



MAGNIS

ENERGY TECHNOLOGIES



2020
ANNUAL REPORT

01 Contents

01	Contents	2
02	Chairman's Statement	3
03	Review of Operations	4
04	Annual Financial Report	17
05	Directors' Report	18
06	Auditors' Independence Declaration	37
07	Statement of Profit and Loss	38
08	Statement of Financial Position	39
09	Statement of Changes in Equity	40
10	Statement of Cash Flows	41
11	Notes to the Financial Statements	42
12	Directors' Declaration	78
13	Independent Auditor's Report	79
14	Additional Shareholder Information	84

CORPORATE DIRECTORY

ABN 26 115 111 763

F Poullas
[Executive Chairman]

P Tsegas
(Non-Executive Director)

Distinguished Professor
M S Whittingham
(Non-Executive Director)

James Dack
[Executive Director]

Troy Grant
[Non-Executive Director]

Chief Financial Officer
J Behrens

Company Secretary
F J Giordano

Registered Office
Suite 9.03
Level 9
Aurora Place
88 Phillip Street
Sydney NSW 2000 Australia
Tel +61 2 8397 9888

Tanzania Office
House No 19, Plot No. 890
Yacht Club Road
Masaki, Dar es Salaam,
Tanzania
Tel +255 739 500 023

Internet Address
www.magnis.com.au

Email Address
info@magnis.com.au

Share Register
Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008 Australia
Tel 1300 554 474
Fax +61 3 9287 0303

Auditors
Hall Chadwick Melbourne Audit
Level 14, 44 Collins Street
Melbourne VIC 3000
Tel +61 3 9820 6400

Bankers
National Australia Bank Ltd
Level 15, 680 George Street
Sydney NSW 2000 Australia
Tel +61 2 9237 9290

STOCK EXCHANGE LISTING/ASX
Magnis Energy Technologies Ltd shares (code MNS) are listed on the Australian Securities Exchange. The Company was formerly known as Magnis Resources Limited. It changed its name to Magnis Energy Technologies Ltd with effect from 5 November 2018 after obtaining shareholder approval of a special resolution to change the Company's name at the Annual General Meeting held on 26 October 2018.

02 Chairman's Statement

Dear Shareholders,

The past year has been some major developments in our endeavours to play a significant role in the Lithium-ion battery industry which is in its early stages.

Our flagship project in New York has taken some major steps towards production with financing for the project nearing completion. We are excited to be so close to production and being one of the major lithium-ion cell manufacturers in the United States. During the last 12 months we have increased our ownership directly and indirectly to nearly 58%.

Our technological advancements in conjunction with our partner C4V is putting us on the world stage especially with the Extra Fast Charging battery technology. Several OEM's have begun discussions with Magnis and C4V. Our test program which has yielded significant results has advanced to an optimised commercial cell program. New York State is also funding a demonstration program to prove that the extra fast charging technology would work for New York's Transit buses, which not only includes C4V but also BAE Systems and Consolidated Edison.

Nachu has received some interest in recent times for both offtake and financing. With a global push to alternate supply away from traditional Chinese supply, all bodes well for the project. Our team in Tanzania has done a brilliant job in advancing the project and working with potential offtake partners.

Townsville had its feasibility study finalised and approved by the Queensland State government. Work on the next stages of development are now well underway with project partners.

Distinguished Professor M. Stanley Whittingham was awarded with the Nobel Prize for Chemistry for his invention of the Lithium-ion battery. We have the huge honour having Professor Whittingham on our board.

Recently, the Company has bolstered its skills and expertise on the Board by appointing James Dack as Executive Director and the Hon Troy Grant as Non-Executive Director. Their qualities will be critical as the Company moves forward. Our Senior Management team has also been strengthened with the appointments of Jurgen Behrens as Chief Financial Officer, Frank Giordano as Company Secretary, Rod Chittenden as Project Director for the Nachu Graphite Project and Jack Robertson as Strategic Manager for Batteries.

I would like to thank shareholders for their ongoing support and for our team and partners who are working non-stop to make sure Magnis is a huge success and receives the rating it deserves.



Frank Poullas
EXECUTIVE CHAIRMAN

03 Review of Operations

IMPACT OF COVID-19

The Company announced on 1 April 2020 that it had implemented measures to significantly reduce all non-essential operating expenses as a consequence of the then current evolving market conditions caused by the COVID-19 global pandemic. Those market conditions have since continued unabated as Australia has witnessed the on-going effects of COVID-19.

LITHIUM-ION BATTERY (LIB) MANUFACTURING AND ENERGY STORAGE

The foray into LIB manufacturing is by no small part being led by the presence of Distinguished Professor Stanley Whittingham on the Magnis Board of Directors. On 9 October 2019, the Royal Swedish Academy of Sciences announced its joint award of the 2019 Nobel Prize in Chemistry to Distinguished Professor Whittingham for his pioneering contribution to the development of the lithium ion battery.

BATTERY TECHNOLOGY

An import technology plank of Magnis through its consortium partner and investee company Charge CCCV (C4V), are battery cells that do not use cobalt. The development of these batteries towards commercialisation has recently been accelerated through greater collaboration with industry players.

C4V announced in May 2019 that it had supplied batteries to an offtake customer Maritime Tactical Systems (Martac) using its proprietary BMLMP cathode technology for its unmanned water and surface vessels. These batteries were 20KW in size and to be used in commercial marine vessels for demonstration and testing purposes.

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.

In February 2020, following a two-year collaboration, C4V expanded on this commercial agreement with MARTAC. C4V was able to demonstrate the ability of their BMLMP technology, which led to another order from MARTAC after

it secured a significant multi-year order from the United Kingdom Government.

The batteries provided to MARTAC were 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 designing 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.

EFC RESULTS

Cycling results from an unoptimised commercial size cell to date, using C4V technology, has produced exciting results, with the cycling life retention over 1000 cycles, with a 6 minute charge and 1 hour discharge. The unoptimised cell is within 99% energy density of a regular energy cell, which means minimal energy density loss for a super fast charge cell. Following the exciting results, a decision has been made to commence testing of EFC on optimised composition of commercial cells.

Battery cells optimised for very fast charging are required to maximise charging energy efficiency, battery life and, most importantly, safety. Magnis technology partner, C4V, is at the forefront of this technology development and has been working with end users including commercial EV manufacturers, to develop a future proof design for EFC batteries, with a focus on low cost and sustainable supply chain. Several European OEM's have expressed interest in the technology with initial discussions being undertaken with confidentiality agreements having been executed.

NEW YORK DEMONSTRATION PROGRAM

A demonstration program in New York has commenced for a Public Transit Technology and Innovation Program funded by NYSERDA, with a proposal to develop EFC system utilising extended-life batteries provided by C4V with its BMLMP technology.

The technology is planned to be developed in Binghamton, New York US, and tested at BAE Systems before being installed for some New York City bus routes. The plan is to remove 500,000 metric tons of carbon dioxide annually from the New York City metro area, whilst increasing energy efficiency and lowering upfront costs versus the current system.



Review of Operations

Consolidated Edison will be responsible for charging, with bus stops equipped with robotic arms that have the ability reach down from the overhead electric wires and connect to the buses' batteries to recharge them in 5 to 10 minutes.

GRAPHITE

With respect to Graphite processing, Magnis continued to optimise its product offering for emerging growth applications such as LIBs. Graphite is used in the anode of the battery and it is where oxidation takes place of lithium metal that is formed in the charging of the battery. The freed electrons from oxidation flow out of the battery to discharge the stored energy.

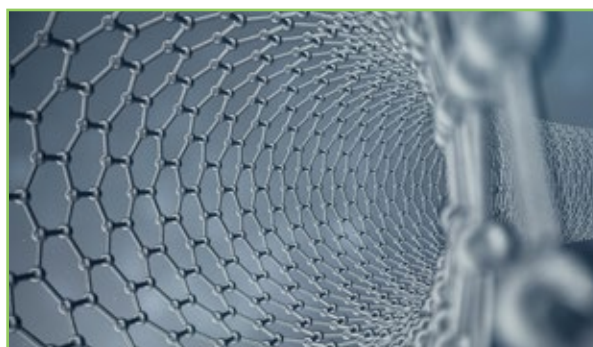
Magnis process optimisation programs continue to refine the ability to produce graphite products with purities ranging from 99 to 99.95% without the use of chemical or thermal purification. The milling and flotation steps used as highlighted in the table below are mechanical processes that are significantly lower cost than currently used chemical and thermal purification processes that typically cost over US\$1,000/t.

Stage	Process Overview	Indicative Purity (%TGC)	Indicative Cost (US\$/t)
Mine Processing Plant	4 Steps of milling and flotation	>99	5501
Downstream Stage 1	4 Steps of milling and flotation	99.8	100
Downstream Stage 2	Milling and Spheronisation steps	99.95	100

Based on 2016 feasibility study

Table 1 – Nachu processing steps and indicative cost for making uncoated spherical graphite for LIBs

There are currently few mines able to produce such high purity graphite flake whilst maintaining a large flake size distribution along with high recoveries. Based on recent market analysis and feedback, a cost-effective green anode would be an ideal candidate for the LIB industry. Early development cell testing of an anode blend containing spherical coated material derived from Nachu graphite has demonstrated excellent battery performance; showcasing 1000 cycles and still retaining around 90% capacity. These early results are an improvement over most commercially available anode materials and work on coating optimisation is expected to confirm significant performance improvement targeting 80% loss after 5,000 cycles.



In the past few years, Magnis has rigorously tested the graphite qualities from Nachu and the outstanding performances and results achieved during this time has directed attention to focus on a multi approach strategy where Magnis has also become involved in LIB production and development. There has been an escalation in resources devoted to its lithium-ion commercial anode development programs. These resources include additional downstream technical expertise and industry leading battery test facilities to allow for cells and battery fabrication development utilising Nachu anode material.

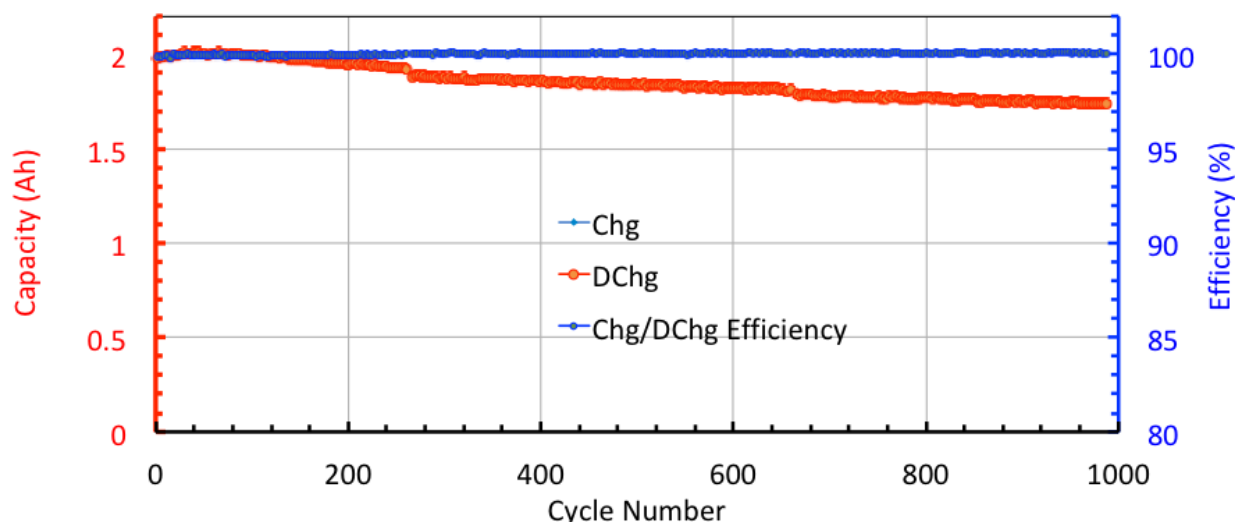


Figure 1. Commercial size 2Ah lithium ion cell showcasing 1000 cycles and an excellent charge-discharge efficiency.



Review of Operations

CONSOLIDATION OF OWNERSHIP IN IMPERIUM3-NEW YORK LLC (IM3NY)

On 30 June 2020 Magnis announced the completion of the purchase transaction that increased its shareholding in iM3NY to 53.39% (on a direct shareholding basis) and to 57.91% (on a direct and indirect shareholding basis). The transaction resulted in the acquisition of Boston Energy and Innovation Pty Limited's ("BEI") entire shareholding, as well as Boston Opportunities No. 1 Pty Limited's (a subsidiary of BEI) shareholding, in the US based entity, iM3NY.

The purchase consideration for the increased shareholding was US\$350,000, with the purchase transaction completed on 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 iM3NY's battery plant, within a twelve-month period.

Magnis now has a 53.39% direct holding in iM3NY. C4V has a direct holding of 45.17%, and two other companies, Primet Precision Materials Inc and C&D Assembly Inc, are the other shareholders in iM3NY, owning the remaining 1.44%. As announced by the Company 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.

Magnis is also a 10% shareholder of C4V, and therefore following the BEI transaction, its total ownership in iM3NY on a direct and indirect basis is 57.91%.

"Funding is nearing completion with first production expected in 2021 at gigawatt scale making it one of the largest battery plants in the United States."

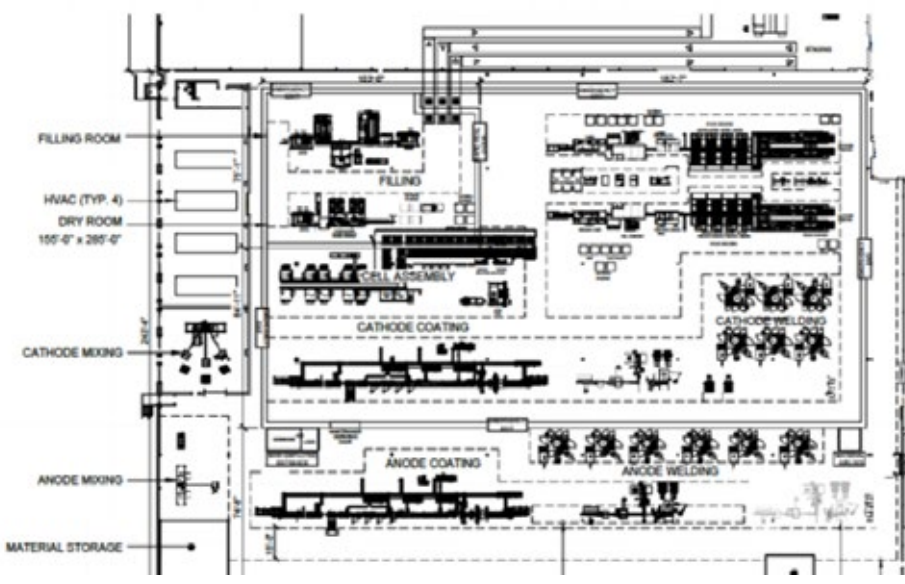


Figure 2: Proposed New York 1 GWh plant layout

Figure 3. Machinery in New York Plant



Figure 4. Part of the New York production plant

NEW YORK

Imperium3 New York, Incorporated (iM3NY) is a company established in the USA that owns battery plant assets located in a planned LIB manufacturing facility based at the Huron Campus in Endicott, New York. iM3NY purchased the plant equipment and machinery which includes operations such as slurry making to coating to cell assembly and formation.

Over the past six months, three major reports were commissioned and completed to refine project works, schedules and costs for due diligence by prospective financiers. Detailed engineering work was completed by Dutch Engineering giant, Ramboll Group ("Ramboll"), and a large independent consulting firm was hired by a potential investor

to complete the financial, technical and business due diligence of iM3NY.

A project team of close to twenty people from Ramboll with C4V (Magnis battery partner) and iM3NY has performed this recent work covering plant layout, facility and utility design, safety, environment, process, inventory management and operations. An independent valuation completed by O'Brien & Gere, a wholly owned subsidiary of Ramboll, valued the equipment at US\$71.34 million (A\$105.5 million), with Magnis ownership at nearly 58% in the project.

Funding is nearing completion with first production expected in 2021 at gigawatt scale making it one of the largest battery plants in the United States.

Review of Operations

TOWNSVILLE

Imperium3 Townsville Pty Limited (“iM3TSV”) has finalised its feasibility study (the “Study”) for an 18 GWh lithium-ion battery cell manufacturing facility in Townsville, Queensland. Magnis owns one third of iM3TSV. As announced on 5 June 2018, formal agreements to fast track the Townsville battery plant project were signed with the feasibility study to commence shortly after (ASX Release, 5 June 2018). The project also received a \$3.1 million grant from the Queensland Government (ASX Release, 27 August 2018).

