US lithium-ion battery technology group Charge CCCV LLC. Pursuant to a deed of amendment, the Group completed its investment by way of US$1,000,000 cash payment and by the issue of 7,507,508 fully paid ordinary shares at $0.37 per share.

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21. AUDITORS' REMUNERATION

		Consolidated	
		2018 $	2017 $
The auditor of Magnis Resources Limited in the current year is BDO East Coast Partnership.			
a) Amounts received or due and receivable by Magnis Group Auditor's (Australia) for			
An audit or review of the financial report of the entity and any other entity in the consolidated Group		68,500	60,000
Other services in relation of the entity and any other entity in the consolidated Group	– Taxation services	36,495	50,969
	- Corporate services	2,596	-
		107,591	**110,969**
b) Amounts received or due and receivable by related practices of Magnis Group Auditor's (Australia) for			
An audit or review of the financial report of the entity and any other entities in the consolidated Group		12,900	10,614
Other services in relation of other entities in the consolidated Group - Taxation compliance services		32,251	33,456
		45,452	**44,070**

22. LOSS PER SHARE

	Consolidated	
	2018 $	2017 $
a) Reconciliation of earnings to profit or loss		
Net loss		
Loss used in calculating basic loss per share	**5,417,885**	**9,756,434**

	Number of shares 2018	Number of shares 2017
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share		
Weighted average number of ordinary shares used in calculating basic loss per share	**558,359,897**	**467,408,319**

c) Effect of dilutive securities

For the year ended 30 June 2018 and for the comparative period there are no dilutive ordinary shares because conversion of share options and performance rights would decrease the loss per share and hence be non-dilutive.

Accounting policies

Basic EPS is calculated as the profit [loss] attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares during the year.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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23. KEY MANAGEMENT PERSONNEL

a) Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	1,043,180	1,055,536
Post-employment benefits	64,405	73,031
Share-based payments	266,950	652,800
	1,375,535	1,781,367

b) Other transactions and balances with key management personnel and their related parties

Transactions with Directors' related entities

				Aggregate Amount	
Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	2018 $	2017 $
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a director of Magnis Resources Limited	Consulting fees and PP&E purchases	Normal commercial terms	300,064	307,279
Peter Tsegas	Peter Tsegas is a Director of Magnis Resources Ltd	Consulting Fees	Normal commercial terms	-	49,084
Dr Ulrich Bez HonDTech	Dr Ulrich Bez is a Director of Magnis Resources Limited	Consulting Fees	Normal commercial terms	25,300	5,500
M Stanley Whittingham	M Stanley Whittingham is a Director of Magnis Resources Limited	Consulting Fees	Normal commercial terms	16,210	-
Fivemark Capital	Len Eldridge is a related party of Fivemark Capital and is a Director of Magnis Resources Limited	Consulting Fees and Share based paument	Normal commercial terms	-	72,250

c) Outstanding balances arises from purchases of goods and services at the reporting date in relation to other transactions with key management personnel.

	Consolidated	
	2018 $	2017 $
Assets and liabilities		
Current liabilities		
Trade and other payables	22,009	10,293
Total liabilities	22,009	10,293

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24. RELATED PARTY DISCLOSURES

Parent entity

Magnis Resources Limited is the ultimate Australian parent entity of the consolidated entity. Its interests in controlled entities are set out in note 26.

Wholly owned group transactions

Controlled entities made payments and received funds on behalf of Magnis Resources Limited and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand. However, demand for repayment is not expected in the next twelve months.

Transactions and balances between the Company and its controlled entities were eliminated in the preparation and consolidation of the financial statements of the group.

Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 23 and the Remuneration Report in the Directors Report.

Transactions with related parties

All amounts payable to related parties are unsecured and at no interest cost.

The amount outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

Entity with significant influence over the Group

MAZZDEL PTY LIMITED controls 8.9% of the ordinary shares in Magnis Resources Limited (2017: 9.19%).

25. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 $	2017 $
Statement of profit or loss and other comprehensive income		
Profit after income tax	(5,442,822)	(14,123,828)
Total comprehensive income	(5,442,822)	(14,123,828)
Statement of financial position		
Total current assets	1,581,353	7,506,932
Total assets	11,679,246	7,818,399
Total current liabilities	429,791	473,312
Total liabilities	463,546	495,925
Equity		
Issued capital	110,637,523	101,278,400
Equity settled employee benefits reserve	2,171,507	3,274,077
Retained profits	(101,593,330)	(97,230,003)
Total equity	11,215,700	7,322,474

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2018 and 30 June 2017.

Remuneration commitments

The parent entity has a remuneration commitment of $567,319 as at 30 June 2018 (2017: $488,218).

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26. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

			Equity Holding *	
Name	Country of incorporation	Class of shares	2018 %	2017 %
Uranex Tanzania Limited	Tanzania	Ordinary	100	100
Magnis Technologies [Tanzania]	Tanzania	Ordinary	100	99
Uranex Mozambique Limitada	Mozambique	Ordinary	100	100
Uranex ESIP Pty Ltd	Australia	Ordinary	100	100
Faru Resources Limited	Tanzania	Ordinary	100	100
Juhudi Minerals Limited	Tanzania	Ordinary	100	100
Investor Resources Services Pty Ltd	Australia	Ordinary	100	100
Magnis Option Share Trust [previously known as Uranex Option Share Trust] #	Australia	Ordinary	-	-

** percentage of voting power is in proportion to ownership.*
#special purpose entity consolidated under AASB 10.

Accounting policies

Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Magnis Resources Limited [the parent entity], special purpose entities and all entities which Magnis Resources Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income [OCI] are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets [including goodwill] and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

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- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators or impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

27. INVESTMENT IN ASSOCIATES

a) Information about Principle Associates

During the financial year, Magnis formalised its strategic investment in a New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY'). The plant has a planned first year production of 1GWH increasing to 15 GWH per annum. The investment was made through a global lithium-ion battery consortium named Imperium3 Pty Ltd ('iM3AU').

Imperium3 New York Inc has share capital consisting of ordinary shares and redeemable preference shares. The proportion of ordinary shares held indirectly by the Group through Australian Holding Company, Imperium3 Pty Ltd, equals the voting rights held by the Group.

			Ownership *			Carrying amount	
Name of Entity	Classification	Place of business/ incorporation	2018 %	2017 %	Measurement Method	2018 $	2017 $
Imperium3 New York, Inc.	Associate	New York, USA	31.00	-	Equity Method	4,020,647	-

** Proportion of Ordinary Share Interests/ Participating Share held through Australian Holding Company Imperium3 Pty Ltd*

In addition to the ordinary shares held indirectly through Imperium3 Pty Ltd, Magnis has made a direct investment in iM3NY by way of the acquisition of 1,366,952 redeemable preference shares for total consideration of US$3,185,004. The preference shares give rights to dividends, liquidation preferences and redemption rights. They do not carry voting rights.

As at 30 June 2018, Magnis' total direct and indirect interest equates to 44.39% of the entire share capital of iM3NY.

b) Movements in equity accounted carrying values

	2018 $	2017 $
Carrying amount at 1 July 2017	-	-
New investments during the period	4,073,102	-
Share of losses after income tax	[52,455]	-
Equity accounted carrying amount at 30 June 2018	**4,020,647**	**-**

c) Commitments and Contingent Liabilities in Respect of Associates

iM3NY leases storage space in North Carolina under a lease agreement which expires in August 2018. In addition, iM3NY is responsible for the utilities. Magnis' share of future minimum lease payments under this lease as of 30 June 2018 are US$135,005.

iM3NY leases its Endicott, New York facility on a month to month basis. The lease is for an area of up to 200,000 square feet of commercial space for a discounted annual rate of US$2.99 per square foot for the initial two years of the lease. In the event that iM3NY does not enter into a long-term lease agreement by January 1, 2019, the lessor may recover the discounted rent and fifty percent of the waived expenses which total approximately US$4.40 per square foot. At June 30, 2018, the Company leased approximately 20,000 square feet. Additional space will be utilised as operations develop.

d) Summarised Financial Information for Associates

Set out below is the summarised financial information for the Group's material investments in associates. The disclosed information reflects the amounts presented in the Australian- Accounting Standards financial statements of the associate including adjustments made by the Group when applying the equity method and adjustments for any differences in accounting policies between the Group and the associates.

