MAGNIS ENERGY TECHNOLOGIES

ASX: MNS | FSE: U1P | OTC: MNSEF

QUARTERLY REPORT

For Quarter Ending September 2023

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Key Highlights

- **Magnis increases economic interest in iM3NY**
- **iM3NY qualifies for US$2M ESD Grant**
- **iM3NY to supply a large battery to the Tanzanian Resettlement Village using stockpiled batteries**
- **Increased interest in the Nachu Graphite Project**
- **Framework Agreement expected to be finalised soon**
- **Fabrizio Perilli is appointed as Non-Executive Director**
- **Magnis makes $10M fully subscribed placement**
- **Magnis enters a Standby Equity Deed with Evolution Capital**

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Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) ("**Magnis**" or the "**Company**") is pleased to present its Quarterly Activities Report and overview of operations for the period ended 30 September 2023 ("**Quarter**", "**Reporting Period**").

COMPANY OVERVIEW

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

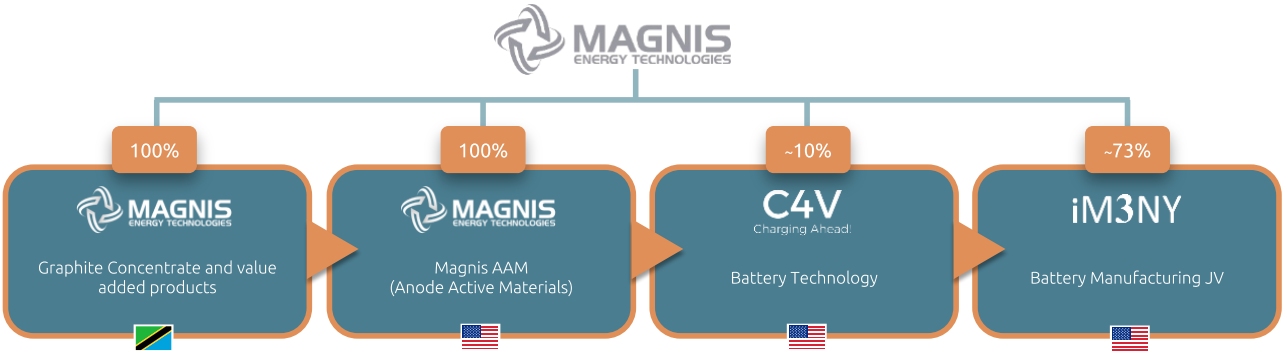

Figure 1: Magnis' Integrated Lithium-ion Battery Strategy

OPERATIONAL UPDATE

Imperium3 New York Lithium-ion Battery Plant

Increased economic interest and Confirmation of US$2m ESD Grant to iM3NY

With the bridging finance recently provided by the Company, Magnis equity interest in iM3NY increased to 73%. iM3NY received confirmation from the NY State-sponsored business development initiative Empire State Development ("ESD") that iM3NY has met the requirements to receive an initial grant of US$2 million. These funds which represent the first instalment of the previously announced grant of up to US$13.25 million, are expected to be received by iM3NY during the current quarter.

Revenue Generated in Quarter

The Tanzanian Resettlement Village will require a large battery to support the green energy requirement for over 50 households which currently possess solar. It was decided the project has the potential to showcase IM3NY's capabilities through the provision of a large plug and play energy stationary storage battery that will offer substantial social impact to the local community.

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IM3NY will use the majority of the cells currently in storage for this project. A $464,000 inter-company transaction was undertaken to facilitate this transaction, as noted in the Appendix 5B.

Strategic Partners/Investment

The iM3NY site, with approved production permitting and utility capacities, offer a unique competitive advantage to strategic partners to accelerate product-to-market plans. In the last quarter, several strategic and investment parties have progressed their due diligence. Further information will be provided when it is more definitive.

Figure 2: Cell Production at iM3NY

Nachu Graphite Project

Infrastructure works and Renewed Interest

During the quarter minor infrastructure works were completed on the Nachu Graphite Project. There has been a strong and increasing renewed interest in graphite offtakes during the quarter.

The Company is currently in discussions with several parties regarding the financing of the Nachu Project, which also includes government agencies.

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Figures 3 and 4: Nachu Water Storage Dam

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Framework Agreement

The Government of Tanzania and Magnis are working together towards finalising the Framework agreement with material negotiations now complete.

Eco-Village Resettlement Program

The Eco-Village was handed over to local families in the quarter. The Uranex CSR Team continues its work in relation to training programs to assist the local families.

Figures 5 and 6: Photos of Eco-Village

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SUSTAINABILITY UPDATE

Nachu Social Impact Measurement Project

In this quarter we reviewed a number of social impact measurement partners that will help us to fully measure the social impact of our work in Tanzania. Magnis continues to have a strong focus on Corporate Social Responsibility (CSR) and contributes significant investment into the Communities surrounding its operations with a focus on the Nachu Graphite project in Tanzania.

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

Through our work with trusted partners, we are 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, we will employ statistical analysis to identify priority needs, so that resources may be directed for the greatest impact.