The feasibility study was undertaken to develop the detailed engineering plan for the project and to establish financial viability to support subsequent investment decision and project funding. A significant outcome of the study was to phase the project over 3 stages of 6 GWhs each, for a total nominal capacity of 18 GWh. This not only reduces the upfront capital expenditure to a more manageable A\$1.12B for the first stage, but also allows for project expansion to occur in line with developments in technology and the market.



Figure 5. Model image of proposed iM3TSV plant.

Site

The site is part of Lansdown Station approximately 40km south of the Townsville CBD with a total property area of 357 hectares (Figures 1 and 2). It offers flat terrain and is predominantly vacant land with limited natural vegetation. Situated on the western side of the Flinders Highway, bounded to the north by Ghost Gum Road and south by Bidwilli Road, forming part of a new ‘green’ industrial with a total area of approximately 2,070 hectares which has now been rezoned. Environmental assessments of the site including flora and fauna, stormwater, hydrology and flooding, geotechnical and cultural heritage found no major impediments to develop the plant at this site (subject to development consent). Major infrastructure and utilities such as roads, electricity and gas are already in close proximity.

Capital Cost

iM3TSV’s staged approach to developing the project has significant benefits for funding and product development. Townsville based quantity surveyors Rider Levett Bucknall (RLB) completed an independent review of capital expenditures for each stage as shown below.

The cost for stage 1 is slightly higher than stages 2 and 3, due to the need for iM3TSV to contribute to the cost of extending some trunk infrastructure services to the site.

“The feasibility study was undertaken to develop the detailed engineering plan for the project and to establish financial viability to support subsequent investment decision and project funding.”

		\$
Stage 1	• Building Works	944,360,173
	• Road Works	14,386,572
	• External Works and Services	163,594,322
	TOTAL - STAGE 1	1,122,341,067
Stage 2	• Building Works	920,763,055
	• External Works and Services	23,891,010
	TOTAL - STAGE 2	944,654,065
Stage 3	• Building Works	933,003,847
	• External Works and Services	30,424,890
	TOTAL - STAGE 3	963,428,737
CONSTRUCTION CONTINGENCY		23,415,449
TOTAL CONSTRUCTION COST (excl. GST)		3,053,839,318



Figure 6. An artist's impression of the proposed iM3TSV Factory.

Review of Operations



Figure 7. Another artist's impression of the proposed iM3TSV factory plant.

Financial Analysis

Project revenues and operating costs were compiled using conservative inputs which were used to create a robust financial model for the project. This model enables detailed analysis and scenario testing including product chemistries, production parameters and financing options. The table below shows the key financial metrics of a conservative

base case assuming no financial incentives from government and iM3TSV achieving an 80% production yield with standard production configuration.

National Australia Bank ('NAB') was appointed as iiM3TSV's financial adviser to assist in developing a project funding strategy, which formed part of the study.

Project returns (no terminal value)	NPV@ 30-Nov-18 ('000,000)	IRR
Project	2,542	21.5%
Project after Debt	2,723	28%
Project after Debt & Tax	1,569	215

NACHU GRAPHITE PROJECT

The Nachu Graphite Project is located near Ruangwa, in the south-east of Tanzania and approximately 220km to the Tanzanian port of Mtwara.

The Nachu Graphite Project is shovel ready with a Special Mining Licence (SML) SML 550/2015 on the project granted by the Ministry of Energy and Minerals (MEM) of Tanzania in September 2015. The SML was granted to Uranex Tanzania Limited (UTZ), a wholly-owned subsidiary of Magnis.

Special Export Zone (SEZ) legislation was introduced in Tanzania in 2006. The legislation provides incentives for companies to create value addition and advance employment and development of the country.

SEZ licences are issued by the Minister of Industry and Trade with key benefits including the exemption from payment of corporate tax for up to 10 years, the exemption of taxes and duties for machinery, equipment and construction materials for the development of SEZ infrastructure and the exemption from payment of withholding tax on rent, dividends and interest for 10 years.

To date, the majority of existing SEZ licence owners come

from the Agriculture Processing, Assembly and Engineering and Textile and Apparel sectors.

Magnis was provided approval by the Export Processing Zones Authority (EPZA) in March 2017 to operate within a SEZ in Tanzania which will allow the Company to apply the advanced technologies it has been developing to produce value enhanced graphite products.

The SEZ under the jurisdiction of the Department of Industry, Trade and Investment, governs the operation of the graphite processing plant and is not subject to the changes in the mining legislation announced late in 2017. Following the introduction of new mining sector legislation in Tanzania during the second half of 2017, Magnis has continued to progress discussions with the Government of Tanzania (GOT) regarding the development of the mining and processing projects. The GOT has expressed its desire to see the implementation of large projects that will add significant value to the country's economy and development.

Those discussions led to Magnis submitting a proposal outlining that the entire Nachu processing plant will operate under Magnis Technologies Tanzania Limited (MTT), a wholly-owned subsidiary of Magnis, in the SEZ licence area, with the products from the SEZ continuing to

The impacts of the amended SEZ on MTT and UTZ is set out in the table below.

Uranex Tanzania Limited	Magnis Technologies Tanzania Limited
<p>Government Jurisdiction: Ministry of Minerals</p> <p>Scope of Operations: Ownership of mining licence Establish mining quarry to deliver ore to SEZ and includes operation of mining pits and waste stockpiles Contract mining operations</p> <p>Capital Expenditure ~ US\$40 million</p>	<p>Government Jurisdiction: Ministry of Industry, Trade and Investment</p> <p>Scope of Operations: Ownership of processing plant in SEZ Ownership of utilities including power plant located within the SEZ Ownership of warehouse and port storage facilities Graphite rock crushing, grinding and flotation circuit operations for concentrate production Operation of purification operations for high purity graphite production Processing of high purity graphite to make value added products for applications that include lithium ion battery Marketing and export of products</p> <p>Capital Expenditure: ~ US\$230 million</p> <p>Incentives: Tax and duty breaks Full ownership by Magnis International arbitration No restriction of retaining earnings outside of Tanzania</p>

Review of Operations



Figure 8. Proposed Nachu Graphite Project Site layout

be advanced graphite products that can be made using Magnis' proprietary technology.

MTT will initially produce refined Jumbo and Super Jumbo Flake products and spherical graphite products for the LIB market. UTZ will operate under the laws and regulations applicable to the country's mining industry under the Ministry of Minerals (previously Ministry of Energy and Minerals).

The key change under the amended agreement is that MTT will now purchase graphite ore directly from UTZ, which is the holder of the SML for Nachu. This differs from the previous arrangement whereby, it was agreed that MTT would buy graphite concentrate from UTZ. The sale price of graphite ore from Nachu, as per the proposal to the GOT, will be based on an agreed formula for the value of the ore at the gate with consideration to international benchmark pricing to ensure transparency.

At a project level, UTZ will control the mining or quarry operations, water supply system and tailings dam operation, and will deliver ore to the MTT processing plant. UTZ will also operate in accordance with the legislation changes made in 2017 regarding GOT participation.

The SEZ is sited over the original SML plant infrastructure location allowing for continued best case economics for ore transportation. Magnis continues to reassess the previous BFS with revised pricing and obtain separate Capex and Opex costs for both MTT and UTZ. Engineering, Procurement and Construction costs are currently being sourced, together with the all-important project funding opportunities.

The SEZ area covers 206 hectares and has been excised from the original Nachu SML. A map showing the SEZ licence area is shown in the figure below.

Within the past year the progression of the SEZ development has included formal surveying, clearing of land and processing plant location boundaries, updated engineering design and layout of administration and support site facilities to be included within the SEZ.

“The Nachu Graphite Project is shovel ready with a Special Mining Licence (SML) SML 550/2015 on the project granted by the Ministry of Energy and Minerals (MEM) of Tanzania in September 2015.”

CAPITAL MARKETS

On 27 September 2020, the Company announced that it had executed an agreement to secure \$8m in funding from Middle East based Negma Group. Under the terms of the agreement, Negma could provide up to \$8m over the course of 12 months with a maximum monthly subscription of \$700,000. Company shares were to be issued at an 8% discount to the previous ten-day volume weighted average price (“VWAP”). Under the agreement, the Company had the flexibility to call the monthly amounts and could cancel the agreement at any stage without penalty.

The agreement provides an option for an additional subscription amount of \$4m on the same terms following completion of the initial 12 month term.

The funds were used for working capital and advancing all projects. Four calls were requested during the financial year, with the relevant details summarised below:

Issue Date	Shares Issued	VWAP Per Share less 8%	Amount Raised
15/10/2019	4,708,550	\$0.1487	\$700,000
21/11/2019	7,219,532	\$0.0970	\$700,000
24/01/2020	8,480,605	\$0.1179	\$1,000,000
22/04/2020	13,461,538	\$0.0520	\$700,000
	33,870,225	\$0.0915	\$3,100,000

A commitment fee of \$400,000 was payable by the issue of shares over the first four monthly subscriptions. On 26 November 2019, the Company issued 4m unlisted options in the Company to Negma at an exercise price of \$0.40 per share with an expiry date of 30 April 2021 as a further condition of the agreement.

As at 30 June 2020, the Company had 10m unlisted options outstanding with varying expiry dates ranging from 30 April 2021 to 31 October 2022. The options also have varying exercise prices ranging from \$0.40 to \$0.70.

On 2 June 2020, Magnis announced that it had received commitments for the placement of 20,000,000 fully paid ordinary shares at \$0.075 per share to professional, sophisticated and institutional investors to raise \$1.5m via a placement of ordinary shares. The funds raised were used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite project.

Review of Operations

DIRECTOR MOVEMENTS

The Hon. Warwick Smith AO resigned as a Non-Executive Director of the Company on 1 January 2020 and was replaced by fellow AL Capital representative, Mr Subhas DeGamia on the same date. Mr DeGamia subsequently resigned on 25 February 2020.

Mr Marc Vogts retired as the Company's Managing Director on 31 January 2020 after having been appointed to that role on 15 November 2018. Mr Leslie Hosking was appointed as the Company's Interim Managing Director on the same date. He subsequently resigned on 24 February 2020.

Non-Executive Director Mr Johann Jacobs, who had been a Director of the Company for 10 years, retired on 31 May 2020.

The Board was refreshed with the appointment of Mr James Dack to the Board on 15 June 2020 in his capacity as Executive Director and was also soon joined on the Board on 23 June 2020 by the Hon Troy Grant as a Non-Executive Director.

CORPORATE GOVERNANCE REVIEW

The Company announced on 15 May 2020 that it had completed a review of its corporate governance arrangements and policies in order to align the Company with the ASX Corporate Governance Council's (Council's) recommended best practices. The review took into consideration changes that needed to be made to the Company's corporate governance framework generally in order to transition to the Council's Principles and Recommendations published in February 2019 (4th Edition) for application to ASX listed companies from 1 July 2020.

The approach to corporate governance will be more than merely one of compliance as good corporate governance is essential for the Company's long-term sustainability of

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

As part of the corporate governance review, the Board established three new Board Committees, comprising the following:

- (i) Audit & Risk Committee (replacing the previous Audit Committee);
- (ii) Nominations and Remuneration Committee (replacing the previous Remuneration Committee); and
- (iii) Health, Safety and Sustainability Committee (replacing the previous Sustainability Committee).

Also part of the corporate governance review, was the approval by the Board of the following Board and Committee Charters and Code:

- (i) Board Charter;
- (ii) Audit & Risk Committee Charter;
- (iii) Nominations and Remuneration Committee Charter;
- (iv) Health, Safety and Sustainability Charter; and
- (v) Code of Conduct.

Finally, as an integral part of Corporate Governance Review was the Board approval of the Company's Anti-Bribery & Corruption Policy and Whistleblower Policy. Subsequently, the Board separately approved the Company's Continuous Disclosure Policy on 5 August 2020 and the Diversity Policy on 10 September 2020.

Copies of the abovenamed Code, Charters and policy documents are accessible via the Company's website: www.magnis.com.au

04 Annual Financial Report

YEAR ENDED 30 JUNE 2020



05 Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Magnis Energy Technologies Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

DIRECTORS

The following persons were Directors of Magnis Energy Technologies Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Frank Poullas (Executive Chairman)

Appointed Director 10 September 2010, Appointed Chairman 29 August 2014.

Frank has spent over two decades working in the technology, investment banking and engineering sectors. Over the last 14 years Frank has been involved with assisting a number of public entities with funding and strategic direction which has resulted in increased shareholder value.

Frank is currently a director of several companies and continues to consult to public companies involved or looking at entering the Lithium-ion battery material sector.

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

None

Special responsibilities

Frank is a member of the Audit and Risk Committee and a member of the Health, Safety and Sustainability Committee.

Distinguished Professor Michael Stanley Whittingham (Non-Executive Director)

Appointed Director 4 November 2016.

Professor Stanley Whittingham has over four decades of experience in the lithium-ion battery industry and is best known for being a pioneer in the development of lithium-ion batteries which has earned him the prestigious award of the 2019 Nobel Prize in Science. Governor of New York State, Andrew M. Cuomo, congratulated Professor Whittingham on becoming a Nobel laureate and said that "Professor Whittingham's work has far-reaching applications, including helping New York reach our goals to reduce carbon emissions and achieve zero carbon electricity by 2040."

Lieutenant Governor of New York State, Kathy Hochul, said "I had the pleasure of meeting with the "father of the lithium battery" several times at Binghamton University to discuss our strides in battery storage for our energy future. New Yorkers are proud of Professor Stanley Whittingham's well-deserved recognition and I congratulate him and his co-recipients for being honoured with the Nobel Prize in Chemistry."

During his illustrious career Professor Whittingham has headed large projects for the US Department of Energy, Exxon and Schlumberger. He has 16 US patents and has been involved in writing over 340 pieces of scientific and engineering literature.

Currently, he is a Distinguished Professor of Chemistry and Materials Science and Engineering at Binghamton University which is part of the State University of New York. Professor Whittingham is also Director of the NorthEast Center for Chemical Energy Storage (NECCES), which is an effort being led by Binghamton University, and includes as partners Rutgers University, Stony Brook University, Cambridge University, MIT, University of Michigan, University of California at Santa Barbara and University of California at San Diego. He was elected a member of the National Academy of Engineering in 2018.

Professor Whittingham holds a BA, an MA and a DPhil from Oxford University.

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

None

Special responsibilities

Member of the Audit & Risk Committee and the Nominations & Remuneration Committee.

Peter Tsegas (Non-Executive Director)

Appointed Director 16 June 2015.

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

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

Adavale Resources Limited (ASX: ADD)

Special responsibilities

Chairman of the Health, Safety and Sustainability Committee.

Mr James Dack (Executive Director)

Appointed Director 15 June 2020.

James has had an illustrious business career in government, private and public enterprises. He experienced a spectacular rise in the public sector, where he started his career as a porter at St Vincent's Hospital, before advancing his way to being responsible for co-ordinating the entire NSW Public Hospital Payroll System in the Industrial Relations Division of the Department of Health. In the late 1980's, he started in the real estate industry as a founding partner in one of the most successful and recognised real estate agency brands in Australia.

Following his success, James left the real estate industry in 2014 to pursue other ventures, and began his own private investment company, where he has taken a large position in many entities including public companies listed locally and overseas. James also sits on the board of directors for the Police Citizens Youth Clubs NSW (PCYC), an organisation that he has been involved with for more than 40 years. During his time with the PCYC, James has had many roles which have helped the community and those in need.

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

None.

Special responsibilities

Member of the Nominations & Remuneration Committee

Directors' Report

Hon. Troy Grant (Non-Executive Director)

Appointed Director 23 June 2020

Troy has built a phenomenal 30 year career of distinguished, decorated and accomplished public service to the people of New South Wales across government, law enforcement, emergency services, social justice, community, and charitable endeavours.

Troy became the State's youngest person to hold the position as Deputy Premier of New South Wales in 2014, joining then Premier of New South Wales, Mike Baird, in transforming the NSW Economy and in directing record investment into NSW regional areas. During his Parliamentary career, he served across several Ministerial portfolios drawing record investment and change in Police, Emergency Services, Justice, Hospitality, Gaming & Racing, and The Arts. In addition, he also served as the Minister for Trade & Investment, Regional Infrastructure & Services, & Tourism and Major Events.

Following a distinguished career in public service, Troy established a successful consulting & advisory firm in 2019, where he is currently contracted as a Strategic Advisor to a big four auditing firm, a world leading technology company, and adding to an already impressive list of clients, he's been sought to lead resourcing projects for a number of State Governments across Australia. Troy is currently the Chairman of Racing NSW's Integrity Assurance Committee and Deputy Chairman of International Rugby League Ltd. He has recently been appointed as a Conjoint Professor of Practice in Public Administration with the University of Newcastle.

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

None.

Special responsibilities

Chairman of the Nominations and Remuneration Committee, Chairman of the Audit & Risk Committee and a Member of the Health, Safety and Sustainability Committee.

Hon. Warwick Smith AO LLB (Non- Executive Director)

Appointed 7 September 2018. Resigned 1 January 2020.

