2022

ANNUAL REPORT

MAGNIS
ENERGY TECHNOLOGIES

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CORPORATE DIRECTORY

ABN 26 115 111 763

Board
F Poullas
[Executive Chairman]

H Daruwalla
[Non-Executive Director]

M Dajani
[Non-Executive Director]

M Siva
[Non-Executive Director]

C Bibby
[Non-Executive Director]

G Gunesekera
[Non-Executive Director]

P Tsegas
[Non-Executive Director]

Chief Executive Officer
D Taylor

Chief Financial Officer
J Behrens

General Counsel & Company Secretary
D Glasgow

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STOCK EXCHANGE LISTING/ASX
Magnis Energy Technologies Ltd shares (code MNS) are listed on the Australian Securities Exchange.

MAGNIS ENERGY TECHNOLOGIES

02 Chairman's Statement

Dear Fellow Shareholders,

The last 12 months have been momentous for Magnis Energy Technologies. We have started commercial production at the iM3NY Lithium-ion Battery Plant based in Endicott, New York. Our wholly owned Nachu Graphite Project recently had its previous Bankable Feasibility Study updated and early infrastructure works have begun. We continue to work on commercialising new battery technologies through our partners C4V whilst moving closer to our ambition of producing anode materials.

The Lithium-ion battery industry continues to gain momentum and there has been a major emphasis from the Biden Administration to support US Based supply chain partners. It feels like we are in the right place at the right time with our battery plant which is 95% powered by clean energy and the iM3NY team is working towards hitting its goal of 38GWh of annual capacity in 2030. The team continues to work on sourcing finance for its large-scale expansion plans and are expecting to have answers in the coming months from private and strategic investors along with government funding.

We continue to work on new technologies in partnership with C4V including next generation and fast charging batteries which we expect to be a game changer in the marketplace.

Nachu and downstream graphite products remain a major focus of the business. We are closing in on completing the resettlement village and have started on water storage activities for the construction process. We continue to work with potential offtake partners and financiers as we try to bring Nachu into production in the coming years.

We take ESG principles and our corporate social responsibility very seriously and we pride ourselves in the assistance we have provided local communities especially in Tanzania where we have been involved in developing many social infrastructure projects over the last several years.

Earlier this year we welcomed Claire Bibby, Hoshi Daruwalla and Giles Gunesekera to our Board to strengthen the Company's governance and diversity as we move forward in our journey to fulfil on our vision on being a major player in the energy transition supply chain. The new appointments bring significant experience and skillsets across Governance, Sustainability and Impact and technical and manufacturing know-how.

I would like to thank my fellow Board members, our senior management team led by David Taylor along with all of our employees and contractors both on and off site, for their exceptional efforts. Also, to our shareholders for their ongoing support in our company.

Frank Poullas

EXECUTIVE CHAIRMAN

03 CEO Report

Dear Shareholders,

I am very pleased to provide my first report to you as the Chief Executive Officer of Magnis. I would like to thank the Board for entrusting me to lead the company on its next stage of growth and expansion, and I am looking forward to working in collaboration with all stakeholders to deliver sustainable financial, environmental and social outcomes.

Since my commencement on 1 August, I have had the opportunity to engage with the Board, our people, our customers, our partners and our key stakeholders. This has given me deep insights into the business and its operations, and confirmed my early assessment that Magnis has built a solid portfolio of assets across the lithium-ion battery value chain that provide a strong foundation for growth and success.

It has been encouraging to see our people's focus on safety, demonstrated by the positive safety outcomes achieved in FY2022. As the company grows and evolves, we will increase our efforts on developing and implementing industry best practice policies, systems, processes, and procedures that will ensure our workplace remains safe from both a physical and mental well-being perspective. This will be a key priority for myself and the executive team over the course of the next financial year.

