MAGNIS
ENERGY TECHNOLOGIES

ANNUAL REPORT 2023

Contents

Board
F Poullas [Executive Chairman]
H Daruwalla [Managing Director US]
M Dajani [Non-Executive Director]
C Bibby [Non-Executive Director]
G Gunesekera [Non-Executive Director]
P Tsegas [Non-Executive Director]
Fabrizio Perilli [Non-Executive Director]

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STOCK EXCHANGE LISTING/ASX
Magnis Energy Technologies Ltd shares (code MNS) are listed on the Australian Securities Exchange.

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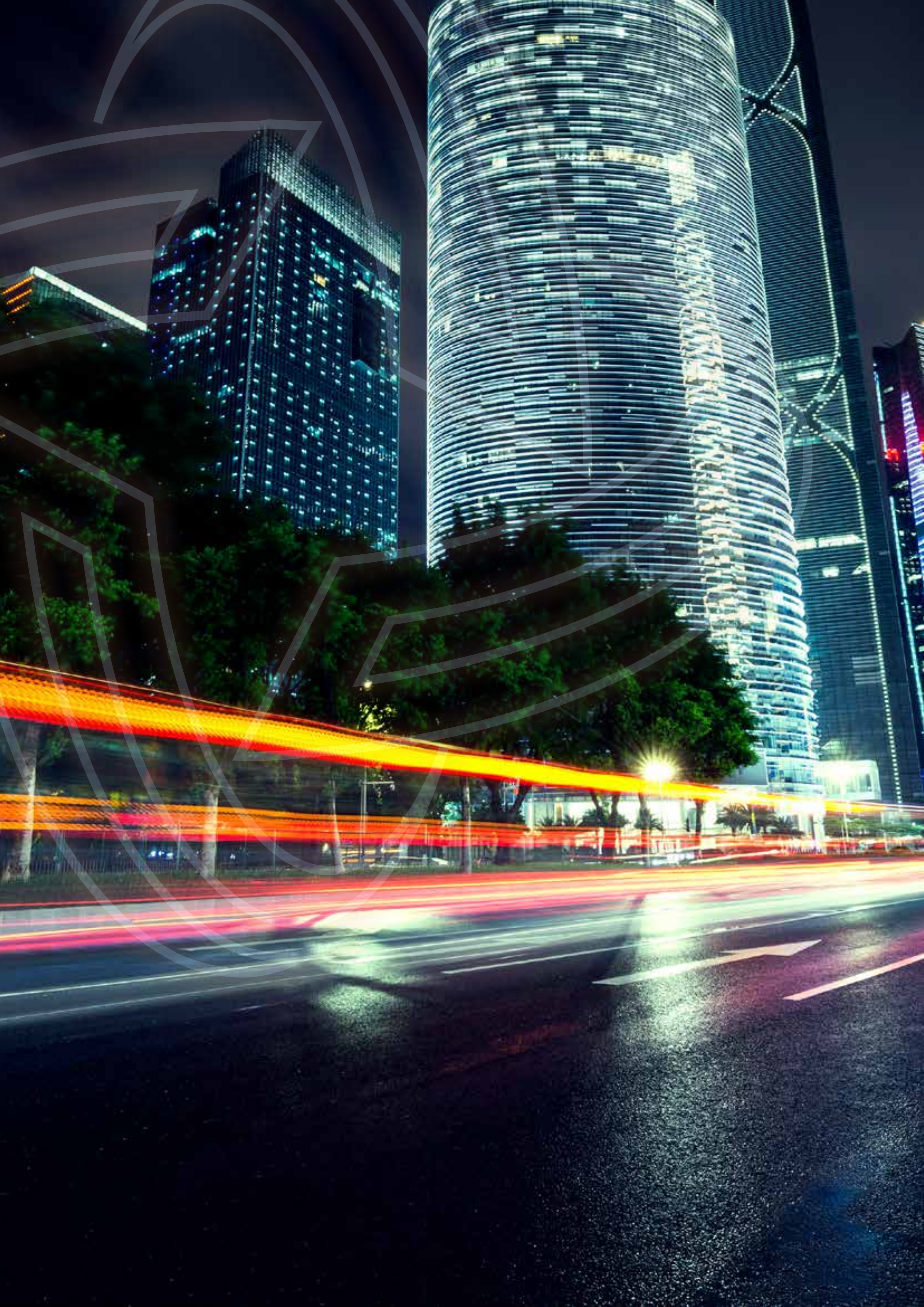
INNOVATIVE
Birm



1 REVIEW OF OPERATIONS

iM3NY

Production Commences

In August 2022, the iM3NY Lithium-ion Battery plant, a vast facility spanning 22,000 square meters (equivalent to over three professional football/soccer fields), finished the majority of the plant to enable commercial production, which commenced at this time. It then sought certification of its cells to UN38.3 which enables more than 8 cells to be shipped to customers. This milestone was achieved in June of 2023.

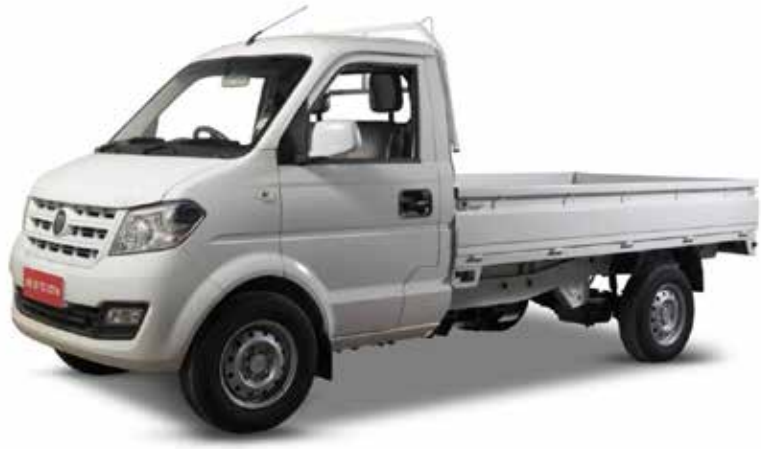
Joint Venture with Omega Seiki

Magnis majority owned subsidiary Imperium 3 New York Inc, entered into a joint venture (JV) agreement with Omega Seiki Mobility (OSM). OSM is part of the Anglo Omega Group. The entity is set to engage in the production and distribution of lithium-ion battery packs manufactured within India. These batteries will find their purpose in OSM's electric vehicles, spanning the realm of two, three, and four-wheelers. Their geographical reach will extend to encompass India, UAE, Bahrain, Kuwait, Qatar, and Saudi Arabia.

Functioning as an independent profit centre, the JV company will assume full financial responsibility for its operations. OSM will oversee local operations, as well as take charge of financing, sales, marketing, compliance, and administrative duties.

iM3NY will contribute the essential technology and expertise needed for the development and production of lithium-ion battery packs.

In terms of ownership, OSM will hold a 74% stake in the JV company, while iM3NY will possess the remaining 26%. This collaboration is poised to usher in a new era of sustainable and innovative mobility solutions across the specified regions.



AAM PROJECT

In February 2023, Magnis announced its downstream Advanced Anode Material (AAM) production facility, a key development in the company's strategic initiatives. This facility is poised to provide a reliable source of Coated Spherical Purified Graphite (CSPG) anode products which due to the quality of the graphite feedstock from the Nachu Graphite Project has been recognised as being sustainably produced with top-tier quality, and performance. These products are specifically tailored to cater to the burgeoning lithium-ion battery markets in the United States and Europe.

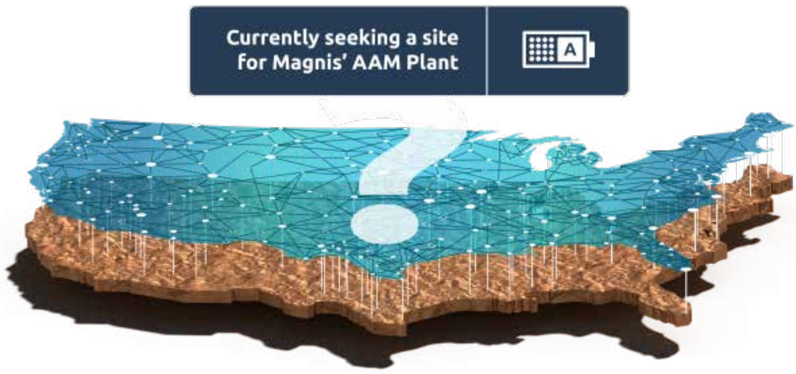
The proposed AAM processing facility aligns seamlessly with Magnis' vision of comprehensive vertical integration across the Lithium-ion battery value chain.

Magnis will implement a phased approach to AAM production, commencing with the fitting out of a site in South West USA of a demonstration plant.. The demonstration plant will play a pivotal role in providing AAM for the qualification process involving Original Equipment Manufacturers (OEMs) and Lithium battery cell manufacturers. This endeavor underscores Magnis' commitment to advancing sustainable energy solutions.

Off-take agreement with Tier-1 Manufacturer
Magnis signed a Firm Off-take Agreement with a Tier 1 EV manufacturer, ensuring the supply of Advanced Anode Material (AAM) commencing in February 2025 at a fixed price. As part of this agreement, this manufacturer commits to procuring a minimum of 17,500 tons per annum (tpa) of AAM, starting from February 2025, with the flexibility to acquire up to 35,000 tpa. This contractual commitment spans a minimum duration of three years, all while maintaining a fixed pricing structure.

The fulfillment of this agreement is contingent upon several key milestones. These include Magnis securing a final location for its commercial AAM facility before June 30, 2023 (which Magnis has met, see below), successful AAM production from the demonstration plant by March 31, 2024, the initiation of production from the commercial AAM facility by February 1, 2025, and satisfying the necessary customer qualification requirements, these dates are capable of being varied by up to 12 months by agreement.

Letter of Intent for Site Selection
Magnis appointed Jones Lang Lasalle, Americas, Inc as commercial real estate adviser to identify and secure a real estate solution that best meets the Company's long-term operational plans for a full scale AAM plant.



Magnis entered into a Letter of Intent (LOI) for a site in the Southwestern United States which satisfied the selection criteria such as size, power supply, infrastructure prerequisites, and prospects for expansion, and its closeness to crucial logistical hubs and key partners.

Simultaneously, the company is actively engaged in negotiations with governmental bodies at the local, state, and federal levels to secure incentives and support packages for the site.

Completed Funding

Funding was completed from L1 Capital Global Opportunities Master Fund ("L1 Capital") and Regal Funds Management as trustee for one or more funds ("Regal"). The funding is structured as an equity-linked pre-paid share subscription facility agreement for a total of up to A$50 million subscription credit. A$25 million was issued in the first tranche, the second tranche was not pursued.

Equipment

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.

Worley Contracted

After several discussions with a selected short-list of global engineering firms, the appointment of Worley Group Inc. ("Worley") was announced and they were contracted to provide pre-Front-End Engineering & Design ("FEED"), and project permitting services for its planned commercial scale AAM project in the US.

Anode Active Material Performance

Recently Magnis produced Anode Active Material derived from its high-purity Nachu flake graphite for customer qualification. The materials produced by Magnis' technology partner, C4V utilising a downstream processing technology at its pilot facility in New York has been undergoing regular product development, optimisation and quality and performance testing exercises. The quality control (QC) and performance testing have been performed as per industry standard protocols including third party analytical tests for purity verifications.

Magnis' AAM has demonstrated FCE results that meet and outperform the industry standard requirements for both EV's and energy stationary storage. These performance results have been achieved without any chemical/acid purification or high-temperature thermal purification.

Particle engineering equipment held at C4V Labs in New York to upgrade Natural Graphite into Battery Anode Material

NACHU

Magnis Energy Technologies Ltd. has two subsidiaries in Tanzania:

- UTL (Uranex Tanzania Ltd)
- Magnis Technologies (Tanzania) Ltd (MTT)

UTL is the company under which the discovery of the extensive graphite mineralization on the tenement (PL9076/2013) was made and which holds the Special Mining Lease (SML550/2015). UTL will operate the mining operations, tailings dam and water supply facilities. UTL will carry out the initial processing as well. UTL falls under the jurisdiction of the Ministry of Minerals. MTT will finish off the product and achieve the higher levels of purity required by the markets. MTT is the company that holds the SEZ (Special Economic Zone) license for production of the advanced graphite products through the production process developed by Magnis. The original application for the SEZ was made in November 2016 which resulted in the granting of the SEZ license. Following discussions with the EPZA (Export Processing Zone Authority), a revised application with an amendment proposal was made April 2018. MTT falls under the jurisdiction of the Ministry of Industry and Trade and the relevant authority is the EPZA.

Mineral Resource and Reserve Estimate

The Nachu Graphite Project Mineral Resource Estimate as of 1st February 2016 included a 174 Million Tonnes at 5.4% graphitic carbon (Cg) at a 3% Cg cut-off grade, classified as either Measured, Indicated or Inferred resources and 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 Mineral Resource Estimate is summarised below.

Nachu Mineral Resource Estimate			
Classification	**Tonnes (mt)**	**Grade (% TGC)**	**Graphite (mt)**
Measured	63	4.7	3.0
Indicated	61	5.7	3.5
Inferred	50	5.8	2.9
Total mineral resources	**174**	**5.4**	**9.3**

JORC Compliant Mineral Resource Estimates

Nachu Ore Reserve Estimate			
Classification	**Tonnes (mt)**	**Grade (% TGC)**	**Graphite (mt)**
Proved	50.5	4.6	2.3
Probable	25.7	5.1	1.3
Total ore reserves	**76.3**	**4.8**	**3.7**

JORC Compliant Ore Reserve Estimates

BFS Update Completed

The update to the 2016 BFS (Bank Feasibility Study) confirmed the Nachu Project as a world class graphite project with strong technical and financial viability combined with impactful sustainability outcomes. Key highlights from the BFS are found in the table below.

Key Financial Highlights of the Nachu Graphite Project

Project Metrics	Units	Value
Project NPV_{10} LOM (Post Tax)	US$	$1.2bn
Project IRR LOM (Post Tax)	%	51%
Payback Period[1]	Months	19
Operating Expenditure[2]	US$/t	$639
Initial Project Capital Cost[3]	US$	$324mn
Special Economic Zone Period[4]	Years	10
Concentrate Total Graphitic Carbon (TGC)[5]	%	98.5% - 99%
Concentrate Basket FOB Mtwara	US$/t	$1847
Process Plant Capacity	t/year	5,000,000
Steady State Graphite Production[6]	t/year	~236,000
Recovery Rate	%	89.6%
Ore Reserve	t	76M
Mineral Resources	t	174M
Mine Life	Years	15.5

1 Payback period is at the Project level (unlevered) and thus does not consider financing costs

2 Average Annual Operating Costs during steady state production from Year 2 to Year 12. Operating costs include all mining, processing, product logistics costs (FOB) and miscellaneous and general admin costs. Excludes sustaining capital and industrial mineral royalties of 3%.

3 Additionally, there are contingency costs of US$39.6m and pre-production mining costs of US$33.7m.

4 Exemption from corporate tax and royalties for 10-years. This was recently renewed in May 2021. International arbitration available if dispute resolution required and revenues from product sales will be paid into foreign accounts. Applies to Magnis Technologies Tanzania Limited (MTT) only, a subsidiary of Magnis Energy Technologies Ltd. MTT will operate the processing plant and produce and export advanced graphite products.

5 Jumbo and Super Jumbo Flakes at 98.5% and 99% for large flakes and below. Average TGC 98.8%

6 Steady state production from Year 2 to Year 12

Advisers Appointed

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

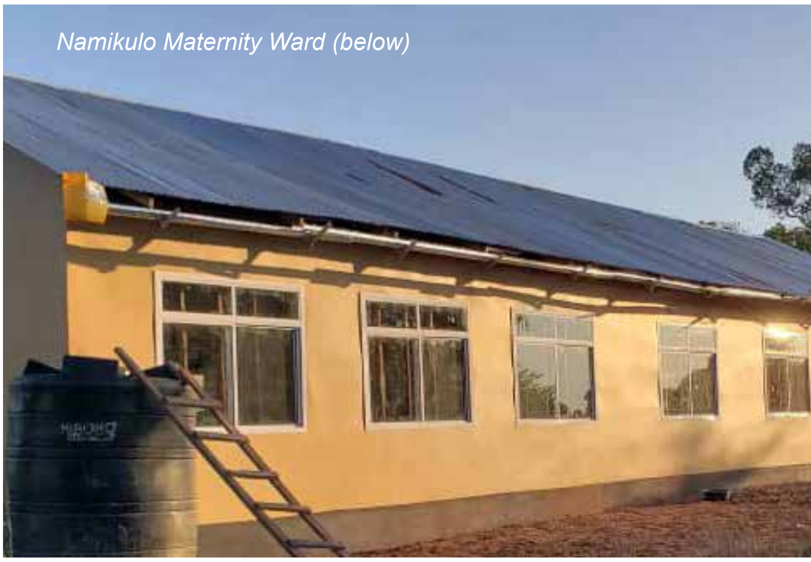
The company had identified 75 Project Affected People (PAP) who were assessed and compensated, of those only 59 families were living on the special mining licence area. 70 houses have been constructed, 59 for the identified PAPs and 11 for some PAPs that were identified as disadvantaged during the valuation process. The Eco-village being built to house those families, was completed including solar powered street lights, water storage tanks and tower, solar water pump and roadwork.

CSR Work

The Uranex CSR Team has completed the Namikulo Maternity Ward. It features a paved corridor for wheelchair and hospital bed access. It is now ready to be handed over to the community.

The Chunyu Mtumbuni Primary School has also been completed and has since been handed over to the community. District Executive director, Mr. Mbesigwe, conveyed his gratitude to UTL and their contractors for their commendable support to the community, even during non-production phases.

Namikulo Maternity Ward (below)



Chunyu Mtumbuni Primary School Staff & Children

MAGNIS

Managing Director (USA) Appointed

Hoshi Daruwalla was appointed Managing Director (USA). Hoshi is based in the United States, and oversees Magnis' U.S. expansion plans. Hoshi brings over 30 years of experience in global tier-1 advanced manufacturing companies where he has held board, C-Level, and Senior Management roles.

Funding Provided to iM3NY

Magnis has increased its economic interest in iM3NY LLC ("iM3NY") to 73% following the issue of Class A Preference Units in return for the provision of funding to iM3NY in March 2023 and further funding in late June 2023.

With the iM3NY Battery Plant likely entering the stage of commercial field trial sales from production batches in the current quarter, the Company's board believed it was an opportune time to increase its overall stake in the project, rather than seeking repayment of this funding.

Magnis has also carried out a fully subscribed placement of approximately 80M shares @$0.12 per share which occurred in July and then a Standby Equity Deed under which a further 80,000,000 shares were committed to enable it to provide additional support to iM3NY (thereby allowing iM3NY to meet its operating and financing obligations) and to provide additional working capital to Magnis itself.

2 Corporate Governance Statement

Magnis Energy Technologies Ltd (Company or Magnis) approach to corporate governance is more than merely one of compliance and more focused on striving for best industry practice and building excellent corporate governance which it believes is essential for long-term sustainability of its business and general performance and will assist in the protection of the interests of all stakeholders of the Company.

This Corporate Governance Statement (CGS) outlines the main corporate governance practices currently in place for Magnis and addresses the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). The Company accords with most of the ASX Recommendations and where it does not an explanation is provided as to why not.

All references to the Company's website are to: **www.magnis.com.au**

PRINCIPLE 1
LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board and Governance Framework

The Board has a clear understanding that it is responsible for the Company's corporate governance and recognises the importance of this in establishing accountabilities, monitoring, and managing risks, guiding, and regulating activities and optimising the Company's overall performance. The Board also recognises the need for continuous improvement and to regularly review its system of corporate governance[1].

The Directors must act in the best interests of the Company and, in general, are responsible for, and have the authority to determine, all matters relating to the policies, management and operations of the Company.

The role and responsibilities of the board is detailed in the board charter available at: https://magnis.com.au/files/Board-Charter.pdf

This is the newly approved board charter which was as part of the governance review during the year which saw most of the policies and charters reviewed and updated.

The Board's responsibilities, in summary, include [2]:

- Defining the company's purpose and promoting a culture of acting lawfully, ethically and respectfully.
- Providing strategic direction and reviewing, approving then monitoring corporate strategic goals and objectives.
- Lead by example applying the Company's values and Code of Conduct.
- Oversee the Group's accounting and corporate reporting, compliance and regulatory reporting.
- Institute ands regularly review and update a broad-based risk management framework and crisis management plan.
- Set the sustainability, diversity, climate and ethical standards and goals for the group.
- Appointing, monitoring the performance of, and, if necessary, removing the Chief Executive Officer and/or Managing Director.

1 There has been turnover at the board & senior management during the financial year. As a consequence, the opportunity was taken to change the composition and expertise on the board and the committees and the frequency of meetings of both the board and its committees.

2 These have changed as a consequence of a review and update of the Board Charter.

- Ratifying the appointment or removal and contributing to the performance assessment of the members of the senior management team.
- Appoint the chairs and composition of each of the standing and ad hoc committees of the board.
- Planning for Board and executive succession.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Adopting an annual budget and monitoring management and financial performance and plans.
- Monitoring the adequacy, appropriateness and operation of internal controls.
- Identifying significant business risks and reviewing how they are managed.
- Considering and approving the Company's Annual Financial Report and the quarterly Cash flow and Activities reports.
- Enhancing and protecting the reputation of the Company.
- Reporting to, and communicating with, shareholders; and
- Maintain best industry corporate governance standards, approve this statement, set delegated authority levels and monitor the effectiveness of the company's policies in particular the Security Trading Policy, Modern Slavery Statement and the Anti-Money Laundering, Bribery and Corruption policy.

Day to day management of the Company and implementation of Board policies and strategies has been formally delegated to senior executives and management. It is the responsibility of the Board to oversee the activities of management in executing delegated tasks. In particular, the Board has delegated management responsibility for:

- Delivering key objectives and milestones in accordance with market expectations as are set by the Company.
- Developing project budgets for capital and operating expenditure for Board review and, if appropriate, approval.
- Developing and maintaining an effective risk management framework and keeping the Board and the market fully informed about risk.
- The prudent management of the Company's cash reserves in accordance with the approved annual operating budget.
- Regulatory compliance across all jurisdictions in which the Company undertakes business covering amongst other things health and safety, tax, accounting, and company reporting.