Warwick has extensive public policy and commercial acumen and a wealth of experience from national and international business relations in a variety of industries including property, financial services, natural resources, energy, transportation, heavy machinery and equipment, health, media, technology and entertainment.

He is Chairman Advisory Board - Australian Capital Equity, holders of interests in Seven Group Holdings of which he is a Board Director, Coates Hire, WesTrac, and Caterpillar industrial services and equipment in Western Australia and New South Wales. He is Executive Chairman of AL Capital and Aqualand Australia and Director of Global Strategy, Shanghai Shenglong Investment Group Limited. He is a Board Director of Estia Health Ltd. He is the Chairman of Ord Minnett and AIM Investment Management.

With the Business Council of Australia, Warwick is Chairman of Global Engagement, Chairman of the Trade and Investment Group and Chair of the China Leadership Group. He has served as Chairman of the Australia-China Council for over 8 years and was the inaugural Chair of the newly formed National Foundation for Australia-China Relations. In addition, he is current Global Trustee of the Asia Society and Chairman Emeritus of the Asia Society in Australia.

During his Parliamentary career spanning 15 years, Mr. Smith held many portfolios as a Federal Government Minister including Minister of Sport, Territories and Local government along with Minister Assisting the Prime Minister on the Olympic Games in Sydney and Minister of Family Services. Various Shadow Minister roles included Communications, Privatisation, Aboriginal Affairs and Science and Energy and Leader of the House of Representatives.

Previously, Warwick was an Executive Director with the Macquarie Bank Group (ASX: MQG), Chairman New South Wales and Australian Capital Territory and former Senior Managing Director for the ANZ Banking Group Limited (ASX: ANZ), Chairman of E*TRADE Limited, Chairman of the Australian Sports Commission and Australia's first Telecommunications Ombudsman. He has received a Centenary Medal and has twice been awarded an Order of Australia.

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

Seven Group Holdings (ASX: SVW); Estia Health Limited (ASX: EHE)

Special responsibilities

None

Marc Vogts (Managing Director)

Appointed Director 2 November 2016. Appointed Managing Director 15 November 2018. Retired 31 January 2020.

Marc is a project executive with over four decades of experience in the mining industry and over 30 years of experience as a Senior Executive in major projects in South Africa, Madagascar, Australia, Canada, Chile, Papua New Guinea and USA.

Marc has held Project Executive Director roles for the likes of BHP Billiton and Rio Tinto during his career. In recent roles, Marc was Project Director for the QMM Project in Madagascar for Rio Tinto, Vice President for Project Management for BHP Billiton and Vice President for all Uranium Projects including Olympic Dam for BHP Billiton.

Prior to assuming the Managing Director role at Magnis, Marc was the foundational Chief Executive Officer of the John Grill Centre for Project Leadership at the University of Sydney, a world leading project leadership executive education for value creation and realisation in large-scale projects.

Marc holds a Bachelor of Science in Quantity Surveying (BSc QS) from the University of Cape Town, South Africa. As part of his career advancement at Rio Tinto and BHP, he completed numerous internal executive leadership programs.

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

None

Special responsibilities

Former Remuneration Committee Member.

Leslie Hosking (Interim Managing Director)

Appointed Director 5 March 2019. Appointed Interim Managing Director 31 January 2020. Resigned 21 February 2020.

Les has a long and distinguished career which spans over four decades in Australian business with a strong focus in the energy and the global futures industries. Currently, he is serving as an Independent Non-Executive Director of AGL Energy Limited (ASX: AGL) and is an Adjunct Professor of the University of Sydney John Grill Centre for Project Leadership.

Previously Les was the Chief Executive Officer and Managing Director of the Sydney Futures Exchange, Chairman of Adelaide Brighton Limited (ASX: ABC), Chief Executive Officer of Axiss Australia an Australian Government inward investment agency used to promote Australia as a global financial service and a Director at the Australian Government's Industry Research and Development Board.

In the domestic energy industry, Les has served as the Chief Executive Officer and Managing Director at National Electricity Market Management Company (NEMMCO), Director of the Australian Energy Market Operator (AEMO), The Carbon Market Institute Limited and Innovation Australia Pty Ltd.

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

AGL Energy Limited (ASX: AGL); Adelaide Brighton Limited (ASX: ABC)

Special responsibilities

Former Sustainability Committee Member.

Subhas DeGamia [Non-Executive Director]

Appointed Director 1 January 2020. Resigned 25 February 2020.

Subhas is a senior financial services executive with extensive international experience and a consistent record of value creation across diverse roles in established and emerging markets.

Subhas' leadership experience has included several senior management roles with ANZ Banking Group Limited across Australia and Asia, including Country CEO for ANZ in India, and as Executive Director International Banking based in Australia.

Mr DeGamia holds an Executive MBA from Melbourne Business School, (Mt Eliza Campus), a Graduate Diploma in Banking from Massey University, New Zealand, and a Bachelor of Commerce & Administration (with Honours) from Victoria University of Wellington, New Zealand. He is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA, and a Graduate Member of the Australian Institute of Company Directors (GAICD),

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

None.

Special responsibilities

None.

Johann C Jooste-Jacobs (Non-Executive Director)

Appointed 27 August 2010. Retired 31 May 2020.

Johann has more than 35 years of experience in the resource sector where he has managed established companies, acquisitions, expansions and start-up mining operations in Australia, South Africa and Indonesia. He is currently Executive Chairman of King Island Scheelite Limited and a Non-Executive Director of Erinbar Limited (delisted in January 2016 and previously known as Australian Zircon NL).

Johann holds a Bachelor of Accounting from the University of Natal in South Africa, and a Master of Business Leadership from the University of South Africa, (correspondence equivalent of an MBA).

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

King Island Scheelite Limited (ASX: KIS)

Special responsibilities:

Former Chairman of the Audit Committee and a former member of the Remuneration Committee.

COMPANY SECRETARY

Frank Giordano

Appointed Company Secretary and Legal Counsel 17 July 2020.

B. Ec. LL.B. LL.M. M. Taxation (University of Sydney), CPA, Fellow of the Governance Institute of Australia, holder of an Australian Legal Practising Certificate (Law Society of NSW), member of the Australian Institute of Company Directors and member of the Association of Corporate Counsel, Australia.

Frank has over 30 years' experience in senior corporate legal, governance and compliance management roles including with Australian Industry Development Corporation/AIDC Ltd, Insurance Australia Group Ltd, Babcock & Brown, Amber Infrastructure Group, Australia, and recently held a contract role as Assistant Company Secretary and Legal Counsel with Mortgage Choice Limited, an ASX listed public company.

Doug Richardson

B. Com (Economics and Finance), Grad Dip. Applied Finance and Investment

Appointed Company Secretary 14 January 2015.
Resigned 17 July 2020.

Doug Richardson has over 25 years' experience in the financial services and resources sectors. His experience has included investment research, analytics and client advising for various organisations including GIO Asset Management, Australian Prudential Regulation Authority, Suncorp, and Philo Capital Advisers.

DIRECTORS' INTERESTS

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

Director	Listed Ordinary Shares	Unlisted Options over Ordinary Shares
Frank Poullas	15,983,926	1,000,000
Prof. M. Stanley Whittingham	-	1,000,000
Peter Tsegas	770,000	1,000,000
James Dack	-	-
Hon. Troy Grant	-	-

Directors' Report

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Group has a multi-strategy business of lithium-ion battery technology manufacturing in the USA and Australia combined with pre-mine development of its Nachu Graphite Project (NGP) in Tanzania. The Group is committed to minimum expenditure requirements in relation to its Nachu tenements.

Magnis continues to advance its multi-strategy business plan of developing:

- > As a strategic partner, the rapid advancement of two (2) proposed lithium-ion battery ('LIB') giga-factories in the USA and Australia.
- > The mining and processing of high purity natural flake graphite from the Group's 100% owned NGP.

DIVIDENDS

No dividends have been paid during the year (2019: \$NIL). The Directors do not recommend the payment of a dividend for this financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors are not aware of any developments, other than the on-going challenges posed by the COVID-19 global pandemic, that might have a significant effect on the operations of the Group in subsequent financial years that are not already disclosed in this report.

CORPORATE INFORMATION

Magnis Energy Technologies Limited is a Company limited by shares that is incorporated and domiciled in Australia. The shares are listed on the Australian Securities Exchange ("ASX") under the ASX code MNS.

Unlisted options issued to Directors beneficially via the Company's employee option trust scheme are included in the option aggregate.

Details of shares or interests issued during and after the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Total amount paid for shares	Amount unpaid on shares
Magnis Energy Technologies Limited	0	Ordinary	0	\$nil

EMPLOYEES

Magnis Energy Technologies Limited had 6 employees as at 30 June 2020 (2019: 6 employees).

Category of employee	Total	Gender	
		Male	Female
All Employees and Board	9	8	1
Senior Executives	5	5	0
Board	5	5	0

Uranex Tanzania Limited had 10 full time employees as at 30 June 2020. (2019: 11 employees)

Category of employee	Total	Gender	
		Male	Female
All Employees	10	7	3

CORPORATE

Director Movements during the year

The Hon. Warwick Smith resigned from his position of Non-Executive Director on 1 January 2020.

Mr Marc Vogts retired from his position of Managing Director on 31 January 2020.

Mr Leslie Hosking resigned from his position of Interim Managing Director on 21 February 2020.

Mr Subhas DeGamia resigned from his position of Non-Executive Director on 25 February 2020.

Mr Johann Jooste-Jacobs retired from his position of Non-Executive Director on 31 May 2020.

Mr James Dack was appointed as Executive Director on 15 June 2020.

The Hon. Troy Grant was appointed as Non-Executive Director on 23 June 2020.

Placements

On 27 September 2019, Magnis announced it had secured \$8 million in funding from Middle East based Negma Group Ltd ("Negma"), which had agreed to subscribe for shares over the course of 12 months with a maximum monthly subscription of \$700,000. The price of the shares issued would be at an 8% discount to the previous ten day Volume Weighted Average Price ("VWAP"). The Company had the flexibility to call the monthly amounts and could terminate the Subscription Agreement ("Agreement") at any time, without a penalty. An option for an additional \$4 million subscription was on offer at the same terms. The funds raised would be used for working capital and advancing all projects. Four calls were requested during the 2020 financial year, with the details summarised below:

Issue Date	Shares Issued	VWAP per share less 8%	Amount Raised
15/10/2019	4,708,550	\$0.1699	\$800,000
21/11/2019	7,219,532	\$0.1108	\$800,000
24/01/2020	8,480,605	\$0.1415	\$1,200,000
22/04/2020	13,461,538	\$0.0520	\$700,000
	33,870,225	\$0.1033	\$5,000,000

On 27 November 2019, Magnis announced it had issued a further 4,000,000 Unlisted Share Options to Negma as part of the Agreement announced on 27 September 2019, at an exercise price of \$0.40 per share option with an expiry date of 30 April 2021.

On 2 June 2020, Magnis announced it had received firm commitments for the placement of 20,000,000 fully paid ordinary shares at \$0.075 per share to professional, sophisticated, and institutional investors to raise A\$1.5 million. The funds raised were used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite Project.

Exercise of Listed Options

There were no listed options that were exercised. No options are currently listed on the market.

Exercise of Unlisted Options

There were Nil unlisted options exercised during the period.

There were Nil proceeds received from the exercising of unlisted options.

Directors' Report

OPERATING RESULTS FOR THE YEAR

The Group incurred an operating loss after tax of \$7,378,601 (2019: \$5,549,553). Refer to Note 1 of the financial statements for accounting policies used. Summarised segment operating results are as follows:

2020	2020	
	Income \$	Results \$
Lithium-ion Battery investments	167,720	-
Graphite exploration and development	684,160	(7,378,601)
Intersegment elimination	-	-
Income and losses before tax	851,880	(7,378,601)

Exploration costs for the year amounted to \$1,013,034 (2019: \$1,479,190), with the Group having commenced a number of pre-development initiatives such as starting initial land clearing and road works along with relocations. The Group has also continued to increase its strategic investments in the businesses of lithium-ion battery technology manufacturing in the USA and Australia, via a global consortium Imperium3 New York Inc ('iM3NY').

REVIEW OF FINANCIAL POSITION

Liquidity and Capital Resources

The statement of cash flows shows a decrease in cash and cash equivalents for the year ended 30 June 2020 of \$1,110,896 (2019 increase: \$305,077).

During the year, the Group raised \$5,000,000 (2019: \$11,100,000) before costs via share placements and \$Nil proceeds from options exercised, (2019: \$300,000).

At year end the Group had liquid funds of \$719,615 (2019: \$1,829,817) available for future operational use and has no borrowings (2019: \$Nil).

Subsequent event - Capital raising

On 4 September 2020, Magnis announced it had received firm commitments for a placement of 45,000,000 fully paid ordinary shares at \$0.17 per share to professional, sophisticated, and institutional investors to raise A\$7.65 million. The funds raised were used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite Project.

On 8 September 2020, Magnis announced it had terminated the Negma Subscription Agreement following the Company's successful capital raising announced on 4 September 2020.

Shares and Options issued during the year

During the year ended 30 June 2020, the Company raised equity funds from as follows:

- > \$3,500,000 (2019: \$Nil) from the Negma Subscription Agreement for 33,870,225 (2019: NIL) ordinary fully paid shares.
- > \$1,500,000 (2019: \$11,100,000) from a share placement of 20,000,000 (2019: 30,000,100) ordinary fully paid shares.
- > There were Nil listed options exercised during the period. There no options are currently listed on the market.
- > There were Nil unlisted options exercised during the period
- > 12,100,000 unlisted options (2019: 1,000,000) on varying terms and conditions were issued during the year.

Capital Expenditure

Capital expenditure on plant and equipment during the year was \$2,176 (2019: \$12,461).

GROUP PERFORMANCE

Annual Net Income	2020	2019	2018	2017	2016
Consolidated loss after tax (\$)	7,378,601	5,549,553	5,417,885	9,756,434	12,026,781

Shareholder Returns	2020	2019	2018	2017	2016
Share price at financial year end (\$)	0.08	0.19	0.38	0.515	0.975
Basic loss per share (cents)	1.11	0.92	0.97	2.09	3.42
Diluted loss per share (cents)	1.11	0.92	0.97	2.09	3.42

RISK MANAGEMENT

The Board is responsible for ensuring that risks are identified on a timely basis and that the Group's activities manage the risks identified by the Board.

The Group believes that it is crucial for all Board members to be a part of this process. The Board has not established a separate risk management committee but reviewed the major risks to the business with management and has the following processes in place to monitor it:

- > The Board has undertaken strategic reviews of its activities and conveyed to management and shareholders its objectives.
- > The Board approved operating budgets and at its meetings, monitors actual expenditure to budget.
- > The Board reviews sovereign, operating and environmental risks with management and from time to time external consultants provide reports on its practices.
- > The Board assesses political and sovereign risks relating to its international assets by monitoring local media and politics. Group representatives liaise with all levels of Government to maintain awareness as to matters that may affect the Company. The Company has a resident Board member in Africa to assist with the monitoring of sovereign risk for its Tanzanian assets.

The Directors have identified risks associated with our business. Inherently, evaluation, pre-development, technological advancements, and competition is a risky undertaking that often provides substantial rewards to investors whenever success is achieved. This is the foremost risk that the Board endeavours to mitigate through its strategic identification of potential mineralisation targets and oversight of management subsequently conducting the respective exploration programmes. The Board is very aware of the financial risks associated with the exploration and mining industry and the technology risks associated with the battery and energy storage industry. The Group presently accesses funds through the capital markets in order to fund its future business needs. The capital markets are subject to prevailing economic conditions, so the Directors are attuned to raising funds to meet future needs when circumstances permit.

The Board announced on 15 May 2020 that, inter alia, its Audit Committee was re-constituted as the Audit and Risk Committee.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company is strategically managing the challenges posed by the on-going COVID-19 global pandemic.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration activities in Tanzania are subject to environmental regulations and guidelines operating in the licenced areas.

Directors' Report

Failure to meet environmental conditions attaching to the group's mineral tenements could lead to forfeiture of the tenements.

No environmental breaches have occurred or have been notified by any government agencies during the year ended 30 June 2020.

The New York lithium-ion battery plant scheduled for operation in early 2021 calendar year will be subject to Environmental and Planning Regulations from various government authorities, that will be strictly managed and adhered to by the consortium members of iM3NY.

DIRECTORS MEETINGS

The number of Directors meetings held (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

Number of meetings attended:	Directors Meeting		Audit Committee		Nominations & Remuneration Committee		Sustainability Committee	
	A	B	A	B	A	B	A	B
J C Jooste-Jacobs	9	9	2	2	1	1	*	*
F Poullas	9	9	2	2	1	1	-	-
P Tsegas	4	9	1	2	*	*	-	-
L Hosking	7	7	*	*	*	*	-	-
M Vogts	7	7	*	*	-	-	*	*
W Smith	6	6	*	*	-	-	-	-
MS Whittingham	9	9	*	*	*	*	*	*
S DeGamia	1	1	*	*	*	*	*	*
J Dack	-	-	*	*	*	*	*	*
T Grant	-	-	*	*	*	*	*	*

Notes

A Number of meetings attended.

