MAGNIS ENERGY TECHNOLOGIES

ASX: MNS | OTCQB: MNSEF | FSE: U1P

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED | 31 DEC 2023

INDEX

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public pronouncements made by MAGNIS ENERGY TECHNOLOGIES LTD during the interim reporting period in accordance with the continuous disclosure requirements of the Australian Securities Exchange.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity of Magnis Energy Technologies Ltd ('Magnis' or 'Parent Entity' or the 'Company', Australian Securities Exchange /ASX Code: MNS) for the half-year ('HY') ended 31 December 2023.

DIRECTORS

The following persons were Directors of the Company during the financial half-year and up to the date of this report unless otherwise indicated:

Mr. Frank Poullas	(Executive Chairman)
Mr. Hoshi Daruwalla	(Executive Director)
Ms. Claire Bibby	(Non-Executive Director) Resigned 11 March 2024
Ms. Mona Dajani	(Non-Executive Director) Resigned 31 December 2023
Mr. Giles Gunesekera OAM	(Non-Executive Director)
Mr. Fabrizio Perilli	(Non-Executive Director) Appointed 31 July 2023
Mr. Peter Tsegas	(Non-Executive Director)

COMPANY OVERVIEW AND PRINCIPAL ACTIVITIES

Magnis Energy Technologies Ltd is a vertically integrated lithium-ion battery technology and materials company in the Lithium-ion battery supply chain. The Company's vision is to enable, support and accelerate the mass adoption of Electric Mobility and Renewable Energy Storage critical for the green energy transition.

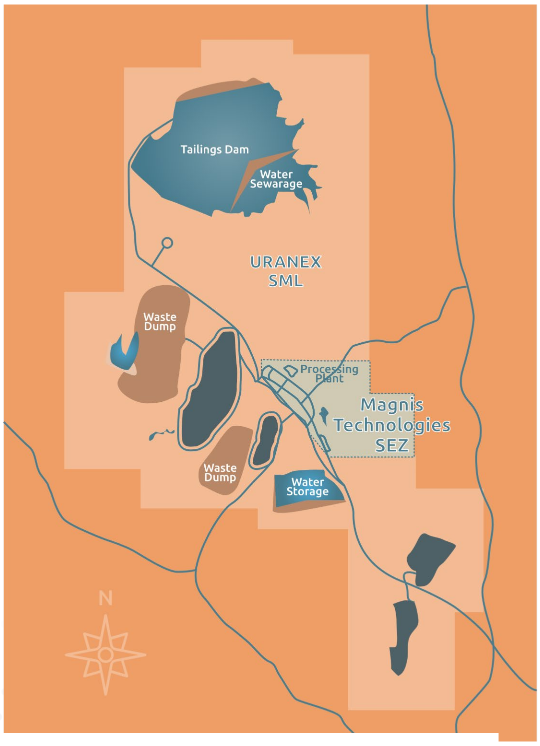


Figure 1 |IndicativeMap of Nachu Graphite Project

Nachu Graphite Project: Magnis' Nachu Graphite project is located near Ruangwa, in the south-east of Tanzania. The project is approximately 220 km away from the Tanzanian port of Mtwara. The project demonstrates significant potential due to its large ore body with very low variation in lithology and mineralisation and low-cost operational model. The project is founded upon a plan to deliver high quality graphite concentrate through simple, environmentally friendly processes.

Over 82% of the graphite concentrate planned to be produced at the project is above 150 microns which makes the product very coarse. The graphite concentrate below 300 microns is expected to be produced at 99%TGC which is high versus the current industry standard of 94 – 96%TGC.

To date, all major mining and environmental approvals have been received and an updated Bankable Feasibility Study was completed in September 2022 and was released on 27 September 2022 [1].

[1] https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21400904

Figure 2 | 3D representation of future graphite processing site

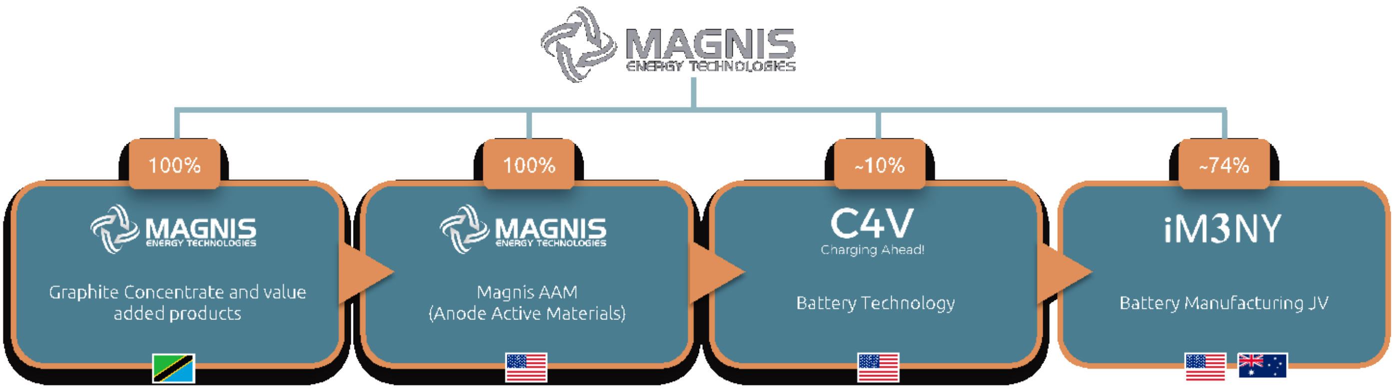
Anode Active Material (AAM): Magnis plans to produce Anode Active Material through use of the natural graphite flakes from its Nachu Graphite Project in Tanzania utilising processes that don't require harmful chemicals and use low energy purification techniques. Using Nachu graphite feedstock, along with anode processing IP and know-how, Magnis has produced high-quality, high-performance anode active materials in a laboratory setting. The Company plans to produce this product on a commercial scale in due course.

Battery Manufacturing: Magnis has a non-controlling interest in iM3NY LLC (a subsidiary in which it retains a 62% equity interest and an economic interest of 74%) which in turn has a non-controlling interest in its US based subsidiary Imperium3 New York Inc. ('Inc')[2]. Inc operates a lithium-ion battery plant in Endicott New York which has exclusivity in the US to the IP of Charge CCCV LLC ('C4V') and is in the process of scaling the plant to produce green credentialed lithium-ion battery cells for use in both electric vehicles and battery energy storage systems. Subject to appropriate funding, Inc's lithium-ion battery plant currently has a capacity of 300 MwH, the ability to produce 1 GwH of cells when commercial production ramps up and a longer-term plan to produce 38GwH of cells per annum.

Battery Technology: A non-controlling 9.65% equity interest in US based lithium-ion battery technology firm C4V that has patented technology potentially significant to the electric energy market.

Current Corporate Structure

[2] LLC has a 95.5% interest in Inc. Control was lost when the Lender appointed the majority of the board following a series of alleged defaults under the USD100MM Credit Facility that was entered into in April 2022.