The significant progress made on the iM3NY battery cell manufacturing plant has been a highlight of FY2022. Despite global issues such as supply chain constraints and labour impacts of COVID-19, the team has achieved an outstanding result in bringing the plant into commercial production in the early stages of FY2023. The focus for the remainder of FY2023 will be on the ramp up of production and revenues from sales, as well as finalising plans and commencement of the next stage of scale up on our path to a planned capacity of 38GWh by 2030. Discussions with the US Department of Energy in relation to applications for funding to support this growth have been positive throughout FY2022, and we are confident that are we well positioned to secure funding in FY2023.

Our partnership with Charge CCCV ("C4V) is an important element of our growth plans. Key achievements for FY2022 include the advancements made in fast charging technology, as well as continued development of sustainable processing technology for anode active materials. Progress was also made by the C4V team on the development of new battery technologies that aim to improve the safety, performance and cost of future battery products.

We continue to make positive progress on the development of our Nachu Graphite project in Tanzania, with key achievements for FY2022 being substantial progress on the construction of the new village and associated infrastructure, as well as completion of the majority of updates to the 2016 bankable feasibility study. The focus for FY2023 will be on finalising the completion of the village, delivery of mine infrastructure works including water supply and dams, and advancing the project to final investment decision and achieving financial close.

Whilst the development of a local battery manufacturing gigafactory in Townsville remains an option for Magnis, we are currently working with all key stakeholders to identify a way forward. We will continue to engage with other government and industry stakeholders in relation to the future development of policies focused on the development of the battery metals and battery manufacturing sector throughout Australia.

Despite the current global macroeconomic environment, a number of tailwinds continue to underpin the future growth and success of Magnis. These include a continued and growing shift in demand preferences for electric vehicles and mobility across both consumer and commercial segements, an enormous focus on the deployment of renewable energy technologies to reduce carbon emissions, and policy and regulatory changes such as the recent signing of The Inflation Reduction Act in the US and the Climate Change Bill in Australia that support the development and deployment of clean energy technologies. Magnis is extremely well placed to take advantage of these tailwinds, particularly in the next decade when the major shifts and investments are required to make a significant impact on climate change outcomes.

Our primary focus for FY2023 will be on the safe, sustainable and disciplined execution of production ramp up at the iM3NY facility and achieving financial close on the Nachu Graphite project. We will also seek to identify growth opportunities that meet our strategy and investment criteria, and continue to build the internal resources, systems, and processes that will underpin the long-term growth of the company.

I look forward to your ongoing support as we progress on this exciting journey together.

David Taylor

CHIEF EXECUTIVE OFFICER

04 Review of Operations

ABOUT MAGNIS

Magnis Energy Technologies Ltd is a vertically integrated lithium-ion battery technology and materials company with strategic assets, investments and partnerships in key segments of the energy transition supply chain.

The company's vision is to enable, support and accelerate the mass adoption of electric vehicles and renewable energy storage critical for the green energy transition.