B Number of meetings held during the year whilst the director held office.

* Not a member of the relevant committee.

The Audit Committee comprised J C Jooste-Jacobs (Chairman), F Poullas and P Tsegas. The Nominations & Remuneration Committee comprised F Poullas (Chairman), J C Jooste-Jacobs and M Vogts. The Sustainability Committee comprised of P. Tsegas (Chairman), F. Poullas and L.Hosking. On 15 May 2020, the Company announced that, as part of its Corporate Governance Review, the Audit Committee was renamed as the Audit and Risk Committee, the Remuneration Committee was renamed the Nominations and Remuneration Committee and the Sustainability Committee was renamed the Health, Safety and Sustainability Committee. New Committee Charters were similarly implemented.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and executives.

REMUNERATION POLICY

The Board recognises that the performance of the Group depends upon the quality of its Directors and executives. To achieve its operating and financial activities the Group must attract, motivate, and retain highly skilled Directors and executives.

The Group's policy for determining the nature and number of emoluments of Board members and executives of the Company is assessed annually at the end of each calendar year and are set by reference to the mineral exploration industry market place. The Remuneration Committee submits its recommendation to the Board for its consideration.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time,

commitment and responsibilities based on recommendations from the Remuneration Committee. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability.

The current maximum aggregate of Non-Executive Directors fees payable is \$650,000; having been approved by shareholders at the Company's Annual General Meeting held on 17 November 2017 and this represented the first increase to the maximum aggregate amount in 9 years. Presently, Non-Executive Directors receive annual fees of between \$65,000 to \$70,000 and the Non-Executive Chairman \$120,000. An additional \$5,000 per annum is paid to Directors who act as Chairman of Committees. Superannuation is based on each individual Director's service agreement.

DIRECTOR AND OTHER EXECUTIVES DETAILS

Listed on pages 18-22 of the Directors' Report are persons who acted as a director of the Company during or since the end of the financial year.

For the purposes of this report, Key Management Personnel (KMP) of the Group are those persons having authority and responsibility for planning directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company, and senior or key management. In addition to the Directors, the following were KMP during the financial year:

Dr. Frank Houllis - Chief Executive Officer (to 21 August 2020)

PERFORMANCE BASED REMUNERATION

The Group currently has no performance-based remuneration component built into KMP remuneration packages. Bonuses may be payable at the Board's discretion following the annual performance review. The Company does not have policies regarding risk management of flexible components of remuneration packages.

COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS AND EXECUTIVES REMUNERATION

In accordance with the remuneration policy noted above, the Group includes the following principles in its remuneration framework:

- > Competitive rewards are set to attract high calibre executives
- > Executive rewards are linked to shareholder value.

For executives, the Group's policy is to position total employment costs within a peer group. The mix of fixed and variable components of employment costs is derived from data assessing market rate labour costs by position.

There are no financial measures that are included in the assessment, but the Remuneration Committee considers the growth in market capitalisation an important parameter. For non-financial measures, a range of factors are considered including: market position, relationship with a range of stakeholders, risk management, leadership, and team contribution.

SHARE OPTION PLAN

Magnis Energy Technologies Limited operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, shares and options are held on behalf of Plan Participants by the Trustee of the Magnis Option Share Trust ("MOST").

During the year ended 30 June 2020, 8,100,000 options (2019: 1,000,000) on varying terms and conditions were allotted to the Trust under the share scheme.

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Remuneration agreements are set out below:

Directors' Report

James Dack - Executive Director

- > No agreement expiry date;
- > Remuneration is \$300,000 (2019: nil) per annum including statutory superannuation guarantee plus a once-off Sign-On Fee of \$380,000. The Sign-On Fee will be repaid to the Company by the Employee, if the Employee terminates this Agreement within the first twelve months
- > Subject to shareholder approval to be obtained at the next Annual General Meeting or Extraordinary General Meeting (whichever comes first) the Employee will be granted 20,000,000 fully paid ordinary shares in the Company. The shares will have a three year escrow period from the date they are issued. The shares will be conditional upon Mr Dack serving a full two consecutive year period of employment with the Company;
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr Dack by giving the other party 3 months' notice; and
- > The agreement is subject to annual review.

Frank Poullas - Executive Chairman

- > No agreement expiry date;
- > Remuneration is \$120,000 (2019: nil) per annum including statutory superannuation guarantee
- > Consulting fees of \$1,000 per business day that is applicable if invoiced from Strong Solutions Pty Ltd, a related party to Mr Poullas
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr Poullas by giving the other party 3 months' notice; and
- > The agreement is subject to annual review.

Dr Frank Houllis - Chief Executive Officer

- > No agreement expiry date;
- > Remuneration of \$200,000 from 1 April 2020 (2019: \$300,000) per annum plus statutory superannuation guarantee;
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Dr Houllis giving the other party 12 months' notice. The agreement also includes a 6 month 'non-compete' clause for Dr Houllis; and
- > The agreement is subject to annual review.

Other transactions with key management personnel

A total of \$231,537 was paid in consultancy fees to related parties of the Non-executive directors during the financial year (2019: \$744,468). The consultancy services are provided under normal commercial terms and are disclosed in detail under Note 24 and Note 25.

Table 1: Remuneration for the year ended 30 June 2020

Non Executive Directors	Salary & Fees \$	Cash Bonuses \$	Termination Benefits \$	Post Employment Benefits \$	Share Based Payments Options# \$	Total \$
Hon W L Smith (resigned 01-Jan-2020)	31,963	-	-	3,037	-	35,000
J C Jooste-Jacobs (retired 31-May-2020) *	70,000	-	-	6,650	100	76,750
L Hosking (resigned 21-Feb-2020)	56,494	-	-	-	100	56,594
P Tsegas	35,000	-	-	-	100	35,100
Hon. Troy Grant (appointed 23-Jun-2020)	-	-	-	-	-	-
Professor M. S. Whittingham	70,000	-	-	-	100	70,100
S DeGamia (appointed 01-Jan-2020, resigned 25-Feb-2020)	10,000	-	-	950	-	10,950
Key management personnel						
M Vogts (resigned 31-Jan-2020)	156,335	-	-	14,615	247	171,197
F Houllis (terminated 21-Aug-2020)	275,000	-	-	26,125	-	301,125
F Poullas*	90,000	-	-	8,550	100	98,650
J Dack (appointed 15-Jun-2020)	-	380,000	-	-	-	380,000
	794,792	380,000	-	59,927	747	1,235,466

* Fees paid to related entities.

^ Includes superannuation and movements in employee entitlements.

Share based payments consist of unlisted share options issued.

Table 2: Remuneration for the year ended 30 June 2019

Non Executive Directors	Salary & Fees \$	Cash Bonuses \$	Termination Benefits \$	Post Employment Benefits ¹ \$	Share Based Payments Options ² \$	Total \$
F Poullas ³	120,000	-	-	11,400	-	131,400
P Tsegas ³	70,000	-	-	-	-	70,000
M S Whittingham	70,000	-	-	-	-	70,000
W L Smith (appointed 7-Sep-2018)	51,879	-	-	4,929	11,400	68,208
J C Jooste-Jacobs ³	70,000	-	-	6,650	-	76,650
L Hosking (appointed 5-Mar-2019)	21,074	-	-	-	-	21,074
U Bez (resigned 28-Feb-2019)	43,328	-	-	-	-	43,328
Key management personnel						
M Vogts	195,608	-	-	19,257	-	214,865
F Houllis	300,000	-	-	44,534	-	344,534
T Peluso (resigned 20-Jun-2019)	253,337	-	19,231	23,156	-	295,724
	1,195,226	-	19,231	109,926	11,400	1,335,783

¹ Includes superannuation and movements in compensated absences.

² Share based payments consist of unlisted share options issued.

³ Fees paid to related entities.

Directors' Report

Compensation options granted and vested

During the financial year, the following share-based payments were awarded, vested, exercised, or lapsed:

Table 1: Options Awarded

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Original Exercise Price of Option \$	Fair Value Expense under AASB 2 \$
26-Nov-2019	31-Oct-2022	0.0001	6,000,000	0.70	600
26-Nov-2019	15-Nov-2021	0.0002	700,000	0.50	140
26-Nov-2019	15-Nov-2021	0.0000095	700,000	0.75	7
26-Nov-2019	15-Nov-2021	0.0000008	700,000	1.00	1
WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED					0.00009

Table 2: Options Exercised

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Original Exercise Price of Option \$	Fair Value Expense under AASB 2 \$

Table 3: Options Lapsed

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Original Exercise Price of Option \$	Fair Value Expense under AASB 2 \$
21-Oct-2016	21-Oct-2019	0.217600	3,000,000	0.70	652,800
14-Dec-2017	17-Nov-2019	0.048700	2,000,000	0.70	97,400
26-Oct-2018	1-Apr-2020	0.011400	1,000,000	0.70	11,400
7-Apr-2017	7-Apr-2020	0.091100	750,000	1.00	68,325
26-Nov-2019	30-Apr-2020	0.000200	700,000	0.50	140
26-Nov-2019	30-Apr-2020	0.000009	700,000	0.75	6
26-Nov-2019	30-Apr-2020	0.000001	700,000	1.00	1
26-Nov-2019	30-Apr-2020	0.000100	1,000,000	0.70	100
26-Nov-2019	25-May-2020	0.000100	1,000,000	0.70	100
			10,850,000		830,272

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Granted	Additions	Disposals/ other	Balance at the end of the year
F Poullas	15,112,466	-	871,460	-	15,983,926
Hon. W L Smith (appointed 7-Sep-2018)!	650,200	-	-	-	650,200
J C Jooste-Jacobs	5,330,714	-	-	-	5,330,714
L Hosking (appointed 5-Mar-2019)!	100,000	-	-	-	100,000
P Tsegas	770,000	-	-	-	770,000
M Vogts	3,114,759	-	-	-	3,114,759
M S Whittingham	-	-	-	-	-
J Dack (appointed 15-Jun-2020)!	-	-	-	-	-
F Houllis	637,945	-	-	-	637,945
	25,716,084	-	871,460	-	26,587,544

! Opening balance as at appointment date

Option holding

The number options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Granted	Additions	Disposals/ other	Balance at the end of the year
F Poullas	1,000,000	1,000,000	-	(1,000,000)	1,000,000
J C Jooste-Jacobs (resigned 31-05-2020) ⁴	1,000,000	1,000,000	-	(1,000,000)	1,000,000
P Tsegas	1,000,000	1,000,000	-	(1,000,000)	1,000,000
M Vogts (resigned 31-01-2020) ⁴	1,000,000	3,100,000	-	(4,100,000)	-
M S Whittingham	1,000,000	1,000,000	-	(1,000,000)	1,000,000
Hon W L Smith (resigned 1-01-2020) ⁴	1,000,000	1,000,000	-	(1,000,000)	-
L Hosking (resigned 21-02-2020) ⁴	-	-	-	(1,000,000)	-
Hon Troy Grant (appointed 23-06-2020) ³	-	-	-	-	-
J Dack (appointed 15-06-2020) ²	-	-	-	-	-
F Houllis	1,500,000	-	-	-	1,500,000
T Peluso (resigned 20-06-2019) ⁴	750,000	-	-	(750,000)	-
	8,250,000	8,100,000	-	(10,850,000)	5,500,000

¹ all options vest immediately and are exercisable at anytime

² opening balance as at 15-06-2020

³ opening balance as at 23-06-2020

⁴ at time of resignation as Director/ key management personnel

Directors' Report

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During or since the financial year, no Director of the Company has received or become entitled to receive a benefit, other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the consolidated accounts, by reason of a contract entered into by the Company or an entity that the Company controlled or a body corporate that was related to the Company when the contract was made or when the Director received, or became entitled to receive, the benefit with:

- > a Director, or
- > a firm of which a Director is a member, or
- > an entity in which a Director has substantial financial interest except the usual professional fees for their services paid by the Company to:

Identity of Related Party	Nature of Relationship	Type of Transaction	Terms & Conditions of Transaction	Aggregate Amount	
				2020 \$	2019 \$
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a director of Magnis Energy Technologies Limited	Consulting fees and P&E purchases	Normal commercial terms	181,770	314,568
Peter Tsegas	Peter Tsegas is a Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal commercial terms	35,018	420,000
M Stanley Whittingham	M Stanley Whittingham is a Director of Magnis Energy Technologies Limited	Consulting Fees	Normal commercial terms	14,749	-
Dr Ulrich Bez HonDTech	Dr Ulrich Bez is a Director of Magnis Energy Technologies Limited	Consulting Fees	Normal commercial terms	-	9,900

2019 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members [88%] at the 2019 Annual General Meeting.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Details of unissued shares under option as at 30 June 2020 in Magnis Energy Technologies Limited are:

Number of ordinary shares	Class of shares	Exercise price of option	Expiry date of option
4,000,000	Ordinary	0.4	Apr-21
2,000,000	Ordinary	0.7	Jun-21
4,000,000	Ordinary	0.7	Oct-22

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

There were Nil (2019: 750,000) shares issued during the 2020 financial year as a result of exercising of options.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors and executive officers for any breach of laws by the Company for which they may be held personally liable. The agreement provides for the Company to pay liabilities or legal expenses to the extent permitted by law.

During or since the financial year, the Company has paid premiums insuring all the Directors of Magnis Energy Technologies Limited against costs incurred in defending proceedings for conduct other than:

- > (a) a wilful breach of duty
- > (b) a contravention of sections 182 or 183 of the Corporations Act, 2001 as permitted by section 199B of the Corporations Act, 2001.

The total amount of insurance contract premiums paid is confidential under the terms of the insurance policy.

INDEMNIFICATION AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has not agreed to indemnify its auditors, Hall Chadwick Melbourne Audit, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Hall Chadwick Melbourne Audit during or since the year ended 30 June 2020.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

SUBSEQUENT EVENTS

Subsequent events since the end of the year are outlined in Note 21 'Subsequent events' to the Financial Statements.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the Financial Statements are rounded off to the nearest dollar, unless otherwise indicated.

NON-AUDIT SERVICES

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

Hall Chadwick Melbourne Audit

- > Taxation services –Australia & Tanzania \$Nil
- > Corporate services- Australia \$Nil

BDO East Coast Partners

- > Taxation services –Australia & Tanzania \$36,400
- > Corporate services- Australia \$Nil

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' Report

The directors are of the opinion that the services as disclosed in Note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- > all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- > none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act, 2001 is set out on page 19.

Signed in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act, 2001.

