



MAGNIS
ENERGY TECHNOLOGIES

2021

ANNUAL REPORT

NEW YORK • TOWNSVILLE • TANZANIA

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CORPORATE DIRECTORY

ABN 26 115 111 763

Board

F Poullas
[Executive Chairman]

Distinguished Professor
M S Whittingham
(Non-Executive Director)

P Tsegas
(Non-Executive Director)

M Dajani
[Non-Executive Director]

Dr R M Petty
[Non-Executive Director]

Z Pavri
[Non-Executive Director]

M Siva
[Non-Executive Director]

Chief Financial Officer
J Behrens

**General Counsel &
Company Secretary**
J R Rockett

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Bankers

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STOCK EXCHANGE LISTING/ASX

Magnis Energy Technologies Ltd shares
(code MNS) are listed on the Australian
Securities Exchange.

02 Chairman's Statement

Dear Shareholders,

While the last 12 months has presented its fair share of challenges, I can happily speak for everyone at Magnis in saying that we are building towards something special.

The Lithium-ion battery industry is going from strength to strength and there's no denying that the long-term future of the industry looks bright. We are uniquely positioned to be involved in one of the largest Lithium-ion battery plants in the world's largest economy with near term revenues.

The iM3NY lithium-ion battery plant has taken some major steps towards production in the last 6 months. The project is fully funded for gigawatt hour production with semi-automated production expected this year. The plant has an annual capacity of 1.8GWh with production to begin next year.

The team consists of highly experienced individuals within the Lithium-ion battery industry. With President Biden's recently approved Infrastructure Plan where approximately US\$18 Billion is set aside for Lithium-ion battery cell manufacturers, it feels like our plant will become fully automated just at the right time producing Lithium-ion batteries made in the United States for the United States.

An Australian Lithium-ion Battery Plant is something that our country needs and that the board and management team are working hard to deliver with our partners. There has been considerable interest from potential funders, customers and partners in fast tracking production.

We continue to make progress with the Nachu graphite project and we believe we are closing in on large western offtake agreements to support the funding of the project. We have been involved in a number of projects assisting the local community over the last decade and the benefits of the project are immense.

In closing, I acknowledge the hard work and commitment of my fellow Board members, senior management and our entire team of employees both locally and overseas along with the ongoing support of our shareholders.



Frank Poullas
EXECUTIVE CHAIRMAN



03 Review of Operations

SIGNIFICANT MILESTONES ACHIEVED

Over the last year, the team at Magnis have been putting together the many building blocks required to achieve our vision of being a key global player in the Lithium-ion value chain of electric vehicles and clean energy storage. We continue to be excited by the progress being made in Lithium-Ion Battery (LIB) Manufacturing plant operated by Imperium3 New York Inc. (iM3NY) where we hold a majority shareholding. iM3NY has made great developments across building out the plant, attaining regulatory permits as well as securing binding offtakes as it moves towards 1.8GWh production starting 2022. Magnis also owns 33% in Imperium3 Townsville (iM3TSV), with a goal of building locally manufactured battery cells in Australia, leveraging off the global expertise and partnerships from the US.

Technology is a critical component in the electrification supply chain. Magnis has a minority shareholding in US based, battery technology firm Charge CCCV (C4V). C4V is a front-runner in cutting edge Lithium-ion battery technology based in New York. C4V has been developing a cobalt and nickel free battery since 2012 and has major patents granted in the USA and other major countries globally around their high quality, long lasting and environmentally friendly cathode chemistries. C4V has also made major investments in R&D, end user product testing, supply chain qualification and technology validation for end use applications.

Finally, our high quality Nachu graphite project remains shovel ready as we continue to hold discussions with both financing and various potential strategic offtake partners as the demand for anode materials such as graphite continues to gather momentum.

LITHIUM-ION BATTERY MANUFACTURING

Magnis' strategic investments into LIB manufacturing and battery technology 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.

Funding Partners for iM3NY

The New York battery plant is fully funded to begin commercial production of 1.8GWh. This will make 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 four-year 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 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.

Through its investments in iM3NY, Magnis remains committed to its goal of becoming a leading player in the supply chain for storage of renewable energy and electrification of transportation.

Stamp of Approval and Binding Offtakes

Achieving funding from a large institutional energy focused investment firm such as Riverstone Credit Partners requires a significant amount of due diligence on everything from technology and people involved to the capital structure of the various entities involved in the transaction. iM3NY's binding offtakes commencing in 2022 from both energy storage electric mobility provided significant comfort for Riverstone Credit Partners.

iM3NY Current and Future Capacity Plans

iM3NY's funding has enabled the plant to acquire additional equipment which can 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 as it tries to close the gap on Lithium-ion battery global leader China. To fund these growth plans, iM3NY is currently investigating several capital raising opportunities.

BATTERY TECHNOLOGY

The decarbonization megatrend has propelled the global need to electrify mobility and significantly increase the use of renewable energy, where energy storage through lithium-ion batteries is crucial. However there remains several barriers to widespread battery adoption such as

Review of Operations

speed of charging, safety, energy density, cost and battery lifespan. Therefore, technological innovation in the lithium-ion battery space is of paramount importance and Magnis' battery technology partner and investee company C4V has significant intellectual property here.

C4V's patented cathode technology Biomineralisation Lithium Mixed Metal Phosphate (BM-LMP) does not use expensive and environmentally unfriendly raw materials such as nickel or cobalt. Furthermore, it uses a mineral that is highly fire-resistant thus enhancing the overall safety, further extending cycle life, and enabling high-speed charge capabilities. The mineral also traps any free fluoride

ions available, providing another layer of safety within the cell. These two characteristics of the mineral make it a highly effective ingredient of our cathode material. The development of these batteries will add 15-20% nominal cell voltage to the popular LFP chemistry with significantly higher energy density and a higher cycle life.

Green Batteries

Batteries to be produced at iM3NY utilising C4V's technology has been independently verified by world renowned agency Abt Associates. The New York State Energy Research and Development Authority (NYSERDA) funded a special report from Abt Associates that suggests

C4V's Cathode Technology BM-LMP vs Others

Cathode Material	Voltage (V)	Capacity (Ah/kg)	Cell Energy (Wh/kg)
LFP	3.3	150	130
NMC	3.7	155	258
NCA	3.6	180	250
BM-LMP	3.9	160	230

Table 1: C4V's Cathode Technology BM-LMP vs major available commercialised battery chemistries



such batteries contain at least 87% less dirty energy per kilowatt hour versus comparable batteries.

The report stated that the manufacturing process and underlying technology reduces its use of toxic materials compared to similar lithium-ion batteries. For example, comparable batteries use nearly double the amount of copper used in a C4V battery. This is significant since copper refining is often a primary driver of particulate emissions in battery manufacturing. This substantial differential is also explained in part by the fact that iM3NY's manufacturing facilities are based in up-state New York.

New York is third-largest producer of hydroelectricity in the US.

Fast Charging Results

One of the major barriers to large scale EV adoption is the time it takes to fully charge a battery. Battery cells optimised for fast charging (FC) are required to maximise charging energy efficiency whilst maintaining 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 FC 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 in recent weeks, with confidentiality agreements having been executed.

The team at C4V have conducted multiple tests using independently verified cycling results using an optimised commercial size cell using BM-LMP technology which have produced very promising results. Specifically, they have achieved a cycling life retention rate of over 75% after 2,513 cycles with a 30- minute charge and 30-minute discharge.

The optimised cell is within 99% energy density of a regular energy cell, which means minimal energy density loss for an FC cell. Such high-power density without any Cobalt and Nickel for a non-LFP cell makes C4V a leading company in the market as they demonstrate cutting edge battery technologies.

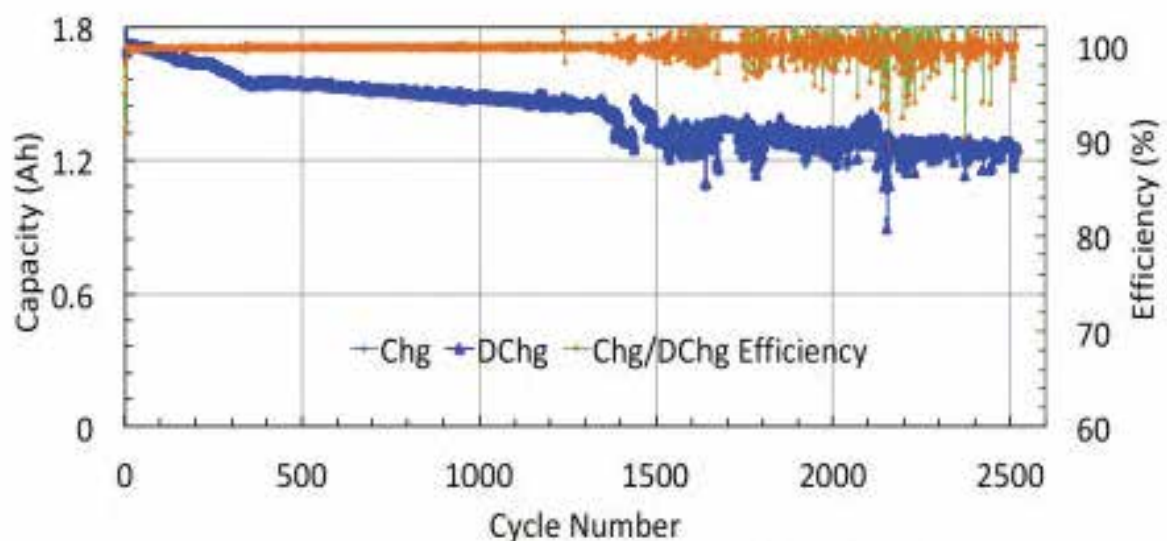


Figure 1: Optimized FC cell cycling data at 2C-2C rates with 30 min charge and 30 min discharge of the cell

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ANODE MATERIALS

Graphite is the largest raw material by volume in most lithium-ion batteries and makes up most of slurry to form the anode of a battery. 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.

The Nachu graphite project is estimated to produce around 240ktpa Flake Graphite Concentrate with an average of 98.3% Total Graphitic Carbon (TGC) over an initial reserve-backed 15-year mine life.

High-Quality, Low-Cost Graphite

There are currently few mines able to produce such high purity graphite flake whilst maintaining a large flake size distribution along with high recoveries. Magnis process optimisation programs continue to refine the ability to produce graphite products without the use of chemical or thermal purification. The milling and flotation steps are mechanical processes that are significantly lower cost than currently used chemical and thermal purification such as hydrofluoric acid cleaning processes that typically cost over US\$1,000/t and are environmentally harmful. Our process only requires spheronisation and coating to achieve high quality battery grade anode material.

	Super Jumbo Flake	Jumbo Flake	Battery Feedstock
Estimated Quantity	22,000 tonnes p.a.	77,000 tonnes p.a.	141,000 tonnes p.a.
Size	+500 microns, +35 mesh	300-500 microns, +50/-35 mesh	Sub 300 microns, -50 mesh
Purity	97.5% TGC	97.0% TGC	99.5% TGC
Key Markets	Aerospace, composites & niche markets	Expandable graphite, composites & electronics	Spherical graphite for use in Li-ion battery anodes
Current Pricing	US\$4,000-6,000/t CFR**	US\$2,500-3,000/t CFR**	+US\$1,900-2,100/t FOB**

**Current pricing based on industry sources and end user discussions

Table 2: Composition and Quality of Nachu Graphite Flake Sizes

Although battery feedstock makes up around 59% of the total reserves, the remaining 41% of reserves are jumbo and super jumbo size flakes that are used for premium, higher margin niche markets, like Aerospace.



In the past few years, Magnis has rigorously tested the graphite qualities from Nachu and 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 resources include additional downstream technical expertise and industry leading battery test facilities to allow for cells and battery fabrication development utilising Nachu anode material.

Magnis continues to undertake various activities relating to advancing the Nachu project to development including:

- > Finalising the drilling and developing new water bores within the Nachu Special Mining Lease (SML) area;
- > Progressing the establishment of the resettlement village including approval of Town Planning and Cadastral Survey Drawings, receipt of Building Permit from Ruangwa District Council for the development of 59 houses, and commencement of land clearing; and
- > The Local Content Plan and Corporate Social Responsibility Agreement were approved by the Mining Commission and Local District Council (respectively).

CORPORATE STRUCTURE

Magnis Energy Technologies' corporate structure is across three main verticals. Lithium-ion Battery Manufacturing, Lithium-ion Battery Technology and Anode materials via its Nachu Graphite Project. From an ownership perspective, the Company has a strategic majority shareholding of approximately 60% in iM3NY. The Company also has a minority shareholding of approximately 10% in C4V. Finally, Magnis Energy Technologies owns 100% of the Nachu Graphite project in Tanzania.



Figure 2: Full Sized Lithium-ion Battery Prismatic Cell produced by iM3NY

IMPERIUM3 NEW YORK

Imperium3 New York, Incorporated (iM3NY) is a company established in the USA that owns large scale lithium-ion battery plant assets located in Endicott, New York. The iM3NY plant continues to purchase equipment and machinery to build out operations such as slurry making to coating to cell assembly and formation.

During the year, state-of-the-art machinery was purchased from lithium-ion cell manufacturer A123 Systems to reduce overall capex requirements whilst bringing forward production. The new equipment includes formation lines, slurry making, coating, stacking machines, solvent recovery and refining. The machinery will form part of a full assembly line enabling the company to further advance its technology while also expanding its production capabilities.

The equipment will function as its own production line and allow for further cell development as well as the capacity to create samples and prototypes for existing and prospective customers.

On the 4th of June 2021, iM3NY produced its first full sized prismatic cells using commercial grade components and is on track for customer sampling in Q4 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.

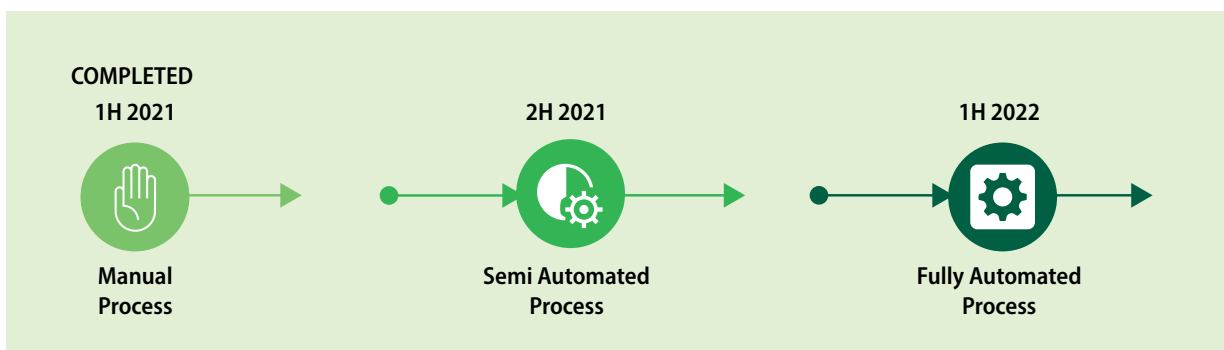


Figure 3: Timeline of various production stages

Review of Operations



Figure 4: Tank Farm location and Building 48 represent the Lithium-ion Battery Manufacturing site

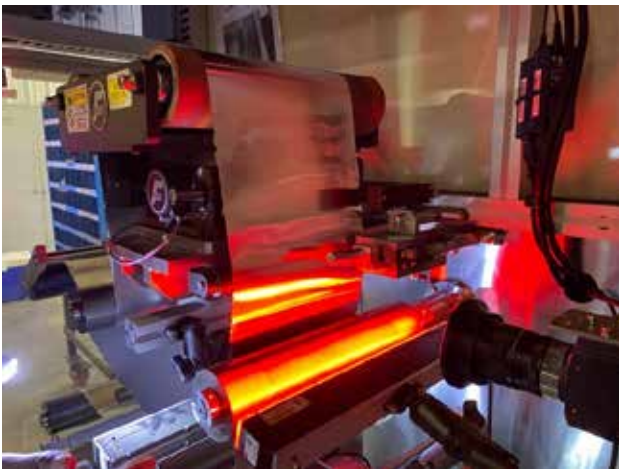


Figure 6: Stamper machine located in iM3NY Plant

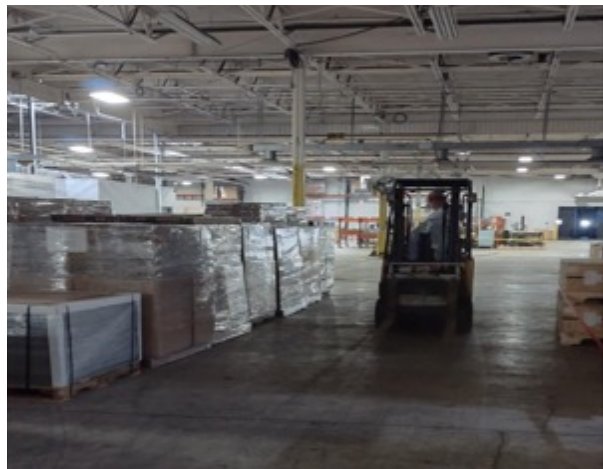


Figure 5: NY LIB Plant Phase 1 build out underway

IM3 TOWNSVILLE (IM3TSV)

Magnis owns approximately one third of greenfield lithium-ion battery manufacturing project Imperium3 Townsville Pty Limited (iM3TSV). A Queensland Government funded feasibility study for an 18GWh lithium-ion battery cell manufacturing facility in Townsville, Queensland was completed and approved in August 2020. The project also received a \$3.1 million grant from the Queensland Government.

