MAGNIS ENERGY TECHNOLOGIES

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Magnis Secures A$20 Million in Funding from US institutions

- A$20 Million Convertible Note ("Facility") funded by US-based institutions The Lind Partners and SBC Global Investment Fund
- Magnis to immediately invest US$13 million (equivalent to approximately A$17.6 million[1]) into iM3NY to provide further equity for future expansion plans
- iM3NY in final stages to sign a mandate to begin US listing process

Magnis Energy Technologies Limited ("**Magnis**", or the "**Company**") (**ASX: MNS**) is pleased to announce that it has secured a total of A$20 million in funding from two (2) US-based institutions The Lind Partners and SBC Global Investment Fund (together, the "**Investors**") which will assist the Company with its aggressive growth plans in the lithium-ion battery industry[2].

John Hancock, Senior Advisor to The Lind Partners, commented: "We are very pleased to fund Magnis Energy Technologies, an innovative Australian company focusing on producing green high performing lithium-ion batteries and developing technologies for rapid charging. The global lithium-ion battery market is expected to grow at a compound annual growth rate (CAGR) of 15% from 2020 to 2026, and US$41.1 billion in 2021 to US$116.6 billion by 2030. Companies that can deliver better-performing batteries at scale will be rewarded with market share, and we look forward to being part of Magnis' journey in this space."

The Company has received A$20m by way of a Facility with a summary of key terms set out in Annexure A.

[1] Based on an USD/AUD exchange rate of approximately US$0.74.

[2] Each Investor has committed to provide Magnis with A$10 million under the Facility.

The initial issue of securities under (or in connection with the provision of) the Facility falls within the Company's existing capacity under ASX Listing Rule 7.1 and lodgement of the Appendix 3B, Appendix 2A and cleansing notice will follow[3].

After considering all the funding options available to the Company including pure equity options and hybrids, the board believes the Facility was the most beneficial to shareholders, especially in relation to its modest dilutionary impact. Both The Lind Partners and SBC Global Investment have significant reach in the investment community in New York and Australia which was very attractive to the board. On conducting a peer review analysis, the Company believes there will be a significant revaluation to its value once a listing takes place for iM3NY in the US.

iM3NY Investment, US Listing and Use of Funds

US$13 million has been invested by Magnis into iM3NY to assist with further expansion plans and the potential listing in the United States on either the Nasdaq or NYSE. The board of iM3NY has reviewed several groups with significant experience in US Listings, with a mandate expected to be signed in the near future. Guidance to date expects a listing to be completed in late 2021 on the provision of all necessary approvals being received. Further details will be provided in due course.

Funds will also be used for general working capital, including to advance early works with the Nachu Graphite Project, along with any support required towards the Townsville Battery Plant.

Magnis Chairman Frank Poullas commented: "We are encouraged by the commitment shown by The Lind Partners and SBC Global Investment Fund in Magnis and for the support of our vision."

"Both institutions are based in New York, and it's great to have significant interest from both funds in our New York Lithium-ion Battery Plant."

"We would like to thank Evolution Capital for their support in completing this transaction."

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

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[3] Under the terms of the Facility the Company may be required to issue up to a total of 100 million new shares to the Investors (i.e. 50 million to each Investor). Since the Company's existing placement capacity under ASX Listing Rule 7.1 is approximately 127 million securities, the Company has sufficient placement capacity to issue this maximum number of 100 million new shares if required.

