

QUARTERLY REPORT

For Quarter Ending March 2023

Key Highlights

- **Signed offtake with Tier 1 OEM EV manufacturer underpinning the Anode Active Materials (AAM) and Nachu projects**
- **Shortlisted sites identified for the AAM facility and indicative proposals received from landlords**
- **Finalisation of selection and commercial negotiations with engineering and project services firm to support the design and engineering of the AAM facility**
- **Fund raising completed via a Pre-Payment Subscription Agreement for \$25m in Tranche 1 and the potential for a further \$25m in Tranche 2**
- **Local Tanzanian firms engaged to assist the financial and legal advisers with international transactional experience in the mining and metals industry in Africa to further the fund raising for the Nachu Graphite Project**
- **Detailed negotiations on the final framework agreement continued with the Government of Tanzania**
- **Magnis' Lithium-ion battery manufacturing facility operated by Imperium3 New York Inc ("iM3NY") continued the external certification (UN38.3) process to allow for transportation of cells in large quantities.**

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) (“**Magnis**” or the “**Company**”) is pleased to present its Quarterly Activities Report and overview of operations for the period ended 31st March 2023 (“**Quarter**”, “**Reporting Period**”).

COMPANY OVERVIEW

Magnis aims to be a vertically integrated lithium-ion battery technology and materials company across key segments of the Lithium-ion battery supply chain. The company's vision is to enable, support and accelerate the mass adoption of electric vehicles and renewable energy storage critical for the green energy transition.

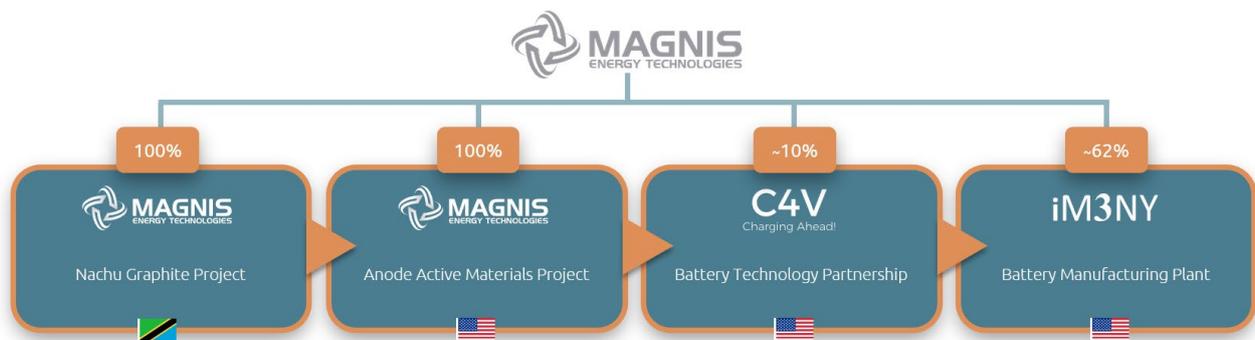


Figure 1: Magnis’ Integrated Lithium-ion Battery Strategy

OPERATIONAL UPDATE

Imperium3 New York Lithium-ion Battery Plant



Figure 2: Lithium-ion battery cells from iM3NY

An additional independent certifier was appointed during the quarter to accelerate the certification of cells to UN38.3 for transportation. Meanwhile, sample cells were sent to customers for assessment to ensure they meet their individual requirements.

Once the independent certification has been completed, commercial quantities will be able to be shipped to customers. One customer, Sukh Energy has agreed a delivery schedule which will commence in the second half of calendar 2023. The sales team has continued to focus on obtaining

deposits and locking in initial delivery dates once the customer has completed their internal testing.

iM3NY Funding

HSBC has received interest from a number of parties, including OEM's and financial investors, with term sheets received from two which were under review at quarter end. Discussions with the US Department of Energy's Loans Program Office (LPO) also continued during the period with further information being furnished to the LPO to assist in their assessment process.

AAM PROJECT UPDATE

Magnis' Anode Active Materials Project Advances

Magnis' plans to establish an Anode Active Material (AAM) manufacturing plant utilising high purity natural graphite feedstock from its wholly owned Nachu graphite project in Tanzania. During the quarter, the following milestones were achieved.

- The signing of the offtake agreement with a Tier 1 OEM EV Manufacturer which underpins the project occurred midway through the quarter. For more details please see the announcement <https://bit.ly/445KJCS>
- Deposit was paid for the first key piece of equipment with leading supplier Hosokawa Alpine Aktiengesellschaft for the AAM Demonstration Plant. This same equipment will be utilized in the full scale AAM Plant.
- Jones Lang Lasalle, Americas, Inc shortlisted sites were reviewed by Magnis and preliminary offers were received from the owners of the preferred sites.
- During the quarter, discussions with a selected short-list of global engineering firms took place resulting in the preferred group being chosen and contract negotiations subsequently taking place. Post the end of the quarter, the appointment of Worley was announced to conduct the necessary technical engineering studies required for the full-scale plant.



Figure 3: Hosokawa ZPS Classifier Mill & Alpine Particle Rounder

NACHU GRAPHITE UPDATE

Key Advisers appointed for the Nachu Graphite Project

Key financial and legal advisers were appointed to assist with project financing required to fund construction of the Nachu Graphite Project. Independent corporate finance advisory firm HCF International advisers based in London, UK was selected based on their experience and expertise in the mining and metals sector, and a long history of securing funding for projects in Africa. Additionally, International law firm Milbank LLP was appointed as legal adviser given their experience advising a range of clients on some of Africa's most significant project finance transactions.