On behalf of the directors



Frank Poullas
EXECUTIVE CHAIRMAN

Sydney, 30 September 2020

06 Auditor's Independence Declaration

HALL CHADWICK 
MELBOURNE AUDIT

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

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Magnis Energy Technologies Limited and controlled entities. As the lead audit partner for the audit of the financial report of Magnis Energy Technologies Limited and controlled entities for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

Hall Chadwick
Melbourne VIC 3000

Drew Townsend

DREW TOWNSEND
Partner
Date: 30 September 2020

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 **PrimeGlobal**

SYDNEY · PENRITH · MELBOURNE · BRISBANE · PERTH · DARWIN
Liability limited by a scheme approved under Professional Standards Legislation
www.hallchadwick.com.au

Statement of Profit or Loss & Other Comprehensive Income

YEAR ENDED 30 JUNE 2020

		Consolidated	
	Notes	2020 \$	2019 \$
Income			
Interest received		130,363	105,747
R&D Grant		116,385	210,684
Foreign exchange gain		20,978	22,123
Profit on sale of fixed assets		493,311	-
Other revenue		19,843	-
Government Grants and Assistance	31	71,000	-
Total income		851,880	338,554
Expenditure			
Administration expenses		3,732,983	1,314,104
Depreciation expense		179,615	120,901
Directors' fees		490,639	552,859
Employee benefits expense		1,517,875	1,303,271
Legal and consulting expenses		1,294,788	794,738
Share based payment to employees	28(a)	747	11,400
Share based payment to non-employees	28(a)	800	10,500
Share of net loss of associate accounted for using the equity method		-	301,144
Exploration and evaluation expenses		1,013,034	1,479,190
Total expenditure		8,230,481	5,888,107
(Loss) before income tax expense		(7,378,601)	(5,549,553)
Income tax expense	5	-	-
Net (loss) for the year		(7,378,601)	(5,549,553)
Net profit / (loss) for the year attributable to:			
Owners of Magnis Energy Technologies Limited		(6,983,513)	(5,549,553)
Non-controlling Interest		(395,088)	-
Net (loss) for the year		(7,378,601)	(5,549,553)
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss			
Change in fair value of financial assets at FVOCI		(2,524,523)	-
Gain / (loss) on foreign currency translation		876,522	240,831
Other comprehensive income / (loss) for the year, net of tax		(1,648,001)	240,831
Total comprehensive income / (loss) for the year, net of tax		(9,026,602)	(5,308,722)
Total comprehensive earnings / (loss) for the year attributable to:			
Owners of parent entity		(9,024,783)	(5,308,722)
Non-controlling Interest		(1,819)	-
Total comprehensive income / (loss) for the year, net of tax		(9,026,602)	(5,308,722)
Basic loss per share (cents per share)	23	1.11	0.92
Diluted loss per share (cents per share)	23	1.11	0.92

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

Statement of Financial Position

YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6, 18(b)	719,615	1,829,817
Trade and other receivables	7	527,143	307,623
Loan receivables	8	280,941	1,822,647
Total current assets		1,527,699	3,960,087
Non current assets			
Financial assets at FVOCI	10	7,495,562	10,020,084
Investment accounted for using the equity method		-	5,291,105
Right-of-use-assets	1	476,363	-
Development assets	11	5,577,131	5,466,492
iM3NY P&E	12(a)	11,971,650	-
Plant & equipment	12(b)	16,091	53,298
Total non current assets		25,536,797	20,830,979
Total assets		27,064,496	24,791,066
Current liabilities			
Trade and other payables	13	1,794,608	590,800
Lease Liability	1	197,950	-
Provisions	14	112,290	137,740
Total current liabilities		2,104,848	728,540
Non current liabilities			
Lease Liability	1	292,700	-
Provisions	14	43,323	40,821
Total non current liabilities		336,023	40,821
Total liabilities		2,440,871	769,361
Net assets		24,623,625	24,021,705
Equity			
Contributed equity	15(a)	128,625,905	124,177,419
Reserves	17	3,521,476	6,396,921
Accumulated Profits/(Losses)		(112,938,231)	(106,552,635)
Parent Interest - Capital and Reserves		19,209,150	24,021,705
Issued Capital - Non-controlling Interest		5,809,563	-
Accumulated Profits/(Losses) - Non-controlling Interest		(395,088)	-
Non controlling interests		5,414,475	-
Total equity		24,623,625	24,021,705

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

Statement of Changes in Equity

YEAR ENDED 30 JUNE 2020

	Notes	Issued Capital \$	FV/CI Reserve \$	Share Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated (losses) \$	Non controlling Interests \$	Total Equity \$
At 1 July 2019		124,177,419	-	1,290,644	5,106,277	(106,552,635)	-	24,021,705
Loss for the previous period		-	-	-	-	-	(631,075)	(631,075)
Loss for the period		-	-	-	-	(6,983,513)	(395,088)	(7,378,601)
Other comprehensive income/(loss)		-	(2,524,523)	-	876,522	-	-	(1,648,001)
Total comprehensive income/(loss) for the year		-	(2,524,523)	-	876,522	(6,983,513)	(1,026,163)	(9,657,677)
Transactions with owners:								
Contributions of equity, net of transaction costs		4,448,486	-	-	-	-	5,809,563	10,258,049
Share based payments	28(a)	-	-	1,548	-	-	-	1,548
Forfeiture of share-based payments		-	-	(1,228,992)	-	1,228,992	-	-
Non-Controlled interest		-	-	-	-	(1,026,163)	1,026,163	-
Reclassification from reserve		-	-	-	-	-	-	-
At 30 June 2020		128,625,905	(2,524,523)	63,200	5,982,799	(113,333,319)	5,809,563	24,623,625

	Notes	Issued Capital \$	FV/CI Reserve \$	Share Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated (losses) \$	Non controlling Interests \$	Total Equity \$
At 1 July 2018		110,637,523	-	2,171,507	4,865,446	(101,840,932)	-	15,833,544
Loss for the period		-	-	-	-	(5,549,553)	-	(5,549,553)
Other comprehensive income/(loss)		-	-	-	240,831	-	-	240,831
Total comprehensive income/(loss) for the year		-	-	-	240,831	(5,549,553)	-	(5,308,722)
Transactions with owners:								
Contributions of equity, net of transaction costs		13,474,983	-	-	-	-	-	13,474,983
Share based payments	28(a)	-	-	21,900	-	-	-	21,900
Forfeiture of share-based payments		-	-	(837,850)	-	837,850	-	-
Reclassification from reserve		64,913	-	(64,913)	-	-	-	-
At 30 June 2019		124,177,419	-	1,290,644	5,106,277	(106,552,635)	-	24,021,705
Reclassification from reserve		-	-	-	-	-	-	-
At 30 June 2020		128,625,905	(2,524,523)	63,200	5,982,799	(113,333,319)	5,809,563	24,623,625

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

10 Statement of Cash Flows

YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(4,402,358)	(3,874,219)
Payment of exploration expenditure		(1,009,582)	(1,559,015)
Payment for development assets		(8,998)	(425,077)
Interest received		6,698	62,227
Government Grants and Assistance		71,000	
R&D grant		116,385	210,684
Net cash used in operating activities	18(a)	(5,226,855)	(5,585,400)
Cash flows from investing activities			
Acquisition of plant & equipment		(2,176)	(12,461)
Acquisition of interest in associate		(856,222)	(1,571,602)
Acquisition of interest in financial asset		(27,222)	(1,393,592)
Proceeds from sale of property, plant and equipment		493,311	-
Payment of loan to related parties		156,351	(1,829,073)
Net cash flows used in investing activities		(235,958)	(4,806,728)
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		4,376,833	11,400,000
Repayment of lease liabilities		(44,504)	11,400,000
Capital raising expenses		19,588	(702,795)
Net cash flows from financing activities		4,351,917	10,697,205
Net increase/(decrease) in cash and cash equivalents		(1,110,896)	305,077
Net foreign exchange differences		(5,336)	854
Add opening cash and cash equivalents – iM3NY		6,030	-
Add opening cash and cash equivalents		1,829,817	1,523,886
Closing cash and cash equivalents	18(b)	719,615	1,829,817

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

Notes to the Financial Statements

YEAR ENDED 30 JUNE 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report covers the consolidated group of Magnis Energy Technologies Limited and controlled entities ("the Group"). Magnis Energy Technologies Limited is a company, limited by shares, incorporated in Australia whose shares are publicly traded on Australian Securities Exchange ("ASX").

The following is a summary of the material accounting policies adopted by the consolidated Group in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ["AASB"] and the Corporations Act 2001, as appropriate for -profit orientated entities.

[i] Statement of Compliance

These financial statements also comply with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"]

[ii] Historical cost convention

The financial report has been prepared on an accrual basis under the historical cost convention, as modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

[iii] Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

The financial report is prepared in Australian dollars.

GOING CONCERN

The Group has a multi strategy business of lithium-ion battery technology manufacturing in the USA and Australia combined with pre-mine development of its Nachu Graphite project in Tanzania. The Group is committed to minimum expenditure requirements in relation to its Nachu tenements.

For the year ended 30 June 2020, the Group reported a net loss of \$7,378,601 (2019: \$5,549,553) and net operating cash outflows of \$5,226,853 (2019: \$5,585,400). The operating cash outflows have been funded by cash inflows from equity raisings of \$4,376,833 (2019: \$11,400,000) during the year. As at 30 June 2020 the Group had net current assets of (\$728,126) (2019: \$3,231,547) including cash reserves of \$719,615 (2019: \$1,829,817).

Subsequent to year end, Magnis announced it had received commitments for a placement of 45 million fully paid ordinary shares at \$0.17 per share to professional, sophisticated, and institutional investors to raise A\$7.65 million via a placement. Of the 45 million shares originally committed, 42,058,577 were issued. A further 2,941,176 shares were subscribed for by Mr James Dack which will require shareholder approval at the Company's 2020 AGM before they can be issued. The residual 247 less shares intended for issue were not issued due to unforeseen banking transaction charges incurred by share applicants. Total funds raised will be used to strengthen the balance sheet to allow Magnis to capitalise on current and future growth opportunities in the battery technology sector and to fund the ongoing investment in the future development of the Company's 100% owned Nachu Graphite Project. Magnis further announced on 8 September 2020 it had terminated the Negma Subscription Agreement following the announcement on 4 September 2020 of the Company's successful capital raising.

As such, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, further share placements and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not continue as a going concern.

The financial statements were authorised for issue by the directors on 30 September 2020.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

(i) New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except as follows:

AASB 16 'LEASES'

(a) Nature of the effect of adoption of AASB 16

The Group applied the modified retrospective transition method to adopt AASB 16 and thus prior comparatives were not restated.

Under this method, the cumulative effect of initially applying the standard is recognised directly as an adjustment to equity at the date of initial application, 1 July 2019. The Group elected to use the recognition exemptions for lease contracts that have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Group has lease contracts for its head offices in Australia and Tanzania. Prior to the adoption of AASB 16, the Group classified each of its leases at the inception date as operating leases. Operating leases were not capitalised, and the lease payments were recognised as rent expense in the profit or loss on a straight-line basis over the lease term.

On adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except short-term leases and leases of low-value assets. The Group has elected to present right-of-use assets and lease liabilities separately in the statement of financial position. On transition, no right-of-use asset or lease liability was recognised due to the recognition exemptions of excluding short-term leases. Subsequent to transition, lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted-average discount rate applied was 5.5%.

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not restated. The impact of the adoption is summarised as follows:

Notes to the Financial Statements

	30-June-2020 \$	30-June-2019 \$
Lease liabilities		
Operating lease commitments disclosed as at 30 June 2020	-	-
Short term and low value lease commitments as at 30 June 2020	-	-
Discounted using the company's incremental borrowing rate of 5.5%	-	-
Lease liability recognised as at 1 July 2019	-	-
Reconciliation of movement in lease liabilities:		
Lease liability recognised as at 1 July 2019	-	-
Additions	614,665	-
Interest expense	24,039	-
Repayment of lease liabilities	(148,054)	-
Total Lease liabilities as at 30 June 2020	(490,650)	-
Right-of-use assets		
Lease liability recognised as at 1 July 2019	-	-
Lease incentives received	-	-
Right-of-use assets as at 1 July 2019	-	-
Reconciliation of movement in right-of-use assets		
Right-of-use assets as at 1 July 2019	-	-
Additions	614,808	-
Depreciation expense	(138,445)	-
Right-of-use assets as at 30 June 2020	476,363	-

The impact of IFRS 16 adoption on closing 30 June 2020 reported balances is summarised as follows:

	Accounting under new accounting policy (AASB 16)	Accounting under previous accounting policy (AASB 16)	Effect of change to accounting policy
Statement of Profit or Loss and Other Comprehensive Income			
Occupancy expenses	130,704	303,662	(172,958)
Depreciation and amortisation	134,632	-	134,632
Finance expenses	24,039	-	24,039
	289,375	303,662	(14,287)
Statement of Financial Position			
Right-of-use assets	476,363	-	476,363
Lease liabilities – current	(197,950)	-	(197,950)
Lease liabilities – non current	(292,700)	-	(292,700)
	(14,287)	-	(14,287)
Accumulated losses	(114,167,223)	(114,152,936)	(14,287)

(b) Summary of new accounting policies for leases (applied 1 July 2019)

Below are the new accounting policies of the Group upon the adoption of AASB 16 which have been applied from the date of initial application:

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract contains the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Right-of-use-assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

LEASE LIABILITIES

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease terms reflect the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggered the payment occurs.

In calculating the present value of the lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group applies the short-term lease recognition exemption to its short-term leases. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term lease and lease of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group has not elected to early adopt any other new standard.

(ii) Early Adoption of Standards

The Group did not apply the early adoption of Standards from the financial year beginning on 1 July 2019.

(iii) Accounting Standards and Interpretations issued but not yet effective

CONCEPTUAL FRAMEWORK FOR FINANCIAL REPORTING (CONCEPTUAL FRAMEWORK)

The revised Conceptual Framework is applicable to annual report periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have material impact on the consolidated entity's financial statements.

EXPLORATION AND EVALUATION COSTS

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

Notes to the Financial Statements

FAIR VALUE MEASUREMENT

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

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

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

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

GOODS AND SERVICES TAX (GST AND/OR VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT except:

- > where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- > receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

Withholding tax and other indirect taxes are incurred on amounts of VAT recoverable from, or payable to, the taxation authority.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are re-translated at the year-end exchange rate. Non-monetary items

measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss.

Financial statements of foreign operations

The financial results and position of foreign operations whose functional currency is not Australian dollars, the Group's presentation currency, are translated as follows:

- > assets and liabilities are translated at year-end exchange rates prevailing at that reporting date
- > income and expenses are translated at average exchange rates for each month during the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in other comprehensive income. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave when it is probable that settlement will be required.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled including related on-costs, such as workers compensation and payroll tax.

REVENUE RECOGNITION

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

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

RESTATEMENT OF COMPARATIVES

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The estimate, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective Notes) within the next financial year are discussed below.

Notes to the Financial Statements

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific Notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined by an external valuer using a binomial option pricing model that uses the assumptions detailed in Note 28(g).

Indirect tax receivables and liabilities

The Group is subject to indirect taxes in Australia and the jurisdiction where it has foreign operations. Significant judgement is required in determining the amounts recorded as receivables for recovery of such taxes and payables for payment of such taxes. The Group is subject to an audit by a tax authority in a jurisdiction in which it operates. The tax authority is disputing the quantum of goods and services tax receivable and withholding taxes payable. Discussions with the relevant tax authority are ongoing. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The Group has adequately recorded receivables and payables for the amounts it believes will ultimately be payable. Where the final outcome of any matters is different from amounts recorded, such differences will impact the indirect tax receivables or provision in the period in which such determination is made.

Fair value estimates of financial instruments

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

3. SEGMENT INFORMATION

a) Identification of reportable segments

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

During the financial year, the Group continued its participation in global consortium, including ownership, to operate lithium-ion battery gigafactories in Australia and the USA. As a member of these consortiums, Magnis' role will be to provide anode materials and associated technologies to assist in the production process.

This activity is supplemented by the involvement in the development and ultimate mining of natural flake graphite for use in various industries, including in particular batteries for storing electrical energy.

Due to the infancy of its interests in the lithium-ion battery sector, the Group has determined its reportable segments for the financial year ended 30 June 2020 as follows:

- > Lithium-ion Battery investments
- > Graphite exploration and development

b) Identification of reportable segments

2020 Segment financial information	Lithium-ion Battery Investment USA \$	Lithium-ion Battery Investment Australia \$	Graphite Exploration & Development Tanzania \$	Consolidated \$
Segment revenue	149,468	18,252	684,160	851,880
Segment loss before tax	-	-	(7,378,601)	(7,378,601)
Segment current assets	191,217	131,473	1,205,009	1,527,699
Segment non-current assets	7,495,561	-	18,041,236	25,687,797
Segment liabilities	-	-	(2,440,871)	(2,440,871)

Accounting policies

The Group applies AASB 8 Operating Segments and determines its operating segments to be based on its geographical location and also by operational type. Lithium-Ion Battery Investment refers to the Groups ownership in planned gigafactories via the Global Consortium Imperium3 Pty Ltd. Graphite exploration and development currently refers to the pre-development operation of the Nachu Graphite Project in Tanzania. The financial performance of these segments are reported to the Board on a monthly basis. The accounting standards adopted in preparing internal reports to the Board are consistent with those adopted in preparing this annual report. Operating segments are subject to risks and returns that are different to those of segments operating in other economic environments.

Inter-segment transactions

To avoid asymmetrical allocation within segments which management believe would be inconsistent policy is 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.

Segment assets and liabilities

Segment assets include all assets used by a segment and consist primarily of cash and cash equivalents. Development assets, plant and equipment and trade and other receivables. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are not allocated. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include deferred income taxes.

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Notes to the Financial Statements

5. INCOME TAX

	Consolidated	
	2020 \$	2019 \$
Current income tax		
Current income tax credit/(expense)	2,234,220	1,510,567
Tax losses not recognised as not probable	(1,747,078)	(1,455,331)
(Under)/over provision in prior year	487,142	55,236
Deferred income tax		
Relating to origination and reversal of temporary differences	(487,142)	(55,236)
Tax losses brought to account to offset net deferred tax liability	-	-
	-	-
Income tax credit/(expense) reported in the Statement of Comprehensive Income	-	-
a) Statement of Changes in Equity		
Deferred income tax related to items charged or credited directly to equity		
Share issue costs	50,318	102,708
Deferred tax offset	(50,318)	(102,708)
Income tax benefit reported in Equity	-	-
b) Tax Reconciliation		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (loss) before tax	(7,378,601)	(5,549,553)
At the Group's statutory 30% tax rate (2019: 30%)	2,213,580	1,664,866
Share based payment expense	(120,240)	(3,150)
Movement in temporary differences	(380,565)	(59,547)
Share of net P&L of associate accounted for using equity method	-	(90,343)
Exploration and evaluation expense write off	(118,376)	(229,113)
Non-assessable R&D offset income	34,915	63,205
Deductible option issue costs	115,136	113,734
Other adjustments	2,627	(4,321)
Tax losses not brought to account	(1,747,077)	(1,455,331)
Loss recoupment	-	-
Income tax (expense) reported in the Statement of Comprehensive Income	-	-

At the reporting date, the Group has estimated tax losses of \$102,358,319 [2019: \$95,709,965] available to offset against future taxable income subject to continuing to meet relevant statutory tests. To the extent that it does not offset a deferred tax liability, a deferred tax asset has not been recognised for these losses because it is not probable that future taxable income will be available to use against such losses."