REVIEW AND RESULTS OF OPERATIONS

The net profit after tax of the consolidated entity for the half-year ended 31 December 2023 was $14,676,386 (HY2022 Loss: $32,138,252) of which:

- a gain arising on deconsolidation of the iM3NY LLC group was recognised of $51,813,572 (HY2022: $nil)
- exploration and evaluation expenditures were $1,105,026 (HY2022: $1,285,420),
- administration expenses were $5,270,439 (HY2022: $6,090,703) and
- interest expenses were $8,945,462 (HY2022: $6,886,409).

An operational overview is set out below.

OPERATIONAL UPDATE

NACHU GRAPHITE PROJECT LINDI REGION (RUANGWA), TANZANIA

During the half-year, further progress was made in finalising the Framework Agreement which under the current provisions of the Mining Act of Tanzania will transfer a minority equity stake of 16% in the proposed mine and graphite concentrate plant to the Government of Tanzania. This agreement is expected to be signed during this calendar year. Part of the concentrate processing plant sits outside the special mining licence area the subject of the Framework Agreement in the Special Economic Zone (SEZ) which will carry out the final stages of production and will remain wholly owned by the Company, subject to financing terms in due course.

During the half-year, the Eco-Village which was built to house the Project Affected Persons (PAPs) that were to be relocated from the mine site was completed and most of the PAPs have been relocated to that village (please see below for more details about this and other ESG activities in and around the mine site).

Other activities were conducted during the half-year to progress the project toward final investment decision, including the completion of minor infrastructure works. The principal effort has been directed to progressing bankable off-take agreements and fundraising initiatives aimed at providing the capital to commence mine construction. This is on the back of the BFS which was updated in 2022. A summary of the update is described below[3].

- The update optimizes process plant design to produce a higher-grade product and protect flake size during processing.
- The Project's unique combination of larger flake sizes and high purity concentrate positions it as a leading future supplier.
- Post-Tax Life of Mine (LOM) Project NPV_{10} of US$1.2bn (A$1.8bn) and Project IRR of 51% with a payback period of 19 months.
- Nachu is the only graphite project to be awarded a Special Economic Zone licence in Tanzania to produce advanced graphite products, including very high purity Jumbo and Super Jumbo Flakes as well as downstream products for Lithium-ion batteries.
- The Nachu Project is a coarse flake graphite operation, designed to treat 5 Mt/y run of mine (ROM) ore with an average steady state production feed grade of 5.2% total graphitic carbon (TGC).
- The graphite ore will be hauled from an open pit mine to the concentrator to produce a steady state average of 236,000 t/y of graphite flake concentrate at 98.5% (concentrate over 300 microns) and 99% (concentrate under 300-micron size) TGC grades.

Figure 3 | Nachu Graphite Processing Plant 3D Render

[3] Please refer to the ASX announcements 'Nachu Graphite Project BFS Update' and 'Supplementary Information to BFS Update' on September 27th and September 30th respectively.

Key Highlights of the Nachu Graphite Project		
Project Metrics	**Units**	**Value**
Project NPV10 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

Table 1: Key Highlights of the BFS update

1. Payback period is at the Project (unlevered) level 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 FOB and Miscellaneous and General Admin. 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 renewed in May 2021. International arbitration available if dispute resolution required and revenues from product sales may be paid into foreign accounts. Applies to Magnis Technologies Tanzania Limited (MTT) only, a subsidiary of Magnis Energy Technologies Ltd. MTT will upgrade the graphite concentrate produced by the mine.
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

ECO-VILLAGE RESETTLEMENT PROGRAM

The Company had identified 785 PAPs 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 has been completed and by the end of December 2023, 31 families out of the 50 had finalized their moves into their new homes.

Figure 4 Eco-Village Houses

MAGNIS ANODE ACTIVE MATERIALS PROJECT

Following the announcement, in February 2023, of the offtake agreement with the leading international EV manufacturer the Company has continued to progress plans to, in due course, establish an Anode Active Material (AAM) manufacturing plant utilising high quality and high purity natural graphite feedstock from its Nachu Graphite Project in Tanzania.

IMPERIUM3 NEW YORK LITHIUM-ION BATTERY PLANT

The Company increased its economic interest in the battery plant over the half-year from 73% to 74% through the investment of further capital.

Although certification was obtained at the end of the last financial year, commercial production has not been progressed due to several technical issues in bedding down equipment at the plant and as a consequence no revenue was generated by the plant in the half-year.

The secured lenders to the operator of the battery factory, Imperium3 New York Inc (“Inc”), issued two default notices during the half-year and following the second default notice exercised their right to appoint representatives to the board of Inc (“Lender Directors”) in lieu of all existing directors except Shailesh Upreti.

In addition, during the half-year, legal action was commenced against the Company in the state of Delaware, the place of incorporation / registration of iM3NY LLC (“LLC”) by C4V, the minority shareholder of LLC. LLC is the intermediate holding company in which both Magnis and C4V are shareholders and which in turn holds 95.5% of the equity of Inc. In order to enable the Company to focus its efforts on the refinancing of Inc and to avoid spending time and costs in litigation, the three Magnis nominees on the board of LLC resigned and a Status Quo Order was approved by the court which has the effect of limiting the powers of the remaining board members of LLC.

Upon ceasing to control the boards of LLC and Inc, effective 30 November 2023, Magnis will no longer report consolidated figures in respect of those entities. The effect of the deconsolidation is that the Group reported a gain on deconsolidation in the half-year of $57.8 million.

Following the deconsolidation, the fair value of the Company's investment in Inc is, whilst the future of Inc remains unclear, carried on the Company's balance sheet at nil value.

The Company's primary effort presently is focussed on refinancing of Inc. The Company has been working closely with PriceWaterhouseCoopers (PwC) to refinance Inc's US$100M credit facility. PwC has been running an orderly process with multiple investors who are interested in the iM3NY asset. Several institutional investors are in detailed due diligence. As part of this process, management meetings have been held and investors are working on providing term sheets.

Shareholders are cautioned that there can be no assurance that the refinancing efforts will be successful.

Figure 5 | Inc Battery Factory, Endicott NY

CORPORATE UPDATE

Magnis US traded OTC shares (OTC: MNSEF) were removed from the OTCQX board and following the suspension of Magnis's shares by the ASX on 6 December 2023 were moved to the OTC Open market board.

At the AGM, held on 30 November 2023, shareholders approved, inter alia, the:

- change to the constitution which allowed for future AGMs to be held virtually and also approved a change which allowed the board to be reimbursed for personal exertion beyond the normal board activities.

- mandate under listing rule 7.1A was reinstated giving the Company the authority to place an additional 10% of its equity, over and above the 15% permitted under listing rule 7.1, without shareholder approval, subject to compliance with the relevant rules.

At the end of July 2023 Fabrizio Perilli[4] was appointed to the board.to fill a casual vacancy and his appointment was ratified by shareholders at the AGM.

At the end of the half year Mona Dajani resigned as a non-executive director.[5]

HEALTH, SAFETY & SUSTAINABILITY ('HSS')

Magnis continues its commitment to upholding high standards in the areas of health, safety, environment and community relationships. This commitment includes a dedication to the principles and practices of good corporate and environmental citizenship integrating all aspects of an activity to ensure the appropriate and balanced path is taken to satisfy regulatory requirements whilst in line with best practice and the highest standards.