The feasibility study was undertaken to develop a 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 6GWh each, for a total nominal capacity of 18GWh. 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. At full production, potential revenues of over US\$3.5 Billion annually.



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.



Figure 7: Site Location



Figure 8 and 9: Artist impression of iM3TSV site

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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 approval to operate a SEZ was updated on the 26th May 2021.

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

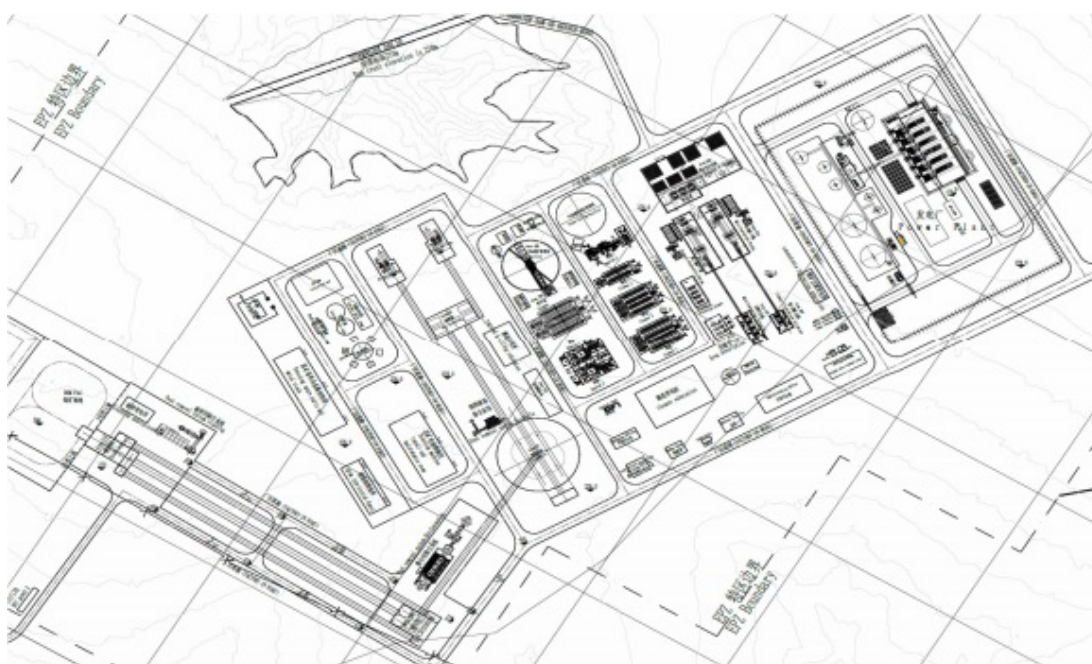


Figure 10. -Nachu Graphite Project Site layout

MTT will initially produce refined Jumbo and Super Jumbo Flake products and spheroidal 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 Process plant and facilities in the SEZ would require the majority of the Capital expenditure for the project.

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 Company has been in discussion with various groups regarding graphite product offtake. On the basis of these discussions and some internal studies, the Company has reviewed the level of production that may be optimal in order to get the project operating in the near future. Preliminary engineering studies and mining schedules, which would form the basis of a smaller scale production were recently completed. Magnis will await the outcome of the offtake discussions before making a decision on how to proceed. At the Nachu site, a range of activities have continued such as land clearing and water bore development along with our social assistance programs.

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:</p> <ul style="list-style-type: none"> • 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>Government Jurisdiction: Ministry of Industry, Trade and Investment</p> <p>Scope of Operations:</p> <ul style="list-style-type: none"> • 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>Incentives:</p> <ul style="list-style-type: none"> • Tax and duty breaks • Full ownership by Magnis • International arbitration • No restriction of retaining earnings outside of Tanzania

Review of Operations

CAPITAL MARKETS

On 8 February 2021, the Company announced that it received firm commitments from institutional, professional and sophisticated investors to raise \$34 million via a placement of 121,428,572 ordinary shares at 28 cents per Share. The Company noted that strong investor appetite for clean energy technologies was evident through the strong demand for the raise.

Each share will have a free attaching unlisted option with a strike price at 50 cents and a 2-year expiry date.

On 3rd August 2021, Magnis announced that it had executed an agreement to secure A\$20m in convertible note funding from US based institutions, The Lind Partners and SBC Global Investment Fund. Under the terms of the agreement, Magnis shares are to be issued at a purchase price based on a single daily volume weighted average price (VWAP) selected by the investor over the prior ten days at a 7.5% discount.

The agreement provides an option for an additional subscription amount of 20 million shares (10 million per investor), exercisable at A\$0.40 and expiring in 3 years, subject to shareholder approval.

The majority of the funds raised were used to increase Magnis' stake in iM3NY and provide gigawatt scale funding to advance the New York Battery plant as it moves close to production. Magnis maintains its majority stake in what will be one of the largest lithium-ion battery plants in the United States.

DIRECTOR MOVEMENTS

Magnis made four significant board appointments during the year to help bolster its skills and capabilities as the company enters a significant growth phase. The Directors collectively bring experience across capital markets, ESGs and sustainability, corporate governance and investor relations.

Name	Role	Date Joined
Mona E. Dajani	Independent Non-Executive Director	29th March 2021
Dr. Richard Petty	Independent Non-Executive Director	29th March 2021
Zarmeen Pavri	Independent Non-Executive Director	29th March 2021
Mugunthan Siva	Independent Non-Executive Director	29th March 2021

Table 3: Recent board appointments

04 Corporate Governance and Sustainability

CORPORATE GOVERNANCE

Our approach to corporate governance is more than merely one of compliance but rather on striving for best industry practice and building excellent corporate governance principles. We believe this 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. Refer to the Magnis website for the 2021 Corporate Governance Statement in its full form.

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 and 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)

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 and 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 the 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

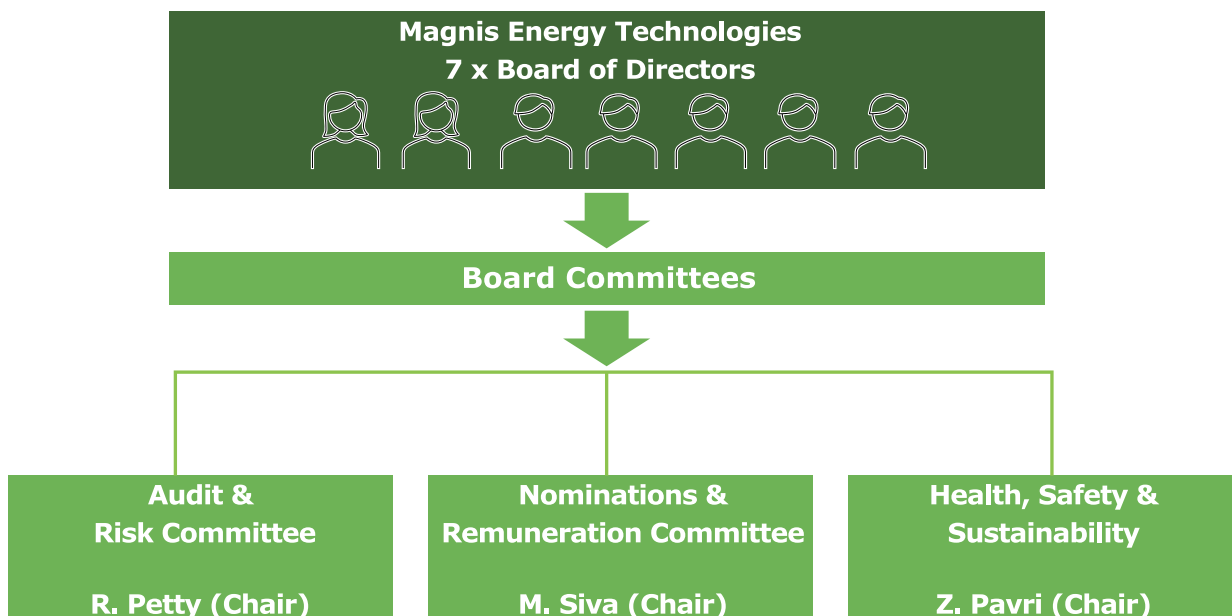


Figure 1. Board Structure and Committees

Corporate Governance and Sustainability

SUSTAINABILITY

Magnis acknowledges the importance of sustainability in all aspects of its business. This is the Company's inaugural environmental, social, governance (ESG) and sustainability segment of this annual report, however, it is not coming from a standing start. Foundation ESG practices have been in place for some time, with sustainability now sitting at the very heart of Magnis and its group of companies' (iM3NY, iM3TSV, C4V, Uranex and Magnis Technologies Tanzania) strategic thinking. With the successful progression of several Magnis projects, we are committed to transparency as part of best practice corporate governance and disclosure for all our stakeholders, shareholders and the communities in which we work in.

Enhanced environmental, social and governance performance, together with sustainability principles being embedded into Magnis' core business, correlates with meeting the expectations of our stakeholders. Further, development with sustainability and stewardship borne in mind ensures that we can have positive impact on our local communities.

The company's vision is to be a key global player in the lithium-ion battery value chain of electric vehicles and clean energy storage.

Creating a socially and environmentally responsible business to derive shareholder value is a continuous journey for any corporation. Magnis accepts that more than just financial outcomes are being demanded of it.

Both shareholders and broader stakeholders also want to see the impact that Magnis is making on the economy, the environment and to society. We believe that profit and sustainable conduct are not mutually exclusive. Moreover, the Company believes that sustainable conduct is a delivery driver of value to stakeholders in the long-term. It is intended that this section of the report, and those that follow, will assist in that communication.

OUR APPROACH

Within our battery and materials value chain, we are committed to environmental accountability, human rights, good corporate governance as well as financial and social accountability. Our objective is for all our group companies to work on minimising environmental impacts, promoting circular economy and aiming for reducing CO2 emissions.

The need for urgent and more intensive actions against climate change is broadly recognised. In support of this agenda, we are proud that Magnis is able to play in the responsible and just battery value chain, being one of the major near-term drivers to realise the 1.5°C Paris Agreement goal in the transport and power sectors. We also recognise that although batteries are required to help tackle climate change, this cannot be achieved without a fundamental change in the way materials are sourced and how the technology is produced and used.

Not only do we believe that we have a major role to play in the battery technology, manufacturing and materials space but we also have the tremendous potential to be able to create new jobs and significant economic value, increase energy access, and drive a responsible and fair value chain.

We are pursuing the most promising battery technologies and our cobalt and nickel free battery technology developed by investee company and technology partner C4V, positions Magnis at the forefront of battery technology whilst utilising cheaper and cleaner materials.

We aim to be at the forefront of battery technology development.

Magnis is striving to meet customer and community expectations, to ensure the health and safety of our workforce and the community, provide development opportunities for our people, protect the environment, and aim to support and harness technology innovation that can unlock future opportunities to enable the transition to a low carbon economy.

SOCIAL RESPONSIBILITY

All of Magnis' entities and investee companies are committed to corporate responsibility. This supports us in ensuring long-term return on invested capital and the opportunity to create new jobs and support livelihoods in the local communities we operate in. For example, the iM3NY operations will be creating approximately 150 new jobs in Endicott, New York at the battery manufacturing plant. There are also future job creation opportunities being planned for our Townsville and Tanzania projects.

Social responsibility is also viewed as one of our core values at Magnis. We embrace responsibility for the impact that our decision-making and operations have on the economy, society and the environment. The Magnis group of companies is committed to complying with the laws, regulations and guidelines that govern our operations in the multiple jurisdictions we operate in across Australia, United States and Tanzania.

We respect human rights in accordance with the UN Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights as well as the ILO Declaration on Fundamental Principles and Rights at Work. Further, we ensure that we engage in dialogue with stakeholders or their representatives and local communities that are or may be affected by our operations across the Globe.

PEOPLE, HEALTH AND SAFETY

Magnis has a fundamental philosophy that safety, health and providing an equal work environment to all its employees, regardless of their background and position is the premise we work off. We strive to prevent discrimination in our recruitment process and employment relationships and aim at building a diverse working community.

Our focus is on maintaining safe working environments through strong, safety-first leadership and culture

The Sustainability, Health and Safety committee, we monitor safety performance indicators to better understand whether processes and behaviours are effective in minimising safety incidents and serious harm. We also monitor and track any serious consequence-based injury, or major incidents that are capable of causing or have caused serious or fatal harm under various measures. All incidents, injuries and near misses must be reported in accordance with incident management procedures to ensure appropriate action can be taken to prevent reoccurrence and ensure a safe and healthy work environment.

Health & Workplace Safety	30th June 2021	30th June 2020
Safety incidents	Zero	Zero
Loss-time injury frequency rate (LTIFR)	Zero	Zero

Table 1. Health and Safety Scorecard.

DIVERSITY

The Magnis group places great importance on our people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within our organisation. Having a diverse workplace brings a range of benefits to our business, such as improved business decision making, wider range of skills, fosters innovation and ultimately better outcomes for our customers and shareholders.

Our Progress towards Improving Diversity

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. At Magnis, we have made a commitment to gender diversity at the board level and have two female Board directors that provide Magnis with additional skills, depth and diversity of thought to help grow the business and enhance our strong leadership and governance.

Our Progress towards Improving Diversity

Female Participation	30th June 2021	30th June 2020
Board level	29%	0%

Table 2. Gender Diversity Scorecard

Corporate Governance and Sustainability

ENGAGEMENT WITH LOCAL COMMUNITIES – NACHU GRAPHITE PROJECT

A key part of our sustainability approach is based on proactively maintaining our social license to operate through greater interaction and positive impacts on the community.

To achieve this aim, we continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner and to gain the confidence of the communities in which we operate.

There have been four key areas where Magnis has contributed and engaged with local communities in Tanzania in relation to our Nachu Graphite Project:

- **Community Consultation:** Engagement with local communities and neighbours surrounding our site
- **Financial literacy and Education:** Magnis Energy Technologies Tanzania Ltd has ensured that financial literacy education has been rolled out to various communities
- **Product materials community support:** whereby we have donated building materials and supplies for the construction of various community clinics and schools
- **Community Donation and Support Programs:** Magnis Energy Technologies Tanzania Ltd has provided various donations to support numerous charity and program campaigns during the year.

We provide a summary of Magnis' work engaging with the community below. The details represent work done over several years that continue to support till present day and beyond.

COMMUNITY CONSULTATIONS

We have conducted numerous consultations including:

- Local and Central Government Authorities consultation as listed below:
 - > National Environmental Management Council
 - > Ministry of Land, Housing and Human Settlement Development,
 - > Ministry of Minerals,

- > Lindi Regional Commissioner's Office,
- > Ruangwa District Council,
- > Ward and Village Offices
- OSHA Southern Zone Office (Mtwara),
- Ruvuma and Southern Coast Basin Water Office (Mtwara),
- Tanzania Ports Authority (Mtwara),
- Tanzania Electric Supply Company and;
- Local institutions such as schools and dispensaries

Community members which are those located in the footprint of the project or close proximity to the project area which were directly or indirectly impacted by the project activities involved significant consultations.

Meetings were held with the community village leaders of some of those affected i.e. Chunya, Mihewe and Namikulo and Mtambarale. Open Public meetings were also held for the same villages.

The meetings were attended by men, women, elders, and youths and together were able to provide their significant concerns and comments on the then proposed Nachu village project with focus on the advantages and disadvantages of moving to the expected area.

Also, consultations were made on land acquisition for resettlement sites, site locations and types of houses.



Figure 2. Community consultations conducted by the company.

FINANCIAL LITERACY TRAINING

It was important to recognise that any resettlement compensation also required a social and moral obligation to provide extensive financial literacy to those affected. A financial literacy program was provided which covered education about the banking system and its advantages, basic financial literacy, the need to use money wisely and common money scams of which recipient of funds should be aware of.

COMMUNITY DONATIONS AND SUPPORT PROGRAMS

Over the many years, we have continued to support the host communities and various stakeholders through various donations and sponsorships. Our CSR Corporate Policy was developed to reflect relevance to mining operations as per the Tanzanian Mineral Act.

Some examples of our community donations through supplies and building materials include iron sheets that were donated for roofing five classrooms of the Ruangwa secondary school.

We developed a program for a central library as part of our corporate social responsibility and dispatched four containers of books and furniture on land that was cleared by us in Ruangwa town. During this time, the company visited 99 schools within the district, 83 primary schools and 16 secondary schools. The aim of the visit was to understand what the main problems each school was facing.