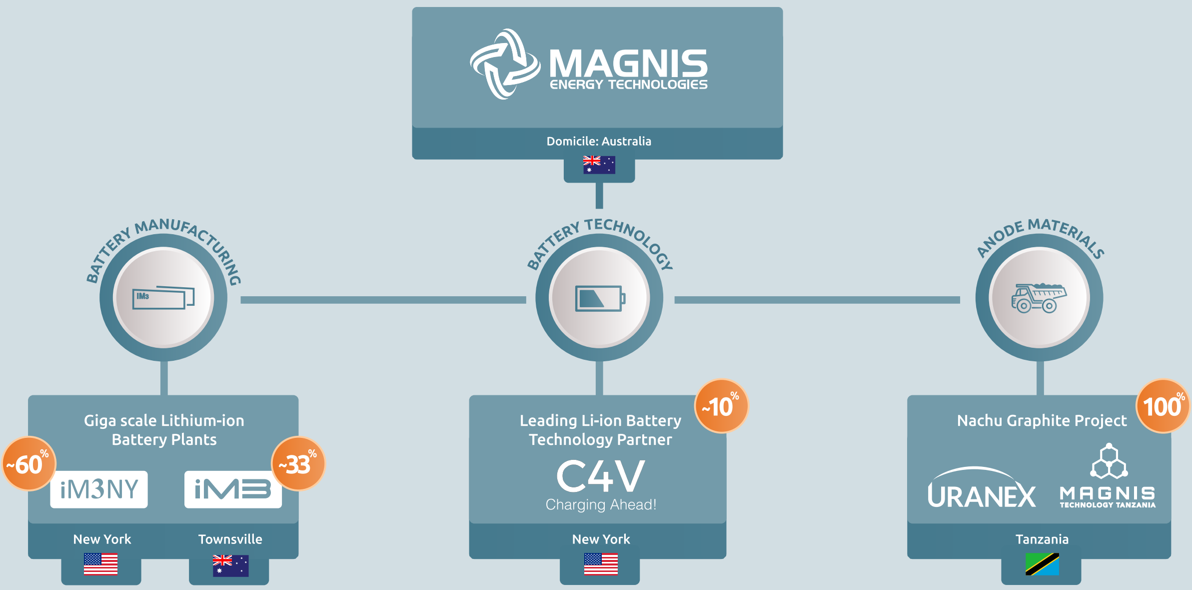
The company's US based subsidiary Imperium3 New York, Inc ("iM3NY") operates a Gigawatt scale Lithium-ion battery cell manufacturing plant in Endicott, New York that plans to scale up to 38GWh of capacity by 2030. Magnis along with its joint venture and Lithium-ion R&D technology partner Charge CCCV LLC ("C4V") are the major shareholders in iM3NY. iM3NY has commercialised C4V's patented cathode chemistry to produce green credentialed lithium-ion battery cells for use in both electric vehicles and battery energy storage systems. iM3NY has exclusivity to C4V's IP in the US. Magnis is also a consortium partner along with C4V in a greenfield battery project planned for Townsville, Australia.

Magnis also has a minority investment stake in C4V. Apart from C4V's portfolio of Lithium-ion battery IP and Innovation developed over the last decade, C4V also provides value chain solutions for Lithium-ion battery manufacturing projects around the world through cell design and engineering, cell fabrication process, qualification of raw materials supply chain and cell fabrication equipment supplier, blueprint of plants and engaging with EPC contractors.

Magnis has a 100% interest in the Nachu Project which is a large-scale natural flake graphite project in Tanzania. The project has both very high concentrate purity as well as a large percentage of coarse flake sizes and both attributes command premium prices. Magnis has also exclusively licensed C4V's anode processing IP and know-how to produce high-quality, high-performance anode materials. Magnis in conjunction with C4V have an anode development program with pilot precursor anode material equipment in New York.

Current Corporate Structure

Magnis Energy Technologies Ltd together with its consolidated subsidiaries as well as minority investment stakes have operations and projects across battery manufacturing and technology as well as battery materials in the United States, Tanzania and Australia. The current company structure along with their industry segment and geographic location is illustrated below.



OUR YEAR IN REVIEW

iM3NY commences commercial production in August 2022. At gigawatt scale capacity expect to produce ~15,000 cells per day

IM3NY successfully raises US$100m in debt refinancing

Compelling project returns (US$1.2bn NPV10 & 51% IRR) from recently completed BFS Update.

Signed a binding Graphite offtake agreement with Traxys Europe for 600kt over 6 years

C4V's cell to pack Technology, LiSER is able to achieve a superior energy density of 190Wh/Kg (At the pack level) without the use of Cobalt and Nickel

Extra Fast charging results show only 3% loss of the initial cell capacity after approximately 2600 cycles using 7Ah commercial graded cells with a 20 minute charge and 20 minute discharge

IMPERIUM3 NEW YORK

ABOUT IMPERIUM3 NEW YORK

Imperium3 New York's (iM3NY) Gigafactory is located in Endicott, in upstate New York at the birthplace of IBM's first manufacturing facility. Magnis along with its joint venture and technology partner Charge CCCV LLC ("C4V") are the major shareholders in iM3NY. iM3NY's began producing lithium-ion battery cells in August 2022 for customers globally in both the electric mobility and energy storage sectors and plans to increase capacity to 38GWh annually by 2030.