$'000	Revenues [100%]	Net Loss after Tax [100%]	Share of Associate Loss Recognised	Total Assets	Total Liabilities	Net Assets as Reported by Associate
2018	-	169,198	52,455	8,459,430	686,969	7,772,461
2017	-	-	-	-	-	-

Accounting policies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating decision of the entity but is not control or joint control of these policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss and other comprehensive income is included in the consolidated financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payment on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Key estimate and judgements

Recoverable value of investments in associate

The recoverable amount of investment in equity accounted associates is reviewed at each reporting date after taking into consideration any applicable impairment indicators. Significant judgement is used when assessing impairment and the reversal of previously recognised impairment for equity accounted associates.

Impairment

At each reporting date, the Group reviews the carrying values of its investment in associates to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

As at 30 June 2018, no impairment to the carrying value of the investment in associates has been deemed necessary.

28. SHARE-BASED PAYMENT PLANS

a) Recognised share-based payment expenses

The expense recognised for employees and contractors received during the year is shown below:

	Consolidated	
	2018 $	2017 $
Expense arising from the issue of options (employees)	290,200	1,064,635
Expense arising from the issue of options (non-employees)	16,125	663,055
Total expense arising from share-based payment transactions	306,325	1,727,690

The share-based payment plans are described below.

b) Types of share-based payment plans for employee

Employee share option plan (ESOP)

Share options are granted to Directors, other Key Management Personnel (KMP) and other employees. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set by the Board on the date of grant.

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The life of options to KMP and other employees granted are for 3 years but these must be exercised within 3 months of the option holder ceasing employment with Magnis Resources Limited. There are no cash settlement alternatives.

c) Summaries of options and rights granted under share-based payment

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year.

	2018 No.	2018 WAEP	2017 No.	2017 WAEP
Outstanding at the beginning of the year	19,750,000	0.52	16,875,000	0.38
Granted during the year	7,750,000	0.70	8,100,000	0.75
Exercised during the year	(3,750,000)	0.28	(5,225,000)	0.40
Expired during the year	(6,200,000)		-	-
Outstanding at the end of the year	17,550,000	0.68	19,750,000	0.52
Exercisable at the end of the year	17,550,000	0.68	19,750,000	0.52

The range of exercise prices for rights and options outstanding at the end of the year was between $0.35 and $1.00 (2017: $0.2203 and $1.00).

d) Weighted average remaining estimated life

The weighted average remaining estimated life for the share options outstanding as at 30 June 2018 is 1.39 years (2017: 1.27 years).

e) Weighted average fair value

The weighted average fair value of options granted during the year was $0.04 (2017: $0.21).

f) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the share based payment is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the year ended 30 June 2018.

	2018
Dividend yield (%)	Nil
Expected volatility (%)	39-40
Risk-free interest rate (%)	1.63 – 2.02
Expected life of option (years)	1-3
Option exercise price (cents)	70
Weighted average share price at measurement dates (cents)	37-48
Exercise price multiple	2
Model used	Binomial

The effects of early exercise have been incorporated into calculations by using an expected life for the option that is shorter than the estimated life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of Company share-prices. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. The option holders were assumed to exercise prior to expiry date when the price is twice that of the exercise price. This reflects the restrictions to trading of directors and employees outlined in the Company's share trading policy.

During the financial year the Magnis Option Share Trust (MOST) acquired and was issued with 7,000,000 options on varying terms and conditions for allotment to Directors and employees.

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Accounting policies

The Group provides benefits to employees [including directors] of, and consultants to, the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares ['equity-settled transactions'].