We also got a better understanding of where the schools are located, distance from the library, and challenges of transport to and from the library that each school would face.



Figure 3. School visits and donations.

The major challenge identified was the scarcity of books and teaching materials. We generated a map of the district highlighting where each school is in relation to Ruangwa and the roads by which they need to travel to get to Ruangwa.



Figure 4. Primary school books and maps distribution

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDG)

The context in which businesses now operate has been transformed by climate change, nature loss, social unrest around inclusion and working conditions, COVID-19 and changing expectations of the role of corporations. Further, the global pandemic has exacerbated underlying and longstanding failures regarding equality and access to economic opportunities. To continue to thrive, companies need to build their resilience and enhance their licence to operate, through greater commitment to long-term, sustainable value creation that embraces the wider demands of people and planet.

Addressing global sustainability challenges require joint efforts from business and government. Launched by the United Nations in 2015, the Sustainable Development Goals (SDG) summarises the world's most important challenges in 17 goals with 169 associated targets. The goals call for worldwide action to end poverty and promote dignity and opportunity for all, within a sustainability framework.

These SDG constitute the world's joint plan of action to eradicate poverty, fight inequality and stop climate change by 2030. Magnis acknowledges the need for collaboration towards solving the challenges currently facing the world and recognises the SDG as a means of maximising the collective impact. The SDG are a blueprint for the betterment of society and Magnis is using these SDG to connect our business strategy with global sustainability priorities with specific emphasis on the following page:

Corporate Governance and Sustainability

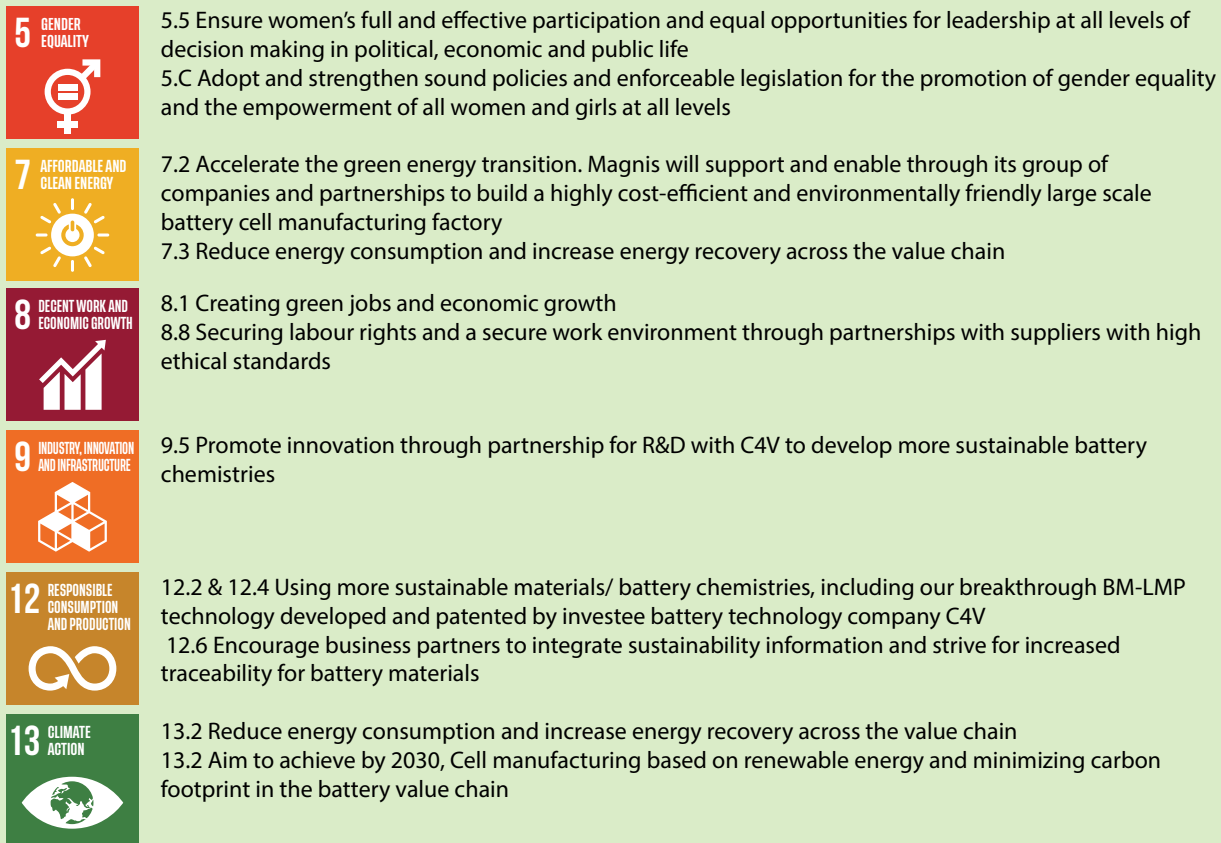


Figure 5. Magnis' Alignment to the UN's Sustainable Development Goals.

For the current annual reporting period 2020 to 2021, we participated in many programs to support the various communities.



MIHEWE AND MATAMBARALE SOUTH MEDICAL CLINICS

Construction materials were donated to the Mihewe and Matambarale South medical clinics for renovation of classrooms of Matambarale Primary School. We supervised construction of clinics and renovation of classrooms.

Figure 6. Renovated classrooms at Matambarale Primary School.

The image is a full-page background for a financial report. It features a low-angle, perspective view of a solar farm. In the foreground, several rows of dark, rectangular solar panels are visible, receding into the distance. The panels are tilted upwards. To the right of the panels, a vibrant green field of grass stretches towards the horizon. The sky is a deep blue, filled with numerous white, fluffy clouds. A bright sun is positioned on the horizon line, creating a strong lens flare effect that illuminates the scene. The overall composition is clean and modern, emphasizing renewable energy and nature.

Annual Financial Report

YEAR ENDED 30 JUNE 2021

06 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 Ltd (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 2021.

DIRECTORS

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

Mr. Frank Poullas (Executive Chairman)

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

Mr Poullas has spent over two decades working in the technology, investment banking and engineering sectors. During the last 15 years, Mr Poullas has been involved with assisting several public entities with funding and strategic direction which has resulted in increased shareholder value.

Mr Poullas is currently a director of several companies and continues to consult with 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

Mr Poullas is a member of the Health, Safety and Sustainability Committee.

Distinguished Professor M. Stanley Whittingham (Non-Executive Director)

Appointed Director 4 November 2016.

Professor M. Stanley Whittingham has nearly five 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 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 SUNY 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). Professor Whittingham holds a BA. Chemistry; a DPhil. Chemistry and an MA from Oxford University, England.

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

None

Special responsibilities

Member of the Health, Safety and Sustainability Committee.

Ms. Mona E. Dajani
(Non-Executive Director)

Appointed Director 29 March 2021.

Ms. Dajani has over 20 years of practise experience as a dual qualified lawyer in the U.S. and England and as a licensed professional engineer. She serves as a lead lawyer in complex acquisitions, dispositions, financing, and project development transactions involving energy and infrastructure facilities in the United States and around the world. She is co-leader of Pillsbury Winthrop Shaw Pittman's Energy and Infrastructure Projects Team and leads the Renewable Energy practice.

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

None.

Special responsibilities

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

Dr. Richard Petty
(Non-Executive Director)

Appointed Director 29 March 2021.

Dr. Petty has been an adviser on significant projects and investments in Asia. He has served on the faculty of several business schools and remains active in academia as an academic board chair and visiting professor. Dr. Petty is a former member of the B20 and served on the B20 Finance and Infrastructure taskforce, a former Board Member of International Federation of Accountants, a former Chairman of the Australian Chamber of Commerce Hong Kong & Macau, and former Chairman of CPA Australia. Dr. Petty has been author or co-author of many academic and professional works and has been awarded as a researcher, an editor of academic works, and as an educator. He has served on the editorial boards of several academic journals.

Dr. Petty is senior adviser to several investment firms and has served on the boards of other companies, both publicly listed and privately held. Dr. Petty holds several degrees including a PhD and is a Fellow of Chartered Accountants Australia and New Zealand, CPA Australia, and the Australian Institute of Company Directors.

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

333D Limited (ASX: T3D);
Ambition Group Limited (ASX: AMB).

Special responsibilities

Chair of the Audit and Risk Committee.

Directors' Report

Ms. Zameen Pavri (Non-Executive Director)

Appointed Director 29 March 2021

Ms. Pavri has over 25 years' experience within the financial services sector, specifically in funds management focused on impact investing, ESG and venture capital. She has a wide range of experience both locally and overseas and has a multidimensional background across strategy development, investment, risk and compliance governance, sustainability, commercialisation, and organisational transformation. Ms. Pavri is a Non-Executive Director of Uniting Ethical Investors Ltd, Chair of the Apostle Ethical and Impact Advisory board, and sits on various advisory committee panels. She is a Partner at SDGx Ventures, an Impact VC investment management and advisory group and further holds the position as the Oceania Regional Senior Advisor at The Global Impact Investing Network (GIIN). She is a qualified Australian Chartered Accountant and has a Bachelor of Commerce (sub major Law) degree from University of Western Sydney.

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

None.

Special responsibilities

Chair of the Health, Safety and Sustainability Committee, Member of the Audit and Risk Committee and Remuneration and Nominations Committee.

Mr. Peter Tsegas (Non-Executive Director)

Appointed Director 16 June 2015.

Mr Tsegas 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 several 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 the last three years

Adavale Resources Limited (Resigned 17 June 2020).

Special responsibilities

Member of the Health, Safety and Sustainability Committee.

Mr. Mugunthan Siva (Non-Executive Director)

Appointed Director 29 March 2021.

Mr. Siva possesses three decades of experience in the finance industry both locally and overseas specializing in funds management. Mr. Siva is the Managing Director, Chief Investment Officer and co-founder of India Avenue, which is a business focused on providing advice and delivering client focused investment solutions to investors seeking to access India's strongly growing capital markets. Mr. Siva was Head of Portfolio Management for ANZ Wealth, where he was responsible for investment strategy and portfolio construction. Prior to that he held the role of Investment Strategist at ING Investment Management Australia and was Chief Investment Officer for ING Investment Management India. Mr. Siva has also worked for Westpac, Macquarie Bank, ING Bank and RetireInvest. Mr. Siva holds a Bachelor of Commerce from UNSW and a Masters of Business from UTS.

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

None

Special responsibilities

Chair of the Nominations and Remuneration Committee, Member of the Audit and Risk Committee and Health, Safety and Sustainability Committee.

FORMER DIRECTORS DURING 2021 REPORTING PERIOD

Mr. James Dack, Executive Director then Non-Executive Director, 15 June 2020 to 14 May 2021.

Mr. Troy Grant, Non-Executive Director, 23 June 2020 to 23 February 2021.

GENERAL COUNSEL & COMPANY SECRETARY

Mr. Julian Rockett B ARTS, LLB, GDLP

Appointed 15 April 2021.

Mr. Julian Rockett is both an experienced corporate lawyer and highly experience listed company secretary.

His background in corporate law includes corporate compliance, advising several IPOs, RTOs, and other M&A activities, and capital raising for ASX listed entities. His diverse ASX listed company secretarial experience for more than twenty (20) listed companies includes supporting fin-tech, artificial intelligence, medical technology, logistics, equity, mining, energy, technology, and commercial property ASX listed companies.

FORMER COMPANY SECRETARIES AND COUNSEL

Ms. Nawal Silfani - Company Secretary and General Counsel - 30 November 2020 to 16 April 2021

Mr. Jürgen Behrens - Company Secretary from 10 November 2020 to 30 November 2020 (and remains CFO)

Mr. Frank Giordano - Company Secretary and Legal Counsel - 17 July 2020 to 10 November 2020.

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	Fully-Paid Ordinary (FPO) Shares	Unlisted Options over FPO Shares	Performance Rights
Mr. Frank Poullas	16,600,000	1,000,000	2,500,000
Dist. Prof. M. Stanley Whittingham	-	1,000,000	2,500,000
Mr. Peter Tsegas	770,000	1,000,000	2,500,000
Ms. Mona E. Dajani	-	-	-
Dr. Richard Petty	-	-	-
Mr. Mugunthan Siva	700,000	-	-
Ms. Zameen Pavri *	-	-	-

* Since the period, Ms. Zameen Pavri acquired an indirect 82,253 FPOs.

Directors' Report

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group business interests in USA, Australia, and Tanzania. Magnis advances its multi-strategy business plan in the battery space through developing:

- as a strategic partner, to support the development of two (2) proposed lithium-ion battery (**LIB**) manufacturing plants in the USA and Australia; and
- the mining and processing of high purity natural flake graphite from the Group's wholly owned Nachu Graphite Project (**NGP**).

As at reporting period, the primary changes in the state of affairs of the Company were as follows:

- The Company's subsidiary Imperium3 New York, Incorporated (iM3NY) battery plant annual capacity increased to 1.8GWh.
- iM3NY produced its first full-sized lithium-ion battery cells using commercial grade components.
- Estimated minimum binding offtake sales of US\$655m for iM3NY by customers in the energy storage and transportation space.
- US based energy and power focused asset management firm, Riverstone Credit Partners LP provided US\$50m funding investment in iM3NY to scale up production.
- The Company's battery technology partner Charge CCCV (C4V) announced successful fast charging results using optimised commercial cells.
- The Company has been in discussion with various groups regarding graphite product offtake from its Tanzanian based Nachu Graphite Project.
- Initial internal studies have been conducted by the company to review the level of production at Nachu that may be optimal to get the project operating soon.
- At the Nachu site, a range of activities have continued such as land clearing and water bore development along with our social assistance programs.
- The Company announced that it received commitments from institutional, professional, and sophisticated investors to raise \$34 million via a placement with most of the funds used to increase its stake in iM3NY to advance the New York Battery plant as it moves close to production. Company made four significant board appointments to help bolster its skills and capabilities. The recent appointments bring additional experience across capital markets, ESGs and sustainability, corporate governance, and investor relations.

REVIEW OF OPERATIONS

LITHIUM-ION BATTERY MANUFACTURING

Imperium3 New York, Incorporated (iM3NY) lithium-ion battery plant continues to build out towards commercial production. The firm purchased equipment and machinery to build out operations such as slurry making to coating to cell assembly and formation. The new equipment includes formation lines, slurry making, coating, stacking machines, solvent recovery and refining. The machinery will form part of a full assembly line enabling the company to further advance its technology while also expanding its production capabilities.

Furthermore, iM3NY received US\$50 million of funding via a four-year senior secured term loan from Riverstone Credit Partners, the credit arm of Riverstone Holdings LLC, a US Asset Management firm with over \$43 billion in assets provided. Riverstone is a significant player in middle market energy space globally and the funding will enable the plant to scale up to an annual capacity of 1.8GWh. This will make it one of the largest players in the US lithium-ion battery cell manufacturing market. iM3NY's estimated minimum binding offtake of US\$655m commencing in 2022 from both energy storage and electric mobility players provided significant comfort for Riverstone Credit Partners.

BATTERY TECHNOLOGY

Magnis' battery technology partner, Charge CCCV (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.

NACHU GRAPHITE PROJECT UPDATE

Company has been in discussion with various groups regarding graphite product offtake. Preliminary engineering studies and mining schedules have been conducted by the company to review the level of production that may be optimal to get the project operating soon. At the Nachu site, activities to support development continued, including land clearing and water bore development and its social assistance programs.

CORPORATE DEVELOPMENT

Magnis made significant board appointments listed in the table below during the year to help bolster its skills and capabilities as the company enters a significant growth phase. The Directors collectively bring experience across capital markets, ESGs and sustainability, corporate governance, and investor relations.

Name	Role	Date Joined
Mona E. Dajani	Independent Non-Executive Director	29th March 2021
Dr. Richard Petty	Independent Non-Executive Director	29th March 2021
Zarmeen Pavri	Independent Non-Executive Director	29th March 2021
Mugunthan Siva	Independent Non-Executive Director	29th March 2021

CAPITAL RAISINGS

The Company announced that it received commitments from institutional, professional, and sophisticated investors to raise \$34 million via a placement of 121,428,572 ordinary shares at 28 cents per share. The Company noted that strong investor appetite for clean energy technologies was evident through the overwhelming demand for the raise. Most of the funds raised were used to increase or retain Magnis' stake in iM3NY for providing gigawatt scale funding to advance the New York battery plant to move closer to production. Magnis maintains its majority stake in what will be one of the largest lithium-ion battery plants in the United States.

FUTURE OUTLOOK AND STRATEGY

Magnis' vision is to be a key global player in the lithium-ion battery value chain of electric vehicles and clean energy storage. The Company envisions the following corporate developments to take place in the new financial year

- New York lithium-ion battery plant, Imperium3 New York (iM3NY) to be in place and at commercial production levels with fully optimised and automated lines to start meeting orders.

Directors' Report

- IM3NY seeks to raise further capital via a potential listing or arranging private capital to increase capacity to 10GWh Scale under Phase-2.
- Continue to announce positive results in our technology partner C4V's extra fast charging program
- Secure offtakes and finalise funding for the Company's Nachu Graphite project in Tanzania.