In making decisions regarding the appointment of Directors, the Board assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. When a vacancy exists, the Board receives suggestions for candidates and based on the skills determines whether those were what is required at that time and doesn't automatically select based on those of the outgoing board member as the groups business is evolving.

Directors, senior executives and employees work under employment contracts that provide accountability with respect to expected duties, rights, responsibilities, remuneration and entitlements such as superannuation, leave, annual reviews, performance KPIs and termination events.

Board Committees

During the reporting period the Board had three (3) standing Board Committees and 2 ad hoc committees, of the latter the Continuous Disclosure Committee was formalised prior to the start of the reporting period and the other the M&A Committee was appointed midway through the year. Details regarding the number of Board meetings and committee meetings held during the year and the attendance of each member is set out in the 2023 Director's Report which forms part of the Annual Report. The Board and its Committees held 27 meetings during the year ended 30 June 2023. The Company Secretary is accountable to the Board through the Chairman with respect to corporate governance matters including the functioning of the Board, and in communications to the ASX, as required under the Listing Rules.

For the majority of the year the board comprised 7 Directors, of which 6 were non-executive and 1 executive director, the Chair. This changed in April when Mugunthan Siva resigned to 5 non-executive and 1 executive director and then changed again in June when Hoshi Daruwalla became MD (USA) such that there were for a period of 2 months 2 executive directors and 4 non-executive directors until Fabrizio Perilli was appointed which reinstated the non-executive directors to 5.

The composition of the standing committees is set out below and the Continuous Disclosure Committee comprises a mixture of executives and 2 non-executive directors, currently Giles Gunesekera OAM and Claire Bibby. The M&A Committee which met 4 times during the year comprises Giles Gunesekera, Claire Bibby and Hoshi Daruwalla, with the latter acting as chair.

Nominations & Remuneration Committee

The Nominations & Remuneration Committee is comprised of the non-executive directors, Ms. Mona Dajani, Ms. Claire Bibby and Mr. Hoshi Daruwalla and Mr. Mugunthan Siva who remained as Chair until he resigned in April 2023 when he was replaced as Chair by Giles Gunesekera OAM,.

A copy of the Nominations & Remuneration Committee Charter is accessible from the Company's website:

https://www.magnis.com.au/files/MNS-Nominations-And-Renumeration-Committee-Charter.pdf

The Committee advises the Board on remuneration and incentive policies and practices. It makes specific recommendations on remuneration packages and other terms of employment for senior executives and Non-Executive and Executive Directors. A new remuneration structure was approved by the Committee for adoption by the Group which was approved by the Board towards the end of the reporting period. This is yet to be implemented.

Any increase in the maximum remuneration of Non-Executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. Currently this is $650,000 set in 2017.

The Board may award additional remuneration to Non-Executive and Executive Directors called upon to perform extra services or undertake special duties on behalf of the Company. The Nominations & Remuneration Committee also identifies potential candidates often with the use of external consultants for both the Board and management level requirements. Suitable candidates are usually based on recommendations from this Committee.

The Nominations & Remuneration Committee promotes screening checks and other tools prior to nominating a candidate to the Board as a director or senior management position. Appointments to fill a casual vacancy are appointed until the subsequent Annual General Meeting. The Committee, Board and the candidate themselves provide, in the explanatory memorandum that accompanies the notice of meeting, all material information for shareholders to make an informed decision to elect or re-elect directors.

Audit & Risk Committee

This Committee was constituted with only non-executive directors, with Ms. Claire Bibby as the Chair, Ms. Mona Dajani, and Giles Gunesekera OAM. During the year as part of the governance review Hoshi Daruwalla replaced Mona Dajani given his wealth of operational experience in the battery industry. When Hoshi Daruwalla became MD (USA) and returned to a majority of non-executive directors, H Daruwalla was replaced as soon as Fabrizio Perilli was appointed in early August.2023. The Executive Chairman Frank Poullas and the CEO or Managing Director may attend as ex-officio members of the committee.

A copy of the Audit & Risk Committee Charter is accessible from the Company's website: https://magnis.com.au/files/Audit-Risk-Committee-Charter.pdf

The main responsibilities of the Committee were, inter alia, to:

- Review and report to the Board on the
- Independence of the external auditor.
- Periodic reports and financial statements.
- Rotation of the external audit partner.
- Integrity of the half year and full year financial statements, the audit plan for these.
- Provide assurance to the Board that it is receiving adequate, timely and reliable information.
- Review the accounting policies and changes to those and where changes are necessary advise the board;
- Review the adequacy of Magnis policies relating to financial reporting and controls, including compliance with laws, regulations and ethical guidelines.
- Monitor the ability of the Company to fund its activities, having regard to current funding arrangements and its cash-flow outlook.
- Monitor the prudence of gearing levels, interest cover and compliance with banking covenants, (where applicable).
- Review policies relating to financial risk management, including hedging of interest rate risk and foreign currency exchange risk. Monitor compliance with such policies and report to the Board on any relevant issues.
- Create a Risk Register of all business risks, having regard to risk appetite rate and quantify those risks and regularly review the risk register.
- Monitoring developments in corporate governance practices.
- Review compliance with applicable laws such as the Corporations Act, the ASX Listing Rules and other legislation and reporting requirements; and
- Ensuring management has processes to manage and report on significant financial risks facing the business.

The Audit & Risk Committee reviews the performance of the external auditors on an annual basis.

Health, Safety and Sustainability Committee

Giles Gunesekera was appointed the Chair in January 2022 and Mr. Frank Poullas, Mr. Peter Tsegas, Mr. Mugunthan Siva and Hoshi Daruwalla were initially the members. When Hoshi Daruwalla transferred to the Audit & Risk Committee, Mona Dajani transferred from that committee to this committee to replace him. Frank Poullas as a director of iM3NY LLC and iM3NY Inc. and Peter Tsegas who assists the Tanzanian operations provide updates from a Health Safety & Sustainability viewpoint on the activities of those business units and the board of the Company receives details about safety incidents. The Committee is cognizant of the increasing risk of injury that comes with the iM3NY factory moving into production. iM3NY has a safety officer who reports to its board and via the CEO reports to the Board of the Company.
A copy of the Health, Safety and Sustainability Committee is accessible from the Company's website:

https://www.magnis.com.au/files/MNS-Health-Safety-And-Sustainability-Charter.pdf

The responsibilities of the Committee include:

- Reviewing Reports from Executives of each entity in the group in the areas of health safety & the environment in which the entity operates.
- Ensure that the Company and all the staff in all the entities in the group are protected and safe so as to ensure the company attracts and retains high quality staff in all areas.
- Monitor the Company's performance on health, safety, sustainability and corporate responsibility matters and report to the Board where that doesn't meet comparative industry requirements.
- Monitoring the Company's compliance with Health, Safety and Environment legislation.
- Review and oversee the development and implementation of policies and procedures that will allow the Company to operate its business in a safe, sustainable and ethical manner.
- Review initiatives and practices in respect of the Company's community engagement and social responsibility.
- Review the effectiveness of the risk framework that relates to the health safety and environment in which the group entities operate.
- Reviewing and making recommendations to the Board in relation to significant public statements as they relate to the areas that are considered as ESG (sustainability) including assisting with the production and review of the sustainability report; and
- Reviewing and recommending to the Board any changes to be made to the Company's Code of Conduct and reviewing the effectiveness of the systems for monitoring compliance.

Performance Evaluation and Remuneration

In prior reporting periods, the Board had not undertaken any level of formal performance evaluation of Directors. However, on an informal basis the Chairman has previously consulted with the Directors seeking guidance on ways in which the Board as a whole, as well as each individual Director, can improve its and their contribution, performance and execution of its and their responsibilities. Whilst the board's composition remained largely unchanged, the majority of the current board is relatively new. Reviews of its composition were formalized by the circulation of a skills matrix questionnaire the response to which are currently under review, being paused toward the end of the reporting period because Hoshi Daruwalla changed status when he became Managing Director (USA) and Mugunthan Siva resigned and only recently has been replaced. As such the review has been re-commenced.

Once finalised the results of the review will be compiled by the Chair of the Nomination & Remuneration Committee and discussed with Board members at an appropriate Board meeting.
It was the intention for the board skills matrix to be compiled and released in FY23, this will now occur in the current reporting period.

The performance of the Chief Executive Officer **(CEO)** and Managing Director **(MD)** roles (when applicable) will be reviewed periodically by the Board. However, as the CEO has resigned and hasn't been replaced and the Managing Director (USA) role is new his has not occurred. Similarly, the CEO was to discuss with all Senior executives on a regular basis their performance and report to the Chair of the Nomination & Remuneration Committee before that committee brings forward its recommendations to the board for consideration, including extension of the role or movement within the function in order to address the changing business demands. As noted above, due to the turnover of senior officers and Directors, a performance review did not occur. It is intended to re-implement this process as the Board and Senior Management shows stability.

Diversity

The Company places great importance on its people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within the organisation. Having a diverse workplace, with varying skills, cultural backgrounds, ethnicity, and experience brings a range of benefits to the business, such as improved business decision making, wider range of skills, fosters innovation and ultimately better solutions for the customers. The Diversity Policy was previously reviewed and has been updated on the Website at the address below.

https://magnis.com.au/files/MNS-Diversity-Policy.pdf

Company's progress towards improving diversity

Diversity is driven by the leadership and commitment of the board and senior management. The Company has made a commitment to gender diversity at the board level and is very pleased to have retained two female Board directors that provide the Company with additional skills, depth, and diversity of thought to help grow the business and enhance its strong leadership and governance.

Female Participation-MNS	30 June 2023	30 June 2023
Board Level	29%	29%

The Company is committed to creating an inclusive workplace where discrimination, harassment and inequity is not tolerated, and demeaning behaviour toward colleagues or management by anyone in the company or the board is not tolerated. As such the board has adopted in addition to the Diversity Policy a Safe & Respectful Workplace Policy and a Procedure for resolving workplace issues.

The Safe & Respectful Workplace Policy adopted by the Board can be viewed on the Company's website:

https://magnis.com.au/files/Safe-and-Respectful-Workplace-Policy.pdf

PRINCIPLE 2
STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The composition of the board at the date of the Corporate Compliance Statement is shown as below:

Board Composition			
Name of Director		Category	Date of Appointment
1	Frank Poullas	Executive Chairman	9 Sep 2010
2	Peter Tsegas	Non-Executive Director	16 June 2015
3	Claire Bibby	Independent Non-Executive Director	28 January 2022
4	Giles Gunesekera	Independent Non-Executive Director	28 January 2022
5	Hoshi Daruwalla	Independent Non-Executive Director; changed to Executive Director, by being appointed as MD(USA)	31 Dec 2021 31 May 2023
6	Mugunthan Siva	Independent Non-Executive Director Resigned	29 Mar 2021 7 April 2023
7	Mona Dajani	Independent Non- Executive Director	29 Mar 2021
8	Fabrizio Perilli	Independent Non-Executive Director	31 July 2023

The Board currently comprises seven Directors, 5 Non-Executive and 2 Executive Directors with a broad range of skills, expertise, and experience, and all of whom add value to the operation of the Board. The Board comprises 4 Independent Directors, 1 non-Executive Director, 2 exectuvie directors and 1 Chairman who has a shareholder stake of 1.45% in the Company.

The independence of Directors is important to the Board. Independence is determined by objective criteria acknowledged as being desirable to protect investor interests and optimise value to investors. The Board regularly assesses the independence of its Directors. In determining the status of a Director, the Company considers that a Director is independent when he or she is independent of management and free of any business or other relationship (for example a significant shareholding) that could materially interfere with or could reasonably be perceived to interfere with the exercise of unfettered and independent judgement. The Company's criteria for assessing independence are in line with standards set by the Principles.

The appointment and removal of Directors is governed by the Company's Constitution. Under the Constitution, the Board must comprise of a minimum of three Directors. Given the Board is considered majority Non-Executive, the Board does maintain a Nominations & Remuneration Committee (Committee). The Committee is responsible for selecting and recommending to the Board candidates to fill any casual vacancies that may arise on the Board from time to time. Directors who have been appointed to fill casual vacancies must offer themselves up for election at the next Annual General Meeting of the Company (AGM). In addition, at each AGM, at least one Director must be a candidate for re-election and no Director shall serve more than three years without being a candidate for re-election (consistent with the requirements of the Company's Constitution).

- New Directors may participate in an induction program to assist them to understand the Company's business and the issues and are provided access to historical minutes and other items.
- The Board collectively has the right to seek independent professional advice as it sees fit. Each Director additionally enjoys the right to seek independent professional advice, subject to the approval of the Chairman.
- All Directors have direct access to the Group General Counsel & Company Secretary.

- Directors also have access to the senior management team. In addition to regular reports by senior management through the CEO (until his resignation) to the Board meetings, Directors may seek briefings from senior management on specific matters and Directors are entitled to request additional information.

PRINCIPLE 3
INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Code of Business Conduct and Ethics

The Company is committed to being a good corporate citizen within all jurisdictions that it undertakes its business activities, and the Board has undertaken to ensure that the Company implements:

- Practices necessary to maintain confidence in the Company's integrity.
- Practices necessary to consider their legal obligations and the reasonable expectations of their stakeholders; and,
- Responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Code of Business Conduct and Ethics which applies to each of its Directors and employees and it can be viewed at

https://magnis.com.au/files/Code-of-Business-Conduct-and-Ethics.pdf

- The Board is responsible for maintaining corporate integrity and ethical behaviour and seeks to set the standards for dealing ethically with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

Whistleblower Policy

Magnis seeks to identify and assess wrongdoing as early as possible. The Company's values support a culture that encourages staff to speak up on matters or conduct that concerns them. This policy provides information to assist staff to make disclosures and sets out how the Company will protect them from retaliation for whistleblowing. It can be viewed at:

https://magnis.com.au/files/WhistleblowerPolicy.pdf

Anti-Bribery and Corruption Policy

Magnis has a zero tolerance to bribery and corruption and operates its businesses with integrity. In line with its Whistleblower Policy, it encourages the reporting of material breaches of the Anti-Bribery and Corruption Policy, or material incidents to the Chair of the Audit and Risk Committee, the General Counsel & Company Secretary or Board subject to safeguards afforded to whistleblowers. It can be viewed at

https://magnis.com.au/files/Anti-Bribery-and-Corruption-Policy.pdf

Dealing in Securities

The Company has in place a formal Securities Dealing Policy that regulates the way Directors, senior

management and others that are involved in the management of the Company deal with securities.
The Share Trading Policy prohibits share trading in specific trading blackouts. Trading by directors is governed by the Corporations Act and timely disclosures are required under the Listing Rules.
Persons in possession of non-public price sensitive information are required to be conscious of the legal consequence of insider trading. The Securities Dealing Policy is also available on the Company's website. It can be viewed at:

https://magnis.com.au/files/Code-For-Dealing-In-Securities.pdf

PRINCIPLE 4
SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

The Audit and Risk Committee is responsible to assist the Board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting. The Company reports frequently as it is considered a Mining Exploration Company. The Committee provides advice and recommendations to the Board to enable it to fulfil its responsibilities with respect to financial reporting.

The Audit and Risk Committee Charter is available on the Company website, it can be viewed at:

https://magnis.com.au/files/Audit-Risk-Committee-Charter.pdf

The Audit and Risk Committee Charter also details processes around the appointment and oversight of external auditors. The external auditor is required to be available to shareholders at each Annual General Meeting to answer questions about their findings during the Company's external audit.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the Executive Chairman (in the absence of a CEO or Managing Director of the Company) and the CFO are required to provide declarations to the Board in relation to the Financial Statements.

Non-Audited Financials are released on a quarterly basis. These are prepared internally, and the board on the advice of the CFO must agree to the release of the Appendix 5B, following its review by the Audit & Risk Committee. The Quarterly Activities Report is reviewed by the board and approved for release by the Continuous Disclosure Committee.

In doing so, the relevant officers represent to the Board that the financial records have:

- been properly maintained.
- the financial statements comply with the appropriate accounting standards,
- give a true and fair view of the financial position and performance of the entity.
- based on a sound system of risk management and internal controls, which to their best belief and knowledge operate effectively.

The Audit & Risk Committee communicates with the Auditors at the end of each half year, receiving their recommendations to address any areas for improvement. The Audit & Risk Committee then in turn reports to the Board. Please see above the details around the functions of the Audit & Risk Committee in this area.

PRINCIPLE 5
MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with the ASX Listing Rules and Corporations Act in particular the continuous disclosure obligations and in so doing ensuring that its shareholders are kept well-informed of all significant developments affecting the Company's circumstances to promote transparency and investor confidence.

Magnis has adopted a Continuous Disclosure Policy. It can be viewed at:

https://magnis.com.au/files/Continuous-Disclosure-Policy.pdf

which incorporates a continuous disclosure framework that is based on ASX Listing Rules Chapter 3, and ASX Listing Rules Guidance Note 8, this was reviewed prior to the end of the reporting period and some minor changes incorporated.

The Continuous Disclosure Policy provides a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. Specifically, the policy:

- describes the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act.
- establishes internal processes for reporting information considered to be potentially price- sensitive and for consideration as requiring disclosure by the Board's delegated group (namely the Continuous Disclosure Committee).
- establishes processes for the disclosure of price sensitive information, considering the clarification provided by ASX Guidance Note 8.
- establishes internal processes for briefing of analysts, investor, and media groups, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market; and
- outlines authorisation procedures for ASX announcements, including their categories, summarized these a predominantly determined by the Continuous Disclosure Committee and where relevant the full board.

As recommended, Magnis ensures its Board receives market announcements promptly when made, especially where these contain market sensitive information.

Before corporate presentations to substantive investors or analyst presentations, the Company releases the presentation on the ASX, unless entirely composed of abstracts of historical releases.

PRINCIPLE 6
RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board strives to ensure that shareholders are informed of all major developments and business events likely to materially impact the Company's operations and financial standing, including the market price of securities, with Information communicated to shareholders via:

- The ASX platform.
- The Company's website.
- Annual audited financial report, half year unaudited financials and report and Appendix 5B and accompanying reports released quarterly.
- Market-sensitive releases, including information that relates to strategy and milestone accomplishment.
- Chairman or MD's addresses to the AGM which are also made available through the ASX website.

- The release of results of General and Annual General Meeting; and.
- Any presentation made to investor groups or platforms such as ShareCafe.

Historical information retained on the Magnis website includes:

- ASX Announcements -**https://magnis.com.au/asx-announcements/**
- Company Presentations - **https://magnis.com.au/presentations/;**
- Company Reports
  Annual - **https://magnis.com.au/annual-reports**
  Quarterly - **https://magnis.com.au/quarterly-reports/**
- Director - **https://magnis.com.au/board-of-directors/**
- Management Details - **https://magnis.com.au/management/**; and
- Governance, namely Charters and Policies - **https://magnis.com.au/corporate-governance/**

General Meetings

Shareholders have the right, and are encouraged, to attend the Company's General Meetings in particular the Annual General Meeting, held in October/November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting is also posted on the Company website and lodged with the ASX.

In addition, shareholders are invited to submit questions of the board, auditors, or management, which are addressed at the Annual General Meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of the meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the Annual General Meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically.
Transcripts of the Chair and MD's presentations or speeches are released to the ASX prior to the Meeting. These transcripts, and the results of the meeting are posted on the ASX and the Company's website.

All shareholders are provided the option to receive communications (in particular the Annual Report and the Notice of Meeting (including the proxy form) from the Company and the share registry electronically and are encouraged to do so, with election documentation included in regular mail outs to shareholders. This use of technology is in line with the Company's focus on sustainability.

PRINCIPLE 7
RECOGNISE AND MANAGE RISK

The Company, through management and lead by the CEO in FY23 progressed the building of a new risk management framework and Risk Register. This is overseen by the Audit & Risk Committee and reviewed frequently by the Board. It encompasses all material risks, quantifying them and setting appropriate actions, policies and other actions to mitigate and manage them. The identification and effective management of risk, including calculated commercial risks are viewed as an essential part of the Company's approach for creating long-term shareholder value.

The Company does not have an independent internal audit function due to the size of the Company, accordingly, as mentioned above its risk management policies and the Risk Register is reviewed and monitored by the Audit and Risk Committee. The Committee is obligated to work within the mandate established by the Audit and Risk Committee's Charter, which is itself reviewed on an bi-annual basis. The Company's risk management framework integrates macro strategic goals with day-to-day business procedures and functional responsibilities.

The Risk Register was finalised in its current form in March 2023 and the Audit & Risk Committee will continue the risk review throughout the FY24 year.

Corporate Responsibility

The Company acknowledges the importance of sustainability as a core foundation and part of its corporate responsibility to all stakeholders. The Company believes that sustainable conduct is a delivery driver of value for its shareholders and the broader community and external stakeholders in the long term. Magnis' entities and investee companies are committed towards ensuring support to sustainable business practices. The impact of the Company's decision-making and operations all have an impact on the economy, society and the environment, which forms part of its corporate responsibility.

This is no more evident than in respect to its subsidiary's operations in New York and Tanzania

Environment

The Company's high quality green credentialed Lithium-ion batteries to be and being produced by iM3NY, using C4V's patented BM-LMP Technology leads to longer battery life, faster charging, and greater safety without the use of the more environmentally impactful Nickel and Cobalt. The Graphite to be produced from the Nachu Graphite Project in Tanzania and to be utilized in anode active material in batteries and the larger flake sizes which are used in heat resistant applications can be produced without reliance on harsh chemicals.

Social

A key part of the Company's sustainability approach is based on proactively maintaining its social license to operate through greater interaction and positive impacts on the communities it operates in, in particular Tanzania.

Its capital investments into the iM3NY operations in New York has created numerous new jobs and supported livelihoods and assists in re-invigorating the local community in which it operates. The iM3NY operation has created approximately 90 ongoing roles in Endicott, New York at the battery manufacturing plant. As the plant expands from its initial 1 GWh to the planned 15GWh over time so will the workforce increase. There are also Future job creation opportunities being planned for the Tanzania projects, once production is underway. This is on top of the employment generated through the building of the eco-village and the various enhancements made to local schools and hospitals completed during FY23.

