

FOR RELEASE: 31 OCTOBER 2023

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## Export Controls on Graphite Introduced by China

- **China introduced export controls on certain graphite products including natural and spherical graphite from December 1, 2023**
- **China is currently the major producer of graphite products globally**
- **The new export controls expected to benefit the progression of the Nachu Graphite project**

On Friday, October 20, 2023, the Ministry of Commerce (MOFCOM)<sup>1</sup> and the General Administration of Customs (GACC) in China announced new export controls for specific "dual-use" graphite products used in both commercial and defence applications.

Magnis expects to benefit from these controls given its position as an alternative future supplier of natural graphite products outside of China and a vertically integrated supplier of natural graphite Active Anode Materials (AAM).

### New China graphite export controls

Magnis expects that the new export controls announced by China to take effect from December 1, 2023, will encompass natural graphite and its various products, such as uncoated spherical graphite, coated spherical graphite (CSPG), and expandable graphite. Furthermore, the previous temporary export controls in China for high purity, high density, and high-strength synthetic graphite materials are now expected to be permanently enforced.

In addition, MOFCOM and GACC have announced the lifting of current export controls and licensing procedures on five types of less sensitive graphite materials used in steel, metallurgy, and chemical industries, also starting from December 1, 2023.

### China's Dominance of Graphite

China stands as the predominant global producer and exporter of graphite. It presently holds a near-monopoly on spherical graphite supply, accounting for over 90% of the world's anodes used in lithium-ion batteries.

<sup>1</sup> <http://www.mofcom.gov.cn/article/zcfb/zcblgg/202310/20231003447368.shtml>.