ACCOUNTING POLICIES

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all temporary differences, except:

- > where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- > when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- > where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- > when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of financial position.

Tax consolidated group

The Company and its wholly owned Australian subsidiaries have elected to form a tax consolidated group from 1 July 2015, with Magnis Resources Limited being the head entity within that group. These entities are taxed as a single entity.

Notes to the Financial Statements

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2020 \$	2019 \$
Cash on hand	5,094	6,448
Cash at bank	714,521	1,823,369
	719,615	1,829,817

ACCOUNTING POLICIES

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value, and bank overdrafts.

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2020 \$	2019 \$
Accrued interest	910	1,562
Goods and services tax recoverable	26,158	30,661
Prepayments and other receivables	399,061	231,637
Less: allowance for expected credit loss	(49,963)	(107,214)
Security deposit	150,977	150,977
	527,143	307,623

ACCOUNTING POLICIES

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

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$49,963 (2019: 107,214) in the profit or loss, in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2020.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020 \$	2019 \$
Opening balance	107,214	-
Additional provisions recognised	49,963	107,214
Receivables written off during the year as uncollectable	(107,214)	-
Unused amounts reversed	-	-
Closing balance	49,963	107,214

8. LOAN RECEIVABLES

	Consolidated	
	2020 \$	2019 \$
Accrued interest	167,720	43,404
Short-term loan- Charge CCCV LLC	1,517,754	1,354,073
Less: allowance for expected credit loss	(1,517,754)	(49,830)
Short-term loan- Imperium3 Townsville	113,221	475,000
	280,941	1,822,647

ACCOUNTING POLICIES

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

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$1,517,754 (2019: \$149,830) in profit or loss in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2020.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2020 \$	2019 \$
Opening balance	49,830	-
Additional provisions recognised	1,517,754	49,830
Receivables written off during the year as uncollectable	(49,830)	-
Unused amounts reversed	-	-
Closing balance	1,517,754	49,830

On 6 August 2020, the Company entered into an Amendment Agreement with Charge CCCV, LLC (C4V) (Agreement).

In summary, the Agreement amended the Service Supply Agreement dated 1 March 2017 between the Company as Principal and C4V as Agent to provide various services to the Principal (Services Agreement), such that going forward, the Company was required to pay, with effect from 1 July 2020 C4V, a service fee of US\$50,000 monthly in lieu of the US\$375,000 service fee previously payable on a quarterly basis, with no change to the new terms permitted for three years.

The Agreement also amended the Loan Agreement dated 21 December 2018 between the Company as Lender and C4V as Borrower, such that going forward, the loan balance of US\$1,180,000 owing to the Company as at 30 June 2020 was agreed to be reduced by the amount of expenses incurred by C4V in providing services to the Company under the Services Agreement of US\$582,866, leaving a net balance of US\$596,134 to become the revised Loan Amount under the Loan Agreement which Loan Amount would accrue daily interest at the rate of 7.35% pa from 1 July 2020. The term of the Loan Agreement was extended to expire on 20 December 2020 (from the previous expiry date of 20 December 2019).

9. NON CURRENT ASSETS - RECEIVABLES

	Consolidated	
	2020 \$	2019 \$
Security deposit	-	-
	-	-

Notes to the Financial Statements

10. FINANCIAL ASSET at FVOCI

	Consolidated	
	2020 \$	2019 \$
Equity investment in Charge CCCV LLC	7,495,562	10,020,084
	7,495,562	10,020,084

On 29 March 2018, Magnis announced a strategic investment to acquire a 10% interest in leading US based, lithium-ion battery technology group, Charge CCCV LLC ('C4V') and secured an exclusive agreement over selective patents, which will assist in driving the Company's growth in the lithium-ion battery sector.

Under the terms of the Agreement, Magnis acquired a 10% stake in C4V for total consideration of US\$7.5 million, comprising an upfront cash payment of US\$2m together with the issue of 6,940,544 ordinary shares in Magnis (representing US\$2.5m in value). A further cash payment of US\$1 million was made on 12 September 2018 together with the issue of 7,507,508 ordinary shares in Magnis. As at 30 June 2020, Magnis held a 10% stake in C4V (2019: 10%).

Magnis has appointed one representative to the Board of Directors of C4V and has also secured a first right of refusal for any future capital raising initiatives that C4V undertake. Further to the agreement, Magnis also has an exclusive agreement for 5 years over selected C4V patents, which will expand the Company's material technologies in the rapidly growing lithium-ion Battery sector.

ACCOUNTING POLICIES

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise:

- > equity securities which are not held for trading, and for which the group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the group considered this to be more relevant, and
- > debt securities where the contractual cash flows are solely principle and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(ii) Equity investments at fair value through other comprehensive income

Equity investments at fair value through other comprehensive income (FVOCI) comprise the following investment:

	Consolidated	
	2020 \$	2019 \$
Unlisted securities - Charge CCCV LLC	7,495,562	10,020,084
	7,495,562	10,020,084

Upon disposal of these equity investments, any balance within the OCI reserve for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

(iii) Debt investments at fair value through other comprehensive income

There are no debt investments at fair value through other comprehensive income (FVOCI) for both years.

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

11. DEVELOPMENT ASSETS

	Consolidated	
	2020 \$	2019 \$
Development assets	5,577,131	5,466,492
	5,577,131	5,466,492

ACCOUNTING POLICIES

Development assets are stated at cost less accumulated depreciation and impairment losses. Cost represent the accumulation of all the compensation and resettlement expenditure incurred by, or on behalf of, the entity in relation to areas of interest in which construction or development has commenced. Compensation and resettlement expenditures are capitalised as development assets.

Development costs in which the Group has an interest are amortised over the life of the area of interest to which the costs relate on a units of production basis over the estimated proven and probable ore reserves and proportion of other measured and indicated mineral resources where there is a high degree of confidence that they can be extracted economically. Changes in the life of the area of interest and/or ore reserves, and other mineral resources are accounted for prospectively.

Impairment

At each reporting date, the Group reviews the carrying values of its development assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

As at 30 June 2020, no impairment to the carrying value of the development assets has been deemed necessary.

Movements in development assets

Movements in development assets during the financial year, are set out as follows:

	Development Asset \$
At 1 July 2019	5,466,492
Development costs capitalised during the year	-
Currency translation difference	110,639
At 30 June 2020	5,577,131

Notes to the Financial Statements

12. (a) PLANT AND EQUIPMENT iM3NY

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

	Consolidated	
	2020 \$	2019 \$
Alevo Acquisition Equipment	7,271,553	-
Consulting - Dir of Logistics	246,352	-
Equipment Relocation Services	2,504,243	-
Insurance - NC	13,529	-
Storage and utilities - NC	1,897,430	-
Travel - NC	11,926	-
Legal Services - Alevo APA	26,617	-
	11,971,650	-

ACCOUNTING POLICIES

iM3NY P&E assets are stated at cost less accumulated depreciation and impairment losses. Costs represent the accumulation of all the plant and equipment and expenditure incurred by, or on behalf of, the entity in relation to the establishment and preparation of production plant.

iM3NY P&E costs in which the Group has an interest are amortised over the projected life of the production plant.

Impairment

In October 2019, the Group had an independent valuation undertaken by Ramboll Energy which confirmed that the iM3NY plant and equipment was valued at USD 71,340,620.

As at 30 June 2020, no impairment to the carrying value of the iM3NY P&E assets has been deemed necessary.

Movements in development assets

Movements in development assets during the financial year, are set out as follows:

	iM3NY P&E Asset \$
At 1 July 2019	-
iM3NY P&E costs capitalised during the year	11,971,650
Currency translation difference	-
At 30 June 2020	11,971,650

12. (b) PLANT AND EQUIPMENT

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

	Consolidated	
	2020 \$	2019 \$
Plant and equipment	1,856	107
Office Equipment	9,756	19,214
Software	-	-
Office furniture and fittings	93	637
Office improvements	-	22,199
Motor vehicles	4,386	11,141
	16,091	53,298

	Consolidated						
	Plant and equipment \$	Office equipment \$	Software \$	Office furniture and fittings \$	Office Improve-ments \$	Motor vehicles \$	Total \$
Year ended 30 June 2020							
Balance at 1 July 2019 net of accumulated depreciation	107	19,214	-	637	22,199	11,141	53,298
Additions	2,176	-	-	-	-	-	2,176
Disposals	-	-	-	-	-	-	-
Currency translation differences	(49)	56	-	4	449	226	686
Depreciation charge for the year	(377)	(9,514)	-	(548)	(22,648)	(6,981)	(40,068)
Balance at 30 June 2020 net of accumulated depreciation	1,856	9,756	-	93	-	4,386	16,091
At 30 June 2020							
Cost	435,008	97,144	-	16,305	66,649	36,586	651,691
Accumulated depreciation and impairment	(433,152)	(87,388)	-	(16,212)	(66,649)	(32,200)	(635,600)
Net carrying amount	1,856	9,756	-	93	-	4,386	16,091
Year ended 30 June 2019							
Balance at 1 July 2018 net of accumulated depreciation	58,224	27,015	-	5,020	50,840	17,105	158,205
Additions	-	11,360	-	-	-	-	11,360
Disposals	-	-	-	-	-	-	-
Currency translation differences	51	451	-	226	3,933	945	5,605
Depreciation charge for the year	(58,168)	(19,612)	-	(4,609)	(32,574)	(6,909)	(121,872)
Balance at 30 June 2019 net of accumulated depreciation	107	19,214	-	637	22,199	11,141	53,298
At 30 June 2019							
Cost	427,303	96,689	-	16,025	65,327	35,860	641,204
Accumulated depreciation and impairment	(427,196)	(77,475)	-	(15,388)	(43,128)	(24,719)	(587,906)
Net carrying amount	107	19,214	-	637	22,199	11,141	53,298

Notes to the Financial Statements

ACCOUNTING POLICIES

Each class of plant and equipment is carried at cost, less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associate with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the financial period in which they are incurred.

Depreciation

Depreciation is provided on plant and equipment, motor vehicles, office equipment, furniture and fittings, and is calculated on a straight line basis, commencing from the time the asset is first used, so as to write off the net costs of each asset over the expected useful life.

The following useful lives are used in the calculation of depreciation:

- > Plant & Equipment 2 to 5 years
- > Vehicles 2 to 5 years
- > Office equipment, furniture & fittings 2 to 20 years

Both assets residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Impairment

At each reporting date, the Group reviews the carrying values of its plant & equipment assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

13. TRADE AND OTHER PAYABLES

	Consolidated	
	2020 \$	2019 \$
Trade payables	1,127,120	94,734
Other payables and accruals	667,488	496,066
	1,794,608	590,800

ACCOUNTING POLICIES

Trade and other payables are recognised when the Group becomes obliged to make further payments from the purchase of goods and services and are measured at amortised cost using the effective interest method, less any impairment losses.

14. PROVISIONS

Current	Consolidated	
	2020 \$	2019 \$
Provision for annual leave (a)	129,290	137,740
	129,290	137,740

Non Current	Consolidated	
	2020 \$	2019 \$
Provision for long service leave (a)	43,323	40,821
	43,324	40,821

(a) Annual Leave and Long Service Leave

An estimate of annual leave is provided after reviewing relevant workplace agreements and industrial awards for respective employees and determining entitlement at the reporting date. The cost includes an account of direct employment costs.

The significant assumptions applied in the measurement of this provision include devising probabilities for employees complying with the legislative requirements [years of service] and the computed employment costs discounted by using RBA bond rates applied for the respective years of service.

ACCOUNTING POLICIES

Provisions are recognised when the Group has a present obligation [legal or constructive] as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

	Number of shares and options	2020 \$
a) Issued capital and options		
Ordinary shares fully paid	665,006,221	128,625,905
Fully paid ordinary shares carry on vote per share and carry a right to dividends. Option holders are not entitled to vote and dividend.		
b) Movements in fully paid shares		
At 1 July 2019	611,135,996	124,177,419
Shares issued	53,870,225	5,000,000
Exercise of unlisted rights and options	-	-
Transaction costs		(551,514)
Reallocation		-
At 30 June 2020	665,006,221	128,625,905

Notes to the Financial Statements

15. CONTRIBUTED EQUITY

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

- > \$1,500,000 (2019: \$11,100,000) from share placements of 20,000,000 fully paid ordinary shares. Transaction costs amounted to \$40,577 (2019: \$702,795).
- > \$3,500,000 (2019: \$Nil) from the Negma Subscription Agreement of 33,870,225 fully paid ordinary shares. Transaction costs amounted to \$510,938 (2019: \$Nil).

c) Capital management

Management's prime objective when managing the Group's capital is to ensure the entity continues as a going concern as well as ensuring that funds expended provide shareholders with optimal returns. The capital structure is intended to provide the lowest cost of capital available to the Group considering its present phase of operations.

Capital risk management

Over the coming year the group is proposing to undertake an exploration program that requires a significant outlay of funds. Management monitors this expenditure against the budget approved by the Board. A near term capital raising or asset sale should ensure the group has a safety margin of funds available to continue with its desired level of operations – refer Note 1.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

16. FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities are the equivalent to the net carrying amount. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The carrying amounts of cash, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Group classified the fair value of its other financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- > Level 1- Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- > Level 2- Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- > Level 3- Values based on prices or valuation techniques that are not based on observable market data.

	Level in Fair Value hierarchy	Consolidated	
		2020 \$	2019 \$
Financial assets measured at fair value			
Financial assets at FVOCI	3	7,495,562	10,020,084
Investment accounted for using the equity method	3	-	5,291,105
		7,495,562	15,311,189

Financial assets at FVOCI

Financial assets at FVOCI comprise the Group's investment in private US based, lithium-ion battery technology group, Charge CCCV LLC ('C4V') which is accounted for as a financial asset measured at fair value through other comprehensive income. The investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

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

The royalty income is dependent upon the successful development of three key projects which involves either the mining and processing of natural flake graphite or the production of lithium-ion batteries.

C4V also has a 45.18% strategic investment in a New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY'). iM3NY owns battery plant assets located in a planned lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York.

Valuation Techniques- Level 3

The Group has utilised a combination of the discounted cash flow (DCF) method together with the fair value of C4V's strategic investment in iM3 NY to calculate the enterprise value of C4V. The DCF involves the projection of a series of cash flows and to this an appropriate market derived discount rate is applied to establish the present value of the income stream. The fair value of C4V's investment in iM3NY has been determined by independent valuation of the plant equipment purchased in 2018.

The valuation of plant equipment was undertaken in August 2019 by leading engineering firm O'Brien & Gere who assessed all the items purchased. In its current status and condition, the external valuer has attributed a valuation of US\$71.34 million of which C4V has a direct interest equivalent to US\$32.23 million.

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 committee of the valuation techniques adopted. The Group reviews the valuation of its financial assets at FVOCI at least once every six months, in line with the group's half-yearly reporting requirements. Changes in level 3 fair values are analysed at the end of each reporting period during this review.

Quantitative information on significant unobservable inputs- Level 3

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

Unobservable inputs	Valuation Method	Nachu Graphite Project	Imperium3 Townsville	Imperium3 New York	Relationship of Unobservable input to fair value
Project Status	DCF	Preliminary Preliminary (Bankable Feasibility Study)	(Feasibility Study)	n/a	The more advanced the project the higher the fair value
Timeline to production	DCF	2 years post finance	2 years post finance	n/a	The longer the time to production the lower the fair value
Project life	DCF	20yrs	20yrs	n/a	The longer the lifespan the higher the fair value
Risk adjusted discount rate	DCF	20%	45%	n/a	The higher the discount rate the lower the fair value
Capital required	DCF	AU\$400M (US\$270M)	AU\$3Billion	n/a	The higher the capital required the lower the fair value
Expected annual volumes	DCF	240,000 tonne pa	18GWh	n/a	The higher the annual volumes the higher the fair value
Valuation of battery manufacturing equipment	FV	n/a	n/a	AU\$102M (US\$71.34)	The lower the recoverable amount of the equipment the lower the fair value

Notes to the Financial Statements

Project and Investment Risk

The fair value of the Group's investment in C4V is measured against the enterprise value of C4V which is calculated using fair value incorporating present value techniques. The present value calculations use cash flows that are estimates rather than known amounts. There is inherent uncertainty in this valuation technique. As a result, the fair value is exposed to various forms of risk. The fair value of as at 30 June 2020 is measured using a number of significant unobservable inputs. Risks specific to these unobservable inputs are detailed below and have been factored into the individual projects through the risk adjusted discount rate applied.