NO SIGNIFICANT ANTICIPATED DEVELOPMENTS EXCEPT AS DISCLOSED

The Directors are not aware of any developments, other than the on-going challenges posed by the COVID-19 global pandemic, that pose a significant effect on the operations of the Group that are not disclosed in this report or in previous reports. The Company is not involved in or aware of any pending litigation. Other than as disclosed above and elsewhere in this report, there have been no further subsequent events.

DIVIDENDS

No dividends have been paid during the year or declared during the year (2020: \$NIL). The Directors do anticipate the declaration or payment of a dividend in the next financial year.

CORPORATE INFORMATION

Magnis Energy Technologies Ltd is limited by shares and 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 schemes would be (if issued), be included in the option aggregate. No shares or interests have been issued during and after the end of the financial year from the exercise of options:

Entity	Number of shares issued	Class of shares	Total amount paid for shares	Amount unpaid on shares
Magnis Energy Technologies Ltd.	0	N/A	0	\$nil

EMPLOYEES

Magnis Energy Technologies Ltd had 5 employees as at 30 June 2021 (2020: 6 employees).

Category of employee	Total	Gender	
		Male	Female
All Employees and Board	12	10	2
Senior Executives	5	5	-
Board	7	5	2

Uranex Tanzania Limited had 11 full time employees as at 30 June 2021. (2020: 10 employees)

Category of employee	Total	Gender	
		Male	Female
All Employees	11	8	3

CORPORATE

Director Movements during the year

Directors	Appointment Date	Directors	Departure Date
Ms. Mona E. Dajani	29 March 2021	Mr. Troy Grant, AO	23 February 2021
Dr. Richard Petty	29 March 2021	Mr. James Dack	14 May 2021
Mr. Mugunthan Siva	29 March 2021		
Ms. Zameen Pavri	29 March 2021		

CAPITAL FUNDS

On 4 September 2020, Magnis announced the placement of 45,000,000 fully paid ordinary (FPO) shares at \$0.17 per share to professional, sophisticated, and institutional investors to raise A\$7.65 Million before fees and enabled the Negma Subscription Agreement to be discontinued. The funds were raised for working capital, capitalise on growth opportunities in the battery technology sector, support the Nachu Graphite Project and Townsville battery project. On 11 September 2020, 42,058,577 FPO shares were issued under the Company's LR 7.1 issue capacity.

CAPITAL FUNDS - ANNUAL GENERAL MEETING

From the 4 September 2020 placement, 2,941,176 FPO shares were issued to a participating director on 30 December 2020 after shareholders at the 2020 AGM approved this LR 10.1 issue. In total 44,999,753 shares were issued in this capital raise, being 247 shares short of 45,000,000 due the application of the round-down formula.

At 2020 AGM, LR 10.1 approvals were obtained for 20,000,000 shares issued to the Magnis Energy Technologies Ltd Employee Share Trust ("MEST") as Trustee on behalf of (now former) Director Mr. Dack as a long-term incentive.

Vesting primarily required two (2) consecutive years of service. Shareholders will have an opportunity to cancel the unvested shares at the 2021 AGM, under s256B and 256C of the Corporations Act.

Also, at the 2020 AGM 12,500,000 performance rights were approved and later issued to the (then) five (5) directors, 12,500,000 Performance Rights. 7,500,000 Performance Rights remain because 5,000,000 lapsed during the reporting period. The Performance Rights and holders are shown in the table below.

Frank Poullas - Executive Chairman	2,500,000 Performance rights
M. Stanley Whittingham - Non-Executive Director	2,500,000 Performance rights
Peter Tsegas - Non-Executive Director	2,500,000 Performance rights

These unlisted Performance Rights consist of five (5) tranches. Every tranche of 500,000 Performance Rights per Director which are subject to service conditions and market capitalisation milestones. On achieving the pre-conditions, each relevant tranche of unlisted performance rights held will convert into fully paid ordinary shares on a one-to-one basis.

Tranche 1	Market capitalisation reaches \$AUD 0.5 Billion
Tranche 2	Market capitalisation reaches \$AUD 1.0 Billion.
Tranche 3	Market capitalisation reaches \$AUD 1.5 Billion.
Tranche 4	Market capitalisation reaches \$AUD 2.0 Billion.
Tranche 5	Market capitalisation reaches \$AUD 2.5 Billion.

FEBRUARY 2021 CAPITAL RAISE

On 8 February 2021, the Company announced that it raised \$34 Million before fees via a placement of 121,428,572 shares at an issue price of \$0.28 per share to institutional, professional, and sophisticated investors. Each share carried a free attaching unlisted option with a strike price at \$0.50, and a two-year expiry period from their issue date. ("February 2021 Placement").

On 12 February 2021 the first tranche of shares of 108,309,719 fully paid shares available under its 15% Listing Rule 3.1 issue capacity.

Directors' Report

GENERAL MEETING

The second tranche of 13,118,853 fully paid shares and 121,428,572 unlisted options were issued on 24 May 2021, following shareholder approval to issue the shares for the purposes of LR 7.4, at the General Meeting on 10 May 2021.

SECURITIES AS AT 30 JUNE 2021

The Company had the following securities on issue as at 30 June 2021:

- > 851,434,546 ordinary shares.
- > 3,750,000 unlisted options are held in the Magnis Option Share Trust, with varying expiry dates ranging from 31 October 2022 to 28 October 2023. The options have exercise prices that vary between \$0.50 and \$0.75.
- > 121,428,572 unlisted options have a strike price of \$0.50 and are due to expire on 26 May 2023.
- > 7,500,000 unlisted performance rights are held in the Magnis Executive Rights Trust.

EXERCISE OF LISTED OPTIONS

No listed options exist, and none were exercised.

EXERCISE OF UNLISTED OPTIONS

No unlisted options were exercised during the period.

OPERATING RESULTS FOR THE YEAR

The Group incurred an operating loss after tax of \$16,268,618 (2020: loss of \$7,378,601). Refer to Note 1 of the financial statements for accounting policies used. Summarised segment operating results are as follows:

	2021	
	Income \$	Results \$
Lithium-ion battery investments	20,370	(6,330,209)
Graphite exploration and development	599,217	(9,938,409)
Intersegment elimination	-	-
Income and losses before tax	619,587	(16,268,618)

Exploration costs for the year amounted to \$1,007,597 (2020: \$1,013,034), with the Group having commenced several pre-development stages such as land clearing and road works along with relocations.

The Group has continued to increase its strategic investments in the businesses of lithium-ion battery technology manufacturing in the USA via a global consortium Imperium3 New York Inc ('iM3NY'), and smaller investments on the planned Townsville counterpart ('iM3TV') and the Nachu Graphite Project.

SUBSEQUENT EQUITY EVENT: CONVERTIBLE NOTES

On 3 August 2021, Magnis announced it secured a total of \$20,000,000 (\$21,000,000 in Face Value) from two US-based institutions The Lind Partners and SBC Global Investment Fund, via Convertible Notes (the Facility) primarily to support plans to fast-track Gigawatt scale production at the lithium-ion battery plant in Endicott, New York. Shares issued under the Facility are done so under the terms and conditions of the Facility. Further funds are for general working capital, including to advance the Nachu Graphite Project and support the Townsville Battery Plant.

On 3 August 2021 Magnis issued 14,000,000 fully paid ordinary shares under terms of Facility and 5,000,000 Shares to Evolution Capital Advisors Pty Ltd to remunerate the advisers that supported the transaction in-lieu of cash. The initial 14,000,000 shares to convertible note holders must be repaid or otherwise off-set at the conclusion of the agreements on the same terms of each Facility drawdown.

On 6 August 2021, and 9 August 2021, Magnis Energy Technologies Ltd issued, when combined, 21,000,000 fully paid ordinary shares under terms of Facility and on 13 August 2021 a further 38,000,000 fully shares. Details of the terms and conditions of the Facility are contained in the Company's announcement dated 3 August 2021. The share prices for drawdowns that determine the reduction of the outstanding Face Value are contained in their relevant Appendix 2As.

As at the present date \$6,250,000 is outstanding on the original Face Value. This figure excludes repayment of the cash equivalent of the advanced 14,000,000 shares back to the Company, effectively reducing this figure accordingly. As at the date of these financials the number of fully paid ordinary shares are 929,434,546.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

The Group statement of cash flows shows an increase in cash and cash equivalents for the year ended 30 June 2021 of \$72,548,800 (2020: decrease of \$1,110,896).

During the year, the Group raised \$41,649,958 (2020: \$5,000,000) before costs via share placements and \$Nil proceeds from options exercised (2020: \$Nil).

At year end the Group had liquid funds of \$72,894,945 (2020: \$719,615) available for future operational and investment use and borrowings of \$65,175,758 (2020: \$Nil). As this comparison incorporates iM3NY, as is required under the Accounting Standards on account of our approximate 60% direct and indirect ownership of iM3NY, for readability purposes shareholders may note the Group held \$3,575,086 in cash excluding the iM3NY, at the end of 30 June 2021. For a breakup of liquidity, refer to Note 6 and borrowing Note 14(c).

SHARES AND OPTIONS ISSUED DURING PERIOD

During the year ended 30 June 2021, the Company raised equity from:

- > \$41,649,995 raised before fees from a share placement of 166,428,325 FPO shares.
- > 121,428,572 unlisted options of which had a strike price of \$0.50 and 2 year expiration period.
- > 750,000 unlisted options of which half had strike prices of \$0.50 and \$0.75 respectively and 3 year expiration period.

CAPITAL EXPENDITURE

Capital expenditure by the Group on plant and equipment during the year was \$11,963,145 (2020: \$2,176).

GROUP PERFORMANCE

Annual Net Income	2021	2020	2019	2018	2017
Consolidated loss after tax (\$)	16,268,618	7,378,601	5,549,553	5,417,885	9,756,434
Shareholder Returns	2021	2020	2019	2018	2017
Share price at financial year end (\$)	0.26	0.08	0.19	0.38	0.515
Basic loss per share (cents)	1.91	1.11	0.92	0.97	2.09
Diluted loss per share (cents)	1.91	1.11	0.92	0.97	2.09

Directors' Report

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 newly recomposed Board an Audit & Risk Committee reviews major risks to the business aside from its audit responsibilities,
- > Management and staff operate under numerous risk related policies in their day-to-day operations;
- > The Board strategically reviews operational activities and conveys to management as well as shareholders its objectives and reports on progress against said objectives.
- > The Board approves operating and capital budgets and at its meetings and 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 relevant levels of Government to maintain awareness as to matters that may affect the Company. In Mr. Tsegas, the Company also has a resident Board member to assist in monitoring sovereign risks for its Tanzanian assets, and our US based directors Ms Dajani and Dr Whittingham both New York resident directors who share a keen sense of local, State, and national political sensitivities.

In addition, the other Committees have specific responsibilities for making recommendations for adoption. Numerous risks are associated with the Company's businesses. Evaluations, pre-development, technological advancements, capital requirements, and growing competition makes the Company's activities risky concerning its battery manufacturing investments.

Likewise, the realisation of producing commercial off-takes from its Nachu Graphite Project will be very capital intensive. The degree of success depends on numerous factors. These include sovereign risks, relevant commodity prices, the quality and scale of realisable resources, and commercial partnerships with multi-year off-take agreements to fund these operations. The strategic identification of potential mineralisation targets and management oversight will require exploration and mining programmes involving careful supervision and work from a broad range of skilled specialists.

To balance these considerable risks, the Board hopes Magnis will provide substantial rewards for investors that compensate for the level of risk inherent to projects of this nature - particularly for a company with a modest (though growing) market size. Magnis provides two (2) separate though complementary opportunities for success in this space. That Magnis is from both a resource and technological position centred on battery space, benefits from tailwinds of political, technical, and economic changes. These appear to lean toward a rapid shift in public and institutional behaviour by commercial and government entities along with the public. These economic forces are increasingly embracing electrical power together with other renewable energy strategies.

There is an international consensus to reduce global carbon emissions. Not surprisingly, this has coincided with an increased level of "green" investment interest and technological achievements that support a paradigm shift from the dominant reliance on fossil fuels last century. The Board considers Magnis well-positioned to capitalise on the broader macro-economic changes.

Furthermore, the Group continues to access funds through the capital markets to fund its business needs and strategic goals and intends to do so until it is self-sustaining through revenue. The capital markets are subject to prevailing economic conditions, and the Directors are attuned to importance of raising funds for future needs as circumstances permit, and as anti-dilutionary as practical.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company is strategically managing the challenges posed by the on-going COVID-19 global pandemic in accordance with local regulatory and legal guidelines for safe working practices across the various locations where the Company has

a presence. We have taken several measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people (such as social distancing and working from home). At this stage, the impact on our business and results has not been significant and based on our experience to date we expect this to remain the case.

We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our people.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's exploration activities in Tanzania are subject to environmental regulations and guidelines in the licenced areas. 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 2021.

The New York lithium-ion battery plant scheduled for operation in 2022 financial year is also subject to Environmental and Planning Regulations from various government authorities are being strictly adhered to by iM3NY and its consortium members including Magnis. The Townsville Project (iM3TSV) remains at a preliminary stage.

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 illustrated in the table below. Although formalised meetings for the committees were not held during the year due to various director changes, discussions on risk, people, health and safety and sustainability were considered during the Board meetings.

Number of meetings attended:	Directors Meeting		Audit & Risk Committee		Nominations & Remuneration Committee		Health, Safety & Sustainability Committee	
	A	B	A	B	A	B	A	B
F. Poullas	13	13	1/*	1/*	*	*	-	-
M.S. Whittingham	13	13	1/*	1/*	*	*	-	-
P. Tsegas	9	13	*/	*/	*	*	-	-
M. Siva	3	3	-	-	-	-	-	-
Z. Pavri	3	3	*	*	*	*	-	-
R. Petty	3	3	-	-	-	-	-	-
M.E. Dajani	1	3	-	-	-	-	*	*
J. Dack ^	10	12	*	*	*	*	*	*
T. Grant ^	7	8	1/*	1	*	*	*	*

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 as at the end of the period, but /* or 1/* indicates they were members earlier in the reporting period.

^ J Dack resigned on 14/05/2021 and T Grant resigned on 23/02/2021

Audit & Risk Committee - R. Petty (Chair), M. Siva, Z. Pavri and M.E. Dajani.

Nominations & Remuneration Committee - M. Siva (Chair), M.E. Dajani, R. Petty, and Z Pavri.

Health, Safety & Sustainability Committee - Z. Pavri (Chair), F. Poullas, M.S. Whittingham, P. Tsegas, M. Siva and R. Petty.

The current Board reconstituted each Committee after implementing revised Committee Charters on 16 June 2021.

Directors' Report

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 market peers.

The Remuneration and Nominations 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 and Nomination Committee.

The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, consulting with relevant professionals 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 \$65,000 and the Executive Chairman receives \$120,000. An additional \$5,000 per annum is paid to Directors who Chair Committees, except for the Audit and Risk Committee, where the Chair receives an additional \$15,000 per annum. Superannuation is payable as required under each Director's service agreement and Superannuation Act (Cth).

DIRECTOR AND OTHER EXECUTIVES DETAILS

Listed in 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:

- > Mr. Rodney Chittenden - Project Director (from 1 September 2020)
- > Mr. Julian Rockett - Company Secretary and Legal Counsel (from 15 April 2021)
- > Mr. Jürgen Behrens - Chief Financial Officer (from 1 April 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.

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 and Nominations 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 Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, listed fully paid ordinary shares and unlisted options are held on behalf of Plan Participants by the Trustee of the **Magnis Option Share Trust**.

During the year ended 30 June 2021, 750,000 unlisted options (2020: 8,100,000) on varying terms and conditions were allotted to the Trust under the share scheme.

SHARE PLAN: MEST

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, listed fully paid ordinary shares are held on behalf of Plan Participants by the Trustee of the **Magnis Employee Share Trust ("MEST")**.

During the year ended 30 June 2021, 20,000,000 fully paid ordinary (FPO) shares (2020: Nil) were allotted to the MEST, to be held on behalf of Plan Participants pursuant to their employment agreement.

The rights to the 20,000,000 shares held by the Trustee of MEST on behalf of Plan Participants, have not vested pursuant to the respective terms of their grant, triggered by a Plan Participant resigning.

RIGHTS PLAN: MERT

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, unlisted Performance Rights are held on behalf of Plan Participants by the Trustee of the **Magnis Executive Rights Trust ("MERT")**.

During the year ended 30 June 2021, 12,500,000 unlisted Performance Rights (2020: Nil) were allotted to the Trust under the rights scheme. The unlisted Performance Rights are divided into five tranches and conversion of each tranche is dependent on satisfaction of performance milestones and service conditions applicable to each tranche, including the relevant person being a director at the time the respective performance milestone tranche is satisfied.