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options and performance rights with market based performance criteria is determined by an external valuer using a binomial option pricing model. The fair value of performance plan rights with non-market performance criteria is determined by reference to the Company's share price at date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending in the date on which the recipient becomes fully entitled to the award ['vesting date'].

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects [i] the extent to which the vesting period has expired and [ii] the number of awards that, in the opinion of the directors, based on the best available information at reporting date will ultimately vest. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in determination of fair value at grant date. The charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period. Where awards vest immediately, the expense is also recognised in profit or loss.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where the terms of an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and the new award are treated as if they were a modification of the original award as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

29. FINANCIAL INSTRUMENTS

a) Financial risk management objectives and policies

The Group's principal financial instruments consist of short term deposits, receivables and payables. These activities expose the Group to a variety of financial risks: market risk, i.e. [interest rate risk and foreign exchange risks], credit risk and liquidity risk.

The overall objective of the Group's financial risk management policies is to meet its financial targets whilst protecting future financial security.

The Board fulfils its corporate governance and oversight responsibilities by monitoring and reviewing the integrity of financial statements, the effectiveness of internal financial control and the policies on risk oversight and management. Management is charged with implementing the policies. Management manages the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to interest risk and by being aware of market forecasts for interest rates. Liquidity risk is monitored through general business budgets and forecasts. The Board reviews and agrees on policies for managing these risks.

b) Market Risk

Interest rate risk

The Group is exposed to movements in market interest rates on short-term deposits. Management ensures a balance is maintained between the liquidity of cash assets and the interest rate return. Presently, the Group has no interest bearing liabilities.

At reporting date, the Group had the following financial assets and liabilities exposed mostly to Australian variable interest rates and are unhedged.

	Consolidated	
	2018 $	2017 $
Cash and cash equivalents	1,523,886	7,554,985

The weighted average interest rate for the Group at reporting date was 2.49% [2017: 2.37%].

In accordance with the Group policy of reviewing this risk, the following sensitivity analysis based on interest rate exposure at reporting date where the interest rate movement varies and other variables remain constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for both 2018 and 2017.

30 June 2018	Carrying Amount	Interest Rate Risk -1% Net Loss $	Interest Rate Risk -1% Equity $	Interest Rate Risk +1% Net Gain $	Interest Rate Risk +1% Equity $
Consolidated Entity					
Financial asset					
Cash and cash equivalents	1,523,886	(15,239)	(15,239)	15,239	15,239
30 June 2017					
Consolidated Entity					
Financial asset					
Cash and cash equivalents	7,554,985	(75,550)	(75,550)	75,550	75,550

The sensitivity is lower in 2018 than 2017 because of lower cash balances. The analysis assumes the carrying amounts noted will be maintained over the next financial year.

Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from transactions including exploration commitments in currencies other than Australian dollars, the Group's presentation currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the United States dollar and to the Tanzanian shilling.

The net exposure to financial assets and liabilities denominated in currencies other than the functional currency of each entity in the Group were immaterial at reporting date.

c) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at reporting date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Group does not presently have any lending or any other credit risk and low level of debtors, a formal credit risk management policy is not maintained nor a sensitivity analysis prepared.

d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility as to its source.

The Directors monitor cash flow monthly and increase the frequency of review when the safety margin is or is nearly breached. The Board formulates plans to replenish its cash resources when required and implements cost reduction programmes to reduce cash expenditure.

The table below reflects all contractually fixed pay-offs, repayments and interest from recognised financial liabilities. For these obligations the undiscounted cash flows for the respective upcoming financial years are presented. Cash flows for financial assets and liabilities without fixed timing or amount are based on the conditions existing at 30 June 2017.

The remaining contractual maturities of the Group entity's financial liabilities consisting of trade and other payables are:

	Consolidated 2018 $	Consolidated 2017 $
On demand	-	-
Less than 1 year	1,025,764	1,128,057
1-5 years	-	-
> 5 years	-	-
	1,025,764	**1,128,057**

e) Net Fair Values

The carrying amounts of financial assets and liabilities as shown in the statement of financial position approximate their fair value.