The Group has performed detailed risk analysis using international frameworks on each of the individual projects during feasibility study. In performing this analysis, the Group has identified areas of key risk and has developed risk management and mitigation strategies to implement in order to reduce the likely exposure to these risks.

Project status

The current status of the projects has been determined as being preliminary. The projects are also characterised as being greenfield projects which relates to the lack of existing facility to verify outcomes.

There is a risk that the projects will not be advanced due to the significant capital required to commence construction. There is also a risk that legislative approvals required to commence construction may be delayed or not granted. Project status is aligned to the timeline to production. Any slippage in timeline milestone will reduce the fair value.

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

Timeline to production

Scheduling for the projects has not factored significant delays or cost overruns. Factors which could create significant delays include adverse weather conditions, construction risks particularly in-ground risks, the securing of water supply for construction and requisite approvals for infrastructure upgrades.

There is a risk that such delays or cost overruns will impact the payback capability of the project and reduce the overall cashflows. An increase to the timeline to production will result in a lower fair value.

Capital required

The estimated total construction costs of the 18Gwh factory in Townsville is AU\$3Bn. Project development has been phased into 3 stages of 6GWh to reduce the upfront capital requirement. Stage One construction costs are estimated to be AU\$1.12Bn. Without a demonstrated ability in capital raising of this quantum, there is a risk that the capital required won't be secured or will be significantly delayed. As there is no prior history of manufacture at scale, there is also a risk that finance may be on less favourable terms.

There is also risk that battery cell offtake agreements will not be secured for each of the three stages or that the price will be less than estimated. This could impact the projects ability to repay project finance and result in a lower fair value.

To mitigate these risks, iM3TSV has appointed National Australia Bank ('NAB') in the capacity of financial advisor to jointly develop the Project funding strategy as part of this feasibility study. In the role of financial advisor, NAB brings extensive experience on seeking funding for large projects in the renewables sector including working alongside government bodies, to advise projects in North Queensland.

iM3TSV will also implement a testing and market development program involving battery production testing in a commercial setting at equipment vendor facilities. Generated product will be provided for customer evaluation and qualification towards procuring offtake contracts. This program will take place prior to securing the construction costs for Stage One. Securing offtake following confirmation of product specification will assist in securing project funding.

The total construction of the Nachu Graphite Project is estimated to cost AUD\$400M (US\$270M). This is also considered a significant amount of capital. This is compounded by the sovereign risk of developing a graphite mine in Tanzania. There is a risk that the capital required is not secured or that the funding will be on less favourable terms. The Group has identified target funding partners with experience in Tanzania, who have in-depth appreciation and understanding of developing a large-scale resource projects in a jurisdiction with high sovereign risk.

Expected annual production

Project development of iM3 TSV has been phased into three stages of 6GWh each. The benefit of a stage approach is to reduce the upfront capital requirement but also to allow for the project expansion to occur in line with market development.

However, there is a risk that capital for the second or third stage may not be secured or that changes in global competition and technological advancement over construction and the first stage may impact the viability of expansion.

There is also a risk that the project will achieve lower battery cell production yields than forecast.

To mitigate these risks an extensive product development and testing program will be undertaken by iM3 TSV prior to securing Stage One funding. Such testing programs once fully implemented can be utilised to train employees prior to construction and commissioning to ensure an inexperienced workforce does not delay ramp up.

The Nachu Graphite Project has been reported as the largest mineral resources of large flake graphite in the world. There is a risk, at a production rate of 240,000tpa, that supply will outstrip demand resulting in an unsustainable production rate. The project is also subject to significant sovereign risk arising from changes in legislation, government, environmental permits, employment, disease, community relations all of which could impact the annual production. A reduction in the expected annual production would reduce the fair value.

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

Royalties & Reservation Fee

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

The royalty income is dependent upon the successful development of three key projects which involves either mining and processing of natural flake graphite or the production of lithium-ion batteries.

There is a risk that C4V will not receive the estimated reservation fee or royalty income if the Group is unsuccessful in securing the required capital to commence construction of the individual projects.

There is also a risk that the annual royalty income derived from the individual projects will be less than estimated due to delays in production timelines or reduction in the expected annual production.

Any reduction in annual royalty income or reservation fee income will lower the fair value.

The contracts between C4V and Magnis and iM3 contain commercially sensitive information and as such cannot be disclosed in the financial report as it would likely be prejudicial to Magnis. The contracted royalty and reservation fees have been used by the Group in determining the fair value of C4V

Recoverable amount- C4V's investment in iM3 NY

Realising the recoverable amount of C4V's investment in iM3 NY is dependent on proceed of sale equalling the estimated US\$71.34 million. There is a risk that there may be significant advancements in state of the art equipment and that buyers will become increasingly difficult to identify. The valuation of the battery manufacturing equipment does not factor in the cost of relocating the equipment from iM3 NY to the buyer(s). In the event that iM3 NY was unsuccessful in assigning these costs to the buyer, the fair value would be reduced.

Interest rate risk

The main interest rate risk arises from expected long-term borrowings to fund the construction costs. Borrowings obtained at variable rates expose interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. There is also a risk that the greenfield status of the project could attract interest rates with embedded risk premiums.

iM3 TSV has mitigated this risk by appointing NAB to advise of the most advantageous mix of achievable funding sources and target funding partners to reduce the amount of funding exposed to interest rate risk. This includes sourcing equity partners and government grants to reduce the quantum of project financing required.

The Group is targeting potential funding partners for the Nachu Graphite Project who have an in-depth knowledge and experience in Tanzania to reduce the probability of significant risk premiums being added to interest rates. Targeting funding via engineering, construction and procurement contractors who have a vested interest in the success of the project is one strategy the Group believes will mitigate the risk of attracting finance with substantial risk premium embedded in the interest rate.

Notes to the Financial Statements

Currency rate risk

The individual projects undertake certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. A significant portion of the Stage One construction costs for iM3TSV relate to equipment purchases payable in United States Dollars.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. Adverse foreign currency fluctuation can add significant additional costs to the estimated construction costs of the project.

The Nachu project is exposed to currency fluctuations between the United States Dollar (USD) and the Tanzanian Schillings (Tzs). Where possible, the Group mitigates this risk by executing supply agreements in USD, however local content requirements limits the extent that this strategy can be implemented.

In order to protect against exchange rate movements, the Group will consider entering into simple forward foreign exchange contracts.

Risk adjusted discount rate

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

Sensitivity analysis

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

Description	Unobservable inputs	Sensitivity
Financial asset at FVOCI	Project life	A one year change would increase/ (decrease) fair value by AU\$0.034M/ (AU\$0.042M)
	Risk adjusted discount rate	5% change would increase/ (decrease) fair value by AU\$2.147M/ (AU\$1.408M)
	Expected annual volumes	5% change would increase/ (decrease) fair value by AU\$0.423M/ (AU\$0.423M)
	Valuation of battery manufacturing equipment	5% change would increase/ (decrease) fair value by AU\$2.459M/ (AU\$2.459M)

Investment accounted for using the equity method – Magnis direct investment in iM3NY

Investment accounted for using the equity method comprises the Group's investment in a private New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY'). The investment which is accounted for using the equity method is measured at cost and the carrying value of the investment is subsequently adjusted for the Group's interest in the associates profit or loss. The investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

Valuation Techniques- Level 3

The Group has determined the fair value of its strategic investment in iM3 NY by obtaining a third- party valuation of the recoverable amount of the battery plant equipment purchased in 2018.

The valuation of the battery plant equipment was undertaken in August 2019 by leading engineering firm O'Brien & Gere who assessed of all the items purchased. In its current status and condition the external valuer has attributed a valuation of AU\$101.4 million (US\$71.34 million) of which MNS has a direct interest equivalent to AU\$54.35 million (US\$37.37 million).

Quantitative information on significant unobservable inputs- Level 3

Description	Valuation technique	Unobservable inputs	Imperium3 New York	Sensitivity
Investment accounted for using the equity method	FV	Valuation of battery manufacturing equipment	AU\$102M (US\$71.34M)	5% change would increase/ (decrease) fair value by AU\$2.70m/(AU\$2.70)m

17. RESERVES

a) Reserves

	Consolidated	
	2020 \$	2019 \$
Foreign currency translation	5,982,799	5,106,277
Share based payment	63,200	1,290,644
FVOCI Reserve	(2,524,523)	-
	3,521,476	6,396,921

b) Nature and purpose of reserves

i. Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1. The reserve is recognised in profit or loss when the net investment is disposed of.

ii. Share based payment reserve

The share based payment reserve is used to recognise the fair value of paid options issued to Directors, employees, and contractors.

iii. FVOCI reserve

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

Notes to the Financial Statement

18. STATEMENT OF CASH FLOWS

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

Operating activities	Consolidated	
	2020 \$	2019 \$
Net loss	(7,867,088)	(5,549,553)
Non cash and non operating items		
Depreciation of non current assets	40,869	120,901
Share based payments	401,547	21,900
Share of associates net loss accounted for using the equity method	-	301,144
(Profit)/ Loss on sale of assets	(54,256)	-
Net foreign currency translation gain (loss)	165,416	(23,030)
Accrued interest	-	(43,521)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,338,222	34,724
(Increase)/decrease in prepayments	(221,719)	3,851
(Increase)/decrease in security bonds	-	-
(Increase)/decrease in exploration assets	-	-
(Increase) in development assets	-	(3,635)
Increase/(decrease) in trade and other payables	451,519	(461,338)
Increase/(decrease) in provisions	518,635	13,157
Net cash outflow from operating activities	(5,226,855)	(5,585,400)

a) Reconciliation of cash and cash equivalents

Cash at bank		
Cash at bank and in hand	719,615	1,829,817
	719,615	1,829,817

19. COMMITMENTS

a) Exploration commitments

The Group has certain commitments to meet minimum expenditure requirements on the mineral exploration assets in which it has an interest. Note 1 outlines the Group's future funding options to meet its commitments. Outstanding exploration commitments are as follows:

	Consolidated	
	2020 \$	2019 \$
Not later than one year	90,015	88,229
	90,015	88,229

Exploration expenditure commitments beyond twelve months could not be reliably determined because the annual commitment was set at the anniversary date for each tenement.

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2020. The Group has guarantees for property leases and banking finance facilities of \$150,977 (2019: \$150,977).

21. EVENTS AFTER REPORTING PERIOD

- > On 21 August 2020, the Company terminated the employment of its Chief Executive Officer, Dr Frank Houllis.
- > On 4 September 2020, the Company announced that it received firm commitments from institutional, professional, and sophisticated investors to raise \$7.65 million via a placement of 45m ordinary shares at 17 cents per share. This included an amount of approximately \$500,000 subscribed by Mr James Dack, Executive Director, subject to shareholder approval to be obtained at the Company's 2020 Annual General Meeting. Funds raised will be used for working capital and advancing all projects
- > On 8 September 2020, the Company terminated the Subscription Agreement dated 27 September 2020 between the Company and Negma Group Limited, such termination being effective immediately.
- > On 21 September 2020, the Company announced that it appointed Mr Rod Chittenden to the role of Project Director, Nachu Graphite Project, and Mr Jack Robertson to the role of Strategic Manager, Batteries (Part-time).
- > The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, travel restrictions and any economic stimulus that may be provided.

22. AUDITORS' REMUNERATION

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

	Consolidated	
	2020 \$	2019 \$
(a) Amounts received or due and receivable by Magnis Group Auditor's (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group	106,392	62,978
Other services in relation of the entity and any other entity in the consolidated Group		
– Taxation services	97,719	67,489
– Corporate services	-	2,595
	204,111	133,062
(b) Amounts received or due and receivable by related practices of Magnis Group Auditor's (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group	-	13,201
Other services in relation of the entity and any other entity in the consolidated Group – Taxation services	-	6,308
	-	19,509

Notes to the Financial Statements

23. LOSS PER SHARE

	Consolidated	
	2020 \$	2019 \$
(a) Reconciliation of earnings to profit or loss:		
Net loss - Loss used in calculating basic loss per share	7,378,601	5,549,553
	Number of shares 2020	Number of shares 2019
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic loss per share:		
Weighted average number of ordinary shares used in calculating basic loss per share	665,006,221	604,634,745
Basic loss per share (cents per share): 1.11 (2019: 0.92)		

(c) Effect of dilutive securities

For the year ended 30 June 2020 and for the comparative period there are no dilutive ordinary shares because conversion of share options and performance rights would decrease the loss per share and hence be non-dilutive.

Diluted loss per share (cents per share): 1.11 (2019: 0.92)

ACCOUNTING POLICIES

Basic EPS is calculated as the profit/ [loss] attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, dividend by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares during the year.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

24. KEY MANAGEMENT PERSONNEL

(a) Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2020 \$	2019 \$
Short-term employee benefits	1,174,792	1,214,457
Termination benefits	-	-
Post-employment benefits	59,927	109,926
Share-based payments	747	11,400
	1,235,466	1,335,783

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

Transactions with Directors' related entities.

Identity of related party	Nature of relationship	Type of transaction	Terms & Conditions of Transaction	Agregated Amount	
				2020 \$	2019 \$
Strong Solutions Pty Limited	Frank Poullas is a related party of Strong Solutions Pty Limited and a Director of Magnis Energy Technologies Limited	Consulting fees and P&E purchases	Normal Commercial Terms	181,770	314,568
Peter Tsegas	Peter Tsegas is a Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	35,018	420,000
Dr Ulrich Bez HonDTech	Dr Ulrich Bex is a Director of Magnis Energy Technologies Limited	Consulting Fees	Normal Commercial Terms	-	9,900
M Stanley Whittingham	M Stanley Whittingham is a Director of	Consulting Fees	Normal Commercial Terms	14,749	-

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

	2020 \$	2019 \$
Assets and liabilities		
Current liabilities		
Trade and other payables	-	22,009
Total liabilities	-	22,009

25. RELATED PARTY DISCLOSURES**PARENT ENTITY**

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

WHOLLY OWNED GROUP TRANSACTIONS

Controlled entities made payments and received funds on behalf of Magnis Energy Technologies Limited and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand. However, demand for repayment is not expected in the next twelve months.

Transactions and balances between the Company and its controlled entities were eliminated in the preparation and consolidation of the financial statements of the group.

Notes to the Financial Statements

KEY MANAGEMENT PERSONNEL

Details relating to key management personnel, including remuneration paid, are included in Note 24 and the Remuneration Report in the Directors Report.

TRANSACTIONS WITH RELATED PARTIES

All amounts payable to related parties are unsecured and at no interest cost.

The amount outstanding will be settled in cash. No guarantees have been given or received. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

ENTITY WITH SIGNIFICANT INFLUENCE OVER THE GROUP

MAZZDEL PTY LTD controls 8.53% of the ordinary shares (fully diluted) in Magnis Energy Technologies Limited (2019: 8.35%).

AL CAPITAL HOLDING PTY LTD controls 5.58% of the ordinary shares (fully diluted) in Magnis Energy Technologies Limited (2019: 5.76%).

26. PARENT ENTITY INFORMATION

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

	Parent	
	2020	2019
	\$	\$
Statement of profit or loss and other comprehensive income		
Profit after income tax	(6,972,873)	(6,018,146)
Total comprehensive income	(6,972,873)	(6,018,146)
Statement of financial position		
Total current assets	1,047,024	3,843,292
Total assets	14,789,856	19,171,407
Total current liabilities	707,521	436,150
Total liabilities	1,142,782	476,971
Equity		
Issued capital	128,625,905	124,177,418
Equity settled employee benefits reserve	63,200	1,290,645
Retained profits	(112,517,508)	(106,773,627)
Total equity	16,171,597	18,694,436

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment at as 30 June 2020 and 30 June 2019.

Remuneration commitments

The parent entity has a remuneration commitment of \$89,247 as at 30 June 2020 (2019: \$549,896).

27. INTERESTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 1:

Name	Country of incorporation	Class of shares	Equity Holdings ¹	
			2020 %	2019 %
Uranex Tanzania Limited	Tanzania	Ordinary	100	100
Magnis Technologies [Tanzania] Limited	Tanzania	Ordinary	100	100
Uranex Mozambique Limitada	Mozambique	Ordinary	100	100
Uranex ESIP Pty Ltd	Australia	Ordinary	100	
Faru Resources Limited	Tanzania	Ordinary	100	100
Juhudi Minerals Limited	Tanzania	Ordinary	100	100
Imperium3 New York Inc. ^{1,2}	USA	Ordinary	62	31

¹ percentage of voting power is in proportion to ownership.