SERVICE AGREEMENTS

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

Frank Poullas - Executive Chairman

- > No agreement expiry date;
- > Remuneration is \$120,000 from 1 July 2020 (2020: \$120,000) per annum plus 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 and may be terminated by either Magnis Energy Technologies Ltd or Mr. Poullas by giving the other party 1 months' notice.

Mr. Rodney Chittenden - Project Director

- > No agreement expiry date;
- > Remuneration is \$125,000 from 1 September 2020 (2020: \$Nil) per annum plus statutory superannuation guarantee;
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr. Chittenden by giving the other party 1 months' notice; and
- > The agreement is subject to annual review.

Directors' Report

Mr. Julian Rockett – Company Secretary and Legal Counsel

- > No agreement expiry date;
- > Remuneration is \$200,000 + GST pro rata, being \$132,000 from 15 April 2021 (2020: \$N/A) plus GST;
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr. Rockett by giving the other party 1 months' notice; and
- > The agreement is subject to annual review.

Mr. Jürgen Behrens - Chief Financial Officer

- > No agreement expiry date;
- > Remuneration is \$140,000 from 1 July 2020 (2020: \$N/A) per annum plus statutory superannuation;
- > The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr. Behrens by giving the other party 1 months' notice; and
- > The agreement is subject to annual review.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL (KMP)

A total of \$624,359 was paid in consultancy fees to related parties of the KMP and Non-Executive Directors during the financial year (2020: \$231,537). The consultancy and 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 \$
Professor M S Whittingham	87,500	-	-	-	-	87,500
P Tsegas	105,000	-	-	-	-	105,000
M.E. Dajani (Appointed 29 Mar. 2021)	17,000	-	-	-	-	17,000
M Siva (Appointed 29 Mar. 2021)	17,000	-	-	1,615	-	18,615
Z Pavri (Appointed 29 Mar. 2021)	17,000	-	-	1,615	-	18,615
Dr. R Petty (Appointed 29 Mar. 2021)	17,000	-	-	-	-	17,000
Mr. T Grant (Resigned 23 Feb. 2021)	38,167	-	50,000	-	-	88,167
Key management personnel						
F Poullas *	150,000	-	-	14,250	-	164,250
R Chittenden (Appointed 1 Sep. 2020)	104,167	-	-	9,896	-	114,063
J Rockett * (Appointed 15 April 2021)	24,200	-	-	-	-	24,200
J Behrens (Appointed 1 April 2020)	125,000	-	-	22,475	-	147,475
Dr. F Houllis (Terminated 21 Aug. 2020)	73,772	-	93,000	2,728	-	169,500
J Dack (Resigned 17 May 2021)	263,786	-	-	25,060	-	288,846
	1,039,592	-	143,000	77,639	-	1,260,261

* 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 2020

Non Executive Directors	Salary & Fees \$	Sign-On Bonuses \$	Termination Benefits	Post Employment Benefits ^ \$	SBP Options # \$	Total \$
Professor M S Whittingham	70,000	-	-	-	100	70,100
P Tsegas	35,000	-	-	-	100	35,100
W L Smith (Resigned 1-Jan-2020)	31,963	-	-	3,037	-	35,000
J Jooste-Jacobs (Retired 31-May-2020) *	70,000	-	-	6,650	100	76,750
L Hosking (Resigned 21-Feb-2020)	56,494	-	-	-	100	56,594
S DeGamia (Appointed 1-Jan-2020, Resigned 25-Feb-2020)	10,000	-	-	950	-	10,950
T Grant (Appointed 23-Jun-2020)	-	-	-	-	-	-
Key management personnel						
F Poullas *	90,000	-	-	8,550	100	98,650
M Vogts (Resigned 31-Jan-2020)	156,335	-	-	14,615	247	171,197
Dr. F Houllis (Terminated 21-Aug-2020)	275,000	-	-	26,125	-	301,125
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 (SBP) consist of unlisted share options issued.

COMPENSATION SHARES AND 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 \$
28-Oct-20	28-Oct-23	0.004500	375,000	0.75	1,688
28-Oct-20	28-Oct-23	0.011400	375,000	0.50	4,275
			750,000		5,963
WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED					0.00795

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 \$
N/A					

Directors' Report

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 \$
26-Nov-19	31-Aug-20	0.000100	1,000,000	0.70	100
22-Jun-18	23-Oct-20	0.031000	250,000	0.70	7,750
22-Jun-18	2-Dec-20	0.031000	1,500,000	0.70	46,500
22-Jun-18	1-Feb-21	0.031000	250,000	0.70	7,750
31-Oct-19	30-Apr-21	0.000200	4,000,000	0.40	800
			7,000,000		62,900

COMPENSATION SHARES AND RIGHTS GRANTED AND VESTED

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

Table 4: Performance Rights Awarded

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Original Exercise Price of Option \$	Fair Value Expense under AASB 2 \$
18-Dec-20	n/a	0.005340	12,500,000	0.00	66,750
			12,500,000		66,750
WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED					0.00534

Table 5: Performance Rights Exercised

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

Table 6: Performance Rights Lapsed

Grant Date and Vesting Date	Expiry Date	Grant Date Fair Value \$	Number	Original Exercise Price of Option \$	Fair Value Expense under AASB 2 \$
18-Dec-20	n/a	0.005340	5,000,000	0.00	26,700
			5,000,000		26,700

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	Year Start Balance	Granted	Additions	(Disposals)	Year End Balance
F Poullas	15,983,926	-	616,074	-	16,600,000
P Tsegas	770,000	-	-	-	770,000
Professor M.S. Whittingham	-	-	-	-	-
M E Dajani (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
M Siva (Appointed 29 Mar. 2021) ≈	700,000	-	-	-	700,000
Z Pavri (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
Dr. R Petty (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
R Chittenden (Appointed 1 Sep. 2020) ≈	860,334	-	-	-	860,334
J Rockett (Appointed 15 April 2021) ≈	-	-	-	-	-
J Behrens (Appointed 1 April 2020) ≈	3,500,000	-	-	-	3,500,000
Hon T Grant (Resigned 23 Feb. 2021) *	-	-	-	-	-
J Dack (Resigned 17 May 2021) *	-	-	2,941,176	(2,941,176)	-
Dr. F Houllis (Terminated 21 Aug. 2020) *	637,945	-	-	(637,945)	-
	22,452,205	-	3,557,250	(3,579,121)	22,430,334

≈ Opening balance as at appointment date

* Closing balance as at resignation\termination date

Option holding

The number of 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:

Options over ordinary shares	Year Start Balance	Granted	Additions / (Disposals)	(Exercised) / (Lapsed)	Year End Balance [^]
F Poullas	1,000,000	-	-	-	1,000,000
P Tsegas	1,000,000	-	-	-	1,000,000
Professor M.S. Whittingham	1,000,000	-	-	-	1,000,000
M E Dajani (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
M Siva (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
Z Pavri (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
Dr. R Petty (Appointed 29 Mar. 2021) ≈	-	-	-	-	-
J Behrens	-	750,000	-	-	750,000
J Jooste-Jacobs (Resigned 31 May 2020) *	1,000,000	-	-	(1,000,000)	-
Dr. F Houllis (Terminated 21 Aug. 2020) *	1,500,000	-	-	(1,500,000)	-
	5,500,000	750,000	-	(2,500,000)	3,750,000

[^] all options vest immediately and are convertible at anytime

≈ Opening balance as at appointment date

* Closing balance as at resignation\termination date

Directors' Report

RIGHTS HOLDING

The number of rights 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	Year Start Balance	Granted	Additions / (Disposals)	Lapsed	Year End Balance [^]
F Poullas	-	2,500,000	-	-	2,500,000
P Tsegas	-	2,500,000	-	-	2,500,000
Professor M.S. Whittingham	-	2,500,000	-	-	2,500,000
M E Dajani (Appointed 29 Mar. 2021) [≈]	-	-	-	-	-
M Siva (Appointed 29 Mar. 2021) [≈]	-	-	-	-	-
Z Pavri (Appointed 29 Mar. 2021) [≈]	-	-	-	-	-
Dr. R Petty (Appointed 29 Mar. 2021) [≈]	-	-	-	-	-
Hon T Grant (Resigned 23 Feb. 2021) [*]	-	2,500,000	-	(2,500,000)	-
J Dack (Resigned 17 May 2021) [*]	-	2,500,000	-	(2,500,000)	-
	-	12,500,000	-	(5,000,000)	7,500,000

[^] all rights vest immediately and are convertible at anytime

[≈] Opening balance as at appointment date

^{*} Closing balance as at resignation\termination date

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	
				2021 \$	2020 \$
Strong Solutions Pty Ltd	Mr. Frank Poullas is a related party of Strong Solutions Pty Ltd and a director of Magnis Energy Technologies Ltd	Consulting fees and IT Services	Normal commercial terms	208,000 92,970	124,000 57,770
Peter Tsegas	Mr. Peter Tsegas is a Director of Magnis Energy Technologies Ltd	Consulting fees	Normal commercial terms	273,389	35,018
Distinguished Professor M.S. Whittingham	Distinguished Professor M.S. Whittingham is a Director of Magnis Energy Technologies Ltd	Consulting fees	Normal commercial terms	-	14,749
Mr. Troy Grant (Resigned 23 Feb. 2021)	Mr. Troy Grant was a Director of Magnis Energy Technologies Ltd	Consulting fees	Normal commercial terms	50,000	-
				624,359	231,537

2020 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members greater than the 75% 'first strike' threshold at the last 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 2021 in Magnis Energy Technologies Ltd are:

Number of ordinary shares	Class of shares	Exercise price of option	Expiry date of option
3,000,000	Ordinary	0.70	Oct-2022
375,000	Ordinary	0.50	Oct-2023
375,000	Ordinary	0.75	Oct-2023
121,428,572	Ordinary	0.50	May-2023
125.178,572	WEIGHTED AVERAGE	0.51	

WEIGHTED AVERAGE REMAINING LIFE OF OPTIONS:1.8904 years

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 are attached to the options.

During the 2021 financial year, there were Nil (2020: Nil) shares issued because of exercising of options.

PERFORMANCE RIGHTS

Details of performance rights as at 30 June 2021 in Magnis Energy Technologies Ltd are:

Number of ordinary shares	Class of shares	Exercise price of option	Expiry date of option
7,500,000	Ordinary	0.00	n/a
7.500.000	WEIGHTED AVERAGE	0.00	

WEIGHTED AVERAGE REMAINING LIFE OF RIGHTS:9.4221 years

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, except where there is a lack of good faith. 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 Ltd 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 Company's insurance contracts, prohibit the public disclosure of their terms and conditions, including the cost of the premiums.

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. No payment has been made to indemnify Hall Chadwick Melbourne Audit during or since the year ended 30 June 2021.

Directors' Report

PROCEEDINGS ON BEHALF OF THE COMPANY

No person or entity 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 excluding GST/Taxes for non-audit services provided during the financial year by the auditor are outlined below:

Hall Chadwick Melbourne Audit: Sydney, Australia	Sciarabba Walker & Company, LLP: New York, USA	Shephard Consulting Limited: Dar es Salaam, Tanzania
> Taxation services: \$40,677	> Taxation services: \$Nil	> Taxation services: \$104,299
> Corporate services: \$17,864	> Corporate services: \$Nil	> Corporate services: \$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.

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 20.

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 2021

07 Auditor's Independence Declaration

HALL CHADWICK 
MELBOURNE AUDIT
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 2021, 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.



Anh (Steven) Nguyen
Director
Dated: 30 September 2021
Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

 **PrimeGlobal**
An Association of
Independent Accounting Firms
Listed by limited by a scheme approved under
Professional Services Legislation,
Hall Chadwick Melbourne Audit
ABN 41 134 806 025 Registered Company Auditor.

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Hall Chadwick Association - a national group of Independent Chartered Accountants and Business Advisory firms.
MELBOURNE • SYDNEY • BRISBANE • ADELAIDE • PERTH • DARWIN

Statement of Profit or Loss & Other Comprehensive Income

YEAR ENDED 30 JUNE 2021

	Notes	Consolidated	
		2021 \$	2020 \$
Income			
Interest received		174,359	130,363
Foreign exchange gain		12,782	20,978
Profit on sale of fixed assets		242,755	493,311
Other revenue		-	19,843
R&D Grant		69,191	116,385
Government Grants and Assistance	31	120,500	71,000
Total income		619,587	851,880
Expenditure			
Administration expenses		11,476,242	3,732,983
Depreciation expense		213,397	179,615
Directors' fees		436,006	490,639
Employee benefits expense		2,224,277	1,517,875
Legal and consulting expenses		1,484,673	1,294,788
Share based payment to employees	28(a)	5,963	747
Share based payment to non-employees	28(a)	40,050	800
Share of net loss of associate accounted for using the equity method		-	-
Exploration and evaluation expenses		1,007,597	1,013,034
Total expenditure		16,888,205	8,230,481
(Loss) before income tax expense		(16,268,618)	(7,378,601)
Income tax expense	5	-	-
Net (loss) for the year		(16,268,618)	(7,378,601)
Net profit / (loss) for the year attributable to:			
Owners of Magnis Energy Technologies Ltd		(11,345,122)	(6,983,513)
Non-controlling Interest		(4,923,496)	(395,088)
Net (loss) for the year		(16,268,618)	(7,378,601)
Other comprehensive income/(loss)			
<i>Items that will not be subsequently reclassified to profit or (loss)</i>			
Change in fair value of financial assets at FVOCI		7,600,580	(2,524,523)
<i>Items that may be reclassified subsequently to profit or (loss)</i>			
Gain / (loss) on foreign currency translation		1,281,161	876,522
Other comprehensive income / (loss) for the year, net of tax		8,881,741	(1,648,001)
Total comprehensive income / (loss) for the year, net of tax		(7,386,877)	(9,026,602)
Total comprehensive earnings / (loss) for the year attributable to:			
Owners of parent entity		(7,330,352)	(9,024,783)
Non-controlling Interest		(56,525)	(1,819)
Total comprehensive income / (loss) for the year, net of tax		(7,386,877)	(9,026,602)
Basic loss per share (cents per share)	23	1.91	1.11
Diluted loss per share (cents per share)	23	1.91	1.11

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 2021

	Notes	Consolidated	
		2021 \$	2020 \$
Current assets			
Cash and cash equivalents	6, 18(b)	72,894,945	719,615
Trade and other receivables	7	786,648	527,143
Loan receivables	8	19,351,818	280,941
Total current assets		93,033,411	1,527,699
Non current assets			
Financial assets at FVOCI	9	15,096,142	7,495,562
Right-of-use-assets	10	266,305	476,363
Development assets	11	4,982,338	5,577,131
Plant & equipment iM3NY	12(a)	23,290,573	11,971,650
Plant & equipment	12(b)	14,839	16,091
Total non current assets		43,650,197	25,536,797
Total assets		136,683,608	27,064,496
Current liabilities			
Trade and other payables	13	3,672,965	1,794,608
Lease Liability	14(a)	214,076	197,950
Provisions	14(b)	48,345	112,290
Total current liabilities		3,935,386	2,104,848
Non current liabilities			
Lease Liability	14(a)	73,230	292,700
Borrowings	14(c)	65,175,758	-
Provisions	14(b)	-	43,323
Total non current liabilities		65,248,988	336,023
Total liabilities		69,184,374	2,440,871
Net assets		67,499,234	24,623,625
Equity			
Contributed equity	15(a)	179,841,178	128,625,905
Reserves	17	12,386,330	3,521,476
Accumulated Profits/(Losses)		(138,095,014)	(112,938,231)
Parent Interest - Capital and Reserves		54,132,494	19,209,150
Issued Capital - Non-controlling Interest		18,290,236	5,809,563
Accumulated Profits/(Losses) - Non-controlling Interest		(4,923,496)	(395,088)
Non controlling interests		13,366,740	5,414,475
Total equity		67,499,234	24,623,625

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

10 Statement of Changes in Equity

YEAR ENDED 30 JUNE 2021

YEAR ENDED 30 JUNE 2021	Notes	Issued Capital \$	FVOCI Reserve \$	Share Based Payment Reserves \$	Foreign Currency Translation Reserve \$	Accumulated (losses) \$	Non controlling Interests \$	Total Equity \$
At 1 July 2020		128,625,905	(2,524,523)	63,200	5,982,799	(113,333,319)	5,809,563	24,623,625
Loss for the previous period		-	-	-	-	(202,830)	(13,213,843)	13,416,673
Loss for the period		-	-	-	-	(11,345,122)	(4,923,496)	(16,268,618)
Other comprehensive income/ (loss)		-	7,600,580	-	1,281,161	-	-	8,881,741
Total comprehensive income/ (loss) for the year		-	7,600,580	-	1,281,161	(11,547,952)	(18,137,339)	(20,803,550)
Transactions with owners:								
Contributions of equity, net of transaction costs		39,106,954	-	-	-	-	12,480,673	51,587,627
Contributions of equity, net of transaction costs iM3NY		12,108,319	-	-	-	-	-	12,108,319
Share based payments	28(a)	-	-	46,013	-	-	-	46,013
Forfeiture of share-based payments		-	-	(62,900)	-	100	-	(62,800)
Non-Controlled interest		-	-	-	-	(18,137,339)	18,137,339	-
Reclassification from reserve		-	-	-	-	-	-	-
At 30 June 2021		179,841,178	5,076,057	46,313	7,263,960	(143,018,510)	18,290,236	67,499,234

YEAR ENDED 30 JUNE 2020	Notes	Issued Capital \$	FVOCI 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
Contributions of equity, net of transaction costs iM3NY		-	-	-	-	-	-	-
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

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

Statement of Cash Flows

YEAR ENDED 30 JUNE 2021

		Consolidated	
	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(12,095,418)	(4,402,358)
Payment of exploration expenditure		(1,013,435)	(1,009,582)
Payment for development assets		119,279	(8,998)
Interest and other costs of finance paid		(1,922,725)	-
Interest received		172,098	6,698
Government Grants and Assistance		120,500	71,000
R&D grant		69,191	116,385
Net cash used in operating activities	18(a)	(14,550,510)	(5,226,855)
Cash flows from investing activities			
Acquisition of plant & equipment		(11,963,145)	(2,176)
Acquisition of interest in associate		(30,809,961)	(856,222)
Acquisition of interest in financial asset		(11,867)	(27,222)
Proceeds from sale of property, plant, and equipment		242,755	493,311
Payment of loan to related parties		902,432	156,351
Net cash flows used in investing activities		(41,639,786)	(235,958)
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		85,353,763	4,376,833
Repayment of lease liabilities		-	(44,504)
Capital raising expenses		(1,991,491)	19,588
Proceeds from borrowings		66,949,028	-
Repayment of borrowings		4,793,910	-
Transaction costs related to loans and borrowings		(26,366,114)	-
Net cash flows from financing activities		128,739,096	4,351,917
Net increase/(decrease) in cash and cash equivalents		72,548,800	(1,110,896)
Net foreign exchange differences		(373,470)	(5,336)
Add opening cash and cash equivalents – iM3NY		253,417	6,030
Add opening cash and cash equivalents		466,198	1,829,817
Closing cash and cash equivalents	18(b)	72,894,945	719,615

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

12 Notes to the Financial Statements

YEAR ENDED 30 JUNE 2021

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 Ltd and controlled entities described on Note 27 (“the Group”). Magnis Energy Technologies Ltd is a company, limited by shares, incorporated in Australia whose shares are publicly traded on the 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 developing lithium-ion battery technology manufacturing in the USA and Australia combined with pre-mine development of its Nachu Graphite project in Tanzania.