The Magnis group of companies is committed to complying with the laws, regulations and guidelines that govern the group's operations in the multiple jurisdictions in which it operates across Australia, United States and Tanzania.

Engagement with Local communities

In Tanzania, the Company has continued to partner with several organisations in line with its commitment to operate in a sustainable manner. There have been four key areas where the Company has contributed and engaged with the local communities in Tanzania in relation to its Nachu Graphite Project:

1. Community Consultation: Engagement with the local communities and neighbors surrounding its site.
2. Financial literacy and Education: The Company has ensured that financial literacy education has been rolled out to various communities, by enabling building work on the local schools and provision of textbooks.
3. Community support through supply of materials: the Company has donated building materials and supplies for the construction of various community clinics and schools.
4. Community Donation and Support Programs: The Company has provided various donations to support numerous charity and program campaigns during the year.

People, Health and Safety

The Company has a focus on safety, health and providing an equal work environment to all its employees, regardless of their background and position. The focus is on maintaining safe working environments through strong, safety-first leadership and culture.

The Health, Safety and Sustainability Committee's charter includes the development, monitoring, and refining of safety performance indicators to better understand the processes and behaviours that are most effective in minimising safety incidents and serious harm. The Committee monitored and tracked any serious consequence-based injury, and will monitor and track other major incidents capable of causing or have caused serious or fatal harm. All incidents, injuries and near misses will be reported in accordance with incident management procedures to ensure measures can be taken to prevent reoccurrence.

There were a small number of safety incidents for the financial year ending 30 June 2023 at the iM3NY factory, the most serious of which resulted in 10 days lost time..

The Health Safety & Sustainability Committee will be evaluating the Company's material exposure to economic, environmental, and social sustainability risks. The results of these findings will shape strategy and resource allocation.

PRINCIPLE 8
REMUNERATE FAIRLY AND RESPONSIBLY

The Nominations and Remuneration Committee, which in accordance with its Charter

https://www.magnis.com.au/files/MNS-Nominations-And-Renumeration-Committee-Charter.pdf

is responsible for reviewing and making recommendations to the Board in respect of:

- Executive remuneration.
- Executive incentive plans.
- Remuneration of the Company's key management personnel.
- Equity based incentive plans.
- Recruitment, retention, performance measurement and termination policies and procedures for non-executive directors, the CEO or MD(USA) and any other executive director and all senior executives reporting directly to the CEO or MD(USA)`; and
- The disclosure of remuneration in the Company's Annual Report.

Details of Remuneration and Nomination Committee are outlined earlier in this Corporate Governance Statement and in the Directors' Report contained in the Annual Report as is the Remuneration Report.

Remuneration levels are set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process. To this end during the reporting period the Committee engaged external consultants to review and benchmark the remuneration strategies and remuneration of all the Board and KMP, This has resulted in a new framework being proposed which the board has approved and which will be rolled out in FY24. The total remuneration paid to Directors and key management personnel for the reporting period are set out in the Remuneration Report.

Directors' fees were reviewed and benchmarked against fees paid to Directors of similar organisations with similar growth and were considered to be at the median. Directors are not provided with retirement benefits other than statutory superannuation and have been awarded out of the money options which were approved at the last AGM. Alternative structures will likely be considered going forward.

To ensure that the Company's senior executives properly perform their duties, the following procedures are in place:

- Full year achievement reviews through the re-constituted Nomination & Remuneration Committee.
- Senior management assessed in terms of their achievements against expectations.
- A link between the outcomes, market rates, and the performance review process which is outlined in the Remuneration Report.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient from time to time considering changing circumstances and economic conditions. The Directors recognise that:

- mineral exploration and pre-development of off takes of graphite, and the
- manufacture of lithium cells

each of those areas carry numerous risks, financial, production, environmental and others set out in the risk register.

Directors are committed and conscious of the role they play with respect to the oversight of these businesses and operational strategy. The adoption of skilled employees and contractors and adopting sound risk mitigation frameworks designed to manage and address particular and general risks relating to each of these businesses and the overall business generally, noting the multi- jurisdictional nature of the Company's interests in particular.

This Corporate Governance Statement was approved by a resolution of the Board on 24 October 2023

3 Director's Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Magnis Energy Technologies Ltd (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 2023.

DIRECTORS

The following persons were Directors of Magnis Energy Technologies Ltd during either the whole of the financial year or were appointed during the year and remained directors at the date of this report, unless otherwise stated:

MR. FRANK POULLAS – EXECUTIVE CHAIRMAN

Appointed Non-Executive - 10 September 2010. Elected Executive Chairman - 29 August 2014.

Mr Poullas has spent over two decades working in the technology, investment banking and engineering industries. During the last 17 years, Mr Poullas has been involved with assisting several ASX-Listed entities with funding and strategic direction in the Lithium-ion Battery Materials and Energy sectors.

Current and former directorships of other listed companies in last 3 years

None

Special responsibilities

Mr Poullas is a member of the Health, Safety and Sustainability Committee. As executive Chairman he is an ex-officio member of each of the committees and a member of the Continuous Disclosure Committee,

MR. HOSHI DARUWALLA - NON-EXECUTIVE DIRECTOR

Appointed Non-Executive - 31 December 2021. Appointed Executive - MD USA26 May 2023

Mr Daruwalla is based in the United States and has a career spanning over three decades where he has started, operated, and grew businesses across a variety of industries globally from start-ups to significant multinationals. He has held global senior management roles at corporations such as Daikin Industries, American Air Filter – McQuay, Hong Leong Group and Purafil. He has operated, seeded, and scaled up businesses in 93+ countries, with successful outcomes including receiving the prestigious U.S. Presidential E- and E-Star awards for Excellence in U.S. Exports awarded by the U.S. Secretary of Commerce. Recently, Mr Daruwalla held the role of Executive VP – Strategic Global Expansions; Chairman of the Board, President, and CEO of the North American entity of EcoPro Battery. He is a Board Member and CEO Mentor at the State of Georgia District Export Council (U.S. Department of Commerce appointee), and holds a bachelor's degree in manufacturing engineering, Masters in Business Administration, and is an alumnus of the Wharton Business School.

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

None

Special responsibilities

Initially a Member of the Health, Safety and Sustainability Committee and the Nomination & Remuneration Committee, He transferred to the Audit & Risk Committee and vacated his position on the Health Safety & Sustainability Committee midway through the H1FY23. He is the Chair of the M&A Committee, which meets as and when required.

MS. MONA E. DAJANI - NON-EXECUTIVE DIRECTOR

Appointed - 29 March 2021

Ms. Dajani has over 20 years of legal practice experience as a dual qualified lawyer in the U.S. and England and as a licensed professional engineer. She serves as a lead lawyer in complex acquisitions, dispositions, financing, and project development transactions involving energy and infrastructure facilities in the United States and around the world. She moved to the firm of Sherman Stirling where she co-leads their Energy and Infrastructure Project Teams.

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

None

Special responsibilities

Member of the Nominations and Remuneration Committee and a member of the Audit and Risk Committee until as noted above she transferred to the Health Safety & Sustainability Committee when Hoshi Daruwalla moved to take her place on the Audit & Risk Committee.in early FY23. For the full year she was a Director and Manager/Director of Imperium3 New York Inc and iM3NY LLC respectively.

MS. CLAIRE BIBBY - NON-EXECUTIVE DIRECTOR

Appointed - 28 January 2022.

Ms. Bibby has over 30 years of professional experience as a senior lawyer and executive coach. Claire has founded and co- founded several businesses covering the legal, executive coaching, property-tech and legal-tech spaces and has held senior management appointments with some of world's largest companies and top-tier law firms. Claire is a Non-Executive Director of two other ASX listed companies noted below and sits on a number of unlisted companies and charities including Arowana International Limited. Claire has been recognised by several professional organisations during her career including recently being named by Australasian Lawyer as one of the Elite Women of 2021. Claire is also an Industry/Professional Fellow with the University of Technology Sydney, School of Law.

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

Comms Group Limited (ASX: CCG), Clime Asset Management (ASX: CIW); Arowana International Limited, (which has since delisted)

Special responsibilities

Chair of the Audit and Risk Committee, and member of the Nominations and Renumeration Committee and the M&A Committee and the Continuous Disclosure Committee.

MR. GILES GUNESEKERA - NON-EXECUTIVE DIRECTOR

Appointed - 28 January 2022.

Giles is the Founder and CEO of Global Impact Initiative and has over 25 years' experience of building and developing businesses for global organisations. GII is the only Impact Investing business in the world that is acknowledged by the United Nations as a Global LEAD company and recognised for their high levels of engagement in the United Nations Sustainable Development Goals (UNSDGs) Giles holds numerous Volunteer Not-for-Profit Directorships ranging from International Aid, Human Rights, Climate Action, Disabilities, Education, Arts and Sports. Giles is on Advisory Boards for the United Nations for Climate & Health and Sustainable Finance. Giles has formal academic qualifications from Oxford University, Melbourne University, Monash University, and the Financial Services Institute of Australia.

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

None.

Special responsibilities

Chair of the Health, Safety and Sustainability Committee, member of the Audit and Risk Committee and M&A Committee and Chair of the Nomination & Remuneration Committee and member of the Continuous Disclosure Committee which roles he took up when Mugunthan Siva resigned in April 2023.

MR. PETER TSEGAS - NON-EXECUTIVE DIRECTOR

Appointed - 16 June 2015.

Mr Tsegas has over 20 years of experience in Tanzania where he's been a resident for over 15 years. He has worked to engage both the private and government sectors on several projects and was Managing Director of Tancoal Energy Ltd which he successfully took from an exploration company to a JV with the Tanzanian government, and then into production.

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

Adavale Resources Limited, (ASX: ADD, Appointed 29 November 2019, Resigned 17 June 2020).

Gladiator Resources Limited, (ASX: GLA), which he joined in August 2023.

Special responsibilities

Member of the Health, Safety and Sustainability Committee.

FORMER DIRECTORS + KMP DURING 2023 REPORTING PERIOD

Mr. Mugunthan Siva, Non-Executive Director, 29 March 2021 to 7 April 2023.

Mr. Julian Rockett, Joint Company Secretary and Corporate Counsel, 15 April 2021 to 31 March 2023.

DIRECTORS APPOINTED FOLLOWING THE END OF THE 2023 REPORTING PERIIOD

MR. FABRIZIO PERILLI – INDEPENBDENT NON-EXECUTIVE DIRECTOR
Appointed 31 July 2023

Mr Perilli has over 25 years of experience in director level roles and has overseen projects valued at over $6 Billion. Currently he is co-founder and Managing Director at PERIFA, a vertically integrated international property group. Prior to PERIFA, Mr Perilli spent 15 years at TOGA Group as its CEO, Development and Construction where he significantly grew the business and successfully led the company's focus on achieving value and quality outcomes for all stakeholders. Mr Perilli was also a Director at Clifton Coney Group (Coffey Projects), and over the 10 years was responsible for establishing and leading new operations in Sydney, New Zealand, and Vietnam. Mr Perilli is the president of the Property Council of Australia's NSW division.

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

Okapi Resources Limited (ASX: OKR)

KMP DURING 2023 REPORTING PERIOD

MR. DUNCAN GLASGOW - COMPANY SECRETARY AND GROUP GENERAL COUNSEL

Appointed - 10 February 2022.

Mr. Glasgow has over three decades of extensive experience as a corporate and commercial lawyer and company secretary who has worked across several ASX listed companies as well as private companies in the energy, mining, retailing and industrial sectors. He has a Bachelor of Arts and a Bachelor of Laws from Macquarie University, is a Fellow of the Institute of Chartered Secretaries and a Fellow of the Governance Institute and holds an Unqualified Practicing Certificate from the Law Society of NSW.

DIRECTORS' INTERESTS

As at the date of this report, the interests (directly or indirectly held) of the Directors in the shares and options of the Company were:

Director	Ordinary Fully Paid (OFP) Shares	Unlisted Options over OFP Shares	Performance Rights
Mr. F. Poullas	17,387,506	-	2,000,000
Mr. P. Tsegas	1,270,000	-	2,000,000
Ms. M. E. Dajani	-	2,000,000	-
Mr. M. Siva (Resigned 7 April 2023)	700,000	2,000,000	-
Ms. C. Bibby	-	2,000,000	-
Mr. G. Gunesekera	-	2,000,000	-
Mr. H. Daruwalla (Appointed Executive 26 May 2023)	-	2,000,000	-

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group has business interests across the Lithium-ion battery supply chain in the USA and Tanzania. Magnis' vision is to advance their multi-strategy business through:

- Operating as a strategic partner, to support through its parent (in which it holds a majority interest) Imperium3 New York, Inc's ('iM3NY') lithium-ion battery manufacturing facility to build towards double-digit gigawatt production.
- Developing the Group's wholly owned Nachu Graphite mining project in Tanzania to produce high purity natural flake graphite. Upon execution of a Framework Agreement with the Tanzanian Government the percentage ownership will reduce to 84%.
- Working closely with C4V (of which the Company holds a 9.65% interest) which plans to commercialize their lithium-ion battery technology and has provided some assistance in producing high performance anode active material from the Company's Nachu Graphite feedstock, which will be located in the USA.
- Develop the active anode material business by progressing the agreement reached during the reporting period with the leading international EV automotive manufacturer.

As at reporting period end, the primary activities, and changes in state-of-affairs of the Company were as follows:

- Mr. David Taylor appointed 1 August 2022 as Chief Executive Officer, resigned in June 2023 with an effective date of 30 Nov 2023.
- iM3NY Completed the work fitting out its lithium-Ion battery/cell factory in Endacott, upstate New York USA and commenced production of cells, which received certification at the end of the reporting period, with little or no sales possible until certification was achieved.
- The Company entered into a binding offtake agreement with a leading international EV automotive manufacturer to provided anode active material produced from its Anode Active Material manufacturing facility the LOI for which was signed at the end of the FY23.
- Global engineering group Ausenco completed a Definitive Feasibility Study for the Nachu Graphite Project, and the Framework Agreement had largely been agreed, with signing to occur once the Financial Model that is annexed to it is completed.
- Magnis secured a total of A$25 million when it entered into a Pre-Payment Subscription Agreement with L1 Capital and Regal Funds Management in March of 2023.
- The Resettlement Program for the projects affected persons from the development of the Nachu Graphite project is a key precursor before construction of the plant and processing facility can commence. The Group's wholly owned subsidiary Uranex Tanzania Limited had completed the works and by the date of the Directors' report will have commenced the resettlement of those persons into the newly completed Eco-Village.

Post the reporting period end, the primary activities, and changes in state-of-affairs of the Company were as follows:

- A placement for AUD10million was made through Evolution Capital Pty Ltd, utilizing the Board discretionary limit of 15%.
- A Standby Equity Deed was signed with Evolution Capital Pty Ltd, to provide some additional working capital with a cap of 80,000,000 shares (also within the Board's discretionary limit) was signed and announced on September 8, 2023.

REVIEW OF OPERATIONS

LITHIUM-ION BATTERY MANUFACTURING

The Group along with its technology partner Charge CCCV LLC ("C4V") are the major shareholders in the New York Lithium-ion battery manufacturing facility, iM3NY. iM3NY is commercialising C4V's patented technology to produce green credentialed lithium-ion battery cells for use in energy storage and electric vehicle applications.

Over the year, iM3NY:

- Finalised the installation and commissioning of key equipment such as Mixing, Coating, Drying, Calendaring, Slitting, Stamping, Stacking, Electrolyte Filling, etc. and commenced production of cells. Then proceeded to carry out internal qualification of the cells, this was to ensure compliance with safety and environmental requirements.
- Over the period iM3NY increased its head count from 57 to ~90 at the end of the accounting period.
- Organised the certification of the cells to UN38.3, which took longer than anticipated, so much so that certification was only achieved late in the reporting period. Whilst this was progressing the company sold small quantities of cells to existing customers for their internal approval processes.
- HSBC was appointed in late November of Q2, to assist with funding to achieve the expansion aspirations of the entity which is aiming to achieve a 38GWh output.
- A Joint venture was announced, also late in the reporting period with OSM (which makes three and four-wheeler electric vehicles), where IM3NY will provide the technology and expertise in exchange for a 26% interest in the JV.

Also, in anticipation of certification 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 other customers have completed their internal testing.

NACHU GRAPHITE PROJECT UPDATE

Ausenco Services Pty Ltd completed its work on the Definitive Feasibility Study for the Nachu Graphite Project in Tanzania. The study is based on an annual graphite production of 239,000 tonnes of high-grade graphite concentrate. This was filed with the ASX in October 2022. This paved the way for progressing the negotiation of the Framework Agreement which when completed will see 16% of the project being ceded to the Government of Tanzania in accordance with the Mining Act of Tanzania. The negotiations remain on-going although the only matter outstanding to the execution and the commencement of production is the approval of the financial model for the project. Magnis, through its wholly owned subsidiary Magnis Technology Tanzania has retained its Special Exconiomic Zone (SEZ) registration where part of the purification of the natural graphite will occur. There are benefits from a tax and other imposts from having this registration and to some extent that has caused Magnis to take longer to finalise the Framework Agreement negotiations.

Uranex Tanzania Limited, a wholly owned subsidiary of the Group has progressed a number of infrastructure projects such as ponds and dams within the Special Mining Licence boundary. Also the company's resettlement program utilising Italframe Limited, a Tanzanian Registered building contractor overseen by project consultants, Norplan Tanzania Ltd has seen the completion of the construction of the Eco-village to house the 59 families that were living on the special mining licence area. It is expected that the relocation of the families will be completed during this financial year, which will ensure there is no impediment to commencement of mining. To facilitate the commencement of mining on the special mining license financial advisors HCF were engaged to assist with the funding required to acquire the machinery and fund the infrastructure necessary to process the natural flake graphite once it is mined. This is ongoing.

ANODE ACTIVE MATERIALS BUSINESS

The Company set up a wholly owned subsidiary in the US – Magnis AAM LLC in anticipation of securing the offtake agreement with the leading International EV manufacturer, details of which were released in February 2023. This required the location of the site for the plant to be progressed by the end of the reporting period, which was achieved with the announcement of the LOI for a site in Southwest USA. This will house initially the demonstration plant and then be expanded with further equipment to manufacture the anode material to satisfy the offtake. Worley have bene engaged to produce the engineering design for the plant and Hosokawa has been contracted to produce the key piece of equipment for the administration plant.

NO SIGNIFICANT ANTICIPATED DEVELOPMENTS EXCEPT AS DISCLOSED

The Directors are not aware of any developments other than the on-going challenges posed by developing 3 projects at the one time, all of which require significant capital and are to differing extents interrelated. The Company is not involved in or aware of any pending litigation, although as announced ASIC has commenced a further investigation and had issued a s33 Notice for production of documents following period end and which had been satisfied by the date of this report. Other than as disclosed above and elsewhere in this report, there have been no further subsequent events.

DIVIDENDS

No dividends have been paid or declared during the year (2022: $NIL). The Directors do not anticipate the declaration or payment of a dividend in the next financial year.

FUTURE OUTLOOK AND STRATEGY

Magnis' vision is to be a key global player in the lithium-ion battery value chain with a key focus on the electric vehicles and clean energy storage markets. The Company envisions the following corporate developments to take place in the new financial year:

- New York lithium-ion battery plant, Imperium3 New York Inc. ('iM3NY') to gradually increase commercial production to meet customer orders.
- IM3NY seeks to raise further capital to increase capacity towards double digit gigawatt scale.
- Secure further graphite offtakes, complete and sign the Framework Agreement with Government of Tanzania, which with the completion of the resettlement of the local inhabitants from the mine site to the Eco-Village will enable the Nachu Graphite Project in Tanzania to be funded and to commence production of natural flake graphite.
- Progress the Anode Active Materials plant design and build on the site for which an LOI has been signed on 30 June in order to satisfy the initial milestones for the offtake agreement with the Leading International EV automotive manufacturer.

CAPITAL RAISINGS

On 17 March 2023, the Company announced that it had received a binding equity-linked pre-paid share subscription facility agreement from US-based SBC under which the Company expects to be able to raise up to A$50 million before fees via two lots of $25m tranches (Funding Proposal). The first tranche of $25m was received on 24 March 2023 from two New York based investors, L1 Capital $14,189,189 (affiliate entity of SBC Global Investment Fund) and Regal $10,810,811. Deal fees and legal expenses amounting to $1,415,000 were incurred and deducted upfront from the proceeds received under the first tranche of funding.

On 24 March 2023, Magnis issued 145,000,000 Ordinary Fully Paid shares as part of receiving its first $25M tranche before fees, that included:

- 40,000,000 (22,702,703 to L1 Capital, 17,297,297 to Regal) issued as collateral shares that are required to be paid for or surrendered within 18 months from date of issue.
- 59,594,594 shares were subsequently issued to L1 Capital (L1: 62,594,594 - 3,000,000 from SBC),
- 45,405,406 shares were subsequently issued to Regal.

As at 30 June 2023, the first tranche of the pre-paid share subscription facility had been completed in full with NIL outstanding balances for Regal and L1 Capital. The company did not take up the offer of the second tranche, instead relying on a separate placement to Sophisticated Investors in order to raise $10 million.

EMPLOYEES

Magnis Energy Technologies Ltd had 10 employees (including 1 executive director) on 30 June 2023 (2022: 7 employees).

		Gender	
Employees	**Total**	**Male**	**Female**
All Employees and Board	14	11	3
Key Management Personnel	7	7	-
Board	6	4	2

Uranex Tanzania Limited had 12 full-time employees on 30 June 2023. (2022:13 employees)

		Gender	
Employees	**Total**	**Male**	**Female**
All Employees and Board	12	8	4

Imperium 3 New York LLC had 80 employees on 30 June 2023 (2022: 52 employees).

		Gender	
Employees	**Total**	**Male**	**Female**
All Employees and Executives	80	60	20

CORPORATE

CORPORATE INFORMATION

Magnis Energy Technologies Ltd is limited by shares and incorporated and domiciled in Australia. The shares are listed on the Australian Securities Exchange ("ASX") under the ASX code MNS. Unlisted options issued to Director's total 8,000,000 and were either approved by Shareholders at the AGM in 2022 or in 2021 and have not been forfeited prior to or following the end of the financial year. There are a total of 2,625,000 unlisted options issued to employees either approved at the AGM in 2022 or earlier and have not been forfeited prior to or following the end of the financial year.