We 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. Our partner has measured wellbeing of people and communities across more than 10 countries, including Tanzania and Uganda and we understand 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.

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CORPORATE UPDATE

Appointment of Fabrizio Perilli as Non-Executive Director

The board recently welcomed Fabrizio Perilli as a non-executive director. 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), over a period of 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 and is also a Non-Executive Director of Okapi Resources Limited (ASX:OKR).

Magnis enters into Standby Equity Facility with Evolution Capital

The Standby Equity Facility with Evolution Capital provides Magnis with an additional option (both as to quantum and timing) when it comes to raising funds to support the business. Crucially, it provides Magnis with access to capital if required, while the Company continues to advance IM3NY production and corporate endeavours.

Magnis raised $10M in fully subscribed Placement

Magnis received firm commitments to raise $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.

Further Information as Required under Listing Rule 5.3

No substantive mining exploration actvities occurred during the Quarter. And in addition, no substantive mining production and development activities occurred during the quarter.

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

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

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Related Party Payments

Payments to related parties (or their associates) of the Company were disclosed in section 6 of Appendix 5B for the Quarter. The payments for the Quarter comprise directors' fees, consulting fees, fees for additional work performed by directors during the quarter over and above what would be covered normally by their normal director's fees (these fees are within the pool approved by shareholders in 2017 where those fees are paid to non-executive directors) as well as payments made for services provided for specific projects by an associate of a related party.

About Magnis

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

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

FOR FURTHER INFORMATION

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Appendix 5B

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

Name of entity

Magnis Energy Technologies Ltd

ABN	Quarter ended ("current quarter")
26 115 111 763	30 September 2023

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers #	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(827)	(827)
	(b) development #	(56)	(56)
	(c) production	-	-
	(d) staff costs	(2,104)	(2,104)
	(e) administration and corporate costs	(1,591)	(1,591)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	104	104
1.5	Interest and other costs of finance paid	(4,945)	(4,945)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(9,419)**	**(9,419)**

Q1/2023 Includes A$464k Inter-Co. Advanced iM3NY LIB Sale and UTL LIB Purchase.

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	(828)	(828)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments in iM3NY, C4V, iM3TSV	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(c) property, plant, and equipment	1,834	1,834
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**1,006**	**1,006**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,463	8,463
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(525)	(525)
3.5	Proceeds from borrowings	2,093	2,093
3.6	Repayment of borrowings	(4,600)	(4,600)
3.7	Transaction costs related to loans and borrowings	(4,733)	(4,733)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**698**	**698**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	**22,138**	**22,138**
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(9,419)	(9,419)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,006	1,006
4.4	Net cash from / (used in) financing activities (item 3.10 above)	698	698
4.5	Effect of movement in exchange rates on cash held	449	449
4.6	**Cash and cash equivalents at end of period**	**14,872**	**14,872**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	**14,872**	**22,138**
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**14,872**	**22,138**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	190
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities (ACP Secured LT Loan)	154.847	154.847
7.2	Credit standby arrangements:	-	-
7.3	Other (GBA Capital Secured ST Loan)	2,000	1,955
7.4	**Total financing facilities**	**156.847**	**156,802**

7.5	**Unused financing facilities available at quarter end**	45
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

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

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

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

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

During September 2023, Magnis entered into a two-month secured short-term loan with 14 separate and unrelated parties arranged by GBA Capital for working capital purposes, borrowing $2.0M that falls due on 30 November 2023, the security is held by a Security Trustee which has registered a PPS to secure the loan. Interest rate is a flat 10%. A 6% fee for arranging the loan was paid to GBA Capital at the time of the drawdown.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(9,419)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	**Total relevant outgoings (Item 8.1 + Item 8.2)**	**(9,419)**
8.4	Cash and cash equivalents at quarter end (Item 4.6)	14,872
8.5	Unused finance facilities available at quarter end (Item 7.5)	45
8.6	**Total available funding (Item 8.4 + Item 8.5)**	**14,917**
8.7	**Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))**	**1.6**

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

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

Answer: Yes, as each of our business units are currently in ramp up and development phases.

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

Answer: YES, as previously announced, iM3NY is expected to receive a total of USD2M (AUD 3.175M) from the Empire State Development grant in the current quarter. Also prior to the end of the September quarter MNS entered into a Standby Equity Deed the terms of which are in the link: [https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21472959] which has the potential to raise circa $1.6m as the first instalment of 20,000,000 shares with a floor price of $0.08 has already been issued with the funds to be received upon sale of the shares. Subject to the Company having the power to place the remaining 60 million shares, in total the Company could raise circa $6.4 million through this facility. Also, in connection with the July 2023 placement, $1.9 million of funds subscribed is still to be received by the Company and two of the directors have undertaken, subject to shareholder approval, to subscribe for $400,000 in shares. In addition, the directors are engaged in seeking additional capital from the debt and equity markets and believe these efforts are more likely than not to be successful. The details of such negotiations will be advised to the market in accordance with the Company's continuous disclosure obligations.

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

Answer: YES, with the initiatives referred to in the answer to 2 above and cash on hand.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 Oct 2023

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

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – e.g., Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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