² Imperium3 New York Inc. was incorporated for consolidation purposes on 29 June 2020. The remaining 38% has been attributed to non-controlling interests.

ACCOUNTING POLICIES

Principles of consolidation

The consolidation financial statements are those of the consolidated entity, comprising Magnis Energy Technologies Limited [the parent entity], special purpose entities and all entities which Magnis Energy Technologies Limited controlled from time to time during the year and at reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through ties power over the investee.

Specifically, the Group controls and investee if and only if the Group has:

- > Power over the investee [i.e. existing rights that give it the current ability to direct the relevant activities of the investee]
- > Exposure, or rights, to variable returns from its involvement with the investee, and
- > The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- > The contractual arrangement with the other vote holders of the investee
- > Rights arising from other contractual arrangements
- > The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the Financial Statements

Profit or loss and each component of other comprehensive income [OCI] are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- > De-recognises the assets [including goodwill] and liabilities of the subsidiary
- > De-recognises the carrying amount of any non-controlling interests
- > De-recognises the cumulative translation differences recorded in equity
- > Recognises the fair value of the consideration received
- > Recognises the fair value of any investment retained
- > Recognises any surplus or deficit in profit or loss
- > Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators or impairment of the carrying value of the investment in the subsidiary exist.

Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

28. SHARE-BASED PAYMENT PLANS

a) Recognised share-based payment expenses

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

	Consolidated	
	2020 \$	2019 \$
Expense arising from the issue of options (employees)	748	11,400
Expense arising from the issue of options (non-employees)	800	10,500
Total expense arising from share-based payment transactions	1,548	21,900

The share-based payment plans are described below.

b) Types of share-based payment plans for employee

Employee share option plan (ESOP)

Share options are granted to Directors, other Key Management Personnel (KMP) and other employees. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is set by the Board on the date of grant.

The life of options to KMP and other employees granted are for 3 years, but these must be exercised within 3 months of the option holder ceasing employment with Magnis Energy Technologies Limited. There are no cash settlement alternatives.

c) Share-based payment plans for non-employee (Consultant options)

Share options are granted to selected non-employees from time to time in consideration for the services of the consultant as a share-based incentive (Consultant options). Prior Shareholder approval of the issue of Consultant options is required. Each Consultant Option is granted for nil consideration for services provided by unrelated parties to the Company, the terms are subject to the same terms of the Company's existing unlisted options. No funds are raised from the issue of the Consultant Options, as they are issued to the consultant in consideration for assistance with the Company's progress and success. There are no cash settlement alternatives.

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

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

	2020 No.	2020 WAEP	2019 No.	2019 WAEP
Outstanding at the beginning of the year	15,800,000	0.71	17,550,000	0.68
Granted during the year	12,100,000	0.69	6,000,000	0.70
Exercised during the year	-	-	(750,000)	0.40
Expired during the year	(17,900,000)	-	(7,000,000)	
Outstanding at the end of the year	10,000,000	0.58	15,800,000	0.71
Exercisable at the end of the year	10,000,000	0.58	15,800,000	0.71

The range of exercise prices for rights and options outstanding at the end of the year was between \$0.40 and \$0.70 (2019: \$0.70 and \$1.00).

e) Weighted average remaining estimated life

The weighted average remaining estimated life for the share options outstanding as at 30 June 2020 is 1.5 years (2019: 0.83 years).

f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.0022 (2019: \$0.00365).

g) Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the share based payment is estimated as at the date of grant using a Binomial Model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the models used for the year ended 30 June 2020:

	2020
Dividend yield (%)	Nil
Expected volatility (%)	36
Risk-free interest rate (%)	1.87 – 1.98
Expected life of option (years)	1.5 – 3.00
Option exercise price (cents)	70
Weighted average share price at measurement dates (cents)	29.5
Exercise price multiple	2
Model used	Binomial

Notes to the Financial Statements

The effects of early exercise have been incorporated into calculations by using an expected life for the option that is shorter than the estimated life based on historical exercise behaviour, which is not necessarily indicative of exercise patterns that may occur in the future. The expected volatility was determined using a historical sample of Company share-prices. The resulting expected volatility therefore reflects the assumption that the historical volatility is indicative of future trends which may also not necessarily be the actual outcome. The option holders were assumed to exercise prior to expiry date when the price is twice that of the exercise price. This reflects the restrictions to trading of directors and employees outlined in the Company's share trading policy.

During the financial year, the Magnis Option Share Trust (MOST) scheme acquired and was issued with 8,100,000 (2019: 1,000,000) options on varying terms and conditions for allotment to Directors and employees.

ACCOUNTING POLICIES

The Group provides benefits to employees [including directors] of, and consultants to, the Group in the form of share-based payment transactions, whereby services are rendered in exchange for shares or rights over shares [equity-settled transactions].

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of options and performance rights with market based performance criteria is determined by an external valuer using a binomial option pricing model. The fair value of performance plan rights with non-market performance criteria is determined by reference to the Company's share price at date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending in the date on which the recipient becomes fully entitled to the award ['vesting date'].

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- [i] the extent to which the vesting period has expired and
- [ii] the number of awards that, in the opinion of the directors, based on the best available information at reporting date will ultimately vest.

No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in determination of fair value at grant date. The charge or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period. Where awards vest immediately, the expense is also recognised in profit or loss.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where the terms of an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and the new award are treated as if they were a modification of the original award as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

29. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments consist of short term deposits, receivables, and payables. These activities expose the Group to a variety of financial risks: market risk, i.e. (interest rate risk and foreign exchange risks), credit risk and liquidity risk.

The overall objective of the Group's financial risk management policies is to meet its financial targets whilst protecting future financial security.

The Board fulfils its corporate governance and oversight responsibilities by monitoring and reviewing the integrity of financial statements, the effectiveness of internal financial control and the policies on risk oversight and management. Management is charged with implementing the policies.

The management manages the different types of risks to which the Group is exposed by considering risk and monitoring levels of exposure to interest risk and by being aware of market forecasts for interest rates.

Liquidity risk is monitored through general business budgets and forecasts. The Board reviews and agrees on policies for managing these risks.

(b) Market Risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

Consolidated	Assets		Liabilities	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
US dollars	3,986,169	3,941,559	249,244	183,230
	3,986,169	3,941,559	249,244	183,230

The Group had net assets denominated in foreign currencies of \$3,758,329 (assets of \$3,941,559 less liabilities of \$249,244) as at 30 June 2020 (2019: \$3,758,329 (assets of \$3,941,559 less liabilities of \$183,230)).

Based on this exposure, had the Australian dollar weakened or strengthened by 5% (2019: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been \$276,535 lower/\$276,535 higher (2019: \$375,833 lower/\$187,916 higher) and equity would have been \$276,535/lower \$276,535 higher (2019: \$375,833 lower/\$187,916 higher).

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

The actual foreign exchange loss for the year ended 30 June 2020 was \$20,978 (2019: gain of \$96,114)

Interest rate risk

The Group is exposed to movements in market interest rates on short-term deposits. Management ensures a balance is maintained between the liquidity of cash assets and the interest rate return. Presently, the Group has no interest bearing liabilities.

At reporting date, the Group had the following financial assets and liabilities exposed mostly to Australian variable interest rates and are unhedged.

	Consolidated	
	2020 \$	2019 \$
Cash and cash equivalents	719,615	1,829,817

Notes to the Financial Statements

The weighted average interest rate for the Group at reporting date was 1.78% (2019: 2.50%).

In accordance with the Group policy of reviewing this risk, the following sensitivity analysis based on interest rate exposure at reporting date where the interest rate movement varies and other variables remain constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for both 2020 and 2019.

30 June 2020	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$

Consolidated Entity

Financial asset					
Cash and cash equivalents	719,615	(7,196)	(7,196)	7,196	7,196

30 June 2019	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$

Consolidated Entity

Financial asset					
Cash and cash equivalents	1,829,817	(18,298)	(18,298)	18,298	18,298

The sensitivity was lower during 2020 than 2019 because of lower cash balances. The analysis assumes the carrying amounts noted will be maintained over the next financial year.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and Notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a simplified lifetime expected loss allowance in estimating expected credit losses to trade and other receivables.

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at reporting date is the carrying amount (net of expected credit loss) of those assets as disclosed in the statement of financial position and Notes to the financial statements.

(d) Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility as to its source.

The Directors monitor cash flow monthly and increase the frequency of review when the safety margin is or is nearly breached. The Board formulates plans to replenish its cash resources when required and implements cost reduction programmes to reduce cash expenditure.

The table below reflects all contractually fixed pay-offs, repayments, and interest from recognised financial liabilities. For these obligations the undiscounted cash flows for the respective upcoming financial years are presented. Cash flows for financial assets and liabilities without fixed timing or amount are based on the conditions existing at 30 June 2020.

The remaining contractual maturities of the Group entity's financial liabilities consisting of trade and other payables are:

	Consolidated	
	2020 \$	2019 \$
On demand	-	-
Less than 1 year	1,794,607	590,800
1-5 years	-	-
> 5 years	-	-
	1,794,607	590,800

(e) Net Fair Values

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

30. GOVERNMENT GRANTS AND ASSISTANCE

JobKeeper Payment

This payment is intended to help keep more Australians in jobs and support businesses affected by the significant economic impact of COVID-19. The existing JobKeeper Payment will remain in place until 27 September 2020. On 21 July 2020, the government announced the extension of the JobKeeper payment to 28 March 2021 at modified rates and eligibility. The JobKeeper payment is recorded net of manpower related expenses. The Company collected \$21,000 in JobKeeper payments on behalf of eligible staff, all of which was used to subsidise wages of working employees.

Cashflow boost

Temporary cash flow boost payments were made by the ATO to support eligible small and medium businesses during the economic downturn associated with COVID-19. The company qualified for the scheme and collected \$50,000 in cash flow boost payments.

12 Directors' Declaration

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

1. In the opinion of the Directors:
 - a) the financial statements and Notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of its financial position as at 30 June 2020 and performance for the financial year ended on that date.
 - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b) The financial statements and Notes also comply with International Financial Reporting Standards as disclosed in Note 1.
 - c) There are reasonable grounds to believe that the Company, as noted by Directors in Note 1 – Going concern, will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

On behalf of the board



F Poullas
EXECUTIVE CHAIRMAN

Sydney, 30 September 2020

13 Independent Auditor's Report



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

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

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Magnis Energy Technologies Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Magnis Energy Technologies Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$7,378,601 during the year ended 30 June 2020 and, as of that date; the company's total current liabilities exceeded its total current assets by \$577,149. As stated in Note 1 these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.



Independent Auditor's Report



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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2020. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Investment in Charge CCV LLC <i>Refer to Note 10 'Financial Assets at FVOCI'</i></p> <p>At 30 June 2020, the Consolidated Entity had an investment in Charge CCCV LLC "C4V" an entity external to the Group and recorded at a value of \$7,495,561. The Group's accounting policy in respect of this investment is outlined in Note 10.</p> <p>This is a key audit matter because of the judgements and estimates along with the disclosure considerations that are required in relation to management's assessment of the fair value to ensure that these are in accordance with AASB 13 Fair Value, AASB 9 Financial Instruments and AASB 7 Financial Instruments: Disclosures.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Obtaining and evaluating management's assessment and assumptions made in relation to the investment in C4V to ensure the classification of the asset continues to be appropriate.• Evaluating management's financial model to support the fair value of C4V, including the challenging of key assumptions as reported in Note 10 as well as checking the mathematical accuracy of the model and underlying calculations• Gaining an understanding of quantum of funds required to ensure Nachu, iM3NY and iM3TSV progress to development and into production to produce the royalty cash flows to C4V.• Reviewing the mandate with HSBC to act as financial advisor in seeking funding.• Evaluating the accuracy and completeness of the disclosures in accordance with AASB 9, AASB 13 and AASB 7.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Property, Plant and Equipment <i>Refer to Note 12 'Property, Plant and Equipment'</i></p> <p>The group has \$11,987,741 of property, plant and equipment at 30 June 2020. Included in the carrying value is equipment held by a subsidiary amounting to \$11,971,650.</p> <p>We focused on this matter as a key audit matter as equipment is the most significant asset of the group.</p>	<p>Our procedures included amongst others:</p> <ul style="list-style-type: none">• Assessed the Group's analysis for indicators of impairment, including the views of managements valuation specialists. This included consideration of whether any movements in the valuation drivers indicated potential impairment by comparing them to historical results in addition to economic and industry forecasts.• We assessed the adequacy of group's disclosures in relation to the carrying value of property, plant & equipment.

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

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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Development Asset <i>Refer to Note 11 'Development Asset</i></p> <p>The Group has \$5,577,131 recorded as development asset as at 30 June 2020. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 11.</p> <p>This is a key audit matter because the carrying value of the assets are material to the financial statements and significant judgements are applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p>	<p>Our Procedures included, amongst others:</p> <ul style="list-style-type: none"> • In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with AASB 6 – Exploration for and Evaluation of Mineral Resources, we: <ul style="list-style-type: none"> ◦ examined the minutes of the Group's board meetings and updates from the Group's exploration partners; ◦ discussed with management of the Group's ability and intention to undertake further exploration activities; and ◦ reviewed the tenements profile and ensured any that have been surrendered were expensed as required. • We tested a sample of additions of capitalised exploration expenditure to supporting documentation.

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

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report



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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

**MAGNIS ENERGY TECHNOLOGIES LIMITED
AND CONTROLLED ENTITIES
ABN 49 089 206 986**

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

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

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 17 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Magnis Energy Technologies Limited, for the year ended 30 June 2020, complies with 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick

Hall Chadwick
Melbourne VIC 3000

Drew Townsend

DREW TOWNSEND

Partner

Date: 30 September 2020

14 Additional Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 7 October 2020.

A) DISTRIBUTION OF EQUITY SECURITIES

The numbers of shareholders, by size of holding, in each class of share are:

	Ordinary Shares	
	Number of holders	Number of shares
1 – 1,000	400	173,669
1,001 – 5,000	1,902	6,007,997
5,001 – 10,000	1,181	9,856,686
10,001 – 100,000	2,771	100,979,235
100,001 and over	831	590,047,211
	7,085	707,064,798
The number of shareholders holding less than a marketable parcel of shares are:	1,174	1,701,714
	Ordinary shares	

B) DISTRIBUTION OF OPTION SECURITIES

The numbers of optionholders, by size of holding are:

	Options	
	Number of holders	Number of options
1 – 250,000	2	500,000
250,001 – 1,000,000	3	3,000,000
1,000,001 – 1,500,000	1	1,500,000
1,500,001 and over	1	4,000,000
	7	9,000,000

C) TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares are:

Name	Options	
	Number of shares	% of ordinary shares
CITICORP NOMINEES PTY LTD	67,373,978	9.53
MAZZDEL PTY LTD	35,106,175	4.97
BNP PARIBUS NOMINEES PTY LTD	22,761,171	3.22
MAZZDEL PTY LTD	21,633,678	3.06
MR FRANK POUILLAS	12,529,580	1.77
MR MATTHEW JOHN BOYSEN	11,695,574	1.65
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,432,869	0.77
JKB ALPHA PTY LTD	5,000,000	0.71
MR MARLON PATHER	5,000,000	0.71
MR MATTHEW JOHN BOYSEN	4,950,000	0.70
MR JOHN PETER SAUNIG	4,179,322	0.59
MISS HAZEL DARCY	4,089,462	0.58
MAXMA FAMILY PTY LTD	4,000,000	0.57
KMJ CONSULTING PTY LTD	3,921,387	0.55
MR RUIE YAO	3,815,801	0.54
MR EMMANUEL POUILLAS	3,486,993	0.49
MR JURGEN BEHRENS	3,485,750	0.49
MR EDDY SAMUEL HADDAD	3,485,634	0.49
FINMINSOLUTIONS PTY LTD	3,480,714	0.49
JP MORGAN NOMINEES AUSTRALIA PTY LTD	3,223,876	0.46
SYDNEY WYDE HOLDINGS PTY LTD	3,100,000	0.44
	231,751,964	32.78

D) SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act, 2001 are:

	Options	
	Number of holders	Number of options
MAZZDEL PTY LIMITED	56,739,853	9.53

Voting rights

All ordinary shares carry one vote per share without restriction.

E) STOCK EXCHANGE LISTING

Magnis Energy Technologies Limited is listed on the Australian Stock Exchange.

The Company's ASX code for ordinary shares is MNS.





MAGNIS
ENERGY TECHNOLOGIES



MAGNIS

ENERGY TECHNOLOGIES

Suite 9.03, Level 9, 88 Phillip Street
Sydney NSW 2000 Australia
Tel +61 2 8397 9888
Email info@magnis.com.au

www.magnis.com.au



NEW YORK • TANZANIA • TOWNSVILLE