The table below lists total shares that have been issued during the financial year from capital raisings and exercise of options.

Entity	Number of shares issued	Class of shares	Amount paid for shares before fees	Amount unpaid on shares
Magnis Energy Technologies Ltd	148,846,154	Ordinary	$26,128,108	$nil

CORPORATE DEVELOPMENT

Following the departure of Mugunthan Siva, the board appointed Fabrizio Perilli as an independent non-executive director after the end of the fiscal year and that ensured that non-executive directors comprised the majority on the board.

Name	Role	Date Joined
Mr. Hoshi Daruwalla	Executive Managing Director USA	31st December 2021
Ms. Claire Bibby	Independent Non-Executive Director	28th January 2022
Mr. Giles Gunesekera	Independent Non-Executive Director	28th January 2022

DIRECTOR MOVEMENTS DURING THE YEAR

Directors	Role	Appointment Date	Departure Date
Mr. M. Siva	Non-Executive Director	29 March 2021	7 April 2023
Mr. H. Daruwalla	Non-Executive Director	31 December 2021	26 May 2023
Mr. H. Daruwalla	Executive Managing Director USA	26 May 2023	

CAPITAL FUNDS

On 25 July 2022, SBC Global Investment Fund **('SBC')** requested to convert a further $1,000,000 of their $10.5M convertible note at $0.26 to receive 3,846,154 fully paid ordinary shares, leaving a remaining balance of $750,000 outstanding. On 24 March 2023 this remaining balance was repaid in full from the new equity-linked pre-paid share subscription facility agreement provided by L1 Capital Global Opportunities Master Fund (affiliate entity of SBC Global Investment Fund) ("L1 Capital") and Regal Funds Management ("Regal").

During August 2022, the Company received $840,000 and $300,000 from SBC for converting 4,000,000 of their 7,000,000 collateral options issued in August 2021, into fully paid ordinary shares at $0.28 and $0.30 respectively, leaving a remaining balance of 3,000,000 outstanding. On 13 April 2023 this remaining balance was closed out in full at $0.21, valuing the outstanding balance at $630,000. The Board elected not to receive these proceeds but instead use these 3,000,000 collateral shares to reduce the respective issue of shares called by L1 Capital on 13 April 2023 under the new equity-linked pre-paid share subscription facility agreement.

On 1 August 2022, Magnis Option Share Trust (MOST) was granted with 1,000,000 unlisted options for the CEO at $0.63 exercise price, and a 3-year expiry period, from its 31 July 2022 issue date.

On 23 September 2022, the Company cancelled 2,000,000 unlisted options at $0.70 exercise price that were issued directly to Non-Executive Director who had resigned. The Company also lapsed 1,000,000 unlisted options relating to a retiring director, at $0.70.

On 17 November 2022, 2,000,000 unlisted options at $0.70 exercise price and 30 Oct 2022 expiry date, lapsed within the Magnis Option Share Trust (MOST).

At the 2022 AGM on 24 November, shareholders approved the previous issue to MOST of 1,375,000 options to staff with an $0.80 exercise price and a 3-year term as well as approved the issue of 1,300,000 options with an exercise price of $0.60 to Traxys.

The 4,000,000 outstanding directly held unlisted options at $0.70 exercise price, expiring on 25 November 2024, were transferred into the Magnis Option Share Trust ('MOST') for two Non-Executive Directors in 2022.

On 16 December 2022, Magnis Option Share Trust ('MOST') was granted 6,000,000 unlisted options for 3 newly elected non-executive directors at $0.80 exercise price, with a 3-year expiry period, from their 7 December 2022 issue date.

On 17 March 2023, the Company announced that it had received a binding equity-linked pre-paid share subscription facility agreement from US-based L1 Capital (previously referred to as SBC) and or its nominee under which the Company expected to be able to raise up to A$50 million before fees via two lots of $25m tranches (Funding Proposal). The first tranche of $25m was received on 24 March 2023 from two New York based investors, L1 Capital $14,189,189 (affiliate entity of SBC Global Investment Fund) and Regal Funds Management Pty Ltd $10,810,811. Deal fees and legal expenses amounting to $1,415,000 were incurred and deducted upfront from the proceeds received under the first tranche of funding.

On 24 March 2023, Magnis issued 145,000,000 Ordinary Fully Paid shares as part of receiving its first $25M tranche before fees, that included:

- 40,000,000 (22,702,703 to L1 Capital, 17,297,297 to Regal) as collateral shares that are required to be paid for or surrendered within 18 months.
- 59,594,594 shares were subsequently issued to L1 Capital (L1: 62,594,594 - 3,000,000 from SBC), and
- 45,405,406 shares were issued to Regal.

As at 30 June 2023, the first tranche of the pre-paid share subscription facility had been completed in full with NIL outstanding balances for Regal and L1 Capital.

On 19 May 2023, Magnis announced that it had issued 35,000,000 unlisted options (L1 Capital: 14,189,189, Regal: 10,810,811, Evolution: 10,000,000) at $0.50 exercise price, and a 3-year expiry period, from its 18 May 2023 issue date.

On 26 May 2023, Magnis announced that 77,869,167 unlisted options at $0.50 exercise price, and a 3-year expiry period, from its 26 May 2020 issue date had expired.

SECURITIES AS AT 30 JUNE 2023

The Company had the following securities on issue as at 30 June 2023:

- 1,115,331,483 Ordinary Fully Paid shares on issue.
- 35,000,000 unlisted options remain issued with a strike price at $0.50 and expiring on 18 May 2026.
- 20,000,000 unlisted options remain issued to funding providers ('LIND & SBC') with a strike price at $0.40 and expiring on 25 November 2024.
- 10,000,000 unlisted options remain issued to capital advisors (including Evolution) with a strike price at $0.50 and expiring on 25 November 2024.
- 13,125,000 unlisted options outstanding in the Magnis Option Share Trust ('MOST', formally called Uranex Option Share Trust), with varying expiry dates ranging from 28 October 2023 to 7 December 2025 and varying exercise prices ranging from $0.50 to $0.80.
- 4,000,000 performance rights outstanding in the Magnis Executive Rights Trust ('MERT')
- 1,250,000 Ordinary Fully Paid shares held in the Magnis Option Share Trust ('MOST').

A consolidated cash balance of $22,137,605 (2022: $100,238,244).

CONVERSION OF UNLISTED PERFORMANCE RIGHTS

There were NIL performance rights converted during the period as a result of meeting performance eligibility. (2022: NIL).

EXERCISE OF UNLISTED OPTIONS

There were NIL unlisted options exercised during the period. (2022: 43,559,405)

EXERCISE OF LISTED OPTIONS

No listed options exist, and none were exercised.

OPERATING RESULTS FOR THE YEAR

	2023 Income $	2023 Results $
Lithium-ion battery investments	123,837	(57,927,224)
Graphite exploration and development	266,936	(14,790,382)
Intersegment elimination	-	-
Income and losses before tax	390,773	(72,717,606)

SUBSEQUENT EQUITY EVENT: CAPITAL RAISING

On 17 July 2023, Magnis announced it had that it has received firm commitments raising $10 Million via the placement of 83,333,334 shares at $0.12 per share, which will be issued within the capacity under Listing Rule 7.1. The placement was made to local and overseas institutional fund managers along with professional and sophisticated investors. Net funds received will be used to provide working capital as well as advance all projects including the AAM Demonstration Plant and the Nachu Graphite Project. Directors participating in the placement will require shareholder approval under Listing Rule 10.11 at the next Company AGM.

On 8 September 2023, Magnis announced it had that it has entered into a standby equity facility agreement ("Equity Facility") with Evolution Capital Pty Ltd ("Evolution Capital") along with its terms for the purpose of providing the Company another option to raise funds while it continues to advance IM3NY production and corporate endeavours. On 11 September 2023 Magnis issued a placement of 20 million shares with Evolution Capital as security for the obligations Magnis owes Evolution Capital under the Equity Facility, with 60 million remaining to be issued. A maximum of 80 million shares (in 4 individual placements of up to 20 million shares each) may be issued to Evolution Capital under the Equity Facility.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

The Group statement of cash flows shows a decrease in cash and cash equivalents for the year ended 30 June 2023 of $80,280,443 (2022: increase $20,889,367).

During the year, the Group raised $26,128,108 (2022: $23,561,500) before costs via capital raisings and $NIL proceeds from options exercised (2022: 21,779,703).

At year end the Group had liquid funds of $22,137,605 (2022: $100,238,244) available for future operational and investment use and borrowings of $150,631,220 (2022: $145,111,133). For a breakup of liquidity, refer to Notes 6 and Note 14(c)f for borrowing.

SHARES ISSUED DURING PERIOD

During the year ended 30 June 2023, the Company issued 148,846,154 Ordinary Fully Paid shares (2022: 115,050,783) raising $26,128,108 in equity before fees (2022: $45,341,203).

CAPITAL EXPENDITURE

Capital expenditure by the Group on plant and equipment during the year was $43,153,600 (2022: $34,105,551).

GROUP PERFORMANCE

Annual Net Income

	2023	2022	2021	2020	2019
Consolidated loss after tax ($)	72,717,606	61,697,819	12,032,230	7,378,601	5,549,553

Shareholder Returns	**2023**	**2022**	**2021**	**2020**	**2019**
Share price at financial year end ($)	0.14	0.30	0.26	0.08	0.19
Basic loss per share (cents)	6.52	6.38	1.41	1.11	0.92
Diluted loss per share (cents)	6.52	6.38	1.41	1.11	0.92

RISK MANAGEMENT

The Board is responsible for ensuring that risks are identified, which has been delegated to the Audit & Risk Committee to be reviewed on a timely basis and that the Group's management addresses the risks identified.

Risks identified have been captured in the risk register and appropriately categorised as to likelihood and consequence and relevant mitigants noted. This register was created in consultations between the Audit & Risk Committee and management. the Risk Register, which is constantly reviewed and updated,

Management and staff operate under numerous policies in their day-to-day operations which are designed to assist in reducing the identified risks.

The Board strategically reviews operational activities and conveys to management as well as shareholders its objectives and reports on progress against those objectives.

The Board approves operating and capital budgets and at its meetings monitors actual expenditure against those budgets.

The Board reviews sovereign, operating and environmental risks with management and from time-to-time external consultants provide reports on its practices. The prior year saw a number of initiatives begun that straddled this, in particular the engagement of IBIS to perform a Vendor ESG Audit, then towards the end of the year a proposal was approved by the Health Safety & Sustainability Committee to appoint.

The Board assesses political and sovereign risks relating to its international assets by monitoring local media and politics. Group representatives liaise with all relevant levels of Government to maintain awareness as to matters that may affect the Company. Mr. Tsegas, the Company's resident director assists by monitoring and with the assistance of local management helps reduce sovereign risks for its Tanzanian assets and the management of those. Also, our US based directors Ms Dajani and Hoshi Daruwalla keep the Board informed of developments and assisted the Board to address any emerging risks. It was felt with the increased focus on the US that Hoshi Daruwalla should become more involved, so he was towards the end of the reporting period appointed as MD(USA) and in so doing take a more hands on approach and better able to address risks more directly. One key matter was the sourcing of the LOI for the AAM plant site which would utilize some of the beneficial incentives offered by the state and local communities where it is to be located.

The other Committees have specific responsibilities for making recommendations for adoption, in the areas appropriate to their Charters.

Numerous risks are associated with the Company's businesses, failing to keep pace with technological advancements, capital requirements, and growing competition makes the Company's activities risky concerning its battery manufacturing investments.

Likewise, the realisation of the project including processing, from its Nachu Graphite Project will be very capital intensive. The degree of success depends on numerous factors, including negotiating suitable commercial off-take agreements, funding, sovereign risks, relevant commodity prices, the quality and scale of the resource, and commercial partnerships to manage these operations.

In balancing and managing these diverse risks, will provide substantial rewards for investors that compensate for the level of risk inherent to projects of this nature.

Magnis from a resource and technological perspective is positioned in the lithium-ion battery space, as such it benefits from tailwinds of political, technical, and economic changes that are focusing on that. These forces, in particular the economic, are increasingly embracing electrical power together with other renewable energy strategies.

There is an international consensus to reduce global carbon emissions. Not surprisingly, this has coincided with an increased level of 'green' investment interest and technological achievements that support a paradigm shift from the dominant reliance on fossil fuels last century. The Board considers Magnis well-positioned to capitalise on the broader macro-economic changes.

Furthermore, the Group continues to access funds through the capital markets to fund its business needs and strategic goals and intends to do so until it is self-sustaining through revenue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

iM3NY has been delayed in achieving any material sales due to the demand in the US fostered by the Biden Administrations IRA initiatives causing over demand on the resources of certifies such that its batteries only received certification towards the end of the financial year thus preventing any meaningful sales even though the fit out of the plant was substantially completed early in the financial year.

As the construction of the resettlement village has largely been completed the next step is to actually resettle the people that are currently located on the proposed mine site and before the mining can commence the Framework Agreement which is almost complete needs to be signed off and executed by the Tanzanian Government.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration activities in Tanzania are subject to environmental regulations and guidelines 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 2023. The Vendor ESG audit conducted at the end of the prior reporting period did not reveal any concerning gaps in respect to this or any other areas covered by the audit, specifically noting the positives arising from the Group's community engagement.

The New York lithium-ion battery plant is also subject to Environmental and Planning Regulations from various government authorities, which are being strictly adhered to by 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 illustrated in the table below:

	Directors Meeting		Audit & Risk Committee		Nominations & Remuneration Committee		Health, Safety & Sustainability Committee	
	A	B	A	B	A	B	A	B
Number of meetings attended:								
F. Poullas	13	13	-	-	-	-	4	1
P. Tsegas	13	9	-	-	-	-	4	3
M. Siva	11	9	-	-	4	4	3	2
M.E. Dajani*	13	7	1	0	5	1	3	3
C. Bibby	13	13	5	5	5	4	-	-
H. Daruwalla*	13	13	4	3	5	3	1	0
G. Gunesekera ^	13	13	5	5	1	1	4	4

Notes:

A. Number of meetings held during the year whilst the director held office.
B. Number of meetings attended.
***** Hoshi Daruwalla and Mona Dajani swapped Committees early in FY23 with Mona Dajani moving to the Health Safety & Sustainability Committee from the Audit & Risk Committee.
^ as noted below Giles Gunesekera took over as Chair of the Nomination and Remuneration Committee when Mugunthan Siva resigned in April 2023.

<u>The Audit & Risk Committee</u> initially comprised C Bibby (Chair), M.E. Dajani and G. Gunasekera, this changed early in the financial year and is now composed of C. Bibby (Chair) G. Gunesekera and H Daruwalla.

<u>The Nominations & Remuneration Committee</u> initially comprised M. Siva (Chair), M.E. Dajani, H Daruwalla, C. Bibby this has changed from April 2023 to G. Gunesekera (Chair), M.E. Dajani, C. Bibby, and H. Daruwalla

<u>The Health, Safety & Sustainability Committee</u> initially comprised of G. Gunesekera (Chair), F. Poullas, P. Tsegas, M. Siva and H. Daruwalla. This then changed early in the financial year to G. Gunesekera (Chair), F. Poullas, P. Tsegas, M. Siva (who resigned in April 2023 and wasn't replaced) and M.E. Dajani.

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 Charter of the Remuneration and Nominations Committee, recently updated ensures that the Committee sets appropriate remuneration, goals and STI and LTI structures and following that submits its recommendation for any changes to the Board for its consideration, which it did prior to the end of the financial year, and which was approved by the board. As yet that has not been implemented. 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 and where additional work is required a rate has been set and approved by the board. The Board determines payments to the Executive Directors (namely Peter Tsegas and Frank Poullas) and reviews their remuneration annually, based on market practice and their duties and accountability. The current maximum aggregate of Non-Executive Directors fees payable is $650,000; having been approved by shareholders at the Company's Annual General Meeting held on 17 November 2017.

Presently, Non-executive Directors receive annual fees of between $65,000 to $70,000, The Managing Director (USA) US$290,000 net of taxes and superannuation (referred to in the USA as a 401 entitlement), and the Executive Chairman $120,000 plus consulting fees which are described below. An additional $5,000 per annum is paid to Directors who Chair Committees, except for the Audit and Risk Committee, where the Chair receives $15,000 per annum. Superannuation is payable under each Director's service agreement and in accordance with the Superannuation Guarantee Charge Act (Cth).

A fee per meeting has been set for participation by directors in the M&A Committee as that committee meets sporadically.

DIRECTOR AND OTHER EXECUTIVE DETAILS

Listed on pages 2-4 of the Directors' Report are persons who acted as a director of the Company during the whole of the financial year or resigned during the year or were appointed since the end of the financial year. For the purposes of this report, **Key Management Personnel (KMP)** of the Company are those persons having authority and responsibility for planning directing and controlling the major activities of the Company, directly or indirectly, or were senior or key management employees. In addition to the Directors, the following were KMP during the financial year:

- Mr. Rodney Chittenden - Project Director (from 1 September 2020)
- Mr. Duncan Glasgow - Company Secretary and Group General Counsel (from 10 February 2022)
- Dr. Jawahar Nerkar - Director of Battery Technologies (from 19 July 2021)
- Mr. Jürgen Behrens - Chief Financial Officer (from 1 April 2020)

PERFORMANCE BASED REMUNERATION

The Group currently has no performance-based remuneration component built into KMP remuneration packages. As noted in the Corporate Governance Statement the Nomination & Remuneration Committee can recommend bonuses and had recommended a new Remuneration Structure to the board which had been approved, however, too late in the year to be utilised for that purpose. No bonuses were agreed to be paid, even though the CEO had a bonus potential he resigned during the year which removed any entitlement.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

A total of $1,048,606 was paid in consultancy fees to related parties of the KMP, and Non-Executive Directors during the financial year (2022: $397,440). The consultancy and personal exertion activities and services in addition to those which are required to satisfy their roles as directors of the board and relevant committees are provided under commercial terms on arm's length basis and on terms better than would be obtained by the company from independent third parties with the same or similar skill sets to those of the directors providing those activities and services. For example, Hoshi Daruwalla, before he became an executive director invoiced the company at a rate that was in excess of 10% lower than he would be charged out by his consulting company to other non-associated entities. Claire Bibby applied her extensive experience as a senior lawyer and coach to assist the company address matters that were outside her usual director's duties, in particular attending meetings held at times to accommodate the group's diverse business locations. The same applies for Giles Gunekesera as he provided invaluable ESG input to assist with securing the Offtake agreement with the Leading International EV automotive manufacturer. The M&A Committee which was constituted in January 2023 and comprised Hoshi Daruwalla (as Chair), Claire Bibby and Giles Gunekesera met on 4 occasions formally and on numerous other occasions over the first few months of calendar 2023. The Committee members received an amount per formal meeting, otherwise they recorded the additional times that they worked on matters relevant to the charter of the M&A Committee and charged again at a discounted arm's length basis. The details of these additional activities and service costs are disclosed in detail under Notes 24 and 25.

TABLE 1: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2023

	Salary & Fees	Cash Bonus	Termination Benefits	Post Employment Benefits ^	SBP Options #	Total
	$	$	$	$	$	$
Non-Executive Directors						
P. Tsegas	65,000	-	-	-	(100)	64,900
M. E. Dajani	65,000	-	-	-	-	65,000
M. Siva (**Resigned 7 April 2023**)	52,500	-	-	5,512	-	58,012
C. Bibby	85,349	-	-	8,982	168,000	262,311
G. Gunesekera	56,511	-	-	6,249	168,000	233,760
Z. Pavri (**Resigned 24 Dec 2021**) **	-		-	-	(282,200)	(282,200)
Key Management Personnel						
F. Poullas *	120,000	-	-	12,000	(100)	132,500
H. Daruwalla (**Appointed 26 May 2023**)	76,005	-	-	-	168,000	244,005
D. Taylor (**Appointed 1 August 2022**)	366,667	-	-	23,185	153,600	543,452
R. Chittenden	250,000	-	-	25,851	-	275,851
J. Behrens	165,000	-	-	17,325	-	182,325
D. Glasgow	275,000	-	-	25,292	-	300,292
Dr. J Nerkar	160,000	-	-	16,800	-	176,800
	1,740,032	**-**	**-**	**141,776**	**375,200**	**2,257,008**

* Fees were paid to related entities. ** the options associated were forfeited as required under the terms of MOST.
^ Includes superannuation and movements in employee entitlements. # Share Based Payments (SBP) consist of unlisted options issued in MOST.

TABLE 2: REMUNERATION FOR THE YEAR ENDED 30 JUNE 2022

	Salary & Fees	Cash Bonus	Termination Benefits	Post Employment Benefits ^	SBP Options #	Total
	$	$	$	$	$	$
Non-Executive Directors						
P. Tsegas	65,000	-	-	-	(4,225)	60,775
M. E. Dajani	65,000	-	-	-	282,200	347,200
M. Siva	70,206	-	-	-	282,200	359,426
C. Bibby (**Appointed 28 Jan 2022**)	33,420	-	-	7,020	-	36,762
G. Gunesekera (**Appointed 28 Jan 2022**)	46,258	-	-	3,342	-	50,969
H. Daruwalla (**Appointed 31 Dec 2021**)	35,192	-	-	4,711	-	35,192
Prof. M.S. Whittingham (**Resigned 31 Dec 2021**)	35,000	-	-	-	(2,770)	32,230
Z. Pavri ** (**Resigned 24 Dec 2021**)	33,741		-	3,520	282,200	319,461
Dr. R. Petty (**Resigned 17 Nov. 2021**)	31,358		-	-		31,358
Key Management Personnel						
F. Poullas *	120,000	-	-	12,000	(4,225)	127,775
I. Nagendra	145,165	-	-	-	47,200	192,365
R. Chittenden	145,833	-	-	-	23,600	169,433
J. Behrens	151,667	-	-	15,167	23,600	190,434
J. Rockett *	127,600	-	-	-	-	127,600
D. Glasgow (**Appointed 10 Feb 2022**)	105,982	-	-	10,002	-	115,984
Dr. J Nerkar (**Appointed 19 July 2021**)	144,920	-	-	14,492	11,800	171,212
	1,356,342	**-**	**-**	**70,254**	**941,580**	**2,368,176**

* Fees were paid to related entities. ** the options associated were forfeited as required under the terms of MOST.
^ Includes superannuation and movements in employee entitlements. # Share Based Payments (SBP) consist of unlisted options issued in MOST.