FUNDING

In April 2021, iM3NY raised US$50m in debt from infrastructure and energy alternative investment firm Riverstone Credit Partners under a four-year senior secured loan facility. Along with further equity from Magnis, iM3NY was able to commence construction of its Lithium-ion battery manufacturing facility. Earlier this year, iM3NY was able to successfully refinance the debt from Riverstone Credit Partners with an Intellectual Property-based financing in collaboration with Aon and Atlas Credit Partners. The new loan facility was used to not only to refinance the existing US$50 million debt but also support iM3NY's long term growth plans. The loan also provided strong validation of C4V's patented technology with the loan collateral backed by C4V's IP. The new loan facility is for three years and provides additional debt service cost reductions for iM3NY based on certain milestones being reached.

CONSTRUCTION OVERVIEW

iM3NY along with EPC contractor Ramboll are utilising a phased approach to the design and construction of the battery manufacturing facility. The facilities factory floor is approximately 22,000sqm which exceeds three professional football/soccer fields and optimises the existing fit out of IBM's Huron campus. The phased approach is described below.

Phase 1 - The pilot line, will consist of existing facility infrastructure, demolition and abatement, process room design and construction, process equipment installations of the mixing/coating and formation equipment as well as the associated facility utility design and installations.

Phases 2 and 3 - Consist of building interior cell assembly/ filling dry room construction and filling/cell assembly dry room process equipment and associated facility utility design and installations.

Phase 4 - The final engineering and construction phase of iM3NY's battery cell plant facility will consist of design and construction of the facility office space, quality control lab, maintenance, packaging, installation of formation and process equipment, and associated facility utility design and installation.

A high level summary of key milestones over the last 12-18 months is illustrated below.

Q2 2021 & Q3 2021

Dry Room construction materials

KEY MILESTONES

- The facility clear-out work was completed
- Construction material for facility customisation work arrived at site
- The iM3NY team collaborated with Ramboll working through crucial design feed information including master equipment list, master utility matrix, finalised general arrangement drawings, temperature and humidity re-quirements, storage and feed details
- All three permits being air, envi-ronmental justice and aquifer have been submitted to the dif-ferent regulatory authorities

Review of Operations

Q4 2021

Construction of Cathode Wet Mixing Room

iM3NY employees on the factory floor

KEY MILESTONES

> De-humidifiers secured in final location

> Internal and external works progressed on the dry room, cathode wet mixing room, mieroven preparation, electrical sub-station, solvent recovery system and the anode mixing room

> As part of the build out, iM3NY was required to obtain three major permits, namely the Environmental Justice Plan, Air Permit and Aquifer Permit. During the Quarter, all state permits required were granted

Q1 2022

High & Low Bay Areas

Coating machine on production floor

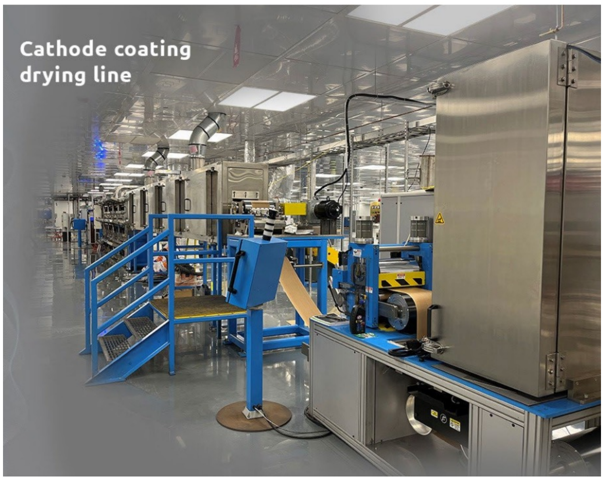
KEY MILESTONES

> The iM3NY team collaborated with EPC contractor Ramboll throughout the quarter with several mechanical, civil and electrical works completed. Significant progress made on internal and exterior works, the cathode and anode mixing rooms, cell assembly dry room, high bay dry room and the electrical sub-station