The Magnis Community Partnership Program (MCPP) contributes various inputs, from time and planning skills to materials and equipment for community development programs in matters such as cultural awareness, education, agriculture, environment, sport, and health. The MCPP has in the past contributed learning materials to local schools within the Ruangwa District and is a wide-ranging initiative that covers ongoing programs such as maintenance of community areas, general support and involvement in community events or support and staff participation in community health awareness programs.

Magnis actively promotes employee participation in continuous improvement processes within the broader area of Occupational Health and Safety. Staff at Uranex are involved in emergency response plans, workplace risk assessments and contributions to monthly safety topics. Magnis ensures staff have access to general medical and health services for regular evaluations and provides staff training in safety, safety leadership and reporting.

Inc utilises environmentally sustainable power sources for the LIB factory and actively recycles waste. The development of the LIB factory in the old IBM premises is having the effect of revitalising the local community through the creation of jobs. This has resulted in Inc becoming eligible for grants from the State government of New York.

Magnis continues to have a well-respected presence and relationship with the communities in which it operates including with local governments and businesses. The Company intends for its operations and investments to benefit the local communities through direct employment and via indirect economic benefits such as the local procurement of supplies wherever feasibly possible.

CORPORATE SOCIAL RESPONSIBILITY IN TANZANIA

During the half-year a review was conducted of a number of social impact measurement partners that will help the Company to fully measure the social impact of its work in Tanzania. Magnis continues to have a strong focus on Corporate Social Responsibility (CSR) and contributes significant investment into the communities surrounding its proposed operations at the Nachu Graphite Project in Tanzania.

[4] https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21463496
[5] https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21497393

With a broad range of CSR initiatives, including supporting the local football and school debating team, financial literacy programs, building a school, medical clinics and the provision of educational materials, the cumulative impact of Magnis' CSR investments is far reaching. To be able to

Figure 6 | Children at the recently completed Chunyu Primary School

demonstrate the impact and identify opportunities, Magnis is seeking to establish a social impact measurement system.

Through its work with trusted partners, it is adopting a wellbeing approach to social impact. Measuring impact in terms of wellbeing not only ensures that overall there is a positive impact, but it provides a holistic profile of the needs of people and communities. In addition, Magnis will employ statistical analysis to identify priority needs, so that resources may be directed for the greatest impact.

Magnis will ensure that measurement is aligned to global frameworks and standards as relevant, including the UN Sustainable Development Goals (SDG) and UN SDG Impact Standards. Magnis' partner has measured wellbeing of people and communities across more than 10 countries, including Tanzania and Uganda and the requirements to ensure the technical, cultural and ethical integrity of measurement is maintained across different contexts.

Overall, wellbeing measurement is a critical tool that will enable Magnis to measure the cumulative impact of CSR investments and take a data driven approach to identify opportunities to maximise it. This will enable it to comply with the requirements for sustainability reporting when the Company meets the required hurdles that require it to report and will ensure that reporting can occur in any event.

CORPORATE

As at 31 December 2023, the Group held $528,644 in cash.

In September 2023, Magnis entered into a two-month secured short-term loan with 14 separate and unrelated parties borrowing $2 million that fell due for repayment on 30 November 2023 and which was repaid in accordance with its terms.

In November 2023, Magnis procured a $4.6 million secured short term loan from sophisticated and professional investors. The debt is repayable on 31 March 2024.

Subsequent to 31 December 2023, the following referenced announcements concerning funding plans have been released by the Company.

https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21500726
https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21505000
https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21509288

CAPITAL FUNDS

On 17 July 2023, the Company commenced a capital raising and on 21 July 2023 issued 64,166,668 ordinary fully paid shares (OFP) at $0.12 per share, raising $7.7 million 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. This capital raise completed on 21 July 2023.

As announced on 8 September 2023, the Company entered a standby equity facility agreement ('Equity Facility') with Evolution Capital Pty Ltd ('Evolution Capital') for the issue of up to 80 million OFP shares, of which 20 million OFP shares were issued on 11 September 2023. The Company will receive payment for the issued OFP shares in due course once they have been sold on-market, in accordance with the terms of the Equity Facility. The key terms of the Equity Facility are as follows:

- Size: a maximum of 80 million OFP shares (in 4 individual placements of up to 20 million OFP shares each) may be issued to Evolution Capital under the Equity Facility.
- Facility period: unless extended by the parties, expires 8 September 2024.
- Purchase price per share: greater of:
  - 94% of the of the volume weighted average price of Magnis shares during the relevant valuation period as notified by Evolution Capital to the Company; and
  - a floor price of $0.08.

The Company also announced the cancellation and expiry of 3.5 million unlisted options during the six months ending to 31 December 2023, as follows:

- On 7 July 2023, 2,000,000 unlisted options at $0.70 exercise price and 26 Nov 2024 expiry date, were cancelled within the Magnis Option Share Trust (MOST) due to the resignation of Non-Executive Director.
- On 31 July 2023 and 27 November 2023, 500,000 and 250,000 unlisted options respectively, at $0.80 exercise price and 9 Dec 2024 expiry date, were cancelled within MOST due to the resignation of KMP's.
- On 27 November 2023, 375,000 unlisted options at $0.50 exercise price and 375,000 unlisted options at $0.75 exercise price, with 28 Oct 2023 expiry date, lapsed within MOST.

As at 31 December 2023, the Company had:

- 1,199,498,151 fully paid ordinary shares on issue.
- 20,000,000 unlisted options ('MNSAQ') remain issued with a strike price at $0.40, expiring 25 Nov. 2024.
- 10,000,000 unlisted options ('MNSAP') remain issued with a strike price at $0.50, expiring 25 Nov. 2024.

- 1,300,000 unlisted options ('MNSAT') remain issued with a strike price at $0.60, expiring 7 Dec. 2024.
- 35,000,000 unlisted options ('MNSAR') remain issued with a strike price at $0.50, expiring 18 May 2026.
- 9,625,000 unlisted options ('MNSAK + AS + OA') outstanding in MOST, formally called Uranex Option Share Trust, with varying expiry dates ranging from Feb. 2024 to Dec. 2025 and varying exercise prices ranging from $0.63 to $0.80.
- 4,000,000 performance rights ('MNSAL') outstanding in the Magnis Executive Rights Trust ('MERT').
- 1,250,000 fully paid ordinary shares held in MOST.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than disclosed in the financial statements, there were no significant changes in the state of affairs of the consolidated entity during the half-year.

SUBSEQUENT EVENTS

On 2 January 2024 Magnis announced that Non-Executive Director Mona Dajani had resigned from the Magnis board due to other work commitments, effective 31 December 2023.