COMPENSATION SHARES AND OPTIONS GRANTED AND VESTED

During the financial year, the following share-based payments were awarded, vested, exercised, 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 $
31-Jul-2022	31-Jul-2025	0.153600	1,000,000	0.63	153,600
7-Dec-2022	7-Dec-2025	0.084000	6,000,000	0.80	504,000
19-May-2023	18-May-2026	0.055600	10,000,000	0.50	556,000
			17,000,000		**1,213,600**
		WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED:			**0.07139**

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 $
N\A					

TABLE 3: OPTIONS EXPIRED \ LAPSED

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Option $	Fair Value Expense under AASB 2 $
26-Nov-2019	31-Oct-22	0.000100	2,000,000	0.70	200
25-Nov-2021	23-Nov-24	0.141100	2,000,000	0.70	282,200
			4,000,000		**282,400**

COMPENSATION SHARES AND RIGHTS GRANTED AND VESTED

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

TABLE 4: PERFORMANCE RIGHTS AWARDED

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Right $	Fair Value Expense under AASB 2 $
n\a	n\a	-	-	0.00	-
		WEIGHTED AVERAGE FAIR VALUE OF RIGHTS GRANTED:			**0.00000**

TABLE 5: PERFORMANCE RIGHTS CONVERTED

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Right $	Fair Value Expense under AASB 2 $
n\a	n\a	-	-	0.00	-
			-		**-**

TABLE 6: PERFORMANCE RIGHTS LAPSED

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value $	Number	Original Exercise Price of Right $	Fair Value Expense under AASB 2 $
n\a	n\a	-	-	0.00	-
			-		**-**

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTOR AND EXECUTIVE REMUNERATION

In accordance with the remuneration policy noted above, the Group adopted at the end of the financial year a new remuneration framework which is designed to achieve the following principles in its remuneration framework:

- competitive rewards - to attract high calibre executives.
- those rewards are linked to shareholder value.

For executives, the Company's intention is to position total employment costs within the relevant peer group following the outcome of the review by the external consultants engaged to benchmark the remuneration of each level of executive. There are financial measures that will be included in the assessment of both the STI and LTI components of each executive's remuneration package once the framework is implemented. However, at this time as there is no STI or LTI component to an executive's remuneration there are no financial measures. The Nomination and Remuneration Committee considers the growth in market capitalisation an important parameter, hence the reason that performance rights were approved, and shares issued to 2 directors, please see the comments below in respect to MERT. It is the intention to include this for executives and the newly appointed executives in the future, once the new framework is implemented and where approval is required by shareholders that is received.

For non-financial measures, a range of factors are considered including market position, relationship with a range of stakeholders, risk management, leadership, and team contribution.

Previously the issue to MOST of 7,000,000 options as noted above and below was considered appropriate incentivisation. That was not considered appropriate by the external remuneration consultants, so is unlikely to be copied in the future.

SHARE OPTION PLAN: MOST

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the Company. In accordance with the provisions of the Plan, listed Ordinary Fully Paid shares and unlisted options are held on behalf of Plan Participants by the Trustee of the **Magnis Option Share Trust ('MOST').** During the year ended 30 June 2023, 7,000,000 unlisted options (2022: 1,375,000) on similar terms and conditions were allotted to the Trust pursuant to the rules of MOST.

SHARE PLAN: MEST

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, listed Ordinary Fully Paid shares are held on behalf of Plan Participants by the Trustee of the **Magnis Employee Share Trust ('MEST').** During the year ended 30 June 2023, NIL Ordinary Fully Paid shares (2022: NIL) were issued to the MEST, held on behalf of one Plan Participant pursuant to their employment agreement. However, during the year those rights were cancelled, pursuant to the respective terms of their grant, triggered by the only Plan Participant resigning.

RIGHTS PLAN: MERT

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, unlisted Performance Rights are held on behalf of Plan Participants by the Trustee of the **Magnis Executive Rights Trust ('MERT').** During the year ended 30 June 2023, NIL unlisted Performance Rights (2022: NIL) were allotted to the Trust under the rights scheme.

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:

Ordinary shares	Year Start Balance	Granted	Additions	(Disposals)	Year End Balance
F. Poullas	17,387,506	-	-	-	17,387,506
P. Tsegas	1,270,000	-	-	-	1,270,000
M. E. Dajani	-	-	-	-	-
M. Siva (**Resigned 7 April 2023**) *	700,000	-	-	-	700,000
C. Bibby	-	-	-	-	-
G. Gunesekera	-	-	-	-	-
H. Daruwalla (**Appointed 26 May 2023**) ~	-	-	-	-	-
D. Taylor (**Appointed 1 August 2022**) ~	-	-	-	-	-
R. Chittenden	860,334	-	-	-	860,334
J. Behrens	950,000	-	-	(50,000)	900,000
D. Glasgow	-	-	-	-	-
Dr. J Nerkar	-	-	-	-	-
	21,167,840	**-**	**-**	**(50,000)**	**21,117,840**

~ Opening balance as at appointment date

* Closing balance as at resignation\termination date

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:

Options over ordinary shares	Year Start Balance	Granted	Additions / (Disposals)	(Exercised) / (Lapsed)	Year End Balance ^
F. Poullas	1,000,000	-	-	(1,000,000)	-
P. Tsegas	1,000,000	-	-	(1,000,000)	-
M. E. Dajani	2,000,000	-	-	-	2,000,000
M. Siva (**Resigned 7 April 2023**) *	2,000,000	-	-	-	2,000,000
C. Bibby	-	2,000,000	-	-	2,000,000
G. Gunesekera	-	2,000,000	-	-	2,000,000
H. Daruwalla (**Appointed 26 May 2023**) ~	-	2,000,000	-	-	2,000,000
D. Taylor (**Appointed 1 August 2022**) ~	-	1,000,000	-	-	1,000,000
R. Chittenden	250,000	-	-	-	250,000
J. Behrens	1,000,000	-	-	-	1,000,000
D. Glasgow	-	-	-	-	-
Dr. J Nerkar	125,000	-	-	-	125,000
	7,375,000	**7,000,000**	**-**	**(2,000,000)**	**12,375,000**

^ all options vest immediately and are convertible at anytime

~ Opening balance as at appointment date

* Closing balance as at resignation\termination date

RIGHTS HOLDING

The number of rights 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:

Ordinary shares	Year Start Balance	Granted	Additions / (Disposals)	(Lapsed)	Year End Balance ^
F. Poullas	**2,000,000**	-	-	-	**2,000,000**
P. Tsegas	**2,000,000**	-	-	-	**2,000,000**
M. E. Dajani	-	-	-	-	-
M. Siva (**Resigned 7 April 2023**) *	-	-	-	-	-
C. Bibby	-	-	-	-	-
G. Gunesekera	-	-	-	-	-
H. Daruwalla (**Appointed 26 May 2023**) ~	-	-	-	-	-
	4,000,000	**-**	**-**	**-**	**4,000,000**

^ all options vest immediately and are convertible at anytime

~ Opening balance as at appointment date

* Closing balance as at resignation\termination date

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:

Identity of Related Party	Nature of Relationship	Terms & Conditions of Transaction	Type of Transaction	Aggregate Amount 2023 $	2022 $
Strong Solutions Pty Ltd	Mr. Frank Poullas is a related party of Strong Solutions Pty Ltd and a Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees and IT Services	223,300 220,492	215,600 133,900
Peter Tsegas	Peter Tsegas is a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	(21,044)	1,914
Claire Bibby Pty Ltd	Claire Bibby is a related party of Claire Bibby Pty Ltd and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	72,600	-
Pillsbury Winthrop Shaw Pittman LLP	Mona Dajani was a related party of Pillsbury Winthrop Shaw Pittman LLP and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	16,799	-
Mona Dajani, Esq.	Mona Dajani is a related party of Mona Dajani, Esq. and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	117,092	-
Global Impact Initiative Pty Ltd	Giles Gunesekera is a related party of Global Impact Initiative Pty Ltd and Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	122,600	11,550
The Gunesekera Trust	Giles Gunesekera is a related party of the Gunesekera Trust as well as a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	30,800	-
Yatha Enterprises LLC	Hoshi Daruwalla is a related party of Yatha Enterprises LLC and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	268,068	34,476
AmeriAnode Inc	Hoshi Daruwalla is a related party of AmeriAnode Inc and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	(2,101)	-
				1,048,606	**397,440**

2023 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members **greater than the 75%** threshold at the last Annual General Meeting.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Details of unissued shares under option as at 30 June 2023 in Magnis Energy Technologies Ltd are:

Number of ordinary shares under option	Class of shares	Exercise price of option $	Expiry date of option
375,000	Ordinary	0.500000	28/10/2023
375,000	Ordinary	0.750000	28/10/2023
1,375,000	Ordinary	0.800000	09/12/2024
4,000,000	Ordinary	0.700000	25/11/2024
10,000,000	Ordinary	0.500000	25/11/2024
20,000,000	Ordinary	0.400000	25/11/2024
1,300,000	Ordinary	0.600000	07/12/2024
1,000,000	Ordinary	0.630000	03/07/2025
6,000,000	Ordinary	0.800000	07/12/2024
10,000,000	Ordinary	0.500000	18/05/2026
25,000,000	Ordinary	0.500000	18/05/2026
79,425,000	**WEIGHTED AVERAGE EXERCISE PRICE**	**0.517000**	

WEIGHTED AVERAGE REMAINING LIFE OF OPTIONS: 2.1360 years

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 are attached to the options.

During the 2023 financial year, there were Nil (2022: 43,559,405) shares issued because of exercising of options.

PERFORMANCE RIGHTS

Details of performance rights as at 30 June 2023 in Magnis Energy Technologies Ltd are:

Number of ordinary shares under option	Class of shares	Conversion price of right $	Expiry date of right
4,000,000	Ordinary	0.00	n\a
4,000,000	**WEIGHTED AVERAGE CONVERSION PRICE**	**0.00**	

WEIGHTED AVERAGE REMAINING LIFE OF RIGHTS: 8.8896 years

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

During the 2023 financial year, there were Nil (2022: 1,500,000) shares issued because of converting of rights.

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, except where there is a lack of good faith. 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 and Officers of Magnis Energy Technologies Ltd against costs incurred in defending proceedings for conduct other than:

(a) a willful 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 Company's insurance contracts prohibit the public disclosure of their terms and conditions, including the cost of the premiums.

INDEMNIFICATION AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has not agreed to indemnify its auditors, Hall Chadwick Melbourne Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit.

No payment has been made to indemnify Hall Chadwick Melbourne Audit during or since the year ended 30 June 2023.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person or entity 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

Events after the reporting period or since the end of the year are outlined in Note 21 'Events After Reporting Period' to the Financial Statements.

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.

NON-AUDIT SERVICES

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

Hall Chadwick Melbourne
- Taxation services: $77,588
- Corporate services: $28,963

BDO East Africa: Dar es Salaam, Tanzania
- Taxation services: $1,753
- Corporate services: $ 0.00

BDO New York, USA
- Taxation services: $ 0.00
- Corporate services: $371,399

Sciarabba Walker & Company, LLP: New York, USA
- Taxation services: $30,611
- Corporate services: $ 0.00

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 22 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 11O 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.

AUDITOR INDEPENDENCE

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

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
Executive Chairman
Sydney, 17 October 2023

HALL CHADWICK
MELBOURNE AUDIT

MAGNIS ENERGY TECHNOLOGIES LIMITED
AND CONTROLLED ENTITIES
ABN 26 115 111 763

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAGNIS ENERGY TECHNOLOGIES LIMITED AND CONTROLLED ENTITIES

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Magnis Energy Technologies Limited and controlled entities. As the lead audit partner for the audit of the financial report of Magnis Energy Technologies Limited and controlled entities for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Anh (Steven) Nguyen
Director
Date: 18 October 2023
Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

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Hall Chadwick Melbourne Audit
ABN 41 134 806 025 Registered Company Auditors.

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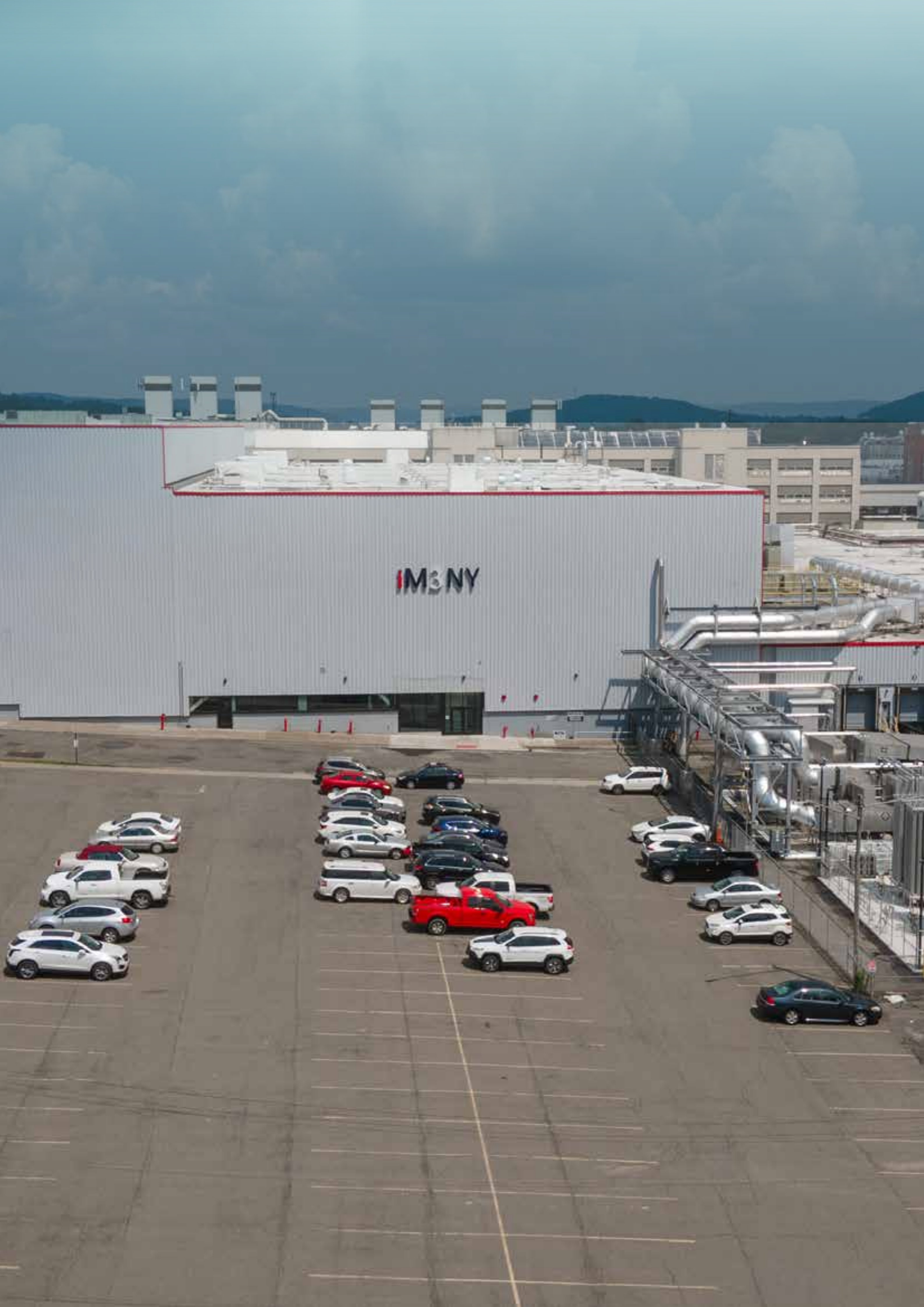
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5 STATEMENT OF PROFIT & LOSS & OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2023

	Notes	Consolidated 2023 $	Consolidated 2022 $
Income			
Interest received		232,960	25,470
Foreign exchange gain		123,522	19,405
Profit on sale of fixed assets		4,959	395,121
Other revenue		29,332	2
R&D Grant		-	11,681
Total income		**390,773**	**451,679**
Expenditure			
Administration expenses	31	13,377,205	11,973,628
Depreciation expense		1,611,935	731,768
Directors' fees		612,950	589,017
Employee benefits expense		6,572,488	5,854,371
Interest expense	30	15,515,195	10,109,724
Borrowing & Loan Costs	33	14,290,372	24,822,292
Legal and consulting expenses	32	4,436,815	4,579,321
Cost of Production expenditure		13,305,795	1,099,528
Anode Active Material (AAM)		202,849	-
Share based payment to employees	28(a)	375,200	976,300
Share based payment to non-employees	28(a)	556,000	300,380
Exploration and evaluation expenses		2,251,575	1,113,169
Total expenditure		**73,108,379**	**62,149,498**
(Loss) before income tax expense		**(72,717,606)**	**(61,697,819)**
Income tax expense	5	**-**	**-**
Net (loss) for the year		**(72,717,606)**	**(61,697,819)**
Net profit / (loss) for the year attributable to			
Owners of Magnis Energy Technologies Ltd		(57,073,989)	(40,819,903)
Non-controlling Interest		(15,643,617)	(20,877,916)
Net (loss) for the year		**(72,717,606)**	**(61,697,819)**
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or (loss)			
Change in fair value of financial assets at FVOCI		-	-
Items that may be reclassified subsequently to profit or (loss)			
Gain / (loss) on foreign currency translation		(3,753,431)	2,617,977
Other comprehensive income / (loss) for the year, net of tax		**(3,753,431)**	**2,617,977**
Total comprehensive income / (loss) for the year, net of tax		**(76,471,037)**	**(59,079,842)**
Total comprehensive earnings / (loss) for the year attributable to			
Owners of parent entity		(60,853,756)	(60,076,958)
Non-controlling Interest		(15,617,281)	997,116
Total comprehensive earnings / (loss) for the year attributable to		**(76,471,037)**	**(59,079,842)**
Basic loss per share (cents per share)	23	(6.52)	(6.38)
Diluted loss per share (cents per share)	23	(6.52)	(6.38)

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

6 STATEMENT OF FINANCIAL POSITION

As at 30 June 2023	Notes	Consolidated 2023 $	2022 $
Current assets			
Cash and cash equivalents	6, 18(b)	22,137,605	100,238,244
Trade and other receivables	7	9,922,214	10,234,710
Other assets	8(a)	22,032,717	3,631,733
Total current assets		**54,092,536**	**114,104,687**
Non-current assets			
Other assets - iM3NY	8(b)	2,495,804	13,655,704
Financial assets at FVOCI	9	15,096,142	15,096,142
Right-of-use-assets	10	31,049,975	30,149,281
Development assets	11	8,029,704	6,170,865
Plant & equipment iM3NY	12(a)	92,984,518	49,414,529
Plant & equipment	12(b)	107,148	44,343
Total non-current assets		**149,763,291**	**114,530,864**
TOTAL ASSETS		**203,855,827**	**228,635,551**
Current liabilities			
Trade and other payables	13	15,632,853	3,646,194
Lease Liability	14(a)	3,025,815	386,200
Provisions	14(b)	472,090	176,430
Borrowings	14(c)	4,600,000	1,750,000
Total current liabilities		**23,730,758**	**5,958,824**
Non-current liabilities			
Lease Liability	14(a)	30,657,582	31,010,410
Borrowings	14(c)	150,631,220	145,111,133
Total non-current liabilities		**181,288,802**	**176,121,543**
TOTAL LIABILITIES		**205,019,560**	**182,080,367**
NET ASSETS		**(1,163,733)**	**46,555,184**
Equity			
Contributed equity	15(a)	259,137,517	234,105,997
Reserves	17	15,024,976	17,847,208
Accumulated Profits/(Losses)		(287,398,720)	(206,510,298)
Parent Interest - Capital and Reserves		**(13,236,227)**	**45,442,907**
Issued Capital - Non-controlling Interest		27,716,111	21,990,193
Accumulated Profits/(Losses) - Non-controlling Interest		(15,643,617)	(20,877,916)
Non-controlling interests		**12,072,494**	**1,112,277**
TOTAL EQUITY		**(1,163,733)**	**46,555,184**

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

7 STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2023	Notes	Issued Capital $	FVOCI Reserve $	Share Based Payment Reserves $	Foreign Currency Translation Reserve $	Accumulated (Losses) $	Non controlling interests $	Total Equity $
At 30 June 2022		**234,105,997**	**5,076,057**	**2,910,493**	**9,860,658**	**(206,510,298)**	**1,112,277**	**46,555,184**
Previous year after tax loss		-	-	-	-	5,501,114	(2,711,813)	2,789,301
Loss for the period		-	-	-	-	(57,073,989)	(15,643,617)	**(72,717,606)**
Other comprehensive Income / (loss)		-	-	-	(3,753,431)		-	**(3,753,431)**
Total comprehensive income / (loss) for current year		**-**	**-**	**-**	(3,753,431)	(57,073,989)	(15,643,617)	**(76,471,037)**
Transactions with owners:								
Contributions of equity, net of transaction costs		24,713,108	-	-	-	-	-	**24,713,108**
Contributions of equity, net of transaction costs iM3NY		318,412	-	-	-	-	-	**318,412**
Share based payment (Forfeited) / to controlled entity	28(a)	-	-	(128,800)	-	-	-	**(128,800)**
Equity T\Fer on controlled entity share capital purchase		-	-	-	**-**	-	-	**-**
Share based payment (Forfeited) \ to Controlled Equity	28(a)	-	-	1,060,000	-	100	**-**	**1,060,100**
Non-Controlled interest		-	-	-	-	(29,315,647)	29,315,647	**-**
Reclassification from reserve		-	-	(1)	-	-	**-**	**(1)**
At 30 June 2023		**259,137,517**	**5,076,057**	**3,841,692**	**6,107,227**	**(287,398,720)**	**12,072,494**	**(1,163,733)**