For the year ended 30 June 2021, the Group reported a net loss of \$16,268,618 (2020: \$7,378,601) and net operating cash outflows of \$14,550,510 (2020: \$5,226,855). The operating cash outflows have been funded by cash inflows from equity raisings of \$85,353,763 (2020: \$4,376,833) during the year. As at 30 June 2021 the Group had net current assets of \$89,098,025 (2020: net current liabilities of: \$577,149) including cash reserves of \$72,894,945 (2020: \$719,615).

After year end, Magnis announced that it had secured \$20,000,000 in funding from two US-based institutions, The Lind Partners and SBC Global Investment Fund, via a Convertible Note (“Facility”), that will be used to assist the Company with its aggressive growth plans to fast-track Gigawatt scale production at the iM3NY lithium-ion battery plant located in Endicott, New York. Shares issued under the facility will be in accordance with the terms and conditions of the agreement.

Total funds raised will also be used to strengthen the balance sheet and for general working capital, advance early works with the Company’s 100% owned Nachu Graphite Project in Tanzania, along with any support required towards the Townsville Battery Plant.

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.

If the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty that may cast significant doubt over 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 2021.

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 and the Group has adopted not new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2020.

Exploration and evaluation costs

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

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 value added tax (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.

Notes to the Financial Statements

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, that 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.

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 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.

Notes to the Financial Statements

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 in assessing performance and in determining the allocation of resources. During the financial year, the Group continued its participation in global consortia, including ownership, to operate lithium-ion battery Gigafactories in Australia and the USA. As a member of this consortia, 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.

b) Identification of reportable segments

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 2021 as follows:

- > lithium-ion battery investments
- > graphite exploration and development

c) Identification of reportable segments

2021 Segment financial information	Lithium-ion Battery Investment USA \$	Lithium-ion Battery Investment Australia \$	Graphite Exploration & Development Tanzania \$	Consolidated \$
Segment revenue	-	20,370	599,217	619,587
Segment loss before tax	(6,330,209)	-	(9,938,409)	(16,268,618)
Segment current assets	88,092,175	55,591	4,885,645	93,033,411
Segment non-current assets	34,271,239	-	9,378,958	43,650,197
Segment liabilities	(68,471,980)	-	(712,394)	(69,184,374)

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	7,495,562	-	18,041,235	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 Group's ownership in planned Gigafactories via the Global Consortia: Imperium3 Pty Ltd and Imperium3 New York Inc. Graphite exploration and development currently refers to the pre-development operation of the Nachu Graphite Project in Tanzania. The financial performance of these segments is reported to the Board on a periodical 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, 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	
	2021 \$	2020 \$
Current income tax		
Current income tax credit/(expense)	4,851,325	2,234,220
Tax losses not recognised as not probable	(3,789,971)	(1,747,078)
(Under)/over provision in prior year	1,061,354	487,142
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,061,354)	(487,142)
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	516,517	50,318
Deferred tax offset	(516,517)	(50,318)
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	(16,268,618)	(7,378,601)
At the Group's statutory 30% tax rate (2020: 30%)	4,880,585	2,213,580
Share based payment expense	(12,015)	(120,240)
Movement in temporary differences	(534,589)	(380,565)
Share of net P&L of associate accounted for using equity method	-	-
Exploration and evaluation expense write off	(110,063)	(118,376)
Non-assessable R&D offset income	20,757	34,915
Deductible option issue costs	244,090	115,136
Other adjustments	(1,767,972)	2,627
Tax losses not brought to account	(3,789,971)	(1,747,077)
Loss recoupment	-	-
Income tax (expense) reported in the Statement of Comprehensive Income	-	-

The benefit of these losses and temporary differences will only be obtained if:

- a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- b) the Group continues to comply with the condition of deductibility imposed by law; and
- c) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

At the reporting date, the Group has estimated tax losses of (refer below) 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.

	\$
Group tax losses - 30 June 2021	21,111,995
Transferred tax losses	26,706,090
Tax losses in foreign companies	62,413,482
Total tax losses - 30 June 2021	110,231,267

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 Energy Technologies Ltd 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	
	2021 \$	2020 \$
Cash on hand	2,651	5,094
Cash at bank	3,572,435	714,521
Cash at bank – iM3NY	69,319,859	-
	72,894,945	719,615

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	
	2021 \$	2020 \$
Accrued interest	240	910
Goods and services tax recoverable	239,341	26,158
Prepayments and other receivables	396,090	399,061
Less: allowance for expected credit loss	-	(49,963)
Security deposit	150,977	150,977
	786,648	527,143

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 \$Nil (2020: \$49,963) in the profit or loss, in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2021

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

	Consolidated	
	2021 \$	2020 \$
Opening balance	49,963	107,214
Additional provisions recognised	-	49,963
Receivables written off during the year as uncollectable	(49,963)	(107,214)
Unused amounts reversed	-	-
Closing balance	-	49,963

8. LOAN RECEIVABLES

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

	Consolidated	
	2021 \$	2020 \$
Accrued interest	20,370	167,720
Short-term loan between Charge CCCV LLC & iM3NY Inc.	14,524	1,517,754
Less: allowance for expected credit loss	-	(1,517,754)
Short-term loan - Imperium3 Townsville	35,221	113,221
Capitalised Loan Costs - iM3NY: Other Costs Inc.	20,266,960	-
Amortisation of Capitalised Loan Costs - iM3NY Inc.	(985,257)	-
	19,351,818	280,941

ACCOUNTING POLICIES

Short-term loan between Charge CCCV LLC & iM3NY Inc and Allowance for expected credit losses

Loan receivables are recognised and measured at amortised cost, less any allowance for expected credit losses. On 22 April 2021 and 10 June 2021, Charge CCCV, LLC (C4V) paid off its loan in full to the Company under the Amendment Agreement (Agreement), that both parties entered into on 6 August 2020. The remaining amount due relates to an iM3NY receivable that's due from C4V.

The consolidated entity has recognised a loss of \$Nil (2020: \$1,517,754) in profit or loss in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2021.

Capitalised Loan Costs and Allowance for Amortisation of Capitalised Loan Costs - iM3NY Inc

These are capitalised expenses incurred in securing loan finance for iM3NY Inc. and includes such items as legal fees, agency fees, engineering fees, costs to obtain finance, new equity issuance and other costs that will be amortised in accordance to their respective nature.

The consolidated entity has recognised of \$985,257 (2020: \$Nil) in profit or loss in respect of amortisation of capitalised loan costs related to securing loan finance for iM3NY Inc for the year ended 30 June 2021.

9. FINANCIAL ASSET at FVOCI

	Consolidated	
	2021 \$	2020 \$
Equity investment in Charge CCCV LLC	15,096,142	7,495,562
	15,096,142	7,495,562

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.

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.

On 28 April 2021 and as clarified in announcement on 9 Sept 2021, Riverstone Credit Partners received 3.50% stake in C4V which effectively diluted the Company's ownership in C4V to 9.65% (2020: 10.00%) as at 30 June 2021.

Notes to the Financial Statements

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 principal 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	
	2021 \$	2020 \$
Unlisted securities - Charge CCCV LLC	15,096,142	7,495,562
	15,096,142	7,495,562

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.

10. RIGHT OF USE ASSET

	Consolidated	
	2021 \$	2020 \$
Right-of-use assets at start of period	476,363	-
Additions	-	614,808
Currency Translation	(8,026)	-
Depreciation expense	(202,032)	(138,445)
Carrying value of Right-of-use assets	266,305	476,363

11. DEVELOPMENT ASSETS

	Consolidated	
	2021 \$	2020 \$
Development assets	4,982,338	5,577,131
	4,982,338	5,577,131

ACCOUNTING POLICIES

Development assets are stated at cost less accumulated depreciation and impairment losses. Cost represents 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 to 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 or 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 2021, 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:

	Consolidated	
	2021 \$	2020 \$
Opening balance	5,577,131	5,466,492
Development costs capitalised during the year	-	-
Currency translation difference	(594,793)	110,639
Closing balance	4,982,338	5,577,131

Notes to the Financial Statements

12. (a) PLANT AND EQUIPMENT iM3NY

	Consolidated	
	2021 \$	2020 \$
Plant and Equipment - iM3NY	23,290,573	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 the 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 global engineering, architecture and consultancy company Ramboll Energy to confirm the iM3NY plant and equipment US\$71,340,620 valuation.

On 19 April 2021 when the Company announced that its majority owned subsidiary Imperium3 New York Inc. (iM3NY), had received funding to fast-track production at its lithium-ion battery plant in Endicott, NY, Riverstone Credit Partners, L.P. confirmed through its due diligence that iM3NY has US\$230 Million of manufacturing assets in place.

As at 30 June 2021, no impairment to the carrying value of the iM3NY P&E assets has been deemed necessary.

Movements in iM3NY P&E assets

Movements in iM3NY P&E assets during the financial year, are set out as follows:

	Consolidated	
	2021 \$	2020 \$
Opening balance	11,971,650	-
iM3NY P&E costs capitalised during the year	11,953,079	11,971,650
Currency translation difference	(634,156)	-
Closing balance	23,290,573	11,971,650

12. (b) PLANT AND EQUIPMENT

	Consolidated	
	2021 \$	2020 \$
Plant and Equipment	14,839	16,091

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 associated 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 or 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 its 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

The residual value and useful life of assets are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposal(s), if any, are determined by comparing the proceeds with the 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.

Notes to the Financial Statements

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

	Consolidated						
	Plant and equipment \$	Office equipment \$	Software \$	Office furniture and fittings \$	Office Improvements \$	Motor vehicles \$	Total \$
Year ended 30 June 2021							
Balance at 1 July 2020 net of accumulated depreciation	1,856	9,756	-	93	-	4,386	16,091
Additions	-	9,412	-	654	-	-	10,066
Disposals	-	-	-	-	-	-	-
Currency translation differences	(155)	663	-	(93)	-	(368)	47
Depreciation charge for the year	(643)	(6,859)	-	(26)	-	(3,837)	(11,365)
Balance at 30 June 2021 net of accumulated depreciation	1,058	12,972	-	628	-	181	14,839
At 30 June 2021							
Cost	411,218	105,227	-	15,775	61,055	33,515	626,790
Accumulated depreciation and impairment	(410,160)	(92,255)	-	(15,147)	(61,055)	(33,334)	(611,951)
Net carrying amount	1,058	12,972	-	628	-	181	14,839
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

13. TRADE AND OTHER PAYABLES

Current	Consolidated	
	2021 \$	2020 \$
Trade payables	3,445,569	1,127,120
Other payables and accruals	227,6396	667,488
	3,672,965	1,794,608

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. (a) LEASE LIABILITIES

Current	Consolidated	
	2021 \$	2020 \$
Lease liabilities	214,076	197,950
	214,076	197,950

Non Current	Consolidated	
	2021 \$	2020 \$
Lease Liabilities	73,230	292,700
	73,230	292,700

ACCOUNTING POLICIES

The lease liability is measured at the present value of the fixed and variable lease payments, net of cash lease incentives, that are not paid at the balance date. Lease payments are apportioned between finance charges and a reduction of the lease liability using the incremental borrowing rate implicit in the lease where available, or an assumed Group incremental borrowing rate, to achieve a constant rate of interest on the remaining balance of the liability.

14. (b) PROVISIONS

Current	Consolidated	
	2021 \$	2020 \$
Provision for annual leave	48,345	112,290
	48,345	112,290

Non Current	Consolidated	
	2021 \$	2020 \$
Provision for long service leave (a)	-	43,323
	-	43,323

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

Notes to the Financial Statements

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.

14. (c) BORROWINGS

NON-Current	Consolidated	
	2021 \$	2020 \$
iM3NY Borrowings	65,175,758	-
	65,175,758	-

SECURED LOANS AND BORROWINGS

On 19 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.

ACCOUNTING POLICIES

Loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The component of secured notes that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of transaction costs. On issue of secured notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

15. CONTRIBUTED EQUITY

	Number of shares	2021 \$
a) Issued capital		
Ordinary shares fully paid	851,434,546	179,841,178
Fully paid ordinary shares carry on vote per share and carry a right to dividends.		
b) Movements in fully paid shares		
At 30 June 2020	665,006,221	128,625,905
Shares restructure - iM3NY	-	12,108,319
Shares issued	166,428,325	41,649,995
Exercise of unlisted rights and options	-	-
Transaction costs	-	(2,543,041)
Share issue to MEST	20,000,000	-
At 30 June 2021	851,434,546	179,841,178

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

- > \$41,649,995 (2020: \$5,000,000) from share placements of 166,428,325 (2020: 53,870,225) fully paid ordinary shares. Transaction costs amounted to \$2,543,041 (2020: \$551,515).
- > The February 2021 placement was for consideration of 28 cents and each share carries a free unlisted option entitlement to 1 ordinary share exercisable within 2 years for 50 cents.

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 are appropriately expended. 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.

Notes to the Financial Statements

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.

Financial assets measured at fair value	Level in Fair Value hierarchy	Consolidated	
		2021 \$	2020 \$
Financial assets at FVOCI	3	15,096,142	7,495,562
Investment accounted for using the equity method	3	-	-
		15,096,142	7,495,562

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 has a 32.61% (2020: 45.18%) see-through direct and indirect strategic investment in a New York lithium-ion battery production plant, Imperium3 New York Inc ('iM3NY'/'iM3NY'), via iM3NY LLC. 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 iM3NY 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 first obtaining an independent valuation of the plant equipment purchased in 2018. The valuation of plant equipment was undertaken in August 2019 by engineering firm O'Brien & Gere that assessed all the items purchased. At that time the external valuer attributed the status and condition at a valuation of US\$71.34 Million. In October 2019, the Group had an independent valuation undertaken by

global engineering, architecture and consultancy company Ramboll Energy which confirmed that the iM3NY plant and equipment was valued at US\$71,340,620.

On 19 April 2021 Magnis announced that the iM3NY project is fully funded to 1.8GWh of annual production. Riverstone Credit Partners, L.P. confirmed after carrying out its due diligence that iM3NY has US\$230 Million (AUD\$306.4 Million) of manufacturing assets in place, of which C4V has a see-through direct and indirect strategic interest via iM3NY LLC that is equivalent to US\$75.0 Million (\$99.99 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 and risk committee of the valuation techniques adopted. The Group normally 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 (Bankable Feasibility Study)	Preliminary (Feasibility Study)	n/a	The more advanced the project the higher the fair value
Timeline to production the lower the fair value	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	\$359.7M (US\$270M)	\$3Billion	n/a	The higher the capital required the lower the fair value
Expected annual volumes	DCF	240,000 tonne p.a.	18GWh	n/a	The higher the annual volumes the higher the fair value
Valuation of battery manufacturing equipment	FV	n/a	n/a	\$306.4M (US\$230M)	The lower the recoverable amount of the equipment the lower the fair value

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. In addition, C4V also holds patents, and their management of those patents, ongoing and active research that results in new patents or their economic success is uncertain. In addition, claims against these patents and the cost of defending claims is likewise uncertain but does represent a real risk. As a result, the fair value is exposed to various forms of risk. The fair value as at reporting date 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 is committed to supporting the Audit and Risk Committee to develop risk management and mitigation strategies for implement so it can reduce its exposure.