Claire Bibby, on 11 Marech 2024 resigned as a Non-executive Director due to a change in her personal circumstances.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors

Frank Poullas

Chairman

15 March 2024

MAGNIS ENERGY TECHNOLOGIES LTD
ABN 26 115 111 763

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAGNIS ENERGY TECHNOLOGIES LTD

As lead auditor for the review of Magnis Energy Technologies Ltd and controlled entities for the half-year ended 31 December 2023, I declare that, the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Anh (Steven) Nguyen
Director
Date: 15 March 2024
Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

CONSOLIDATED STATEMENT OF PROFIT OR (LOSS) AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	NOTE	31-Dec 2023	31-Dec 2022
		$	$
Total Income	4, 17	**50,715,533**	**71,098**
Total (Expenses)	4	**(36,039,147)**	**(32,209,350)**
Profit/(Loss) before income tax		**14,676,386**	**(32,138,252)**
Income tax benefit/(expense)		-	-
NET PROFIT/(LOSS) FOR THE PERIOD	17	**14,676,386**	**(32,138,252)**
Net profit/(loss) for the period attributable to:			
Owners of parent entity		21,069,399	(22,372,799)
Non-controlling Interest		(6,393,013)	(9,765,453)
NET PROFIT/(LOSS) FOR THE PERIOD		**14,676,386**	**(32,138,252)**
OTHER COMPREHENSIVE INCOME OR (LOSS)			
Items that will not be reclassified subsequently to profit or (loss):			
Change in fair value of financial assets at FVOCI	8	(15,096,142)	-
Items that may be reclassified subsequently to profit or (loss):			
Foreign currency translation (loss)/profit		670,675	998,353
Other comprehensive (loss)/profit for the period net of tax		**(14,425,467)**	**998,353**
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		**250,919**	**(31,139,899)**
Total comprehensive profit/(loss) attributable to:			
Owners of parent entity		6,643,932	(21,238,647)
Non-controlling Interest		(6,393,013)	(9,901,252)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		**250,919**	**(31,139,899)**
Basic earnings / (loss) per share (cents per share)		1.78	(3.31)
Diluted earnings / (loss) per share (cents per share)		1.78	(3.31)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	NOTE	31-Dec 2023	30-Jun 2023
Current Assets		$	$
Cash and cash equivalents	5	528,644	22,137,605
Trade and other receivables	6	1,897,233	9,922,214
Other assets	7(a)	-	22,032,717
Total Current Assets	17	**2,425,877**	**54,092,536**
Non-Current Assets			
Other assets - iM3NY	7(b)	-	2,495,804
Other assets	7(b)	3,586,816	-
Financial assets at FVOCI	8, 20	-	15,096,142
Right-of-use assets	9	821,739	31,049,975
Development assets	10	7,973,573	8,029,704
Plant & equipment - iM3NY		-	92,984,518
Plant and equipment		87,840	107,148
Total Non-Current Assets	17	**12,469,968**	**149,763,291**
TOTAL ASSETS		**14,895,845**	**203,855,827**
Current Liabilities			
Trade and other payables	11	6,720,597	15,632,853
Lease liabilities	12	261,284	3,025,815
Provisions		363,378	472,090
Borrowings	13	4,600,000	4,600,000
Total Current Liabilities		**11,945,259**	**23,730,758**
Non-Current Liabilities			
Lease liabilities	12	594,385	30,657,582
Provisions		-	-
Borrowings	13	-	150,631,220
Total Non-Current Liabilities		**594,385**	**181,288,802**
TOTAL LIABILITIES	17	**12,539,644**	**205,019,560**
NET ASSETS		**2,356,201**	**(1,163,733)**
Equity			
Contributed equity	14	241,858,346	259,137,517
Reserves		240,547	15,024,976
Accumulated (Losses)		(239,742,692)	(287,398,720)
Parent Interest – Capital and Reserves		**2,356,201**	**(13,236,227)**
Issued Capital - Non-controlling Interest		-	27,716,111
Accumulated Profits/(Losses) - Non-controlling		-	(15,643,617)
Non-controlling Interests		**-**	**12,072,494**
TOTAL EQUITY		**2,356,201**	**(1,163,733)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec 2023	31-Dec 2022
Cash flows from operating activities		$	$
Payments to suppliers and employees		(1,407,244)	(7,523,341)
Payment for exploration and evaluation expenditure		(1,630,091)	(1,389,198)
Payments for development expenditure		(188,701)	(1,525,324)
Payments to production		(7,046,273)	(3,652,740)
Interest and other costs of finance paid		(8,915,004)	(6,870,109)
Interest received		178,751	46,515
Net cash outflow used in operating activities		**(19,008,562)**	**(20,914,197)**
Cash flows from investing activities			
Acquisition of property, plant, and equipment		(892,129)	(42,395,368)
Acquisition of interest in financial asset		-	(4,999)
Proceeds from sale of property, plant, and equipment		1,834,117	1,946
Payment of loan to related parties		-	243,368
Net cash inflow/(outflow) from/used in investing activities		**941,988**	**(42,155,053)**
Cash flows from financing activities			
Proceeds from issue of shares (including convertible notes)		7,700,000	2,140,000
Proceeds from third party investors issue of shares - iM3NY		762,998	-
Proceeds from issue of shares – iM3 PL		-	30
Proceeds from Convertible Note Facility		-	(1,000,000)
Capital raising expenses		(524,823)	-
Proceeds from borrowings		6,638,000	1,593,873
Repayment of borrowings		(6,638,000)	-
Transaction costs related to loans and borrowings		(4,733,000)	2,929,219
Net cash inflow from financing activities		**3,205,175**	**5,663,122**
Net cash (outflows) for the reporting period		**(14,861,399)**	**(57,406,128)**
Effect of exchange rates on cash holdings in foreign currencies		282,109	1,702,810
Less cash in iM3NY as at date of deconsolidation		(7,029,671)	-
Add cash and cash equivalents at the beginning of the period	5	22,137,605	100,238,244
Cash and cash equivalents at the end of the period	5	**528,644**	**44,534,926**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Contributed equity (CE)	FVOCI Reserve	Share Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling Interest	Total Equity
		$	$	$	$	$	$	$
As at 1 July 2023	14	**259,137,517**	**5,076,057**	**3,841,692**	**6,107,227**	**(287,398,720)**	**12,072,494**	**(1,163,733)**
Loss for the period		-	-	-	-	21,069,399	(6,393,013)	**14,676,386**
Other comprehensive income / (loss)		-	(15,096,142)	-	670,675	-	-	**(14,425,467)**
Total comprehensive income / (loss) for the half-year		**-**	**(15,096,142)**	**-**	**670,675**	**21,069,399**	**(6,393,013)**	**250,919**
Transactions with owners in their capacity as owners								
Shares, net of trans. costs	14	7,175,177	-	-	-	-	-	**7,175,177**
Shares, net of trans. costs-iM3NY as at date of deconsolidation	14	(24,454,348)	-	-	-	(1,307,690)	25,762,038	**-**
Reversal of iM3NY accumulated losses		-	-	-	-	34,287,232	(37,834,532)	**(3,547,300)**
Share based payment to P&L	4, 18(a)	-	-	(358,962)	-	-	-	**(358,962)**
Share-based payment (Forfeited) / to CE		-	-	-	-	100	-	**100**
Non-Controlled Interest		-	-	-	-	(6,393,013)	6,393,013	**-**
Rounding		-	-	-	-	-	-	**-**
As at 31 December 2023	14	**241,858,346**	**(10,020,085)**	**3,482,730**	**6,777,902**	**(239,742,692)**	**-**	**2,356,201**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Contributed equity (CE)	FVOCI Reserve	Share Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Non-controlling Interest	Total Equity
		$	$	$	$	$	$	$
As at 1 July 2022	14	**234,105,997**	**5,076,057**	**2,910,493**	**9,860,658**	**(206,510,298)**	**1,112,277**	**46,555,184**
Loss for the previous period		-	-	-	-	(2,001,882)	2,001,882	-
Loss for the period		-	-	-	-	(22,372,799)	(9,765,453)	**(32,138,252)**
Other comprehensive income / (loss)		-	-	-	998,953	-	-	**998,953**
Total comprehensive income / (loss) for the half-year		-	-	-	**998,353**	**(22,372,799)**	**(9,765,453)**	**(31,139,899)**
Transactions with owners in their capacity as owners								
Shares, net of trans. costs	14	2,140,000	-	-	-	-	-	**2,140,000**
Shares, net of trans. costs-iM3NY	14	501,582	-	-	-	-	-	**501,582**
Share based payment to P&L	4, 18(a)	-	-	(128,800)	-	-	-	**(128,800)**
Share-based payment (Forfeited)\to CE	14	-	-	504,000	-	100	-	**504,100**
Non-Controlled Interest		-	-	-	-	-	(514,686)	**(514,686)**
Rounding		-	-	(1)	-	-	-	**(1)**
As at 31 December 2022	14	**236,747,579**	**5,076,057**	**3,285,692**	**10,859,011**	**(230,884,879)**	**(7,165,980)**	**17,917,480**

