

30 July 2021

Reloaded Quarterly Activities Report and Appendix 5B - 30 June 2021

The 30 June 2021 Quarterly Activities Report and Appendix 5B replaces a prior document lodged in error due to an internal technical oversight. We apologise for the inconvenience this might have incurred.

Regards

Julian Rockett
Company Secretary & General Counsel

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Authorised by the above for on behalf of the Board of Directors.



FOR RELEASE : 30 JULY 2021

Quarterly Activities Report to 30 June 2021

HIGHLIGHTS

- Following successful fast charging battery results using unoptimized cells in September 2020, Magnis' cathode technology partner C4V announced successful results using optimised commercial cells
- Imperium3 New York (iM3NY) Battery Plant produced its first full-sized lithium-ion battery cells using commercial grade components. iM3NY is on track for semi-automated production and customer sampling in Q4 2021
- New York battery plant annual capacity increased to 1.8GWh following A123 Systems equipment purchases
- US\$85m funding round allows iM3NY to be fully funded at Gigawatt hour production to meet exponential growth in the US lithium-ion battery market
- US based Energy and Power focused investment giant, Riverstone Credit Partners LP has provided significant endorsement of Magnis' Lithium-ion battery cell manufacturing strategy by taking a 3.5% stake in C4V for US\$5 million. This comes after their US\$50m funding investment in iM3NY. Magnis owns 9.65% of C4V
- Estimated minimum offtake sales of US\$655m for use in both energy storage and transportation formed the foundation of iM3NY receiving US\$85 Million of strategic funding. Of the total funding, US\$50 million was provided by Riverstone Credit Partners LP

Magnis Energy Technologies Ltd (ASX:MNS) ("Magnis" or the "Company") is pleased to present its Quarterly Activities Report and overview of operations for the period ended 30 June 2021 ("Quarter", "Reporting Period").

OPERATIONAL UPDATES

Fast Charging Battery Results in Optimised Cells Impress.

Successfully fast charging battery cells are paramount for wider adoption of Electric Vehicle (“EV”) usage. Doing so at a commercial level will be a game changer for the industry as it shortens the charging times, enables operational flexibility, convenience to consumers, and increasing the run time for in-service EVs, particularly public transport fleet such as buses, trucks and taxis.

Magnis technology partner, Charge CCCV, LLC. (“C4V”) is at the forefront of this technology development and has been working with end users to develop a future proof design for Extra Fast Charge (“EFC”) batteries with a focus on low cost and sustainable practices. Magnis has a 9.65% stake in C4V.

Following the success of EFC results using unoptimised cells, in September 2020, C4V announced successful fast charging battery results at an optimised commercial level. Cyclical results from an optimised commercial size cell using BMLMP technology produced cycling life retention of over 75% after 2513 cycles with a 30-minute charge and 30-minute discharge.

First Lithium-Ion Battery Dry Cells Produced from New York Battery Plant

New York Battery plant iM3NY produced its first full sized prismatic cells using commercial grade components and is on track for customer sampling in Q3 2021. Cell manufacturing volumes will increase once the plant moves to semi-automated production in 2H21 and then full-scale production with fully optimised and automated lines in 1H22.

New York Battery Plant Annual Capacity Increased to 1.8GWh

Following the announcement of US\$85m funding package for Imperium3 New York (“iM3NY”) during the quarter, the company acquired new equipment to increase the battery plant’s annual capacity to 1.8GWh. The additional equipment will be integrated into the existing production line and allow both the existing cell design as well as new cell designs to be manufactured. These enhancements will not only enable greater cell manufacturing volumes but also further expand and diversify the company’s customer base.

iM3NY has aggressive future plans to scale up to 32GWh of annual production by 2030 as the Lithium-ion battery market is set to grow exponentially around the world in the coming years. The US is likely to experience significant growth given its disadvantaged starting point as it tries to close the gap on Lithium-ion battery global leader China. To fund these growth plans, iM3NY is currently investigating a potential US listing.

US\$85 Million Received in Funding for New York Battery Plant.