Notes to the Financial Statements

Project status

The 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 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 \$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 \$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.

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 project's ability to repay project finance and result in a lower fair value. To mitigate these risks, iM3TSV will appoint a financing professional in the capacity of advisor to jointly develop the Project funding strategy as part of this feasibility study. In the role of financial advisor, the financing professional will bring 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\$359.7M (US\$270M), however a smaller planned mine would reduce these projections. This is also considered a significant amount of capital which can attract sovereign risk when 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 project in a jurisdiction with high sovereign risk.

Expected annual production

Project development of iM3TSV has been phased into three stages of 6GWh each. The benefit of a staged 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 as well as 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 iM3TSV 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 ramp up staff beyond stage 1.

The Nachu Graphite Project has been reported as the largest mineral resource of large flake graphite in the world. There is a risk, at a production rate of 240,000tpa, that supply may 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, and 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 reduced scale for a reduction in required capital outlay.

Royalties and 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 iM3NY

Realising the recoverable amount of C4V's investment in iM3NY is dependent on proceeds of sale equalling the estimated US\$230 Million (AUD\$306.4 Million) of manufacturing assets in place, of which C4V has a see-through direct and indirect strategic interest via iM3NY LLC equivalent to US\$75.00 Million (AUD\$99.99 Million).

There is a risk that there may be significant advancements in state-of-the-art equipment render current equipment obsolete, or buyers are then increasingly difficult to identify. The valuation of the battery manufacturing equipment does not factor in the cost of relocating the equipment from iM3NY to the buyer(s). If iM3NY 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 give rise to 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.

iM3TSV has endeavoured to mitigate these risks by targeting an advantageous mix of achievable funding sources and 'sticky' 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 that the Group believes will mitigate the risk of attracting finance with substantial risk premium embedded in the interest rate.

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 daily currency. Adverse foreign currency fluctuation can add significant additional costs to the estimated construction costs of the project.

Notes to the Financial Statement

The Nachu project is exposed to currency fluctuations between the United States Dollar (US\$) and the Tanzanian Shillings (TZS). Where possible, the Group mitigates this risk by executing supply agreements in US\$, however local content requirements limit the extent to which this strategy can be implemented.

In order to protect against exchange rate movements, the Audit and Risk Committee may 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 \$0.045M/ (\$0.056M)
	Risk adjusted discount rate	5% change would increase/ (decrease) fair value by \$2.86M/ (\$1.876M)
	Expected annual volumes	5% change would increase/ (decrease) fair value by \$0.564M/ (\$0.564M)
	Valuation of battery manufacturing equipment	5% change would increase/ (decrease) fair value by \$3.276M/ (\$3.276M)

Investment accounted for using the equity method - Magnis investment in iM3NY via iM3NY LLC

Investment accounted for using the equity method comprises the Group's investment in its majority owned 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

iM3NY owns battery plant assets located in a planned lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York.

As at the end of the reporting period, the Company has a 59.88% (2020: 53.39%) see-through direct and indirect strategic investment via iM3NY LLC in iM3NY. However, due to iM3NY restructuring their entity and creating iM3NY LLC from post April 2021 because of the binding Riverstone Credit Partners, L.P. agreement, new investors were introduced as well as an employee incentive scheme was provisioned as part of the syndicated funding package.

This restructuring has now placed investors who previously held shares directly in iM3NY, to now become investors with an indirect exposure to iM3NY, through their direct holding in iM3NY LLC. Further, the provisioning for employee incentive units in iM3NY LLC as well as the introduction of new investor ownership in iM3NY, has caused some dilution as at the reporting date when determining the see-through direct and indirect ownership exposure of iM3NY LLC investors in iM3NY, combined with iM3NY shareholder ownership.

The table below provides the see-through direct and indirect strategic ownership of all iM3NY LLC investors in iM3NY, combined with iM3NY shareholder ownership as at 30 June 2021:

	Direct and Indirect Strategic Ownership	
	2021 %	2020 %
Magnis (includes 9.65% (2020:10.00%) of C4V)	59.88	53.39
C4V	32.61	45.18
Primet	0.53	0.63
C&D	0.67	0.80
Atlas	0.50	-
iM3NY LLC	94.19	100.00
Riverstone Group (includes 3.5% (2020: 0%) of C4V)	5.17	-
Prisma Pelican Fund	0.32	-
HSBC Bank	0.32	-
Riverstone, HSBC + Prisma	5.81	-
iM3NY Inc.	100.00	100.00

Throughout the Report, the use of 'see-through direct and indirect strategic ownership' refers to the Company's economic interest in iM3Y LLC, which includes its direct ownership in C4V, as iM3NY LLC invests directly in iM3NY as per above. The Group has determined the fair value of its strategic investment in iM3NY by first obtaining a third-party valuation of the recoverable amount of the battery plant equipment purchased in 2018. The valuation of plant equipment was undertaken in August 2019 by engineering firm O'Brien & Gere who assessed all the items purchased. At that time the external valuer attributed the current status and condition at a valuation of US\$71.34 Million. In October 2019, the Group had an independent valuation undertaken by global engineering, architecture and consultancy company Ramboll Energy which confirmed that the iM3NY plant and equipment was valued at US\$71,340,620.

On 19 April 2021 Magnis announced that the iM3NY project is fully funded to 1.8GWh of annual production. Riverstone Credit Partners, L.P. confirmed after carrying out its due diligence that iM3NY has US\$230 Million (\$306.4 Million) of manufacturing assets in place, of which Magnis has a see-through direct and indirect strategic interest equivalent to US\$137.77 Million (\$183.55 Million).

17. RESERVES

a) Reserves

	Consolidated	
	2021 \$	2020 \$
Foreign currency translation	7,263,960	5,982,799
Share based payment	46,313	63,200
FVOCI Reserve	5,076,057	(2,524,523)
	12,386,330	3,521,476

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.

Notes to the Financial Statements

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.

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	
	2021 \$	2020 \$
Net loss	(23,431,109)	(7,867,088)
Non cash and non operating items		
Depreciation of non current assets	11,365	40,869
Amortisation of borrowing costs	6,742,327	-
Share based payments	46,013	401,547
Share of associates net loss accounted for using the equity method	-	-
(Profit)/ Loss on sale of assets	(242,755)	(54,256)
Net foreign currency translation gain (loss)	7,112,967	165,416
Accrued interest	-	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(2,146,105)	1,338,222
(Increase)/decrease in prepayments	146,827	(221,719)
(Increase)/decrease in security bonds	-	-
(Increase)/decrease in exploration assets	-	-
(Increase) in development assets	127,363	-
Increase/(decrease) in trade and other payables	(2,564,767)	451,519
Increase/(decrease) in provisions	(352,636)	518,635
Net cash outflow from operating activities	(14,550,510)	(5,226,855)

a) Reconciliation of cash and cash equivalents

Cash at bank and in hand	72,894,945	719,615
Cash at bank	72,894,945	719,615

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.

	Consolidated	
	2021 \$	2020 \$
Not later than one year	82,460	90,015
	82,460	90,015

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 2021.

The Group has guarantees for property leases and banking finance facilities of \$150,977 (2020: \$150,977).

21. EVENTS AFTER REPORTING PERIOD

On 3 August 2021, Magnis announced it secured a total of \$20,000,000 (\$21,000,000 in Face Value) from two US-based institutions The Lind Partners and SBC Global Investment Fund, via a Convertible Note ("Facility") for working capital and to assist with funding the iM3NY's plans to fast-track Gigawatt scale production at the lithium-ion battery plant, in New York. Shares issued under the facility will be in accordance with the terms and conditions of the agreement. Funds were also used to advance the Nachu Graphite Project, and support the Townsville Battery Plant.

On 3 August 2021 Magnis issued 14,000,000 fully paid ordinary (FPO) shares under terms of Convertible Securities Agreements to The Lind Partners and SBC Global Investment Fund as well as 5,000,000 Shares to Evolution Capital Advisors Pty Ltd to remunerate the advisers who supported the successful transaction.

On 6 August 2021, and 9 August 2021, Magnis Energy Technologies Ltd Magnis issued (when combined) 21,000,000 FPO shares and on 13 August 2021 issued 38,000,000 FPO shares under terms of Convertible Securities Agreements to The Lind Partners and SBC Global Investment Fund.

On 2 September 2021, Magnis announced KMP appointment of lithium-ion battery expert Dr. Jawahar Nerkar as Director of Battery Technologies and KMP appointment of experienced Fund Manager Aran Nagendra as Corporate Development and Investor Relations Manager.

Notes to the Financial Statements

22. AUDITORS' REMUNERATION

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

	Consolidated	
	2021 \$	2020 \$
(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	79,973	106,392
Other services in relation of the entity and any other entity in the consolidated Group		
– Taxation services	48,247	97,719
– Corporate services	2,948	-
	131,168	204,111
(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	-	-
Other services in relation of the entity and any other entity in the consolidated Group – Taxation services	-	-
	-	-

23. LOSS PER SHARE

	Consolidated	
	2021 \$	2020 \$
(a) Reconciliation of earnings to profit or loss:		
Net loss - Loss used in calculating basic loss per share	16,268,618	7,378,601
	Shares 2021	Shares 2020
(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	851,434,546	665,006,221

Basic loss per share (cents per share): 1.91 (2020: 1.11)

(c) Effect of dilutive securities

For the year ended 30 June 2021 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): 1.91 (2020: 1.11)

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, divided 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 consider 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	
	2021 \$	2020 \$
Short-term employee benefits	1,039,592	1,174,792
Termination benefits	143,000	-
Post-employment benefits	77,639	59,927
Share-based payments	-	747
	1,260,231	1,235,466

(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	
				2021 \$	2020 \$
Strong Solutions Pty Limited	Mr. Frank Poullas is a related party of Strong Solutions Pty Limited and Executive Chairman of Magnis Energy Technologies Ltd	Consulting fees IT Services	Normal Commercial Terms	208,000 92,970	124,000 57,770
Mr. Peter Tsegas	Mr. Peter Tsegas is a Non-Executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	273,389	35,018
Prof. M. Stanley Whittingham	Prof. M. Stanley Whittingham is a Non-Executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	-	14,749
Mr. Troy Grant (Resigned 23 Feb. 2021)	Mr. Troy Grant was a Non-Executive Director of Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	50,000	-
				624,359	231,537

Notes to the Financial Statements

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

Assets and liabilities	2021	2020
	\$	\$
Trade and other payables	68,100	-
Current liabilities	68,100	-

25. RELATED PARTY DISCLOSURES

PARENT ENTITY

Magnis Energy Technologies Ltd 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 Ltd 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.

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 6.64% (2020: 8.53%) of the ordinary shares in Magnis Energy Technologies Ltd.

AL CAPITAL HOLDING PTY LTD controls 0% (2020: 5.58%) of the ordinary shares in Magnis Energy Technologies Ltd.

26. PARENT ENTITY INFORMATION

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

	Parent	
	2021 \$	2020 \$
Statement of profit or loss and other comprehensive income		
Profit after income tax	(8,889,419)	(6,972,873)
Total comprehensive income	(8,889,419)	(6,972,873)
Statement of financial position		
Total current assets	3,926,870	1,047,024
Total assets	56,352,702	14,789,856
Total current liabilities	336,867	707,521
Total liabilities	565,302	1,142,782
Net Assets	55,787,399	13,647,074
Equity		
Issued capital	167,732,859	128,625,905
Equity settled employee benefits reserve	3,883,456	63,200
Equity FVOCI reserve	5,076,057	(2,524,523)
Retained profits	(120,904,972)	(112,517,507)
Total equity	55,787,399	13,647,074

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment at as 30 June 2021 and 30 June 2020.

Remuneration commitments

The parent entity has a remuneration commitment of \$83,042 as at 30 June 2021 (2020: \$89,247).

Notes to the Financial Statements

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	
			2021 %	2020 %
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	100
Imperium3 New York Inc. ²	USA	Common	60	62
iM3NY LLC ³	USA	Common	62	0
Faru Resources Limited ⁴	Tanzania	Ordinary	0	100
Juhudi Minerals Limited ⁴	Tanzania	Ordinary	0	100

¹ percentage of voting power is in proportion to ownership (direct and indirect).

² Imperium3 New York Inc. was incorporated for consolidation purposes on 29 June 2020. The remaining 40% (2020: 38%) has been attributed to non-controlling interests.

³ iM3NY LLC was incorporated for consolidation purposes on 16 April 2021. The remaining 38% (2020: 0%) has been attributed to non-controlling interests.

⁴ Deregistered 20 Jan 2020.

ACCOUNTING POLICIES

Principles of consolidation

The consolidation financial statements are those of the consolidated entity, comprising Magnis Energy Technologies Ltd [the parent entity], special purpose entities and all entities which Magnis Energy Technologies Ltd 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 an investee if and only if the Group has:

- > power over the investee [i.e. existing rights that give it the 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-assesses 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. 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.

At 29 June 2020 Magnis acquired additional shares in Imperium 3 New York Inc. (iM3NY) to become a majority shareholder. The direct ownership in iM3NY has been accounted for as an asset acquisition and not a business combination, due to factors which include the equipment assets had been relocated from a previous owner's facility and at the time of the transaction were still in the process of being recommissioned ahead of the commencement of production.

However, from late March 2021 to April 2021, iM3NY undertook a restructuring that created subsidiary iM3NY LLC as a result of the binding Riverstone Credit Partners, L.P. agreement. As part of the syndicated funding package, new investors were introduced in iM3NY and iM3NY LLC and existing iM3NY investors were migrated into iM3NY LLC. This restructuring has now placed investors like Magnis and C4V who previously held shares directly in iM3NY, to now become investors with an indirect exposure to iM3NY, through their direct holding in iM3NY LLC.

During the financial year, Magnis provided further funding for the iM3NY lithium-ion battery project and increased its total iM3NY see-through direct and indirect ownership exposure in to 59.88% on 30 June 2021 by undertaking a debt for equity swap via a cash settlement of \$30,616,287.83 of iM3NY borrowings.

Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired.

The consideration transferred for the acquisition of a subsidiary comprises the:

- > fair values of the assets transferred
- > liabilities incurred to the former owners of the acquired business
- > equity interests issued by the group
- > fair value of any asset or liability resulting from a contingent consideration arrangement, and
- > fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Notes to the Financial Statements

Acquisition-related costs are expensed as incurred.

The excess of the

- > consideration transferred,
- > amount of any non-controlling interest in the acquired entity, and
- > acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where an acquisition does not meet the definition of a business in AASB 3 Business Combinations, the transaction is accounted for as an asset acquisition. Acquired assets are measured at their proportionate share of the transaction consideration, and no goodwill or bargain purchase is recognised.

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	
	2021 \$	2020 \$
Expense arising from the issue of MOST options (employees)	5,963	748
Expense arising from the issue of MOST options (non-employees)	-	800
Expense arising from the issue of MERT rights (employees)	40,050	-
Total expense arising from share-based payment transactions	46,013	1,548

b) Types of share-based payment plans

OPTION SHARE PLAN: MOST - (EMPLOYEES)

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors, Key Management Personnel (KMP) employees and other employees of the consolidated entity. **The Magnis Option Share Trust ("MOST")** is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. In accordance with the provisions of the Plan, listed fully paid ordinary shares and unlisted options are held on behalf of Plan Participants by the Trustee of the MOST. Under the MOST, the exercise price of the options is set by the Board on the date of grant. The life of options to participants granted are for 3 years, but these must be exercised within 3 months of the option holder ceasing employment with Magnis Energy Technologies Ltd. There are no cash settlement alternatives.

RIGHTS PLAN: MERT - (EMPLOYEES)

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the consolidated entity. In accordance with the provisions of the Plan, unlisted performance share rights are held on behalf of Plan

Participants by the Trustee of the **Magnis Executive Rights Trust ("MERT")**. Under MERT, the Executive Rights are divided into five tranches and conversion of each tranche is dependent on satisfaction of performance milestones and service conditions applicable to each tranche, including the relevant person being a director at the time the respective performance milestone tranche is satisfied. Although no specific expiry date exists for each tranche, it has been accepted under AASB2 that the life of Executive Rights granted to participants are for 10 years, but they will immediately lapse when the Executive Rights holder ceases employment with Magnis Energy Technologies Ltd. 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

Options granted under share-based payment

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

	2021 No.	2021 WAEP	2020 No.	2020 WAEP
Outstanding at the beginning of the year	10,000,000	0.58	15,800,000	0.71
Granted during the year	750,000	0.63	12,100,000	0.69
Exercised during the year	-	-	-	-
Expired/Lapsed during the year	(7,000,000)	-	(17,900,000)	-
Outstanding at the end of the year	3,750,000	0.69	10,000,000	0.58
Exercisable at the end of the year	3,750,000	0.69	10,000,000	0.58

The range of exercise prices for rights and options outstanding at the end of the year was between \$0.50 and \$0.75 (2020: \$0.40 and \$0.70).