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

NOTES TO THE

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Magnis Energy Technologies Ltd (the 'Company') is a for profit company limited by shares, incorporated in Australia and whose shares are publicly traded on the Australian Securities Exchange.

The half-year (HY) report for the six months ended 31 December 2023 of the Company was authorised for issue in accordance with a resolution of the Board of the Company dated 15 March 2024.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore does not provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full year financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and considered with any public announcements made by Magnis Energy Technologies Ltd during the half-year ended 31 December 2023 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The consolidated financial report for the half-year ended 31 December 2023 is presented in Australian dollars (unless otherwise indicated).

(i) New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous half-year financial reporting and the Group has not adopted new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2023.

3. GOING CONCERN

For the half-year (HY) ended 31 December 2023 the Group reported a net profit of $14,676,386 (HY2022: Loss $32,138,252) and net operating cash outflows of $19,008,562 (HY2022: $20,914,197). Net operating cash outflows have been funded by existing cash reserves and cash inflows from equity raisings and short-term borrowings totalling $8,462,998 (HY2022: $1,140,000).

As at 31 December 2023 the Group had net current liabilities of $9,519,382 (30 June 2023: net current assets: $30,361,778) including consolidated cash reserves of $528,644 (30 June 2023: $22,137,605). Refer to Note 5 for a breakup of consolidated cash and cash equivalents.

The balance of these cash reserves will not be sufficient to meet the Group's planned expenditure, evaluation, and development budget, including operating and administration expenditure for the 12 months to 15 March 2025. To fully implement its evaluation and development strategy, the Group will require additional funds. The existence of these conditions indicates material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

Notwithstanding the above, 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. To continue as a going concern, the Group requires additional funding to be secured from sources including but not limited to further equity capital raisings, potential farm-out of participating interests in the Group's tenements and rights, and / or other financing arrangements.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the Group's ability to effectively manage its expenditures and cash flows from operations, the Directors believe the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis.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 half-year financial statements were authorised for issue by the directors on 15 March 2024.

4. INCOME AND EXPENSES FROM ACTIVITIES

		31-Dec 2023	31-Dec 2022
Income		**$**	**$**
Interest received		150,747	47,712
Foreign exchange gain		22,195	21,440
Profit on sale of fixed assets		36,709	1,946
Gain arising from deconsolidation - iM3NY	Note: 22	51,813,572	-
Currency profit/(loss) arising from deconsolidation - iM3NY		(1,307,690)	-
Total income		**50,715,533**	**71,098**
Expenses			
Administration, corporate and licenses		5,270,439	6,090,703
Service supply agreement with Charge CCCV LLC ('C4V')		73,881	442,302
Depreciation		668,999	743,511
Director fees		324,822	312,345
Employee benefits expense		2,924,937	2,582,263
Interest expense		8,945,462	6,886,409
Borrowing Costs & Loan Amortization		3,808,951	7,777,517
Legal, consulting and professional services		5,870,357	1,858,091
Cost of Production expenditure		7,046,273	3,652,740
Green Anode (AAM) expenditure		-	202,849
Share based payments	Note: 18(a)	-	375,200
Exploration and evaluation		1,105,026	1,285,420
Total expenses		**36,039,147**	**32,209,350**

5. CASH AND CASH EQUIVALENTS

	31-Dec 2023	30-Jun 2023
	$	$
Cash on hand	1,687	16,148
Cash at bank	526,957	3,653,977
Cash at bank - iM3NY	-	7,679,719
Cash at bank restricted - iM3NY	-	10,787,761
	528,644	**22,137,605**

Cash and cash equivalents include 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.

6. TRADE AND OTHER RECEIVABLES

	31-Dec 2023	30-Jun 2023
	$	$
Accrued interest	2,982	4,947
Goods and services tax recoverable	135,466	202,273
Prepayments and other receivables	1,550,430	4,013,903
Prepayments and other receivables - iM3NY	-	5,499,001
Less: allowance for expected credit loss	-	-
Term Deposit	208,355	202,090
	1,897,233	**9,922,214**

7(a). OTHER ASSETS

	31-Dec 2023	30-Jun 2023
	$	$
Current		
Accrued interest - Imperium3 Townsville	-	26,039
Credit Card Clearing Account	-	21,461
Short-term loan - Imperium3 Townsville	-	31,000
Advanced Purchases - iM3NY	-	10,015,191
Inventory - iM3NY	-	11,939,026
	-	**22,032,717**

Accounting policies:

Short-term loan with Imperium3 Townsville

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

Movement in the Other Assets are as follows:

	31-Dec 2023	30-Jun 2023
	$	$
Opening balance	**22,032,717**	**3,631,733**
Additional Other Assets recognised / (removed)	(78,500)	20,784
iM3NY Advanced Purchases - recognised / (removed)	3,653,073	8,949,366
iM3NY Inventory - recognised / (removed)	(678,885)	11,121,465
iM3NY Advanced Purchases at time of deconsolidation	(13,668,264)	-
iM3NY Inventory at time of deconsolidation	(11,260,141)	-
Loans written off during the year	-	(1,690,631)
Closing balance	**-**	**22,032,717**

7(b). OTHER ASSETS

	31-Dec 2023	30-Jun 2023
	$	$
Non-Current		
Capitalised Loan Costs - iM3NY	-	2,495,804
Project Equipment - AAM	3,586,816	-
	3,586,816	**2,495,804**

Accounting policies:

Capitalised Loan Costs - iM3NY

These are capitalised expenses incurred in securing and refinancing loan funds for iM3NY and include such items as legal fees, agency fees, borrowing costs and other loan related costs that will be amortised in accordance with their respective nature.