> One of the key accomplishments made was the completion of the 'Dry Room'. The dry room is an essential part of the Li-ion cell manufacturing process, where most of the cell assembly is performed in an ultra-dry and ultra-clean inert environment. This ultra-dry atmosphere ensures longevity of Li-ion cells with minimal side reactions and degradation

Q2 2022 & Q3 2022

Inspection of Cell Assembly Equipment



Cathode Coating Drying Line

KEY MILESTONES

> Electrolyte filling equipment was connected to the inside of the dry room. The controlled (moisture and temperature) atmosphere of the dry room is of utmost importance especially during the cell electrolyte filling step. Any traces of moisture will react with the electrolyte will slowly deteriorate the battery performance

> A team of Korean technologists travelled to New York to provide technological expertise around the iM3NY plant for installation and commissioning of major cell assembly equipment, including the electrolyte filling

> Majority of equipment in place such as Mixing, Coating, Drying, Calendaring, Slitting, Stamping, Stacking, Electrolyte Filling etc

Production

Commercial production commenced at iM3NY in August with an initial phase allocated for testing and quality assurance before production ramp up and sales start.

As soon as the cells pass the quality assurance stage, annual manufacturing levels are expected to increase to annual production levels of 1GWh by the end of 2023 and will continue to ramp up to 1.8GWh and then double-digit gigawatts over the rest of this decade. At Gigawatt scale production, iM3NY expect to produce around15,000 cells per day.

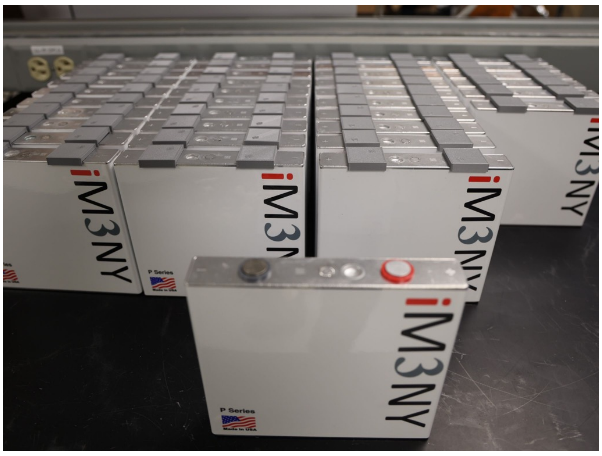
iM3NY currently employs 55 people. The total count is expected to grow to 100 during Q4 2022.

First Product

The BMLMP chemistry and prismatic cell design (P Series) promotes long cycle life, fast charging, and ensures greater safety. The chemistry incorporates traditional electrolyte along with a patented mixed metal phosphate composition in the cathode that contributes to the overall safety and performance benefits. Notably there is no Cobalt and no Nickel in this high performing cell.

The prismatic cell is an advanced design with a newly engineered seal, lid, and contact configuration that yields high mechanical integrity and ease of assembly within many different pack configurations. The design also ensures volumetric efficiency for optimised capacity, cell performance and ease of design-in for a wide variety of devices. The prismatic design provides internal mechanical partitioning as an added safety feature over traditional pouch design configuration. All aspects of the cell have been considered and engineered to ensure maximum performance, safety, and the ability to manufacture high volumes. The manufacturing lines will also be highly optimised for future technologies such as Solid-State batteries. Along with carefully picked supply chain partners and using hydroelectricity for its manufacturing, with 95% of the power supply coming from clean energy, the batteries produced at the iM3NY will be among the greenest in the marketplace as was independently verified by Abt Associates[1].

[1] As per ASX Announcement 6 October 2020.



iM3NY's Prismatic Form Factor P Series Cells

iM3NY Future Plans

With strong demand globally, the iM3NY team are planning to increase annual capacity to 38GWh by 2030. Significant investment is required to meet the planned increase in capacity. Ongoing talks continue with a number of groups including potential government funding.