YEAR ENDED 30 JUNE 2022	Notes	Issued Capital $	FVOCI Reserve $	Share Based Payment Reserves $	Foreign Currency Translation Reserve $	Accumulated (Losses) $	Non controlling interests $	Total Equity $
At 1 July 2021 (Restated)		**169,188,699**	**5,076,057**	**46,313**	**7,242,681**	**(137,450,231)**	**15,220,160**	**59,323,679**
Previous year after tax loss		-	-	-	-	16,283,919	(28,871,239)	**(12,587,320)**
Loss for the period		-	-	-	-	(40,819,903)	(20,877,916)	**(61,697,819)**
Other comprehensive income/(loss)		-	-	-	2,617,977	-	-	**2,617,977**
Total comprehensive income / (loss) for current year		**-**	**-**	**-**	**2,617,977**	(40,819,903)	(20,877,916)	**(59,079,842)**
Transactions with owners:								
Contributions of equity, net of transaction costs		42,237,203	-	-	-	-	3,699,957	**45,937,160**
Contributions of equity, net of transaction costs iM3NY		22,680,095	-	-	-	-	-	**22,680,095**
Share based payment (Forfeited) / to controlled entity	28(a)	-	-	965,180	-	-	-	**965,180**
Equity T\Fer on controlled entity share capital purchase		-	-	-	**-**	(12,582,868)	-	**(12,582,868)**
Share based payment (Forfeited) \ to Controlled Equity	28(a)	-	-	1,899,000	-	100	**-**	**1,899,100**
Non-Controlled interest		-	-	-	-	(31,941,315)	31,941,315	**-**
Reclassification from reserve		-	-	-	-	-	**-**	**-**
At 30 June 2022		**234,105,997**	**5,076,057**	**2,910,493**	**9,860,658**	**(206,510,298)**	**1,112,277**	**46,555,184**

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

8 STATEMENT OF CASH FLOWS

YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(26,320,561)	(34,129,140)
Payment of exploration expenditure		(2,233,044)	(1,105,713)
Payment for development assets		(1,610,732)	(715,088)
Payments to production		(13,305,795)	(1,099,528)
Interest and other costs of finance paid		(15,468,369)	(10,091,609)
Interest received		224,846	23,208
Other income received		29,332	-
R&D grant		-	11,681
Net cash used in operating activities	18(a)	**(58,684,323)**	**(47,106,189)**
Cash flows from investing activities			
Acquisition of plant & equipment		(43,153,600)	(34,105,551)
Acquisition of interest in associate		(941,488)	(17,605,634)
Acquisition of interest in financial asset		(4,999)	(1)
Proceeds from sale of property, plant, and equipment		4,959	395,121
Payment of loan to related parties		9,778,901	6,526
Net cash flows used in investing activities		**(34,316,227)**	**(51,309,539)**
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		26,128,108	25,149,000
Proceeds from issues/sale of ordinary shares - iM3NY		470,124	19,505,143
Proceeds from issues/sale of ordinary shares - iM3 PL		30	-
Proceeds remaining from Conv. Note Facility		2,850,000	1,750,000
Proceeds from exercise of options		-	21,779,703
Capital raising expenses		(1,415,000)	(3,104,000)
Proceeds from borrowings		5,520,087	145,111,133
Repayment of borrowings		-	(63,983,309)
Transaction costs related to loans and borrowings		(20,833,242)	(26,902,575)
Net cash flows from financing activities		**12,720,107**	**119,305,095**
Net increase/(decrease) in cash and cash equivalents		(80,280,443)	20,889,367
Net foreign exchange differences		2,179,804	6,453,932
Add opening cash and cash equivalents		100,238,244	72,894,945
Closing cash and cash equivalents	18(b)	**22,137,605**	**100,238,244**

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2023

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 Energy Technologies Ltd and controlled entities described in Note 27 ('the Group'). Magnis Energy Technologies Ltd is a company, limited by shares, incorporated in Australia whose shares are publicly traded on the 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 statements 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 model across the Lithium-ion battery supply chain that includes manufacturing of lithium-ion battery cells in the USA, a pre-mine development of its Nachu Graphite project in Tanzania and the proposed Active Anode Plant in the United States. The Group is currently in late-stage negotiations on potential joint ventures, funding and supply agreements which includes a Tier-1 group for iM3NY.

For the year ended 30 June 2023, the Group reported a net loss of $72,717,606 (2022: $61,697,819) and net operating cash outflows of $58,684,323 (2022: $47,106,189). The operating cash outflows have been funded by cash inflows from equity raisings and convertible note conversions of $26,128,108 (2022: $40,720,703) during the year. As at 30 June 2023 the Group had net current assets of $30,361,778 (2022: $108,145,863) including cash reserves of $22,137,605 (2022: $100,238,244). The breakup of cash reserves is provided in Note 6.

The company has assessed its ability to make further share placements (and /or secure Debt Finance). Based on the above, the directors believe 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.

If the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt over 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 on the 17th of October 2023 which supersedes the financial statements issued on 2nd October 2023.

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 and the Group has adopted no new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2022.

Exploration and evaluation costs

Exploration and evaluation expenditure is expensed directly to profit or loss when incurred. Accounting policies for the Group's development assets are outlined in Note 11 'Development Assets'.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market, or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs, and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Goods and services tax (GST) and/or value added tax (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.

Goods and services tax (GST) and/or value added tax (VAT) - continued

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.

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.

Revenue recognition

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

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, that management believes to be reasonable under the circumstances.

The resulting accounting judgements and estimates will seldom equal the related actual results. The estimate, judgements 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(g).

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 the jurisdiction in which it operates.

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 matter is different from amounts recorded, such differences will impact the indirect tax receivables or provision in the period in which such determination is made.

Fair value estimates of financial instruments

The Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

3. SEGMENT INFORMATION

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 in assessing performance and in determining the allocation of resources.

During the financial year, the Group continued its participation in global consortia, including ownership, to operate a lithium-ion battery Gigafactory in the USA as well as a development project in Australia. This activity is supplemented by the development and planned 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 2023 as follows:

- lithium-ion battery investments
- graphite exploration and development

2023	**Lithium-ion Battery Investment USA $**	**Lithium-ion Battery Investment Australia $**	**Graphite Exploration & Development Tanzania $**	**Consolidated $**
Segment financial information				
Segment revenue	97,798	26,039	266,936	390,773
Segment loss before tax	(57,927,224)	-	(14,790,382)	(72,717,606)
Segment current assets	45,920,697	61,986	8,109,853	54,092,536
Segment non-current assets	140,660,631	-	9,102,660	149,763,291
Segment liabilities	(198,608,964)	-	(6,410,596)	(205,019,560)

2022	**Lithium-ion Battery Investment USA $**	**Lithium-ion Battery Investment Australia $**	**Graphite Exploration & Development Tanzania $**	**Consolidated $**
Segment financial information				
Segment revenue	395,121	22,495	34,063	451,679
Segment loss before tax	(49,650,216)	-	(12,047,603)	(61,697,819)
Segment current assets	93,214,411	58,092	20,832,184	114,104,687
Segment non-current assets	108,249,217	-	6,281,647	114,530,864
Segment liabilities	(179,555,851)	-	(2,524,516)	(182,080,367)

Accounting policies

The Group applies AASB 8 Operating Segments and determines its operating segments to be based on its geographical location and also by operational type. Lithium-ion battery investment refers to the Group's ownership in planned Gigafactories via the Global Consortiums: Imperium3 Pty Ltd and Imperium3 New York Inc. Graphite exploration and development currently refers to the pre-development operation of the Nachu Graphite Project in Tanzania. The financial performance of these segments is reported to the Board on a periodical basis. The accounting standards adopted in preparing internal reports to the Board are consistent with those adopted in preparing this annual report. 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, if 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, 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.

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 2023 $	2022 $
Current income tax		
Current income tax credit/(expense)	15,720,595	15,541,299
Tax losses not recognised as not probable	(19,881,329)	(17,582,312)
(Under)/over provision in prior year	**(4,160,734)**	**(2,041,013)**
Deferred income tax		
Relating to origination and reversal of temporary differences	**4,160,734**	**2,041,013**
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

	2023 $	2022 $
Deferred income tax related to items charged or credited directly to equity		
Share issue costs	(74,479)	500,660
Deferred tax offset	74,479	(500,660)
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:

	2023 $	2022 $
Accounting (loss) before tax	(72,717,606)	(61,697,819)
At the Group's statutory 30% tax rate (2023: 30%)	21,815,282	18,509,346
Share based payment expense	(223,980)	(90,114)
Movement in temporary differences	(806,982)	(596,151)
Share of net P&L of associate accounted for using equity method	-	-
Exploration and evaluation expense write off	(82,755)	(48,125)
Non-assessable R&D offset income	-	3,504
Deductible option issue costs	456,811	430,330
Other adjustments	(1,277,047)	(626,478)
Tax losses not brought to account	(19,881,329)	(17,582,312)
Loss recoupment	-	-
Income tax (expense) reported in the Statement of Comprehensive Income	-	-

The benefit of these losses and temporary differences will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised.
- the Group continues to comply with the condition of deductibility imposed by law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

At the reporting date, the Group has estimated tax losses of (refer below) 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.

	2023
	$
Group tax losses	38,806,164
Transferred tax losses	26,706,090
Tax losses in foreign companies	174,108,098
Total tax losses	239,620,351

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 Energy Technologies Ltd being the head entity within that group. These entities are taxed as a single entity.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2023	2022
	$	$
Cash on hand	16,148	814
Cash at bank	3,653,977	20,074,650
Cash at bank – iM3NY	18,467,480	80,162,780
	22,137,605	**100,238,244**

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.

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023	2022
	$	$
Accrued interest	4,947	377
Goods and services tax recoverable	202,273	421,907
Prepayments and other receivables	4,013,903	183,836
Prepayments and other receivables- iM3NY	5,499,001	9,477,613
Security deposit	202,090	150,977
	9,922,214	**10,234,710**

Accounting policies

Other receivables are recognised and measured at amortised cost, less any allowance for expected credit losses.

Allowance for expected credit losses

The consolidated entity has recognised a loss of $Nil (2022: Nil) in the profit or loss, in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2023.

8(a) OTHER ASSETS

	Consolidated	
	2023	2022
	$	$
Accrued interest	26,039	22,495
Credit Card Clearing Account	21,461	-
Short-term loan - Imperium3 Townsville	31,000	35,221
Inventory - iM3NY	11,939,026	817,561
Capitalised Loan Costs - iM3NY	-	1,690,631
Advances/Deposits-Purchases - iM3NY	10,015,191	1,065,825
	22,032,717	**3,631,733**

Accounting policies

Allowance for expected credit losses

The consolidated entity has recognised a loss of $Nil (2022: $Nil) in profit or loss in respect of the expected credit losses related to other assets for the year ended 30 June 2023.

8(b) OTHER ASSETS – iM3NY

	Consolidated	
Movements in the allowance for provisions are as follows	2023	2022
	$	$
Capitalised Loan Costs - iM3NY	2,495,804	4,025,873
Less: allowance for amortisation - Loan Costs - iM3NY	-	(279,574)
Advances/deposits purchases- iM3NY	-	9,909,405
	2,495,804	**13,655,704**

Accounting policies
Capitalised Loan Costs and Allowance for Amortisation of Capitalised Loan Costs - iM3NY

These are capitalised expenses incurred in securing and refinancing loaned funds for iM3NY Inc. and includes such items as legal fees, agency fees, borrowing costs and other loan related costs that will be amortised in accordance to their respective nature. The consolidated entity has recognised $2,495,804 (2022: $13,655,704) in respect of capitalised loan costs, net of amortisation, currency translation and loan costs w\off related to refinancing of Riverstone loan for the year ended 30 June 2023.

Consolidated

Movements in Capitalised Loan Costs are as follows:	2023	2022
	$	**$**
Opening balance	**13,655,704**	**12,316,982**
Additional loans capitalised	2,612,767	9,909,405
Less: allowance for amortisation - loan costs	-	705,683
Loan costs written off during the year due to refinancing	(12,522,172)	(10,068,369)
Currency translation	(1,250,495)	792,003
Closing balance	**2,495,804**	**13,655,704**

9. FINANCIAL ASSET at FVOCI

	Consolidated	
	2023	**2022**
	$	**$**
Equity investment in Charge CCCV LLC	15,096,142	15,096,142
	15,096,142	**15,096,142**

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 intellectual property, which will assist in driving the Company’s growth in the lithium-ion battery sector. Magnis has appointed 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 undertakes. Further to the agreement, Magnis also has an exclusive agreement for 5 years over selected C4Vintellectual property, which will expand the Company’s material technologies in the rapidly growing lithium-ion battery sector. On 28 April 2021 and as clarified in announcement on 9 Sept 2021, Riverstone Credit Partners received a 3.50% stake in C4V, which effectively diluted the Company’s C4V ownership to 9.65%.

As at 30 June 2023 the Company’s ownership in C4V remains at 9.65% (2022:9.65%).

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:

	Consolidated	
Non-current assets	**2023**	**2022**
	$	**$**
Unlisted securities - Charge CCCV LLC	15,096,142	15,096,142
	15,096,142	**15,096,142**

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. Information about the methods and assumptions used in determining fair value is provided in Note 16.

10. RIGHT OF USE ASSET

	Consolidated	
	2023	2022
Non-current assets	**$**	**$**
Right-of-use assets at start of period	**30,149,281**	**266,305**
Additions	1,230,731	29,091,679
Currency Translation	1,132,266	1,509,925
Depreciation expense	(1,462,303)	(718,628)
Right-of-use assets – Closing Carrying value	**31,049,975**	**30,149,281**

Accounting policies

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation, and impairment losses.

11. DEVELOPMENT ASSETS

	Consolidated	
	2023	2022
	$	**$**
Development assets	8,029,704	6,170,865
	8,029,704	**6,170,865**

Accounting policies

Development assets are stated at cost less accumulated amortisation and impairment losses. Cost represents 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 an interest are amortised over the life of the area of interest to which the costs relate to 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.

As at 30 June 2023, the depreciation in development asset has not commenced yet because the exploration of mine has not begun.

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 of disposal or 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 2023, 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:

	Consolidated	
	2023	2022
	$	**$**
Opening balance	**6,170,865**	**4,982,338**
Development costs capitalised during the year	1,610,732	715,088
Currency translation difference	248,107	473,439
Closing balance	**8,029,704**	**6,170,865**

12 (a) PLANT AND EQUIPMENT iM3NY

	Consolidated 2023 $	2022 $
Plant and Equipment - iM3NY	92,984,518	49,414,529
	92,984,518	**49,414,529**

Accounting policies

iM3NY P&E assets are stated at cost less accumulated depreciation and impairment losses.

Costs represent the accumulation of all the plant and equipment and expenditure incurred by, or on behalf of, the entity in relation to the establishment and preparation of the production plant. iM3NY P&E costs in which the Group has an interest are amortised over the projected life of the production plant. As at 30 June 2023, as the company's assets have not been brought into use, they have not been depreciated.

Impairment

In October 2019, the Group had an independent valuation undertaken by global engineering, architecture and consultancy company Ramboll Energy were consulted to confirm that the iM3NY plant and equipment US$71,340,620 valuation.

On 19 April 2021 when the Company announced that its majority owned subsidiary Imperium3 New York Inc. (iM3NY), had received funding to fast-track production at its lithium-ion battery plant in Endicott, NY, Riverstone Credit Partners, L.P. confirmed through its due diligence that iM3NY has US$230Million of manufacturing assets in place.

As at 30 June 2023, no impairment to the carrying value of the iM3NY P&E assets has been deemed necessary.

Movements in iM3NY P&E assets

Movements in iM3NY P&E assets during the financial year, are set out as follows:

	Consolidated 2023 $	2022 $
Opening balance	**49,414,529**	**21,552,388**
iM3NY P&E costs capitalised during the year	43,038,645	34,027,966
Reclassification into other assets	-	(9,909,405)
Currency translation difference	513,344	3,743,580
Closing balance - Carrying value	**92,984,518**	**49,414,529**

12. (b) PLANT AND EQUIPMENT – MNS & UTL

	Consolidated 2023 $	Consolidated 2022 $
Plant and Equipment – Magnis & UTL	107,148	44,343
	107,148	**44,343**

Accounting policies

Each class of 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 associated 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 or 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 from the time the asset is first used, so as to write off the net costs of each asset over its 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

The residual value and useful life of assets are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal(s), if any, are determined by comparing the proceeds with the carrying amount. These are included in profit or loss.

Impairment

At each reporting date, the Group reviews the carrying values of its 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.

As at 30 June 2023, no impairment to the carrying value of its plant & equipment assets has been deemed necessary.

12. (b) PLANT AND EQUIPMENT - CONTINUED

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

	Consolidated Group						
YEAR ENDED 30 JUNE 2023	**Plant and equipment**	**Office equipment**	**Software**	**Office furniture and fittings**	**Office improvements**	**Motor vehicles**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2022 net of accumulated depreciation	**8,961**	**34,934**	**-**	**448**	**-**	**-**	**44,343**
Additions	40,095	62,612	-	8,331	2,529	1,388	114,955
Disposals	-	-	-	-	-	-	-
Currency translation differences	(6,391)	(8,084)	-	(1,022)	(813)	(446)	(16,755)
Depreciation charge for the year	(13,501)	(17,077)	-	(2,158)	(1,716)	(942)	(35,395)
Balance at 30 June 2023 net of accumulated depreciation	**29,164**	**72,385**	**-**	**5,599**	**-**	**-**	**107,148**
At 30 June 2023							
Cost	484,022	203,067	-	25,317	69,031	37,894	819,331
Accumulated depreciation and impairment	(454,858)	(130,682)	-	(19,718)	(69,031)	(37,894)	(712,183)
Net carrying amount	**29,164**	**72,385**	**-**	**5,599**	**-**	**-**	**107,148**
YEAR ENDED 30 JUNE 2022							
Balance at 1 July 2021 net of accumulated depreciation	**1,058**	**12,972**	**-**	**628**	**-**	**182**	**14,840**
Additions	32,709	35,228	-	1,211	5,447	2,990	77,585
Disposals	-	-	-	-	-	-	-
Currency translation differences	(18,025)	(9,639)	-	(1,010)	(3,958)	(2,308)	(34,941)
Depreciation charge for the year	(6,781)	(3,626)	-	(381)	(1,489)	(864)	(13,141)
Balance at 30 June 2022 net of accumulated depreciation	**8,961**	**34,934**	**-**	**448**	**-**	**-**	**44,343**
At 30 June 2022							
Cost	443,927	140,455	-	16,986	66,502	36,505	704,376
Accumulated depreciation and impairment	(434,966)	(105,521)	-	(16,538)	(66,502)	(36,505)	(660,033)
Net carrying amount	**8,961**	**34,934**	**-**	**448**	**-**	**-**	**44,343**

13. TRADE AND OTHER PAYABLE

	Consolidated	
	2023	**2022**
Current	**$**	**$**
Trade payables	15,276,232	3,260,299
Other payables and accruals	356,621	385,895
	15,632,853	**3,646,194**

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.

14. (a) LEASE LIABILITIES

	Consolidated	
	2023	**2022**
Current	**$**	**$**
Lease Liabilities	3,025,815	386,200
	3,025,815	**386,200**
Non-current		
Lease Liabilities	30,657,582	31,010,410
	30,657,582	**31,010,410**

Accounting policies

The lease liability is measured at the present value of the fixed and variable lease payments, net of cash lease incentives, that are not paid at the balance date. Lease payments are apportioned between finance charges and a reduction of the lease liability using the incremental borrowing rate implicit in the lease where available, or an assumed Group incremental borrowing rate, to achieve a constant rate of interest on the remaining balance of the liability.

14. (b) PROVISIONS

	Consolidated	
	2023	**2022**
Current	**$**	**$**
Provisional for annual leave	472,090	176,430
	472,090	**176,430**

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.

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 (c) BORROWINGS

	Consolidated	
	2023	**2022**
Current	**$**	**$**
Convertible Note \ Share Subscription Facility	-	1,750,000
Short-term iM3NY funding	4,600,000	-
	4,600,000	**1,750,000**
Non-current		
Senior Secured Loan - iM3NY	150,631,220	145,111,133
	150,631,220	**145,111,133**

Convertible Note \ Pre-Paid Share Subscription Facility

At period end, SBP effectively extinguished their remaining $10.5M portion of the convertible note and both Regal and L1 Capital completed in full their combined $25m first tranche of the pre-paid share subscription facility, with NIL outstanding balances as at 30 June 2023.

Short-term iM3NY funding

On 30 June 2023, Magnis obtained a 1-month short-term loan from Evolution Capital Pty Ltd of $4.6M, which was provided to iM3NY LLC to advance the project. The principal and borrowing costs were repaid in full via the capital raising through the $10.0M placement announced to the market on 17 July 2023.

Secured loans and borrowings

On 19 April 2022, Magnis announced that its majority owned subsidiary Imperium3 New York Inc(iM3NY) entered into a US$100 million loan facility ('loan facility'), which was utilised to retire its US$50 million senior secured loan facility entered into with Riverstone and provide additional cash and financial flexibility to take advantage of new long-term growth opportunities.

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).

Accounting policies

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The component of secured notes that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issue of secured notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

15. CONTRIBUTED EQUITY

a) **Issued capital**	**Number of shares**	**2023 $**
Ordinary Fully Paid shares	**1,115,331,483**	**259,137,517**

Ordinary Fully Paid shares carry a vote per share and carry a right to dividends.

b) **Movements in fully paid shares**	**Number of shares**	**2023 $**
At 30 June 2022	**966,485,329**	**234,105,997**
Shares restructure - iM3NY	-	318,412
Shares issued	148,846,154	26,128,108
Exercise of unlisted options	-	-
Exercise of unlisted rights	-	-
Transaction costs	-	(1,415,000)
Transaction costs – iM3NY	-	-
Share issue to MEST	-	-
At 30 June 2023	**1,115,331,483**	**259,137,517**

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

- $26,128,108 (2022: $23,561,500) from share placements of 148,846,154 (2022: 84,991,378) Ordinary Fully Paid shares. Transaction costs amounted to $1,415,000 (2022: $3,104,000).
- $Nil (2022: $21,779,703) from the exercise of unlisted options, issuing Nil (2022: 43,559,405) Ordinary Fully Paid shares.