Project Equipment - AAM

These include purchases of production equipment for the Anode Active Material project.

Movement in capitalised loan costs and amortisation are as follows:

	31-Dec 2023	30-Jun 2023
	$	$
Opening balance	**2,495,804**	**13,655,704**
Additional loans capitalised	-	2,612,767
Additional AAM Equipment	3,586,816	-
Capitalised Loan Costs - iM3NY as at date of deconsolidation	(2,492,324)	-
Loans written off during the year due to refinancing	-	(12,522,172)
Currency translation	(3,480)	(1,250,495)
Closing balance	**3,586,816**	**2,495,804**

8. FINANCIAL ASSETS AT FVOCI

	31-Dec 2023	30-Jun 2023
	$	$
Equity investment in Charge CCCV LLC	**-**	**15,096,142**
Equity investment in iM3NY LLC Group	**-**	**-**
	-	**15,096,142**

On 29 March 2018, Magnis announced a strategic investment to acquire a 10.00% interest in a US based, lithium-ion battery technology group, Charge CCCV LLC ('C4V') and secured an exclusive agreement over selective patents in certain territories. Magnis also appointed one representative to the Board of Directors of C4V, secured a first right of refusal for any future capital raising initiatives that C4V undertakes and executed an agreement over selected C4V technology licences and intellectual property.

On 28 April 2021 and as clarified in announcement on 9 September 2021, Riverstone Credit Partners received a 3.50% stake in C4V which effectively diluted the Company's ownership in C4V to 9.65%.

During the current half-year, the Company announced that Imperium3 New York, Inc. ('Inc.') ('the Borrower'), and others, including iM3NY LLC ('LLC') and C4V (who provided their patented BMLMP technology as security), were served with a default notice by ACP Post Oak Credit I LLC ('ACP' or 'the Lender'). The default notice was issued by the Lender with respect to the US$100 million Senior Secured Term Loan Credit Agreement ('Credit Facility'), alleging that various events of default had occurred under and/or in relation to the Credit Facility. The Lender further stated that it may seek to enforce the security it has over the assets of the Borrower (and others, including LLC and C4V) unless the matter can be resolved. As at 30 November 2023 C4V held a 31.0% voting ownership in LLC, while LLC continued to hold a majority ownership of 95.5% in Inc, as its holding company.

During the current half-year, the Lender exercised its rights and appointed two directors to the board of Inc and removed all the other directors except for C4V Chairman Dr. S. Upreti.

As of 31 December 2023, Magnis continues to hold a 9.65% stake in C4V (30 June 2023: 9.65%). However, with Inc.'s funding and the alleged default matter remaining largely unresolved at the date of this financial report, along with the materiality of the above events impacting C4V, significant uncertainty exists over the future of C4V and its ability to continue to operate as a going concern. This has resulted in a reduction in the carrying value of Magnis' investment in C4V. Refer to Note: 20 for a greater insight.

As set out above and in Note 22, with effect from 30 November 2023, the Company deconsolidated the iM3NY LLC Group. As a result, the investment in the iM3NY Group from that date is accounted for as a financial asset at Fair Value through Other Comprehensive Income ('FVOCI').

As of 31 December 2023, Magnis holds an economic interest of 74% in the iM3NY LLC Group (30 June 2023: 73% and consolidated). However, with Inc.'s funding and the alleged default matter remaining largely unresolved at the date of this financial report along with the materiality of the above events impacting the iM3NY LLC Group, significant uncertainty exists over the future of the iM3NY LLC Group and its ability to continue to operate as a going concern. This is reflected in the carrying value of Magnis' investment in the iM3NY LLC Group. Refer to Note: 20 for a greater insight.

Movement in Financial Assets at FVOCI carrying value:

	31-Dec 2023	30-Jun 2023
	$	$
Carrying amount at start of period	**15,096,142**	**15,096,142**
Change in fair value	(15,096,142)	-
Carrying value of financial assets at FVOCI	**-**	**15,096,142**

9. RIGHT OF USE ASSET

	31-Dec 2023	30-Jun 2023
	$	$
Carrying value at start of period	**31,049,975**	**30,149,281**
Additions	48,616	1,230,731
iM3NY RoU asset carrying value at time of deconsolidation	(29,693,505)	-
Depreciation expense	(544,159)	(1,462,303)
Currency Translation	(39,188)	1,132,266
Carrying value at end of period	**821,739**	**31,049,975**

10. DEVELOPMENT ASSETS

	31-Dec 2023	30-Jun 2023
	$	$
Development – Nachu Graphite Project ('NGP')	**7,973,573**	**8,029,704**

Development 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 costs. Development costs in which the Group has an interest are amortised over the life of the area of interest to which the costs relate on a units of production basis, over the estimated, proved, and probable ore reserves and a 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, ore reserves, and other mineral resources are accounted for prospectively.

Impairment

At each reporting date, the Group reviews the carrying value of its development assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and 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 31 December 2023, no impairment charge was deemed necessary.

Movement in NGP Development Assets

	31-Dec 2023	30-Jun 2023
	$	$
Carrying amount at start of period	**8,029,704**	**6,170,865**
Development costs capitalised during the period	188,701	1,610,732
Currency translation difference	(244,832)	248,107
Carrying value of development assets	**7,973,573**	**8,029,704**

11. TRADE AND OTHER PAYABLES

	31-Dec 2023	30-Jun 2023
	$	$
Trade payables	5,394,115	15,276,232
Other payables and accruals	1,326,482	356,621
	6,720,597	**15,632,853**

12. LEASE LIABILITIES

	31-Dec 2023	30-Jun 2023
	$	$
Current		
Lease Liabilities	261,284	3,025,815
	261,284	**3,025,815**
Non- Current		
Lease Liabilities	594,385	30,657,582
	594,385	**30,657,582**

13. BORROWINGS

	31-Dec 2023	30-Jun 2023
	$	$
Current		
Short-Term Secured Loan Facility	4,600,000	4,600,000
	4,600,000	**4,600,000**
Non- Current		
Senior Secured Loan - iM3NY	-	150,631,220
	-	**150,631,220**

Secured Loan Facility

During the half-year, Magnis procured a $4.6 million short-term secured loan from sophisticated and professional investors. Borrowing terms include 3-month duration, interest at 5.0% per month, repayable on maturity at 31 March 2024, as extended by the parties by mutual agreement.

Senior Secured Loan

Magnis deconsolidated Imperium3 New York Inc. ('iM3NY') from the Group following the restructure of the iM3NY board of directors by the Lender, including its US$100 million loan facility ('loan facility'). Key loan facility terms included: **Lender:** ACP POST OAK CREDIT I LLC through Atlas Credit Partners ('ACP'), **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, 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% and in Year 3 is 4.35% or 2.25% (if milestone achieved).