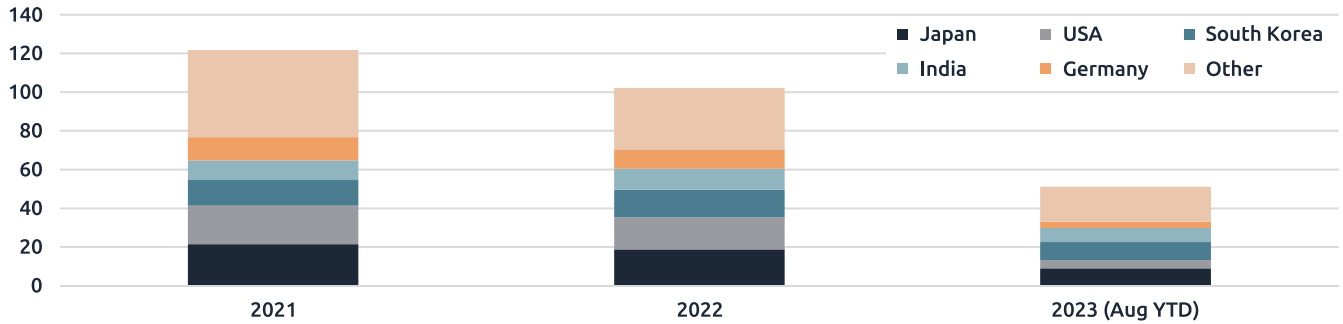


Figure 1: China natural graphite exports (kt)<sup>2</sup>

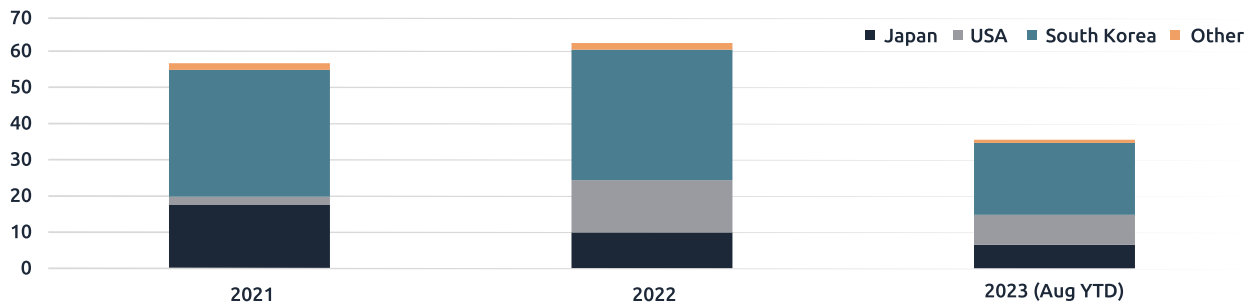


Figure 2: China spherical graphite exports (kt)<sup>2</sup>

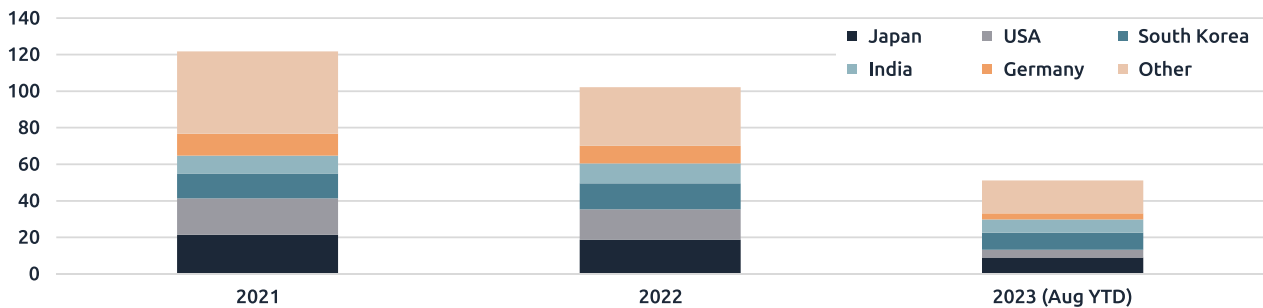


Figure 3 China natural graphite AAM exports (kt)<sup>2</sup>

<sup>2</sup> Source: Datamyne and Chinese customs data. Natural graphite exports include high purity and expandable graphite.

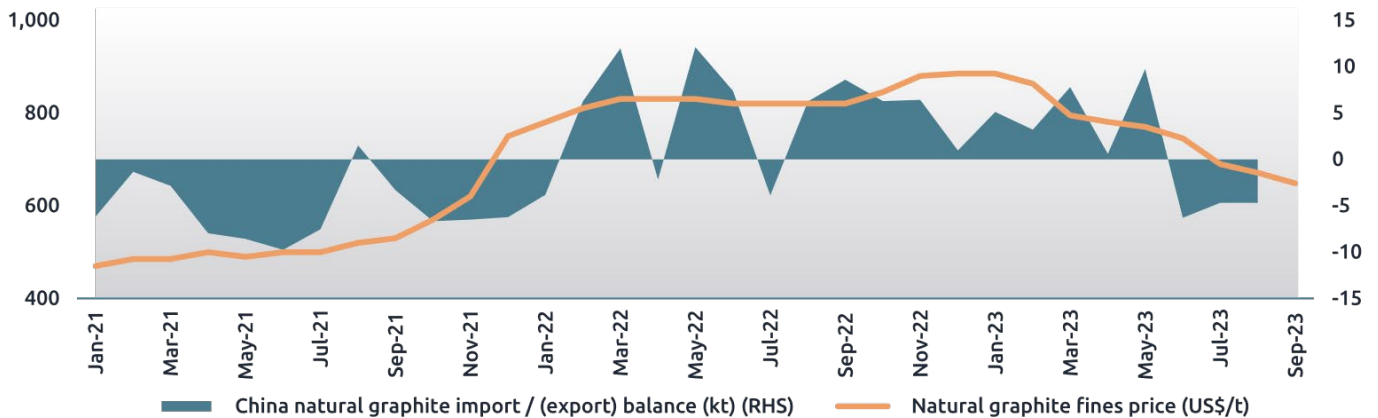


Figure 4: Natural graphite fines prices versus China natural graphite import/export balance<sup>3</sup>

### Increased Interest Received

Following the announcement by MOFCOM and GACC, Magnis has received increased interest for both offtake and investment into its Nachu Graphite Project.

**Magnis Chairman Frank Poullas commented:** “Nachu’s unique graphite project is able to produce a 99% concentrate via a basic flotation process. Using the Nachu concentrate we are able to produce a CSPG product via **mechanical-only, low temperature processes**, which is remarkable.”

“The announcement made by MOFCOM and GACC is expected to see OEMs fast track their plans to move towards future non-Chinese flake graphite and anode supply, which Nachu is well placed to respond to.”

### About Magnis

Magnis Energy Technologies Ltd (ASX: MNS; OTCQX: MNSEF; FSE: U1P) is a vertically integrated lithium-ion battery technology and materials company in the Lithium-ion battery supply chain. The company's US based subsidiary Imperium3 New York, Inc ("iM3NY") operates a Gigawatt scale Lithium-ion battery manufacturing plant in Endicott, New York. Magnis together with their US based technology partner, C4V LLC has produced high-performance active anode materials for lithium-ion batteries utilising Magnis’ high purity graphite feedstock from their Nachu Graphite project in Tanzania. The company's vision is to enable, support and accelerate the mass adoption of Electric Mobility and Renewable Energy Storage critical for the green energy transition.

This announcement has been authorised for release by the Board of Magnis Energy Technologies Ltd (ACN 115 111 763).

<sup>3</sup> Source: Asia Metals (Price Reporting Agency) and ICCSino.

FOR FURTHER INFORMATION

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