Eco-Village Resettlement Program

As of the end of March 2023, the construction of all housing units of the Eco – Resettlement Village had been completed. Further work on the roads, lighting and fencing could commence following the end of the wet season. The Uranex CSR Team continued its work on the necessary training programs which will assist with the relocation to the Eco-Village of those to be housed there.



Figure 3 & 4: Eco-village Drone Images

SUSTAINABILITY UPDATE

Corporate Social Responsibility in Tanzania

Magnis continues to place significant importance on Corporate Social Responsibility (CSR), notably in its Nachu graphite project in Tanzania. The Company has continued its social projects with the local community supporting the local Ruangwa football team and Meekenyera Secondary School Debate.



Figure 5: Namikulo Maternity Ward & Septic Tank

The Uranex CSR team also continued its work with the Chunya Mtumbuni Primary school and Namikulo Maternity ward construction. At the former, water delivery to assist with construction of the toilets is ongoing as is door frame resizing with doors ordered and their fitting and mosquito netting to the windows to follow.

The Namikulo Maternity ward had painting of its external surfaces and ceiling board fixed and the commencement of underground water tank construction and the internal fit out.

CORPORATE UPDATE

Fund Raising

During the quarter, MNS signed a Pre-Payment Subscription Agreements with L1 Capital Global Opportunities Master Fund (a relegated party to SBC Global) and Regal Funds Management Pty Ltd which saw it raise a total of \$25million in the first Tranche and a further sum of \$25M can be raised in the second Tranche. After fees and expenses, net proceeds in Tranche 1 were closer to \$22M. This was to be used to strengthen the Company's balance sheet, provide funding to iM3NY for plant productivity enhancements and additional working capital, funding of further engineering studies at the Nachu Graphite Project and engineering and feasibility studies at the AAM Project.

Further Information as Required under Listing Rule 5.3

No substantive mining exploration occurred during the Quarter. The mining and development activities during the quarter were limited as are fully explained above in the Nachu Graphite Update.

No licenses were given up or acquired in the relevant period. Magnis' licences held by Uranex in Tanzania are as follows:

- SML 550/2015 - the Special Mining Licence of 29.77 km² that covers the Nachu Graphite Project; and
- PL10929/2106 - the prospecting licence that surrounds the SML and is the licence that contains the various graphite mineralised discovered and reported from 2012 to 2015.

Related Party Payments

Payments to related parties (or their associates) of the Company were disclosed in section 6 of Appendix 5B for the Quarter. The payments for the Quarter comprise directors' fees, consulting fees, and payments made for services provided by an associate of a related party.

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 has also commenced development plans to set up an Anode Active Materials Project in the US. In conjunction with battery technology partner, C4V LLC, Magnis has produced high-performance anode active materials for lithium-ion batteries utilising high purity graphite concentrate feedstock from Magnis' 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).

FOR FURTHER INFORMATION

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Magnis Energy Technologies Ltd

ABN

26 115 111 763

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	(363)	(1,888)
(c) production	(3,988)	(7,641)
(d) staff costs	(2,685)	(4,511)
(e) administration and corporate costs	(5,134)	(10,831)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	58	105
1.5 Interest and other costs of finance paid	(4,059)	(10,929)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	2,762	2,762
1.9 Net cash from / (used in) operating activities	(13,409)	(32,933)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment	(2,206)	(44,601)
(d) exploration & evaluation (if capitalised)	(350)	(1,739)
(e) investments in iM3NY, C4V, iM3TSV	-	(5)
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(c) property, plant, and equipment	3	5
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities*	55	297
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(2,498)	(46,043)

* Short-term loans to/from Charge CCCV, Imperium3 Townsville + Imperium3 NY

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	490	2,630
3.2 Proceeds from issue of convertible debt securities	24,291	23,291
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(4,082)	(4,082)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(6,118)	(1,595)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)^	-	-
3.10 Net cash from / (used in) financing activities	14,581	20,244

^ Repayment of lease liabilities

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	44,535	100,238
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(13,409)	(32,933)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,498)	(46,043)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	14,581	20,244
4.5 Effect of movement in exchange rates on cash held	259	1,962
4.6 Cash and cash equivalents at end of period	43,468	43,468

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	43,468	44,535
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	43,468	44,535

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	237
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	149,304
7.2	Credit standby arrangements	-
7.3	Other (please specify)	-
7.4	Total financing facilities	149,304

7.5 Unused financing facilities available at quarter end

0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Magnis majority owned subsidiary Imperium3 New York Inc(iM3NY) has a US\$100 million loan facility ("loan facility"),

The key terms of the loan facility are: **Lender:** ACP POST OAK CREDIT I LLC through Atlas Credit Partners ("ACP") in collaboration with Aon, **Amount:** US\$100 Million, **Term:** 3 Years, **Guarantor:** Charge CCCV LLC (C4V), **Security:** a lien over the assets of iM3NY and the intellectual property of C4V (a minority shareholder in iM3NY) provided to iM3NY, and **Interest cost:** Secured Overnight Financing Rate (SOFR - that has a floor of 1%) + a 6% margin and Credit Insurance Wrap Premium, which in Year 1 is 8.25%, Year 2 is 4.6% or 2.5% (if milestone achieved) and in Year 3 is 4.35% or 2.25% (if further milestone achieved).

Please see the announcement on 19 April 2022 or below link for more details .

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02511299-2A1369171?access_token=83ff96335c2d45a094df02a206a39ff4

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(13,409)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(350)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(13,759)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	43,468
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	43,468
8.7	Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	3.2

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2023

Authorised by: By the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.