Rights granted under share-based payment

The below table shows the number of, and movements in, MERT performance share rights issued during the year.

	2021 No.	2021 WAEP	2020 No.	2020 WAEP
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	12,500,000	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	(5,000,000)	-	-	-
Outstanding at the end of the year	7,500,000	-	-	-
Exercisable at the end of the year	7,500,000	-	-	-

During 2021, there were Nil (2020: Nil) shares issued as a result of converting performance rights.

Notes to the Financial Statements

) Weighted average remaining estimated life

The weighted average remaining estimated life outstanding as at 30 June 2021 is :

- > Share options: 1.54 years (2020: 1.46 years)
- > Share rights: 9.42 years (2020: Nil years)

f) Weighted average fair value

The weighted average fair value granted during the year to 30 June 2021 is :

- > Share options: \$0.00795 (2020: \$0.0022)
- > Share rights: \$0.00534 (2020: Nil)

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, considering 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 2021:

	2021
Dividend yield (%)	Nil
Expected volatility (%)	47 - 54
Risk-free interest rate (%)	0.032 – 0.062
Expected life of option (years)	2.0 – 3.0
Option exercise price (cents)	50 - 75
Weighted average share price at measurement dates (cents)	18.5 - 27.5
Exercise price multiple	2
Model used	Binomial

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 750,000 (2020: 8,100,000) 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 the extent to which the vesting period has expired and 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 national currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Notes to the Financial Statements

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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
US dollars	4,028,024	3,941,559	203,701	249,244
	4,028,024	3,941,559	203,701	249,244

The Group had net assets denominated in foreign currencies of \$3,824,324 (assets less liabilities) as at 30 June 2021 (2020: \$3,692,315). Based on this exposure, had the Australian dollar weakened or strengthened by 5% (2020: weakened by 5% / strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's loss before tax for the year would have been \$254,749 lower / \$254,749 higher (2020: \$276,535 lower / \$276,535 higher) and equity would have been \$355,476 higher / \$355,476 lower (2020: \$276,535 / lower \$276,535).

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 2021 was \$12,782 (2020: \$20,978)

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	
	2021 \$	2020 \$
Cash and cash equivalents	72,894,945	719,615

The weighted average interest rate for the Group at reporting date was 0.047% (2020: 1.78%).

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 2021 and 2020.

30 June 2021	Carrying Amount	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$

Consolidated Entity

Financial asset					
Cash and cash equivalents	72,894,945	(728,949)	(728,949)	728,949	728,949

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

The sensitivity was higher during 2021 than 2020 because of higher 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 receive cash flow reports periodically 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 2021. The remaining contractual maturities of the Group entity's financial liabilities consisting of trade and other payables are:

	Consolidated	
	2021 \$	2020 \$
On demand	-	-
Less than 1 year	3,672,966	1,794,608
1-5 years	-	-
> 5 years	-	-
	3,672,966	1,794,608

(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 JobKeeper Payment was received during the period to 28 March 2021 when the program ceased. The Company collected \$70,500 (2020: \$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 up to \$100,000 were made by the ATO to support the cashflow challenges faced by eligible small and medium businesses during the economic downturn associated with COVID-19 and to improve business confidence. The company qualified for the scheme which ceased in September 2020 and collected \$50,000 (2020: \$50,000) in cash flow boost payments during the period.

13 Directors' Declaration

In accordance with a resolution of the Directors of Magnis Energy Technologies Ltd, 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 2021 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 2021.

On behalf of the board



F Poullas
EXECUTIVE CHAIRMAN

Sydney, 30 September 2021



14 Independent Auditor's Report



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

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS 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 2021, 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 2021 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 \$16,268,618 during the year ended 30 June 2021 and, as of that date, the company had net current assets of \$89,098,025 including cash reserves of \$72,894,945. 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.



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INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS 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 2021. 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</p> <p><i>Refer to Note 9 'Financial Assets at FVOCI</i></p> <p>At 30 June 2021, the Consolidated Entity had an investment in Charge CCCV LLC "C4V" an entity external to the Group and recorded at a value of \$ 15,096,041. 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 16 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. • Evaluating the accuracy and completeness of the disclosures in accordance with AASB 9, AASB 13 and AASB 7.

Independent Auditor's Report



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

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 \$23,290,573 of property, plant and equipment at 30 June 2021. Included in the carrying value is equipment held by a subsidiary amounting to \$23,290,573. 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 management's 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. Communicated with the group auditor to assess if their work performed in respect of the fixed assets is reasonable.

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 \$4,982,338 recorded as development asset as at 30 June 2021. 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; obtained management's position on the assessment of impairment at the end of the year and evaluated it for reasonability; reviewed the tenements profile and ensured any that have been surrendered were expensed as required; discussed with management of the Group's ability and intention to undertake further exploration activities; Communicated with the group auditors and obtained explanations and supporting document.



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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Borrowings <i>Refer to Note 14(c) 'Non Current - Borrowings'</i> The Group has \$65,175,758 of current borrowings as at 30 June 2021. This is considered to be a key area of audit focus due to its materiality to the financial report.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • A review of the loan documentation including the terms of the secured loans and evaluated the accounting treatment adopted by management in accounting for the borrowings. • Communicated with the Group Auditors to confirm if their test of details has identified any issues. • We assessed the adequacy of the Group's disclosures in respect of borrowings.
<p>Stock Options <i>Refer to Note 15 'Contributed equity'</i> During the year Magnis raised share capital through investors in two tranches.</p> <ul style="list-style-type: none"> • 108,309,719 ordinary shares in February 2021 and • 13,118,853 ordinary shares in May 2021. <p>Each of these 121,428,572 ordinary shares have options attached to them.</p> <p>The independent Remuneration and Strategies Committee have assessed the value of these options to be \$3,837,143.</p> <p>This is a key audit matter because of the judgements and estimates along with the disclosure considerations that are required.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We have obtained valuation report of the options and obtained the views of the management. • Obtained a copy of an independent review of report issued by the Remuneration Strategies Committee which included the assessment of compliance with AASB 2 Share Based Payment by a competent professional initiated by the management. • Ascertained whether journal entries are required to be posted to reflect these options or if disclosure note is adequate. • Evaluated the accuracy and completeness of the disclosures in accordance with AASB 2 Share Based Payment. • Subsequently, we reviewed reports produced by Hall Chadwick Corporate Finance together with advice provided by Hall Chadwick Melbourne. Based on our review, we have not included in the accounts any reporting of the valuation attributable to the 121,428,572 options granted in respect of the February 2021 capital raise, on the basis that the options granted are not a share based expense within the definition of ASSB 2.

Independent Auditor's Report



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

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Stock Options (Continued)	<ul style="list-style-type: none"> Regarding the 20,000,000 shares issued to former director, due to the role being terminated by 30th June 2021, we have agreed with management's accounting treatment to ignore any accounting with respect to the shares issued (in compliance with AASB2). With the remaining options granted during the 2021 year to management and officeholders, due to immaterial differences when comparing the reports produced by Remuneration Strategies and Hall Chadwick Corporate Finance, we have accepted the valuation reports produced by Remuneration strategies and accounted for the share based payment expense in accordance with AASB 2.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
AASB 3 Business Combination <i>Refer to Note 27 'Interests in controlled entities'</i> IM3NY became a subsidiary of Magnis Energy Technologies Limited on 29 June 2020. The purchase has been accounted for as an asset acquisition and not a business combination, due to factors which include the equipment assets had been relocated from a previous owner's facility and at the time of the transaction were still in the process of being recommissioned ahead of the commencement of production. Magnis provided further funding for the lithium-ion battery project and increased its total interest in IM3NY to 59.88% by undertaking a debt for equity swap via a cash settlement of \$ 30,616,287. 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 <i>AASB 3 Business Combinations</i> .	Our procedures included, amongst others: <ul style="list-style-type: none"> Obtaining and assessing the management's review and assessment of the fair value of assets in the subsidiary substantiated by adequate supporting documents. Evaluated the impacts of <i>AASB 3 Business Combinations</i> and ascertaining if the entries posted by the management are reflective of the requirements of the standards and the current arrangements with the subsidiary. Ascertained if the management has accounted for the Non-Controlling interest correctly. Evaluating the accuracy and completeness of the disclosures in accordance with <i>AASB 3 Business Combinations</i>.



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

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 2021, 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.

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.

Independent Auditor's Report

HALL CHADWICK MELBOURNE AUDIT

- 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.

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 18 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Magnis Energy Technologies Limited, for the year ended 30 June 2021, complies with 300A of the Corporations Act 2001.

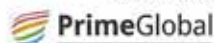
Responsibilities

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.



Anh (Steven) Nguyen
Director

Dated: 30 September 2021
Hall Chadwick Melbourne Audit
Level 14 440 Collins Street
Melbourne VIC 3000



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547.063 ▼

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2.47%

893.094 ▼

9.30%

772.008 ▲

785.052 ▲

785.052 ▲ 0.4

547.063 ▼

181.550 ▲

2.47%

893.094 ▼

9.30%

772.008 ▲

14 Additional Shareholder Information

A) QUOTED SECURITIES

The security holder information set out below was current at 26 October 2021.

There were 929,434,546 ordinary shares on issue held by 15,082 shareholders all of which are quoted on the Australian Stock Exchange. There are no restricted shares on issue. Details of unquoted securities is provided towards the end of this section.

Range	Securities	%	No. of Holders	%
100,001 and Over	707,207,574	76.09	1,133	7.51
10,001 to 100,000	184,914,459	19.90	5,521	36.61
5,001 to 10,000	22,638,959	2.44	2,827	18.74
1,001 to 5,000	14,494,943	1.56	5,146	34.12
1 to 1,000	178,611	0.02	455	3.02
Total	929,434,546	100.00	15,082	100.00

Unmarketable Parcels:

Holdings of less than a marketable parcel of ordinary shares: Holders: 744 (4.93%) Units: 532,494 shares (0.6%)

On-market buy-back

There is no current on-market buy-back.

Substantial shareholders

Name	No. of Holders	%
CITICORP NOMINEES PTY LIMITED	67,033,413	7.21%
MAZZDEL PTY LIMITED AND AS ATF <OLIVIA SUPER FUND A/C>	55,339,853	5.95%

LARGEST 20 SHAREHOLDERS

	Name	Number of shares	% of ordinary shares
1	CITICORP NOMINEES PTY LIMITED	67,033,413	7.21
2	MAZZDEL PTY LIMITED AND AS ATF <OLIVIA SUPER FUND A/C>	55,339,853	5.95
3	SMARTEQUITY EIS PTY LTD	20,750,000	2.23
4	MR MATTHEW JOHN BOYSEN	19,339,464	2.08
5	MR FRANK POUILLAS AND ATF <UHORSEMAN SUPER FUND A/C>	16,709,879	1.80
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	13,345,899	1.44
7	SBC GLOBAL INVESTMENT FUND	9,750,000	1.05
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,172,912	0.56
9	MR MARLON PATHER	5,000,000	0.54
10	JKB ALPHA PTY LTD <JKB ALPHA A/C>	5,000,000	0.54
11	LIND GLOBAL FUND II LP	4,575,000	0.49
12	MISS HAZEL DARCY	4,254,921	0.46
13	MS RUIE YAO	4,230,000	0.45
14	MR JOHN PETER SAUNIG	4,179,322	0.45
15	DR CRAIG GEOFFREY SURTEES	4,100,309	0.44
16	KMJ CONSULTING PTY LTD	3,921,387	0.42
17	STONE INVESTMENTS & HOLDINGS PTY LIMITED	3,830,000	0.41
18	SYDNEY WYDE HOLDINGS PTY LTD <SYDNEY WYDE A/C>	3,660,000	0.40
19	MAXMA FAMILY PTY LTD <MA FAMILY A/C>	3,650,000	0.39
20	MR JURGEN BEHRENS	3,500,000	0.38
	Total	257,342,359	27.69
		672,092,187	72.31
	Grand total	929,434,546	100.00

Voting Rights

At a general meeting, shareholders are entitled to one vote for each fully paid share held. On a show of hands, every shareholder present in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for each fully paid share held.

B. UNQUOTED SECURITIES

I. Unlisted Options

Type of security	Issue date	Number of options	Exercise Price	Expiry date
Unlisted Options held in the Magnis Option Share Trust (Vested) (Number of option holders – 4)	Varying dates	3,750,000	Varying between \$0.50 to \$0.75	Varying expiry ranging from 31 October 2022 to 28 October 2023
Unlisted Options (vested) (Number of option holders – 392)	26/05/2021	121,428,572	\$0.50	26 May 2023

II. Unlisted Performance Rights

7,500,000 Performance Rights are held by related parties on terms disclosed in the remuneration report.

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⚡ ELECTRIC

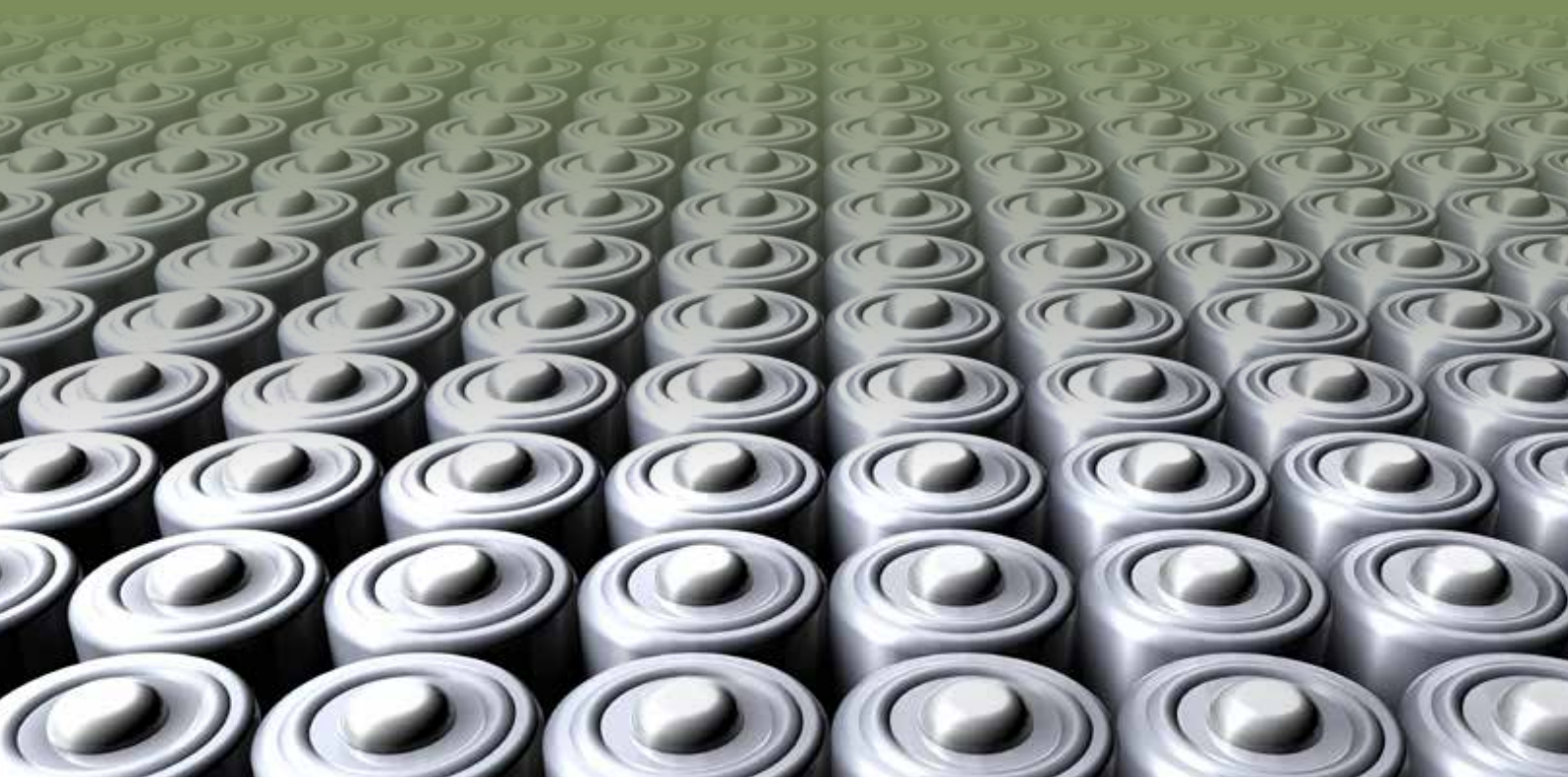


SEL

HYBRID



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