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 are appropriately expended. The capital structure is intended to provide the lowest cost of capital available to the Group considering its present phase of operations.

Capital risk management.

Over the coming year the group is proposing to undertake an exploration program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A near 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 number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

16. FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities are the equivalent to the net carrying amount. 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 Group classified the fair value of its other financial instruments according to the following fair value hierarchy based on the number 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.

Financial assets measured at fair value	Level in Fair Value hierarchy	Consolidated 2023 $	2022 $
Financial assets at FVOCI	3	15,096,142	15,096,142
		15,096,142	**15,096,142**

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.

C4V has expertise and patented technology in lithium-ion battery composition and manufacture. C4V has executed binding agreements to receive royalty income from the exclusive use of both its patented anode chemistry and its cobalt and nickel free cathode chemistry. C4V also retains the right to receive a once off reservation fee upon the granting of exclusive use of its patented IP at each of the approved iM3 battery plants.

The royalty income is dependent upon the successful development of the Group’s Nachu Graphite Project which involves the mining and processing of natural flake graphite.

As at year end, C4V has a common share holding of 31.0% (2022: 31.00%) in Imperium3 New York LLC (‘iM3NY LLC’), being the holding company of Imperium3 New York Inc. (‘iM3NY Inc’), which owns battery plant assets located in a planned lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York.

As such, C4V has a 20.49% (2022: 31.19%) strategic indirect investment exposure in the New York lithium-ion battery production plant via iM3NY LLC.

Valuation Techniques- Level 3

The Group has utilised a combination of the discounted cash flow (DCF) method together with the fair value of C4V’s strategic investment in iM3NY to calculate the enterprise value of C4V. The DCF 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.

The fair value of C4V’s investment in iM3NY has been determined by first obtaining an independent valuation of the plant equipment purchased in 2018. The valuation of plant equipment was undertaken in August 2019 by engineering firm O’Brien & Gere assessed all the items purchased. At that time the external valuer attributed the status and condition at a valuation of US$71.34Million. In October 2019, the Group had an independent valuation undertaken by global engineering, architecture and consultancy company Ramboll Energy which confirmed that the iM3NY plant and equipment was valued at US$71,340,620.

On 19 April 2021 Magnis announced that the iM3NY project is fully funded to 1.8GWh of annual production. Riverstone Credit Partners, L.P. confirmed after carrying out its due diligence that iM3NY has US$230Million ($334Million) of manufacturing assets in place, of which C4V has a total indirect strategic interest via iM3NY LLC that is equivalent to US$72Million ($104Million). When the Riverstone Facility was paid out in April 2022, through the financing in collaboration with Atlas and Aon the value of the manufacturing assets in place had increased sufficient for those entities to agree to a funding package valued at US$100M.

The Group decides its valuation policies and procedures in line with its business objectives and with reference to the Group’s assessment of its investment in individual projects. Position papers are prepared to apprise the audit and risk committee of the valuation techniques adopted. The Group normally reviews the valuation of its financial assets at FVOCI at least once every six months, in line with the group’s half-yearly and yearly reporting requirements. Changes in level 3 fair values are analysed at the end of each reporting period during this review.

Quantitative information on significant unobservable inputs - Level 3

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's investment in C4V.

Unobservable inputs	Valuation Method (format)	Nachu Graphite Project	Imperium 3 New York	Relationship of Unobservable input to fair value
Project Status	DCF	Feasibility Study)	n/a	The more advanced the project the higher the fair value
Timeline to production	DCF	2 years post finance	n/a	The longer the time to production the lower the fair value
Project life	DCF	20yrs	n/a	The longer the lifespan the higher the fair value
Risk adjusted discount rate	DCF	20%	n/a	The higher the discount rate the lower the fair value
Capital required	DCF	$406.7M (US$270M)	n/a	The higher the capital required the lower the fair value
Expected annual volumes	DCF	240,000 tonne p.a.	n/a	The higher the annual volumes the higher the fair value
Valuation of battery manufacturing equipment	FV	n/a	$354.9M (US$235.6M)	The lower the recoverable amount of the equipment, the lower the fair value

Project and Investment Risk

The fair value of the Group's investment in C4V is measured against the enterprise value of C4V which is calculated using fair value incorporating present value techniques. The present value calculations use cash flows that are estimates rather than known amounts. There is inherent uncertainty in this valuation technique. In addition, C4V also holds patents, and their management of those patents, ongoing and active research that results in new patents or their economic success is uncertain. In addition, claims against these patents and the cost of defending claims is likewise uncertain but does represent a real risk. As a result, fair value is exposed to various forms of risk. The fair value as at reporting date is measured using several significant unobservable inputs. Risks specific to these unobservable inputs are detailed below and have been factored into the individual projects through the risk adjusted discount rate applied. The Group has performed detailed risk analysis using international frameworks on each of the individual projects during feasibility study. In performing this analysis, the Group is committed to supporting the Audit and Risk Committee to develop risk management and mitigation strategies for implement so it can reduce its exposure.

Production impacts

Scheduling for the projects has not factored in significant delays or cost overruns. Factors which could create significant delays include adverse weather conditions, construction risks particularly in-ground risks, the securing of water supply for construction and requisite approvals for infrastructure upgrades. There is a risk that such delays or cost overruns will impact the payback capability of the project and reduce the overall cashflows. A negative incident to production will result in a lower fair value.

Project status

The status of the projects has been determined as being preliminary. The projects are also characterised as being greenfield projects which relate to the lack of existing facilities to verify outcomes. There is a risk that the projects will not be advanced due to the significant capital required to commence construction. There is also a risk that legislative approvals required to commence construction may be delayed or not granted. Project status is aligned to the timeline to production. Any slippage in timeline milestone will reduce the fair value. Detailed implementation plans have been established for each of the individual projects.

The implementation plan identifies areas that are critical to the successful advancement of the projects. Strategies to mitigate and manage risk associated with project success have been documented in detail for implementation. This includes pre-finance testing and market development work. Establishment of strategic partnerships with credible industry professionals such as engineering, procurement and construction contractors, original equipment manufacturers, and financing professionals is also considered critical in reducing the risk of greenfield operations.

Capital required.
As the Townsville gigafactory is not proceeding at this time due to the decision of Council through it changing its focus for the Lansdown Precinct there will be no capital requirement in the foreseeable future.

Recoverable amount - C4V's investment in iM3NY

Realising the recoverable amount of C4V's investment in iM3NY is dependent on proceeds of sale equaling the estimated US$235.6Million ($354.9Million) of manufacturing assets in place, of which C4V has a total direct interest in iM3NY LLC and through that an estimated indirect interest equivalent to US$48.3Million ($72.7Million).

There is a risk that there may be significant advancements in state-of-the-art equipment render current equipment obsolete, or buyers are then increasingly difficult to identify. The valuation of the battery manufacturing equipment does not factor in the cost of relocating the equipment from iM3NY to the buyer(s). If iM3NY was unsuccessful in assigning these costs to the buyer, the fair value would be reduced.

Expected annual production.

The Nachu Graphite Project has been reported as the largest mineral resource of large flake graphite in the world. There is a risk, at a production rate of 236,000tpa, that supply may outstrip demand resulting in an unsustainable production rate. The project is also subject to significant sovereign risk arising from changes in legislation, government, environmental permits, employment, disease, and community relations, all of which could impact annual production. A reduction in the expected annual production would reduce the fair value.

The Nachu Graphite Project is however capable of being phased into stages of production. The staged approach allows the project risks and the Group's response to be tested at a reduced scale for a reduction in required capital outlay.

Royalties & Reservation Fee

C4V has executed binding agreements to receive royalty income from the exclusive use of both its patented anode chemistry and its cobalt and nickel free cathode chemistry. C4V also retains the right to receive a once off reservation fee upon the granting of exclusive use of its patented IP at each of the approved iM3 battery plants. The royalty income is dependent upon the successful development of three key projects which involve either mining and processing of natural flake graphite or the production of lithium-ion batteries. There is a risk that C4V will not receive the estimated reservation fee or royalty income if the Group is unsuccessful in securing the required capital to commence construction of the individual projects. There is also a risk that the annual royalty income derived from the individual projects will be less than estimated due to delays in production timelines or reduction in the expected annual production. Any reduction in annual royalty income or reservation fee income will lower the fair value. The contracts between C4V and Magnis and iM3 contain commercially sensitive information and as such cannot be disclosed in the financial report as it would likely be prejudicial to Magnis. The contracted royalty and reservation fees have been used by the Group in determining the fair value of C4V.

Interest rate risk

The main interest rate risk arises from expected long-term borrowings to fund the construction costs. Borrowings obtained at variable rates give rise to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. There is also a risk that the greenfield status of the project could attract interest rates with embedded risk premiums. The Group has endeavoured to mitigate these risks by targeting an advantageous mix of achievable funding sources and 'sticky' partners to reduce the amount of funding exposed to interest rate risk. This includes sourcing equity partners and government grants to reduce the quantum of project financing required. The Group is targeting potential funding partners for the Nachu Graphite Project who have an in-depth knowledge and experience in Tanzania to reduce the probability of significant risk premiums being added to interest rates. Targeting funding via engineering, construction, and procurement contractors who have a vested interest in the success of the project is one strategy that the Group believes will mitigate the risk of attracting finance with substantial risk premium embedded in the interest rate.

Currency rate risk

The individual projects undertake certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's daily currency.

Adverse foreign currency fluctuation can add significant additional costs to the estimated construction costs of the project.

The Nachu Graphite Project is exposed to currency fluctuations between the United States Dollar (USD, US$) and the Tanzanian Shillings (TzS). Where possible, the Group mitigates this risk by executing supply agreements in USD, however local content requirements limit the extent to which this strategy can be implemented.

To protect against exchange rate movements, the Audit and Risk Committee may consider entering into simple forward foreign exchange contracts.

Risk adjusted discount rate.

The above risks have been factored into the risk adjusted discount rate. Any favourable mitigation of the risks outlined above would result in a decrease in the discount rate and an increase in the fair value.

Sensitivity analysis

In accordance with the Group policy of reviewing this risk, the following sensitivity analysis based on an increase or decrease of the risk adjusted discount rate varies and other variables remain constant, the fair value of the investment would have been affected as shown:

Description	**Unobservable inputs**	**Sensitivity**
Financial asset at FVOCI	Project life	A one-year change would increase/ (decrease) fair value by AU$0.098M/ (AU$0.122M)
	Risk adjusted discount rate	5% change would increase/ (decrease) fair value by AU$6.251M/ (AU$4.1M)
	Expected annual volumes	5% change would increase/ (decrease) fair value by AU$1.232M/ (AU$1.232M)
	Valuation of battery manufacturing equipment	5% change would increase/ (decrease) fair value by AU$7.161M/ (AU$7.161M)

Investment accounted for using the equity method - Magnis investment in iM3NY via iM3NY LLC.

Investment accounted for using the equity method comprises the Group's investment in its majority owned New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY Inc'). 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.

Valuation Techniques - Level 3

As at year end, the Company has a common share holding of 62.0% (2022:62.00%) in Imperium3 New York LLC ('iM3NY LLC'), being the holding company of Imperium3 New York Inc. ('iM3NY Inc'), which owns battery plant assets located in a lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York.

As such, the Company has a 73.00% (2022: 61.42%) strategic indirect investment exposure in the New York lithium-ion battery production plant via LLC.

The table below provides the total direct and indirect strategic interests of all investors in iM3NY LLC and iM3NY Inc, as at 30 June 2023:

	Direct Common Share Ownership in iM3NY LLC 2023	Direct Investment Ownership in iM3NY Inc 2023	Indirect Investment Ownership in iM3NY Inc 2023	Direct Common Share Ownership in iM3NY LLC 2022	Direct Investment Ownership in iM3NY Inc 2022	Indirect Investment Ownership in iM3NY Inc 2022
Magnis	62.00%	n\a	73.00%	62.00%	n\a	61.42%
C4V	31.00%	n\a	20.49%	31.00%	n\a	31.19%
Primet	5.00%	n\a	0.37%	5.00%	n\a	0.51%
C&D	2.00%	n\a	0.46%	2.00%	n\a	0.64%
Atlas	n\a	n\a	0.35%	n\a	n\a	0.48%
Total iM3NY LLC	**100.00%**	**95.50%**	**94.67%**	**100.00%**	**95.50%**	**94.24%**
Riverstone Group	n\a	3.86%	4.68%	n\a	3.86%	5.12%
Prisma Pelican Fund	n\a	0.32%	0.32%	n\a	0.32%	0.32%
HSBC Bank	n\a	0.32%	0.32%	n\a	0.32%	0.32%
Total Riverstone, HSBC + Prisma	n\a	**4.50%**	**5.33%**	n\a	**4.50%**	**5.76%**
Total iM3NY Inc.	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The Group has determined the fair value of its strategic investment in iM3NY by first obtaining a third-party valuation of the recoverable amount of the battery plant equipment purchased in 2018. The valuation of plant equipment was undertaken in August 2019 by engineering firm O'Brien & Gere who assessed all the items purchased. At that time the external valuer attributed the current status and condition at a valuation of US$71.34Million. In October 2019, the Group had an independent valuation undertaken by global engineering, architecture and consultancy company Ramboll Energy which confirmed that the iM3NY plant and equipment was valued at US$71,340,620.

Recoverable amount – Magnis's investment in iM3NY

Realising the recoverable amount of the Company's investment in iM3NY is dependent on proceeds of sale equaling the estimated US$235.6Million ($354.9Million) of manufacturing assets in place, of which the Company has a total direct interest in iM3NY LLC and through that an estimated indirect interest equivalent to US$172.0Million ($259.1Million). There is a risk that there may be significant advancements in state-of-the-art equipment render current equipment obsolete, or buyers are then increasingly difficult to identify. The valuation of the battery manufacturing equipment does not factor in the cost of relocating the equipment from iM3NY to the buyer(s). If iM3NY was unsuccessful in assigning these costs to the buyer, the fair value would be reduced.

17. RESERVES

a) Reserves

	Consolidated 2023 $	Consolidated 2022 $
Foreign currency translation	6,107,227	9,860,658
Share based payment	3,841,692	2,910,493
FVOCI Reserve	5,076,057	5,076,057
	15,024,976	**17,847,208**

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.

iii. **FVOCI reserve:** The FVOCI Reserve is used to recognise any impairment on assets and liabilities using the fair value of measurement, thereby ensuring fair values are equivalent to their respective net carrying value.

18. STATEMENT OF CASH FLOWS

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

Operating activities	Consolidated 2023 $	2022 $
Net loss	**(70,703,449)**	**(37,663,313)**
Non-cash and non-operating items		
Depreciation of non-current assets	35,395	13,142
Amortisation of borrowing costs	12,500,355	3,336,222
Share based payments	931,200	1,276,679
Share of associates net loss accounted for using the equity method	-	-
(Profit)/ Loss on sale of assets	(4,959)	(395,121)
Net foreign currency translation gain (loss)	3,388,455	(552,497)
Accrued interest	-	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(16,097,308)	(11,192,154)
(Increase)/decrease in prepayments	46,814	16,051
(Increase)/decrease in security bonds	(189,362)	13,099
(Increase)/decrease in exploration assets	0	-
(Increase) in development assets	(1,601,762)	(706,765)
Increase/(decrease) in trade and other payables	11,980,319	(1,161,298)
Increase/(decrease) in provisions	1,029,979	(90,234)
Net cash outflow from operating activities	**(58,684,323)**	**(47,106,189)**

b) Reconciliation of cash and cash equivalents

Cash at bank and in hand	22,137,605	100,238,244
	22,137,605	**100,238,244**

19. COMMITMENTS

a) Exploration and Equipment commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest as well as acquiring new equipment. Exploration expenditure commitments beyond twelve months could not be reliably determined because the annual commitment was set at the anniversary date for each tenement. Note 1 outlines the Group's future funding options to meet its commitments. Outstanding commitments are as follows:

	Consolidated 2023 $	2022 $
Not later than one year - Exploration	89,817	89,817
After one year but no more than five years - AAM Equipment	4,453,189	-
	4,543,006	**89,817**

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2023.
The Group has guarantees for property leases and banking finance facilities of $202,090 (2022: $150,977).

21. EVENTS AFTER REPORTING PERIOD

On 3 July 2023 Magnis announced that the Company had increased its ownership interest in iM3NY in iM3NY LLC ("iM3NY") to 73% following the conversion of the Bridging Finance announced on 31 March 2023 (and some other minor financial assistance provided by Magnis more recently) into iM3NY equity.

On 17 July 2023, Magnis announced it had that it has received firm commitments raising $10 Million via the placement of 83,333,334 shares at $0.12 per share, which will be issued within the capacity under Listing Rule 7.1. The placement was made to local and overseas institutional fund managers along with professional and sophisticated investors. Net funds received will be used to provide working capital as well as advance all projects including the AAM Demonstration Plant and the Nachu Graphite Project. Directors participating in the placement will require shareholder approval under Listing Rule 10.11 at the next Company AGM.

On 31 July 2023, Magnis announced the appointment of Mr. Fabrizio Perilli as Non-Executive Director.

On 8 September 2023, Magnis announced it had that it has entered into a standby equity facility agreement ("Equity Facility") with Evolution Capital Pty Ltd ("Evolution Capital") along with its terms for the purpose of providing the Company another option to raise funds while it continues to advance IM3NY production and corporate endeavours. On 11 September 2023 Magnis issued a placement of 20 million shares with Evolution Capital as security for the obligations Magnis owes Evolution Capital under the Equity Facility, with 60 million remaining to be issued. A maximum of 80 million shares (in 4 individual placements of up to 20 million shares each) may be issued to Evolution Capital under the Equity Facility.

22. AUDITORS' REMUNERATION

The auditor of Magnis Energy Technologies Ltd in the current year is Hall Chadwick Melbourne Audit.

(a) Amounts due and payable to Magnis Group Auditor (Australia) for:

	Consolidated	
	2023	**2022**
	$	**$**
An audit or review of the financial report of the entity and consolidated Group	98,070	64,092
Other services in relation of the entity and any other entity in the consolidated Group:		
• Taxation services	77,588	144,528
• Corporate services	28,963	76,550
	204,621	**285,170**

(b) Amounts due and payable to related practices of Magnis Group Auditor (Australia) for:

	Consolidated	
	2023	**2022**
	$	**$**
An audit or review of the financial report of the entity and consolidated Group	-	-
Other services in relation of the entity and any other entity in the consolidated Group:		
• Taxation services	-	-
	-	**-**

23. LOSS PER SHARE

(a) Reconciliation of earnings to profit or loss:

	Consolidated	
	2023	**2022**
	$	**$**
Net loss - Loss used in calculating basic loss per share	72,717,606	61,697,819

Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share:

	Shares 2023	**Shares 2022**
Weighted average number of ordinary shares used in calculating basic loss per share	1,115,331,483	966,485,329
Basic loss per share (cents per share)	(6.52)	(6.38)

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.

(b) Effect of dilutive securities

For the year ended 30 June 2023 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.

	2023	2022
Diluted loss per share (cents per share)	(6.52)	(6.38)

Accounting policies

Diluted EPS adjusts the figures used in the determination of basic EPS to consider 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.

24. 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	
	2023	2022
	$	$
Short-term employee benefits	1,740,032	1,437,175
Termination benefits	-	-
Post-employment benefits	141,776	78,337
Share-based payments	375,200	965,180
	2,257,008	**2,480,692**

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

	Consolidated	
Assets and liabilities	**2023**	**2022**
	$	**$**
Trade and other payables	30,000	29,355
Current Liabilities	**30,000**	**29,355**

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

Identity of Related Party	Nature of Relationship	Terms and Conditions	Type of Transaction	Aggregate Amount 2023	Aggregate Amount 2022
Strong Solutions Pty Ltd	Frank Poullas is a related party of Strong Solutions Pty Ltd and Executive Chairman of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	223,300	215,600
			and IT Services	220,492	133,900
Peter Tsegas	Peter Tsegas is a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	(21,044)	1,914
Claire Bibby Pty Ltd	Claire Bibby is a related party of Claire Bibby Pty Ltd and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	72,600	-
Pillsbury Winthrop Shaw Pittman LLP	Mona Dajani was a related party of Pillsbury Winthrop Shaw Pittman LLP and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	16,799	-
Mona Dajani, Esq.	Mona Dajani is a related party of Mona Dajani, Esq. and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	117,092	-
Global Impact Initiative Pty Ltd	Giles Gunesekera is a related party of Global Impact Initiative Pty Ltd and Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	122,600	11,550
The Gunesekera Trust	Giles Gunesekera is a related party of the Gunesekera Trust as well as a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	30,800	-
Yatha Enterprises LLC	Hoshi Daruwalla is a related party of Yatha Enterprises LLC and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	268,068	34,476
AmeriAnode Inc	Hoshi Daruwalla is a related party of AmeriAnode Inc and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	(2,101)	-
				1,048,606	**397,440**

25. RELATED PARTY DISCLOSURES

Parent entity

Magnis Energy Technologies Ltd is the ultimate Australian parent entity of the consolidated entity.
Its interests in controlled entities are set out in Note 27.

Wholly owned group transactions

Controlled entities made payments and received funds on behalf of Magnis Energy Technologies Ltd 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 24 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

CITICORP NOMINEES PTY LIMITED controls 9.00% (2022: 6.22) of the ordinary fully paid shares in the Company.

26. PARENT ENTITY INFORMATION

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

	Parent	
	2023	**2022**
Statement of profit or (loss) and other comprehensive income	**$**	**$**
Profit or (Loss) after income tax	**(15,490,464)**	**(13,424,544)**
Total comprehensive (loss) \ income	**(15,490,464)**	**(13,424,544)**
Statement of financial position		
Total current assets	7,381,342	20,016,515
Total assets	**103,612,665**	**89,874,398**
Total current liabilities	5,227,159	2,363,544
Total liabilities	**5,994,587**	**2,410,163**
Total Net assets	**97,618,078**	**87,464,235**
Equity		
Issued capital	234,683,169	209,970,061
Equity settled employee benefits reserve	3,841,692	2,910,492
Equity FVOCI reserve	5,076,057	5,076,057
Retained profits	(145,982,840)	(130,492,376)
Total Equity	**97,618,078**	**87,464,235**

Contingent liabilities

Other than funding arising from a letter of support provided by the company to iM3NY, the parent entity had no contingent liabilities as at 30 June 2023. (2022: Nil).