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DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Magnis Resources Limited, I state that:

1. In the opinion of the Directors:

   a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

      (i) Giving a true and fair view of its financial position as at 30 June 2018 and performance for the financial year ended on that date.

      (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

   b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

   c) There are reasonable grounds to believe that the Company, as noted by Directors in Note 1 – Going concern, will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the board



F Poullas

Non - Executive Chairman

Sydney, 17 September 2018

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Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Magnis Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Magnis Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the matter was addressed in our audit*
During the year, the Group has made investments in Imperium3 NY, Inc and Charge CCCV, LLC ('C4V'). The investments are a complex accounting area which include judgements over the accounting treatment and assumptions utilised in the fair value calculation. We consider the Group's investments in C4V and Imperium3 to be a key audit matter. Refer to Note 9 and Note 27 of the financial report for a description of the accounting policy and significant estimates and judgements applied to the investments.	To determine whether the investments were appropriately accounted for and disclosed, we undertook, amongst others, the following audit procedures: ▪ IM3 – Determine that the equity method has been properly applied and is consistent with generally accepted accounting principles. ▪ C4V – Review appropriateness of classification and measurement of this investment according to AASB 9 *Financial Instruments: Recognition and Measurement*. ▪ C4V & IM3 – Review of the discounted cash flow models and supporting documentation provided by management to support the fair value of both investments as at 30 June 2018.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. The Group's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it

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is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

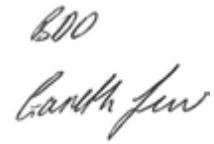
In our opinion, the Remuneration Report of Magnis Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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BDO East Coast Partnership



Gareth Few
Partner

Sydney, 17 September 2018

ADDITIONAL SHAREHOLDER INFORMATION

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Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 14 August 2018.

a) Distribution of equity securities

The numbers of shareholders, by size of holding, in each class of share are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	428	208,495
1,001 – 5,000	1,308	3,844,198
5,001 – 10,000	862	7,193,453
10,001 – 100,000	1,940	69,019,421
100,001 and over	613	492,612,921
	5,151	**572,878,488**
The number of shareholders holding less than a marketable parcel of shares are:	655	506,407

b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

Name	Number of Shares	% of Ordinary Shares
Mazzdel Pty Limited	50,959,353	8.90
Pershing Australia Nominees Pty Ltd	27,917,111	4.87
Bnp Paribas Nominees Pty Ltd	23,547,259	4.11
Citicorp Nominees Pty Limited	22,144,608	3.87
Hsbc Custody Nominees (Australia) Limited	15,798,419	2.76
Mr Frank Poullas	14,532,930	2.54
J P Morgan Nominees Australia Limited	9,260,409	1.62
Mr Matthew John Boysen	9,014,350	1.57
Mr Jurgen Behrens	8,340,000	1.46
Gibbs Plumbing Services Pty Ltd	5,580,000	0.97
Finmin Solutions Pty Ltd	5,305,714	0.93
Mr Marlon Pather	5,200,000	0.91
Miss Hazel Darcy	4,089,462	0.71
Maxma Pty Ltd	4,000,000	0.70
Mr Mark Anthony O'sullivan	3,900,987	0.68
Cong Ming Limited	3,833,926	0.67
National Nominees Limited	3,827,665	0.67
Ms Ruie Yao	3,815,801	0.67
Mr Peter Sarantzouklis	3,518,549	0.61
Mr Emmanuel Poullas	3,486,993	0.61
	228,073,536	**39.81**

c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Fully Paid Number of Shares	Percentage %
Mazzdel Pty Limited	50,959,353	8.90

d) Stock Exchange Listing

Magnis Resources Limited is listed on the Australian Stock Exchange.
The Company's ASX code for ordinary shares is MNS.



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Magnis Resources
LIMITED

Suite 9.03, 88 Phillip Street
Sydney NSW 2000 Australia
Tel +61 2 8397 9888
Email info@magnis.com.au
www.magnis.com.au