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## Quarterly Activities Report to 31 March 2020

### HIGHLIGHTS

- Magnis partner, US lithium-ion battery technology group, Charge CCCV ["C4V"], fulfilled another commercial agreement with MARTAC to be deployed in its high tech, mission critical applications along with new lithium-ion cell data.
- Magnis will increase its shareholding in the iM3 New York Battery Plant, following further investment made into the project.
- Magnis announced future reductions of non-essential operating expenses, in light of current market conditions caused by the COVID-19 pandemic, resulting in cash savings of approximately \$1.3 Million per annum.

Magnis Energy Technologies Ltd ["Magnis" or the "Company"] [ASX:MNS] is pleased to present its Quarterly Activities Report for the period ended 31 March 2020.

### OPERATIONAL UPDATES

#### Major Battery Advancements

On 3 February 2020, the Company announced that Magnis partner, US lithium-ion battery technology group, Charge CCCV ["C4V"], had fulfilled another commercial agreement with MARTAC to be deployed in its high tech, mission critical applications along with new lithium-ion cell data.

MARTAC is an innovative provider of the MANTAS line of Unmanned Surface Vehicles [USV] for several industries including security, commercial and scientific missions and markets. MANTAS integrate with a wide array of sensors and communication technologies and operate in diverse maritime environments where other manned and unmanned systems cannot.

Following a two-year collaboration, C4V was able to demonstrate the ability of their BMLMP technology, which has led to another order from MARTAC, following a significant multi-year order from The United Kingdom Government. The batteries provided to MARTAC are in the same form as batteries that are planned to be produced from the iM3NY Gigafactory in New York.

MARTAC conducted critical test protocols to qualify C4V cells, followed by the design of battery packs for harsh environment and extreme load applications. Upon successful completion in 2019, C4V was given the opportunity to supply more Firesafe™ batteries to be integrated in MARTAC's fully autonomous high-end maritime vessels.

Magnis remains a 10% shareholder of C4V.

### **Increases Ownership in the New York Lithium-ion Battery Plant**

On 16 March 2020, Magnis announced that the Company will increase its shareholding in the New York Battery Plant, following further investment made into the project through the US based entity, Imperium 3 New York LLC (iM3NY).

Under the terms of the investment transaction, Magnis will acquire Boston Energy and Innovation Pty Limited's (BEI) entire holdings in iM3NY as well as Boston Opportunities interest in iM3NY. The consideration for the shareholding is US\$350,000, with funds to be paid by 30 June 2020. An additional US\$150,000 bonus payment is to be paid to BEI, on the condition that iM3NY successfully secures project finance or a joint venture agreement with an offtake partner for the iM3 New York Battery Plant, within a twelve month period.

At the completion of the investment transaction, Magnis will hold a 53.39% direct holding in iM3NY. C4V will have a direct holding of 45.17%, with Primet Precision Materials Inc and C&D Assembly Inc the remaining holders.

As announced on 30 September 2019, iM3NY equipment was independently valued at US\$71.34 Million (A\$115.5 Million) by O'Brien & Gere, a wholly owned subsidiary of Dutch engineering giant Ramboll Group.

### **Townsville Battery Plant**

The ownership structure in the iM3 Townsville (iM3TSV) entity that owns the planned Lithium-ion battery plant for Townsville remains unchanged. BEI, C4V and Magnis each own an equal one third interest in iM3TSV. The Townsville Battery Manufacturing Feasibility Study was submitted to the Queensland Government in late 2019, and iM3TSV looks forward to the next stage of attaining suitable project funding for the development.

### **Reduction in Operating Costs**

Although occurring after the reporting period, on 1 April 2020 Magnis announced a future reduction in non-essential operating expenses in light of current market conditions caused by the COVID-19 pandemic, resulting in cash savings of approximately \$1.3 Million per annum.

The contributors to the savings include directors' fees being deferred for Board members and salary reductions to some members in the executive management team.

Commenting on the quarter, **Magnis Chairman, Frank Poullas, said:** "The March quarter was a quieter period for the Company with temporary lockdowns across the jurisdictions in which the Company operates, however importantly during the quarter, partner C4V fulfilled another agreement with MARTAC. Magnis also increased its shareholding in the iM3 New York Battery Plant, thereby strongly positioning the Company to capitalise on this opportunity post COVID-19.

With the recently announced operating costs to be reduced, the Company will continue to seek cost savings where possible whilst advancing its projects and complying with government regulations in the jurisdictions in which it operates."

## CORPORATE UPDATES

During the quarter, the Company announced that Managing Director, Mr Marc Vogts, had retired from active business. The Board of Directors thanked Mr Vogts for his dedication to Magnis and appointed Mr Leslie Hosking as Interim Managing Director. In February 2020, Mr Hosking and Non-Executive Director, Mr Subhas DeGamia, resigned from The Board of Directors.

At this stage no new Board appointments have occurred and whilst this delayed the final stages of implementing the Company's Corporate Governance review, an update will soon be provided to the market.

Payments for directors' fees and entitlements in the normal course of trading and consulting fees to related parties of the entity during the March 2020 quarter totalled \$138,000.

As at 31 March 2020, there were approximately 4,900 shareholders of the Company.

This announcement has been authorised for release by the Board of Magnis Energy Technologies Ltd.



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**About Magnis**

Magnis aims to become a leading global producer of next-generation green credentialed Lithium-Ion Battery (LIB) cells, enabling the future energy requirements of the world, the global storage of renewable energy and electrification of transportation.

Leveraging off a world class graphite asset in Tanzania, associated production IP and a strategy partnership with US based Charge CCV, Magnis will manage an end to end supply chain, sourcing the raw materials and associated technologies for these cells.

Magnis has three core areas of focus which provide the Company with a strategic advantage; battery technologies, gigafactories and graphite.

For further information about Magnis and its projects, please refer to the Company’s website [www.magnis.com.au](http://www.magnis.com.au)