Capital commitments – Plant and equipment.

The parent entity had no capital commitments for plant and equipment at as 30 June 2023 and 30 June 2022.

Remuneration commitments

The parent entity has a remuneration commitment of $300,284 as at 30 June 2023 (2022: $166,337).

27. 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:

Name	Country of incorporation	Ownership	Class of shares	Equity Holding [1] 2023	Equity Holding [1] 2022
Uranex (Tanzania) Limited	Tanzania	Direct	Ordinary	100.00%	100.00%
Magnis Technologies (Tanzania) Limited	Tanzania	Direct	Ordinary	100.00%	100.00%
Uranex Mozambique Limitada	Mozambique	Direct	Ordinary	100.00%	100.00%
Uranex ESIP Pty Ltd	Australia	Direct	Ordinary	100.00%	100.00%
iM3NY LLC [2]	USA	Direct	Common	62.00%	62.00%
Imperium3 New York Inc. [3]	USA	Indirect	Common	73.00%	61.42%
Imperium3 Pty Ltd [5]	Australia	Direct	Ordinary	66.66%	33.33%
Magnis AAM LLC. [4]	USA	Direct	Common	100.00%	n\a

[1] *percentage of voting power is in proportion to ownership (direct and indirect).*

[2] *iM3NY LLC was incorporated for consolidation purposes on 16 April 2021. The remaining 38% has been attributed to non-controlling interests.*

[3] *Imperium3 New York Inc. was incorporated for consolidation purposes on 29 June 2020 of which 95.5% is owned directly by iM3NY LLC (2022:95.5%) while 4.5% has been attributed to non-controlling interests. On the 28 March 2023 and 30 June 2023, Magnis purchased US$18.5M and US$3.5M respectively, of Series A Preference Shares in iM3NY LLC. As at year end the company has a total indirect investment exposure in Imperium3 New York Inc. of approx. 73.0% via iM3NY LLC.*

[4] Magnis AAM LLC was incorporated in Delaware USA on 3 January 2023. 100.0% is owned directly by Magnis (2022: n\a %).

[5] Imperium 3 Pty Ltd was incorporated in NSW, Australia on 27June 2017, which wholly owns iM3 Townsville Pty Ltd. 66.66% is owned directly by Magnis (2022: 33.33 %).

Accounting policies

Principles of consolidation

The consolidation financial statements are those of the consolidated entity, comprising Magnis Energy Technologies Ltd [the parent entity], special purpose entities and all entities which Magnis Energy Technologies Ltd 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 ties 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 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-assesses 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.
- 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.

At 29 June 2020 Magnis acquired additional shares in Imperium 3 New York Inc. (iM3NY) to become a majority shareholder. The direct ownership in iM3NY has been accounted for as an asset acquisition and not a business combination, due to factors which include the equipment assets had been relocated from a previous owner's facility and at the time of the transaction were still in the process of being recommissioned ahead of the commencement of production.

From late March 2021 to April 2021, iM3NY undertook a restructuring where iM3NY LLC was created as the new holding company of iM3NY, as a result of the binding Riverstone Credit Partners, L.P. funding agreement. As part of the syndicated funding package, new investors were introduced in iM3NY, while existing iM3NY investors were migrated into the newly created iM3NY LLC. This restructuring effectively placed investors like Magnis and C4V who previously held shares directly in iM3NY, to now become investors with an indirect exposure to iM3NY, through their direct holding in iM3NY LLC.

In July 2021 Magnis provided further funding for the iM3NY lithium-ion battery project by increasing its investment in iM3NY LLC's Series A preference shares while maintaining its holding of common shares.

As at year end the company maintains its controlling ownership of 62% in iM3NY LLC, while the holding company maintains its controlling ownership of 95.5% in iM3NY.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred.
- liabilities incurred to the former owners of the acquired business.
- equity interests issued by the group.
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where an acquisition does not meet the definition of a business in AASB 3 Business Combinations, the transaction is accounted for as an asset acquisition. Acquired assets are measured at their proportionate share of the transaction consideration, and no goodwill or bargain purchase is recognised.

Dividends 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.

28. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

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

	Consolidated	
	2023	2022
	$	$
Expense arising from the issue of MOST options (employees)	375,200	129,700
Expense arising from the issue of MOST options (non-employee)	-	-
Expense arising from the issue of DIRECT options (employees)	-	846,600
Expense arising from the issue of DIRECT options (non-employee)	556,000	1,899,000
Expense arising from the issue of MERT rights (employees)	-	(11,120)
Total expense arising from equity-settled payment transactions	**931,200**	**2,864,180**

(b) Types of share-based payment plans:

OPTION SHARE PLAN: MOST - ('EMPLOYEES')

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors, Key Management Personnel (KMP) employees and other employees of the consolidated entity.

The **Magnis Option Share Trust ('MOST')** is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. In accordance with the provisions of the Plan, listed Ordinary Fully Paid shares and unlisted options are held on behalf of Plan Participants by the Trustee of the MOST.

Under the MOST, the exercise price of the options is set by the Board on the date of grant. The life of options to participants granted are for 3 years, but these must be exercised within 3 months of the option holder ceasing employment with Magnis Energy Technologies Ltd. There are no cash settlement alternatives.

RIGHTS PLAN: MERT - ('EMPLOYEES')

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity.

In accordance with the provisions of the Plan, unlisted performance share rights are held on behalf of Plan Participants by the Trustee of the **Magnis Executive Rights Trust ('MERT').**

Under MERT, the Executive Rights are divided into five tranches and conversion of each tranche is dependent on satisfaction of performance milestones and service conditions applicable to each tranche, including the relevant person being a director at the time the respective performance milestone tranche is satisfied.

Although no specific expiry date exists for each tranche, it has been accepted under AASB2 that the life of Executive Rights granted to participants are for 10 years, but they will immediately lapse when the Executive Rights holder ceases employment with Magnis Energy Technologies Ltd. There are no cash settlement alternatives.

(c) Share-based payment plans for non-employee ('Consultant option'):

Share options are granted to selected non-employees from time to time in consideration for the services of the consultant as a share-based incentive ('Consultant options'). Prior Shareholder approval of the issue of Consultant options is required.

Each Consultant Option is granted for nil consideration for services provided by unrelated parties to the Company, the terms are subject to the same terms of the Company's existing unlisted options.

No funds are raised from the issue of the Consultant Options, as they are issued to the consultant in consideration for assistance with the Company's progress and success. There are no cash settlement alternatives.

(d) Summary of options and rights granted under share-based payment

Options granted under share-based payment.

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

	2023 No.	2023 WAEP	2022 No.	2022 WAEP
Outstanding at the beginning of the year	10,125,000	0.72	**3,750,000**	**0.69**
Granted during the year	7,000,000	1.34	7,375,000	0.72
Exercised during the year	-	-	-	-
(Expired \ Lapsed) during the year	(4,000,000)	-	(1,000,000)	(0.70)
Outstanding at the end of the year	**13,125,000**	0.75	**10,125,000**	**0.72**
Exercisable at the end of the year	**13,125,000**	0.75	**10,125,000**	**0.72**

The range of exercise prices for options outstanding at the end of the year was between $0.40 and $0.80 (2022: $0.40 and $0.80).

Rights granted under share-based payment.

The below table shows the number of, and movements in, MERT performance share rights issued during the year.

	2023 No.	2023 WAEP	2022 No.	2022 WAEP
Outstanding at the beginning of the year	**4,000,000**	-	**7,500,000**	-
Granted during the year	-	-	-	-
Exercised during the year	-	-	(1,500,000)	-
Lapsed during the year	-	-	(2,000,000)	-
Outstanding at the end of the year	**4,000,000**	**-**	**4,000,000**	**-**
Exercisable at the end of the year	**4,000,000**	**-**	**4,000,000**	**-**

During 2023, NIL ordinary fully paid shares (2022: 1,500,000) were issued as a result of converting performance rights.

(e) Weighted average remaining estimated life.

The weighted average remaining estimated life outstanding as at 30 June 2023 is:

- Share options - MOST: 1.87 years (2022:1.22 years)
- Share options - Direct: 0 years (2022: 2.41 years)
- Share rights - MERT: 9.00 years (2022:9.00 years)

(f) Weighted average fair value.

The weighted average fair value granted during the year to 30 June 2023 is:

- Share options - MOST: $0.09394 (2022: $0.09440)
- Share options - Direct: n\a (2022: 14110)
- Share rights - MERT: $0.00923 (2022:0.00923)

(g) 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, considering 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 2023:

Dividend yield (%)	Nil
Expected volatility (%)	47 - 99
Risk-free interest rate (%)	0.062 - 3.878
Expected life of option (years)	2.0 - 3.0
Option exercise price (cents)	40 - 80
Weighted average share price at measurement dates (cents)	18.5 - 53.0
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') scheme acquired and was issued with 7,000,000 (2022: 7,375,000) options on varying terms and conditions for allotment to Directors and employees.

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 the extent to which the vesting period has expired and 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 the 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 been 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.

The 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

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's national currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets US$		Liabilities US$	
Consolidated	**2023**	**2022**	**2023**	**2022**
US dollars	**6,300,913**	**4,793,355**	**39,615**	**69,703**

The Group had net assets denominated in foreign currencies of **US$6,261,298** (assets less liabilities) as at 30 June 2023 (2022:US$4,723,652).

Based on this exposure, had the Australian dollar weakened or strengthened by 5% against these foreign currencies with all other variables held constant, the consolidated entity's **loss before tax** for the year would have been $135,883 higher / $88,656 lower, while the consolidated entity's **net assets \ equity** would have been $496,393 higher / $449,118 lower.

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

The actual foreign exchange loss realised for the year ended 30 June 2023 was $123,522 (2022: $19,405)

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	
	2023	**2022**
	$	**$**
Cash and cash equivalents	**22,137,605**	**100,238,244**

The weighted average interest rate for the Group at the reporting date was 0.0197% (2022:0.4850%).

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 2023 and 2022.

30 June 2023	Carrying Amount	Interest Rate Risk -1% Net Loss $	Interest Rate Risk -1% Equity $	Interest Rate Risk +1% Net Loss $	Interest Rate Risk +1% Equity $
Consolidated Entity					
Financial asset					
Cash and cash equivalents	22,137,605	(221,376)	(221,376)	221,376	221,376

30 June 2022	Carrying Amount	Interest Rate Risk -1% Net Loss $	Interest Rate Risk -1% Equity $	Interest Rate Risk +1% Net Loss $	Interest Rate Risk +1% Equity $
Consolidated Entity					
Financial asset					
Cash and cash equivalents	100,238,244	(1,002,382)	(1,002,382)	1,002,382	1,002,382

The sensitivity was higher during 2023 than 2022 because of higher cash balances. The analysis assumes the carrying amounts noted will be maintained over the next financial year.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and Notes to the financial statements. The Group does not hold any collateral. The Group has adopted a simplified lifetime expected loss allowance in estimating expected credit losses to trade and other receivables. The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at reporting date is the carrying amount (net of expected credit loss) of those assets as disclosed in the statement of financial position and Notes to the financial statements.

(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 receive cash flow reports periodically 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 payoffs, 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 2023. The remaining contractual maturities of the Group entity's financial liabilities consisting of trade and other payables are:

	Consolidated 2023 $	Consolidated 2022 $
On demand	-	-
Less than 1 year	15,632,853	3,646,194
1-5 years	-	-
> 5 years	-	-
	15,632,853	**3,646,194**

(e) Net Fair Values

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

30. INTEREST EXPENSES

	Consolidated 2023 $	Consolidated 2022 $
Interest Expense	363,095	1,000,000
Interest on Lease Liability	46,826	18,115
Interest Expense	**409,921**	**1,018,115**
Interest Expense - iM3NY	15,105,274	9,091,609
Interest expenses - iM3NY	**15,105,274**	**9,091,609**
	15,515,195	**10,109,724**

31. ADMINISTRATION EXPENSES

	Consolidated 2023 $	Consolidated 2022 $
Audit Fees	143,319	90,681
Insurance	373,294	96,024
Rental expenses	131,139	132,510
Travel costs	320,623	152,071
C4V Service Supply Fees	885,175	827,259
Other expenses	3,077,231	1,627,789
Administration expenses	**4,930,781**	**2,926,334**
Audit Fees - iM3NY	674,087	156,728
Insurance - iM3NY	488,032	3,238,892
Rental expenses - iM3NY	3,056,534	2,744,663
Travel costs - iM3NY	118,298	162,738
Other expenses - iM3NY	4,109,473	2,744,273
Administration expenses - iM3NY	**8,446,424**	**9,047,294**
	13,377,205	**11,973,628**

32. LEGAL AND CONSULTANCY EXPENSES

	Consolidated 2023 $	Consolidated 2022 $
Legal	454,829	889,211
Consultants	3,237,300	2,860,162
Marketing	156,546	276,880
Legal and consulting expenses	**3,848,675**	**4,026,253**
Legal - iM3NY	456,001	337,437
Consultants - iM3NY	-	-
Marketing - iM3NY	132,139	215,631
Legal and consulting expenses - iM3NY	**588,140**	**553,068**
	4,436,815	**4,579,321**

33. BORROWING COSTS AND LOAN AMORTIZATION

	Consolidated	
	2023	**2022**
	$	**$**
Loan Amortization - iM3NY	12,500,355	3,336,221
Borrowing Costs - iM3NY **#**	1,790,017	21,486,071
Borrowing Costs and Loan Amortization – iM3NY	**14,290,372**	**24,822,292**

 # (2022: Includes $20,030,045 of loss on extinguishment of debt.)

10 DIRECTOR'S DECLARATION

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Magnis Energy Technologies Ltd, 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 2023 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 2023.

On behalf of the board

F Poullas
Executive Chairman

Sydney, 17 October 2023

HALL CHADWICK
MELBOURNE AUDIT

MAGNIS ENERGY TECHNOLOGIES LIMITED
AND CONTROLLED ENTITIES
ABN 26 115 111 763

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGNIS ENERGY TECHNOLOGIES LIMITED

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Magnis Energy Technologies Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and 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 consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 auditor independence requirements of 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 the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the company.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of $72,717,606 during the year ended 30 June 2023 and net operating cash outflows of $58,684,323; as of that date; As stated in Note 1 these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

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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 for the year ended 30 June 2023. 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 Our Audit Addressed the Key Audit Matter
Investment in Charge CCV LLC *Refer to Note 9 'Financial Assets at FVOCI* At 30 June 2023, the Consolidated Entity had an investment in Charge CCCV LLC "C4V" an entity external to the Group and recorded at a value of $ 15,096,142. The Group's accounting policy in respect of this investment is outlined in Note 9. This is a key audit matter because of the judgements and estimates along with the disclosure considerations that are required in relation to management's assessment of the fair value to ensure that these are in accordance with *AASB 13 Fair Value*, *AASB 9 Financial Instruments* and *AASB 7 Financial Instruments: Disclosures*.	Our procedures included, amongst others: • Obtaining and evaluating management's assessment and assumptions made in relation to the investment in C4V to ensure the classification of the asset continues to be appropriate. • Evaluating management's financial model to support the fair value of C4V, including the challenging of key assumptions as reported in Note 9 as well as checking the mathematical accuracy of the model and underlying calculations. • Gaining an understanding of quantum of funds required to ensure Nachu and iM3NY progress to development and into production to produce the royalty cash flows to C4V. • Evaluating the accuracy and completeness of the disclosures in accordance with AASB 9, AASB 13 and AASB 7.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Development Asset *Refer to Note 11 'Development Asset'* The Group has $8,029,704 recorded as development asset as at 30 June 2023. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 11. This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgements are applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*.	Our procedures included, amongst others: • In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with AASB 6 – Exploration for and Evaluation of Mineral Resources, we: o examined the minutes of the Group's board meetings and updates from the Group's exploration partners; o obtained management's position on the assessment of impairment at the end of the year and evaluated it for reasonableness; o reviewed the tenements profile and ensured any that have been surrendered were expensed as required;

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Property, Plant and Equipment *Refer to Note 12 'Property, Plant and Equipment'* The Group has $93,091,666 property, plant and equipment at 30 June 2023 of which $92,984,518 relates to iM3NY. We focused on this matter as a key audit matter as equipment is the most significant asset of the group.	Our procedures included amongst others: • Assessed the Group's analysis for indicators of impairment, including the views of management's valuation specialists. This included consideration of whether any movements in the valuation drivers indicated potential impairment by comparing them to historical results in addition to economic and industry forecasts. • We assessed the adequacy of group's disclosures in relation to the carrying value of property, plant & equipment.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Borrowings *Refer to Note 14 (c) 'Non Current - Borrowings'* The Group has $150,631,220 of non-current borrowings as at 30 June 2023. Magnis's subsidiary iM3NY entered into an agreement with Atlas Credit Partners through AON for a loan facility of USD 100 million (AUD 145.11 million) which was used to retire the USD 48.475 million (AUD 63.98 million) senior debt facility entered into with Riverstone and to provide additional cash for the business. This is considered to be a key area of audit focus due to its materiality to the financial report.	Our procedures included, amongst others: • Gained an understanding the loan as per the loan agreement. • A review of the loan documentation including the terms of the secured loans and evaluated the accounting treatment adopted by management in accounting for the borrowings. • Confirmed that the management is in compliance with the loan's covenants • We assessed the adequacy of the Group's disclosures in respect of borrowings.

Information Other Than The Financial Report And Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The audited financial statements published by the company on 3rd October 2023 includes an audit report with a qualified opinion. The qualification was based on the inability to obtain sufficient and appropriate audit evidence to conclude on material areas relating to equity, intercompany transactions and the implications of income tax arising out of these transactions on the subsidiary iM3NY LLC, as the component auditor had not completed their work on those areas. Since then, the component auditor have completed their work and issued an audit report with unqualified opinion.

As we now have obtained sufficient appropriate audit evidence, our audit report has been issued with an unqualified opinion on the reissued consolidated financial statements.

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 have 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 18 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Magnis Energy Technologies Limited, for the year ended 30 June 2023, complies with 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.

Hall Chadwick Melbourne Audit

Chartered Accountants

Level 14 440 Collins Street

Melbourne VIC 3000

Anh (Steven) Nguyen

Director

Date: 18 October 2023

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SUPPLEMENTARY INFORMATION

Corporate Governance Statement for 2023 can be viewed at:
https://magnis.com.au/files/Corporate-Governance-Statement.pdf

The Security holder information set out below was current at 24 October 2023

Substantial Shareholders		
NAME	# of Securities	% of Securities
Citicorp Nominees Pty Limited	61,142,962	7.13

Number of holders in each class of security				
CLASS OF SECURITY	Securities	% of Securities	No. of Holders	% of Holders
Ordinary Fully Paid	1,199,498,151	100	19,438	100

Voting Rights attached to each Class of Security

Each Ordinary Fully Paid Share is entitled to one vote at any General Meeting of the Company and participates in any distribution equally with all other Ordinary Fully Paid Shares

The unlisted Options have no voting rights

Distribution Schedule Holding Distribution 30 September 2022				
RANGE	Securities	% of Securities	No. of Holders	% of Holders
100,001 and over	922,121,213	77.22	1,578	8.12
10,001 to 100,000	226,024,616	18.92	6,697	34.45
5,001 to 10,000	27,027,892	2.26	3,382	17.40
1,001 to 5,000	18,307,988	1.53	6,698	34.46
1 to 1,000	701,312	0.06	1,083	5.57

- 4.10.8 No of holders that have less than a marketable parcel (which is currently sitting at close to 10% of the register).

Unmarketable Parcel Details - 30 September 2022				
Range	Securities	% of Securities	No. of Holders	% of Holders
Unmarketable Parcel	25,223,599	2.11	8,841	45.48

20 Largest Shareholders

Rank	Name	Name	%IC
1	CITICORP NOMINEES PTY LIMITED	85,317,692	7.13
2	MAZZDEL PTY LIMITED	30,438,781	2.55
3	MAZZDEL PTY LIMITED	21,633,678	1.81
4	BNP PARIBAS NOMINEES PTY LTD	20,792,158	1.74
5	EVOLUTION CAPITAL PTY LTD	20,000,000	1.67
6	MR FRANK POULLAS	13,129,580	1.10
7	MR MATTHEW JOHN BOYSEN	11,801,000	0.99
8	MR MATTHEW JOHN BOYSEN	11,401,320	0.95
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	9,050,510	0.76
10	KINGSLAND DEVELOPMENTS AUSTRALIA PTY LTD	7,932,406	0.66
11	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	6,433,584	0.54
12	MR TIAN YONG LIU & MRS WEI YING JIANG	6,221,498	0.52
13	MR JOHN PETER SAUNIG	5,979,322	0.50
14	FINCLEAR PTY LTD	5,957,545	0.50
15	MR MARLON PATHER	5,000,000	0.42
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,872,468	0.41
17	GREENHILL ROAD INVESTMENTS PTY LTD	4,500,000	0.38
18	BNP PARIBAS NOMS PTY LTD	4,444,098	0.37
19	MR FRANK POULLAS	4,200,000	0.35
20	MISS HAZEL DARCY	4,097,699	0.34

Details of Unquoted Securities

DESCRIPTION	# of Securities	# of Holders
Option expiring various dates ex various prices	2,625,000	5
Performance Shares	4,000,000	2
Option Expiring 25 Nov 2024 ex $0.70	2,000,000	1
Option Expiring 25 Nov 2024 ex $0.50	10,000,000	2
Option Expiring 25 Nov 2024 ex $0.40	20,000,000	2
Option Expiring 7 Dec 2024 ex $0.60	1,300,000	1
Option Expiring 7 December 2025 ex $0.80	6,000,000	3
Option Expiring 18 May 2026 ex $0.50	35,000,000	3

Company Secretaries
Duncan Glasgow
Jonathan Reynolds

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Other Stock Exchanges
There are no other exchanges although there are 2 OTC markets, namely OTCQX and FSE