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14. CONTRIBUTED EQUITY

	31-Dec 2023	30-Jun 2023
	$	$
Ordinary share capital fully paid	**241,858,346**	**259,137,517**

Movement in fully paid shares

	31-Dec 2023	31-Dec 2023	30-Jun 2023
	Number of shares	$	$
Balance at start of period:	**1,115,331,483**	**259,137,517**	**234,105,997**
Shares – iM3NY at date of deconsolidation	-	(24,454,348)	318,412
Shares issued	84,166,668	7,700,000	26,128,108
Transaction costs - shares	-	(524,823)	(1,415,000)
Balance at end of period:	**1,199,498,151**	**241,858,346**	**259,137,517**

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

- On 21 July 2023, the Company issued 64,166,668 Ordinary Fully Paid shares at $0.12 per share, raising $7.7M. The placement was made to local and overseas institutional fund managers along with professional and sophisticated investors.
- Capital raising transactions costs for the period amounted to $0.525M (30 June 2023: $1.415M)
- Magnis deconsolidated iM3NY from the Group following the restructure of the iM3NY board of directors by the Lender.
- On 8 September 2023, the Company entered a standby equity facility agreement (‘Equity Facility’) with Evolution Capital Pty Ltd (‘Evolution Capital’) for the issue of up to 80 million Ordinary Fully Paid (OFP) shares, of which 20 million OFP shares were issued on 11 September 2023. The Company will receive payment for the issued OFP shares in due course once they have been sold on-market, in accordance with the terms of the Equity Facility. The key terms of the Equity Facility are as follows:
  - Size: a maximum of 80 million OFP shares (in 4 individual placements of up to 20 million OFP shares each) may be issued to Evolution Capital under the Equity Facility.
  - Facility period: unless extended by the parties, expires 8 September 2024.
  - Purchase price per share: greater of:
    - 94% of the of the volume weighted average price of Magnis shares during the relevant valuation period as notified by Evolution Capital to the Company; and
    - a floor price of $0.08

15. COMMITMENTS

As at 31 December 2023, the Group has commitments of:

- The Group has certain exploration commitments totalling $90,490 (US$61,895) annually to meet minimum expenditure requirements on the mineral exploration areas in which it has an interest (30 June 2023: $89,817).
- The Company has a capital commitment for the purchase of equipment for an amount of $2.831M (30 June 2023: $4.453M).
- There are no other commitments as at 31 December 2023.

16. CONTINGENCIES

As at 31 December 2023, the Group has the following contingent liabilities:

- The Company provided a guarantee to a trade payable of a former subsidiary for an amount of $4.824M (30 June 2023: $NIL).
- There are no other contingent liabilities or assets as at 31 December 2023.

17. SEGMENT INFORMATION

(a) Identification of reportable segments

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

The Group continued its ownership and progressed its activities of the Nachu Graphite Project in Tanzania. These activities include the development, exploration, evaluation, operating and ultimately the mining of natural flake graphite for use in various industries, including batteries for storing electrical energy.

The Group also continued its efforts to commercialise its lithium-ion battery factory in Endicott, New York, USA ('iM3NY'), up until 30 November 2023 being the date of deconsolidation. The deconsolidation followed the restructure of the iM3NY board of directors by the Lender.

The Group has determined its reportable segments for the half-year financial period 31 December 2023 as follows:

- Lithium-ion battery plant investments
- Graphite exploration and development assets

(b) Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in **Note 1** to the consolidated Financial Statements for the year ended 30 June 2023.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocation within segments which management believes would be inconsistent.

The following table presents reportable segments for:

- revenue and profit information for the half-years ended 31 December 2023 and 31 December 2022, and
- assets and liabilities as at 31 December 2023 and 30 June 2023.

Segment financial information	Deconsolidated Lithium-ion Battery Plant Investment USA $	Lithium-ion Battery Plant Investment Australia $	Graphite Exploration and Development Tanzania $	Head-Office Support Australia. $	Consolidated $
31 December 2023					
Segment income	50,687,105	-	-	28,428	**50,715,533**
Segment profit/(loss) before tax	(24,616,918)	-	(3,664,420)	42,957,724	**14,676,386**
31 December 2023					
Segment current assets	-	-	282,516	2,143,361	**2,425,877**
Segment non-current assets	-	-	8,228,987	4,240,981	**12,469,968**
Segment liabilities	-	-	(649,793)	(11,889,851)	**(12,539,644)**

Segment financial information	Lithium-ion Battery Plant Investment USA $	Lithium-ion Battery Plant Investment Australia $	Graphite Exploration and Development Tanzania $	Head-Office Support Australia. $	Consolidated $
31 December 2022					
Segment income	1,946	24,069	3,506	41,577	**71,098**
Segment profit/(loss) before tax	(25,243,954)	(79,016)	(1,624,176)	(5,191,106)	**(32,138,252)**
30 June 2023					
Segment current assets	45,920,697	61,986	838,650	7,271,203	**54,092,536**
Segment non-current assets	140,660,631	-	8,115,819	986,841	**149,763,291**
Segment (total liabilities)	(198,608,964)	-	(277,335)	(6,133,261)	**(205,019,560)**

18. SHARE BASED PAYMENTS

(a) Recognised share-based payment expenses

The expense recognised for employee and contractor services received during the period is shown below:

	31-Dec-2023	31-Dec-2022
	$	$
Expense arising from the issue of options (employees)	-	-
Expense arising from the issue of options (non-employees)	-	375,200
Total expense arising from equity-settled payment transactions	**-**	**375,200**

(b) Summaries of options and rights granted

The following table illustrates the number and weighted-average exercise prices ('WAEP') of, and movements in, share options issued during the half-year.

	31-Dec-2023 Number	31-Dec-2023 WAEP $
Outstanding at the beginning of the half-year	33,125,000	1.27
Granted during the period	-	-
Exercised during the period	-	-
Expired during the period	(3,500,000)	(0.70)
Outstanding at the end of the half-year	29,625,000	0.57
Exercisable at the end of the half-year	29,625,000	0.57

The range of exercise prices for options outstanding at the end of the half-year was between $0.50 and $0.80 (HY2022: $0.50 and $0.80).

Significant judgements

The Group measures the cost of equity-settled transactions with consultants, 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.

19. RELATED PARTY TRANSACTIONS

Transactions with Directors' related entities

Identity of Related Party	Nature of Relationship	Terms & Conditions of Transaction	Type of Transaction	Due and Payable 31-Dec-2023 $	Total Transactions 31-Dec-2023 $	Due and Payable 31-Dec-2022 $	Total Transactions 31-Dec-2022 $
Spectrum IT Pty Ltd	Mr. Poullas is a related party of Spectrum IT Pty Ltd T/A Strong Solutions and Executive Chairman of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees and IT Services	84,380 94,600	102,380 108,708	- -	111,100 108,955
Claire Bibby Pty Ltd	Ms. 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	-	26,000	-	-
F Perilli Family Trust	Mr. Perilli is a related party of F Perilli Family Trust and a Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Director's fees	25,667	25,667	-	-
Pillsbury Winthrop Shaw Pittman LLP	Ms. 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
Yatha Enterprises LLC	Mr. Daruwalla is a related party of Yatha Enterprises LLC and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	-	317,165	-	54,689
AmeriAnode Inc	Mr. Daruwalla is a related party of AmeriAnode Inc and an Executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting Fees	-	-	-	(2,101)

20. 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 at 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 at the reporting date.
- Level 3: Values based on prices or valuation techniques that are not based on observable market data.