Magnis’ New York battery plant, iM3NY received US\$85 million (A\$110 million) in funding and is now fully funded to begin commercial production of 1.8GWh making it one of the largest players in the US Lithium-ion battery cell manufacturing market. Riverstone Credit Partners, the credit arm of Riverstone Holdings LLC, a US Asset Management firm with over \$43 billion in assets provided US\$50 million of this total funding package via a senior secured term loan. Riverstone is a significant player in middle market energy space globally and is committed to deploying capital in sustainable and ethical energy projects that encourage decarbonisation of the planet and accelerate the movement towards net zero emissions. Magnis and its subsidiary iM3NY will be a crucial component in the energy transition supply chain and fundamental for increasing the global production of EV’s as well as fostering greater use of renewable energy production through development of energy storage systems.

The remaining US\$35 million of funding came in the form of equity with Magnis providing US\$23.6 million. With this investment, Magnis remains committed to its goal of becoming a leading global producer of next generation green credentialed lithium-ion battery cells and raw materials and becoming a major player in the supply chain for storage of renewable energy and electrification of transportation.

The financial soundness and foundation of the funding package is based off the estimated minimum offtake sales of \$US655m of secured binding offtakes that will commence in 2022 from both energy storage and groups in the transportation industry.

New Investment in C4V leads to Magnis Loan Repayment

US based Energy and Power focused investment firm, Riverstone Credit Partners LP has provided significant endorsement of Magnis' Lithium-ion battery cell manufacturing strategy by taking a 3.5% stake in C4V for US\$5 million. This comes after their US\$50 million funding investment in iM3NY. Magnis owns directly and indirectly approximately 63% of iM3NY and 9.65% of C4V.

As a result, C4V has now paid back in full the loan provided from Magnis of US\$644,671.76. This settles all amounts owed to Magnis from iM3NY and C4V.

Nachu Graphite Project

Magnis' licences in Tanzania include the following: •

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

During the quarter US\$286,966 was spent on activities in Tanzania which included resettlement of housing, bush clearing and development, water bore holes, road preparations along with health and safety.

Related Party Payments

Payments to related parties (or their associates) of the Company are disclosed in section 6 of the Appendix 5B for the Quarter. The payments for the Quarter comprise directors' fees, consulting fees, and payments made for services provided by an associate of a related party.

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

For further information:

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Appendix 5B

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

Name of entity

Magnis Energy Technologies Ltd

ABN

26 115 111 763

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	(8)
	(c) production	-	-
	(d) staff costs	(1,208)	(2,886)
	(e) administration and corporate costs	(5,200)	(8,719)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	74	111
1.5	Interest and other costs of finance paid	(1,923)	(1,923)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	4	121
1.9	Net cash from / (used in) operating activities	(8,253)	(13,304)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(11,457)	(11,963)
	(d) exploration & evaluation (if capitalised)	(222)	(1,001)
	(e) investments in iM3NY, Charge CCCV	(194)	(194)
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) property, plant and equipment	(2)	243
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities*	-	(7)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(11,875)	(12,922)

* Short-term loans to/from Charge CCCV, Imperium3 Townsville + Imperium3 NY

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	21,095	58,520
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6,867)	(9,064)
3.5	Proceeds from borrowings	66,950	66,950
3.6	Repayment of borrowings	(4,712)	(4,712)
3.7	Transaction costs related to loans and borrowings	(12,805)	(12,805)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)^	-	-
3.10	Net cash from / (used in) financing activities	63,661	98,889

^ Repayment of lease liabilities

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,734	720
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,253)	(13,304)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11,875)	(12,922)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	63,661	98,889
4.5	Effect of movement in exchange rates on cash held	(259)	(375)
4.6	Cash and cash equivalents at end of period	73,008	73,008

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	73,008	29,734
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	73,008	29,734

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

252

-

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.
Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

66,950

66,950

-

-

-

-

66,950

66,950

7.5 Unused financing facilities available at quarter end

0

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

On 19th April 2021, Magnis announced that its majority owned subsidiary Imperium3 New York Inc. (iM3NY) had received a mixture of debt and equity funding, which included a US\$50 Million senior - secured term loan from Riverstone Credit Partners L.P. (Riverstone) that is to be used to fast-track production at the iM3NY Lithium-ion Battery Manufacturing Plant located in Endicott, New York. Broad terms of the Loan include: Amount: US\$50 Million, Term: 4 Years and Interest Rate: 12.5% p.a.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(8,253)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(222)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(8,475)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	73,008
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	73,008
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	8.6

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

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

Answer: n/a

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

Answer: n/a

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

Answer: n/a

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2021

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

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g. Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.