Annexure A – Facility Agreements - Key Terms and Conditions

Funded Amount	A$20,000,000 (i.e. A$10 million from each Investor)
Face Value	A$21,000,000
Commitment Fee	A$1,000,000 (being 5%) going to The Lind Partners and SBC Global Investment Fund being the difference between the Funded Amount and the Face Value offset on the receipt of the Funded Amount.
Two Investors	There are two (2) Facility agreements (each a "**Facility Agreement**" and together, the "**Facility Agreements**") with equal terms, and the figures are combined for convenience. Both investors' (i.e. The Lind Partners and SBC Global Investment Fund) rights and obligations may be relied on jointly or severally.
Use of Funds	Magnis has determined to directly invest US$13 million (equivalent to approximately A$17.6 million at a USD/AUD exchange rate of US$0.74) into iM3NY, with the balance used for general working capital purposes such as described in the Announcement.
Renewable Facility	Subject to ASX Listing Rule 7.1, the Facility may be renewed for up to a further (combined) A$20,000,000 through mutual agreement by the parties.
Term	18 Months
Interest Rate	0%
Buy-Back Right	Magnis has the right to buy back the outstanding Face Value of the Facility at any time with no additionally priced penalty subject to the Investors' right joint or severally convert up to 1/3rd of the remaining Face Value at the Conversion Price.
Purchase Price	The "Purchase Price" of conversion shares to be issued by Magnis under each conversion notice ("**Conversion Notice**") is calculated based on a single daily VWAP selected by the Investors during the (10) ten preceding trading days, less a 7.5% discount, rounded down to the nearest 1/10th of a cent.
Initial Placement	1. The Company will make a one-time issuance of 14,000,000 shares (being 7,000,000 per Investor) to the Investors as soon as practical after this ASX release ("**Placement Shares**"). The Placement Shares may be requested by the Company to be applied in whole or part to satisfy any Conversion Notice. 2. Should a Facility Agreement be terminated, the terminating Investor is required to make an additional payment to the Company equal to up to 7,000,000 shares) multiplied by the Purchase Price or proportionately less, based on the remaining shares already utilised in-lieu of satisfying a Conversion Notice. 3. Neither party believe it was necessary to issue shares as collateral to 'cover the Face Value'. (*Had that been the case, then the Company would have more likely pursued a significant placement or different form of funding*).

	4. The Initial Placement is to benefit the Company as well as the Investors. For the Investors, it partially secures repayment and issue obligations, and in the Company's case, in assisting it in managing its ASX Listing Rule 7.1 capacity and managing any potential Default Events, for example, the Minimum Shares required to be retained under ASX Listing Rule 7.1 (see below).
Conversion Cash Payment Option	Instead of issuing shares, the Company has the option (but not the obligation) to settle any "Conversion Notice" in cash plus a 5% premium prior to the (subject to no event of default has occurred).
Investor Options	Subject to shareholder approval under ASX Listing Rule 7.1, 20,000,000 options (being 10,000,000 per Investor), exercisable at A$0.40 and expiring in 3 years, is to be issued to the Investors.
Limited restrictions on obtaining alternative funding	1. The Company has agreed to not pursue competitive forms of funding (i.e., convertible note instruments or other debt-based instruments with share-price repayment mechanisms) during the term of the Facility Agreements. For clarity, these funding restrictions do not apply where the Facility Agreements are terminated due to "change of law" or the 'floor' company valuation capitalisation threshold being breached. 2. Funding restrictions **are limited**. Notably, they do not apply in terms of limiting the Company's ability to raise funds using the more conventional methods, for example, share placements (including attached unlisted options), right issues (underwritten or otherwise) or the issue of share purchase plans.
Other conversion-related obligations	The maximum number of Shares that the Investors are permitted to call is limited to 100,000,000 (50,000,000 per Investor). This right would require a significant fall in the Company's share price based on the Purchase Price calculation and the repayable Face Value limit.
Termination Events	Either Investor may terminate their Facility Agreement if any of the following occurs: 1. Events of default that are not remedied by Magnis or waived by the Investors. 2. If the Company's market cap falls below $A140,000,000. 3. Changes in the law would impact the legality of instruments such as the Facility Agreement. 4. Changes to the Company's corporate structure made materially varies the obligations and liabilities or the parties' right and benefits of the parties under their respective Facility Agreement so that that Investors' rights or economic burden are materially adversely affected (including by way of material delay or postponement). 5. Trading in securities generally in Australia has been suspended for a period exceeding four consecutive business days. In examples 2 – 5, the Company would have 60 days to obtain funding to pay the outstanding Face Value, without any competitive financing restrictions being applicable.

Default Events	Each Facility Agreement contains events of default considered customary for agreements of this nature. These events include: • failure to issue shares at the relevant Share Price when due; • a breach of any material obligations; • material adverse changes to the Company (described above); or • an insolvency event occurs in respect of the Company. If an event of default occurs, the Investors may, amongst other things: • declare the unpaid Face Value as being immediately due and payable; • require the Company to convert all or part of the remaining Face Value into Shares; and / or • terminate the Facility Agreement.
ASX **Listing Rules**	In the event of a reorganisation of Magnis' capital, the Facility will be reorganised in accordance with the requirements of the ASX Listing Rules.
Representations & Warranties	Each Facility Agreement further contains representations and warranties and undertakings by the parties that the Company considers conventional for financing agreements of this nature.