	Level in Fair Value hierarchy	Consolidated	
		31-Dec-2023	**30-June-2023**
Financial assets measured at fair value		**$**	**$**
Financial assets at FVOCI using:	**3**	-	15,096,142
Financial assets measured at fair value		**-**	**15,096,142**

Financial assets at FVOCI

Financial assets at *Fair Value through Other Comprehensive Income* ('FVOCI') comprise the Group's investment in:

- private US based, lithium-ion battery technology company, Charge CCCV LLC ('C4V'), which is accounted for as a financial asset measured at FVOCI. The investment is unlisted, meaning it's 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 licensing and reservation fees upon the granting of exclusive use of its patented intellectual property (IP) by iM3NY and other potential battery factories.

  As of 31 December 2023, C4V maintains a voting shareholder ownership of 31.0% (30 June 2023: 31.00%) in iM3NY LLC, being the holding company of Imperium3 New York Inc. ('iM3NY'), which owns the battery plant assets and lithium-ion battery manufacturing facility, based at the Huron Campus in Endicott, New York.

- private US based, lithium-ion battery manufacturing group, iM3NY LLC and its subsidiary Imperium3 New York Inc. (as described above), which is accounted for as a financial asset measured at FVOCI. The investment is unlisted, meaning it's not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

  As of 31 December 2023, the Company maintains a voting shareholder ownership of 62.0% and an economic interest of 74% in iM3NY LLC.

Valuation Techniques - Level 3

Following the actions taken by the secured lender of iM3NY during the half year, and because of the uncertainty in relation to both iM3NY and C4V as set out in Note 8, for the half-year ended 31 December 2023, the Group has utilised the discounted cash flow (DCF) method to calculate the enterprise value of both C4V and the iM3NY LLC Group. 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 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.

Project and Investment Risk

The fair value of the Group’s investment in both C4V and the iM3NY LLC Group is measured against their respective enterprise value of C4V and the iM3NY LLC Group, which is determined using 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 holds patents that requires management of existing patents while also striving for active research results that lead to new patents, highlighting that 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, the fair value is exposed to various forms of risk.

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 any future battery plants which utilise its technology. The royalty income is dependent upon the successful production of lithium-ion batteries. There is a risk that C4V will not receive the estimated reservation fee or royalty income if the customer 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 its customers 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.

Currency rate risk

Adverse foreign currency fluctuations can Impact the estimation of the value of the relevant investment project, arising from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's native currency. To protect the exposure against exchange rate movements, the Audit and Risk Committee may consider entering 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.

21. SUBSEQUENT EVENTS

On 2 January 2024 Magnis announced that Non-Executive Director Mona Dajani had resigned from the Magnis board due to other work commitments, effective 31 December 2023.

Claire Bibby resigned as a director effective 11 March 2024 due to a change in her personal circumstances.

22. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARY

During the current half-year, the Company announced that Imperium3 New York, Inc. ('Inc.' or 'the Borrower'), and others, including iM3NY LLC ('LLC') and C4V, were served with a default notice by ACP Post Oak Credit I LLC ('ACP' or 'the Lender').

The default notice was issued by the Lender with respect to the US$100 million Senior Secured Term Loan Credit Agreement ('Credit Facility'), alleging that various events of default had occurred under and/or in relation to the Credit Facility.

The Lender further stated that it may seek to enforce the security it has over the assets of the Borrower (and others, including LLC and C4V, who provided its patented BMLMP technology as security), unless the matter can be resolved.

During the current half-year, the Lender exercised its rights and appointed two directors to the board of Inc. and removed all the other directors except for C4V Chairman Dr. S. Upreti.

As the alleged default matter continues to remain largely unresolved as at the date of this financial report, Magnis resolved that it would deconsolidate its subsidiaries LLC and Inc. from the Group with effect from 30 November 2023:

The below table sets out the Statement of Financial position of iM3NY as at 30 November 2023, as well as the fair value of iM3NY Group's net assets and gain arising from deconsolidation.

Imperium 3 New York Group

Statement of Financial Position as at date of deconsolidation	30/11/2023 A$
Current Assets	
Cash at bank	2,104,877
Receivables	13,668,264
Inventory	11,260,141
Total current Assets	**27,033,282**
Non-current assets	
Cash at bank, restricted	4,924,794
Receivables	1,912,714
Plant and equipment	90,692,389
Right of use property plant and equipment	29,693,505
Total non-current assets	**127,223,402**
Total assets	**154,256,684**
Current liabilities	
Trade and other payables	17,267,917
Borrowings, current portion	2,073,767
Total current liabilities	**19,341,684**
Non-current liabilities	
Borrowings	181,049,091
Total non-current liabilities	**181,049,091**
Total liabilities	**200,390,775**
Net assets	**(46,134,091)**
Equity	
Share capital at beginning of year	97,069,787
Share capital issued during the period 1 July to date of deconsolidation	14,469,013
Capital fund raising expenses	(9,326,113)
	102,212,687
Accumulated deficit at beginning of year	(124,294,046)
Loss on operations for period 1 July to date of deconsolidation	(24,052,732)
Total Equity	**(46,134,091)**
Magnis share of net assets 74.030%	(34,153,068)
Non-controlling share of net assets 25.970%	(11,981,023)
Net assets	**(46,134,091)**
Fair value of iM3NY net assets on deconsolidation	-
Carrying amount of non-controlling interests in former subsidiary	(5,679,481)
(Profit) / Loss arising from deconsolidation	**(51,813,572)**

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Magnis Energy Technologies Ltd, I state that:

in the opinion of the Directors:

a. the financial statements and notes of Magnis Energy Technologies Ltd for the half-year ended 31 December 2023 are in accordance with the Corporation Act 2001, including:

   i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the financial half-year ended on that date;

   ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

Mr. Frank Poullas
Executive Chairman
Sydney, New South Wales
15 March 2024

MAGNIS ENERGY TECHNOLOGIES LTD
ABN 26 115 111 763

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF MAGNIS ENERGY TECHNOLOGIES LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Magnis Energy Technologies Ltd and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Magnis Energy Technologies Ltd is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report.

We are independent of the Group in accordance with the auditor independence requirement 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 (including independence standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 and Note 22 in the half-year financial report, which indicate that the Group recorded a profit of $14,676,386. This profit is derived from $50,505,882 gain resulting from the deconsolidation of a subsidiary. Additionally, the Group experienced negative operating cash flows of $19,008,562 during the half-year ended 31 December 2023. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified concerning this matter.

Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Group are responsible for:

a) the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*

b) such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended as at that date; and complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000

Director: Anh (Steven) Nguyen

Date: 15 March 2024