Set out below is a table which provides further detail to the announcement made on 3 May 2021 (https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02370536-2A1295818?access_token=83ff96335c2d45a094df02a206a39ff4), supplemented on 4 August 2021 (02403481.pdf (weblink.com.au) this latter contract is not repeated in the table) and clarified in respect to one off-taker on 6 October 2021 (https://www.asx.com.au/asxpdf/20211006/pdf/451bfpk2rpcng7.pdf.) for the offtake agreements representing (in aggregate) approximately US$655 million in future sales for Magnis' subsidiary iM3NY. The disclosure made on 6 October accounts for US$243M of that total. The table below provides details of the remaining offtake agreements.

Each of the parties in the table are resellers in that they take the cells produced by iM3NY and produce packages and modules for sale for use as an energy storage medium. All will be on-selling the packaged product to a government body or pursuant to a contract with the government in their country of registration, thus reducing counterparty

Item	Nature of Agreement and use	Counterparty	Date of Agreement	Duration of Agreement, once supply commences	Approximate Value	Approximate Value per annum
1.	Product & supply chain agreement – for use with their solar panel business	Premier Solar	8 November 2017	5 years	Between US$19.5m & US$22m	US$3.9 – US$4.4M
2.	Manufacturing & supply agreement – for use as an energy storage medium	Energence	12 August 2019	6 years	Between US$259.5m & US$267.0m	US$43.25 – US$44.5M
3.	Manufacturing & supply agreement	Martac	1 April 2021	2 years	US$13m	US$6.5M
4.	Manufacturing & supply agreement – energy storage medium	EGYAI	10 April 2021	5 years	Between US$18m & US$18.5m	US$3.6m – US$3.7m
5.	Manufacturing & supply agreement – energy storage	Green World Corp	11 April 2021	5 years	Between US$48.0m & US$48.4m	US$9.6m
6.	Manufacturing & supply agreement -	Energy Link 3	11 June 2021	5 years	Between US$33m & US$82.0m	US$6.6 – US$16.4

1 Premier Solar Systems Pvt Ltd (Premier Solar) is an Indian registered company. Further information in relation to Premier Solar can be found at its website (www.premiersolarsystems.com) or Premier Energies Limited, its parent entity's website (www.premierenergies.com).

2 Energence, is a company incorporated under the laws of The Philippines and has its registered office at Suite 1407, Tower One, Ayala Triangle Park, Ayala Avenue, Makati Philippines. Further information can be found at its website https://energence.ph

3 Maritime Tactical Systems Inc. is a Florida based company that has as its principal place of business at 1227 South Patrick Drive Suite 122, Satellite Beach, FL, 32937. Further information can be found on its website www.martacsystems.com

4 Econ Gayrimenkul Yatirim Anonim Irketi (EGYAI) is a Turkish registered entity having its registered office at Hamidiye Mahallesi Hasdal Caddesi Sehit Hasan Kaya Sok. No:10/A (25/A)34408 Kagithane Istanbul Turkey and website https://emlakkulisi.com.

5 Green World Corporation is an Indian registered company. Further information in relation to Green World can be found at its website (http://greenworldcorp.in). It was founded in 2007, having offices in Calcutta and specialising in Li-ion Solar Street Lighting.

6 Energy Link 3 LLC is a US based entity registered in Delaware. Further information in relation to EnergyLink 3 can be found at its website https://energylink3.com

Imperium3 Townsville

PROJECT DESCRIPTION

Magnis along with technology partner C4V are members of a consortium in Imperium3 Townsville Pty Limited ("iM3TSV") to develop a lithium-ion battery manufacturing project. The project currently remains in greenfield stage after successfully completing a Queensland Government funded ($3.1 million grant) feasibility study for an 18 GWh lithium-ion battery cell manufacturing facility in Townsville. The feasibility study was approved in August 2020 by the Queensland Government's Department of State Development, Tourism and Innovation.

The core objective of the study was to assess the technical and commercial viability of developing a lithium-ion battery manufacturing plant in Townsville. A significant outcome of the study was to phase the project over 3 stages of 6 GWh each, for a total nominal capacity of 18 GWh. This not only reduces the upfront capital expenditure to a more manageable A$1.12B for the first stage, but also allows for project expansion to occur in line with developments in technology and the market. The study results show project returns of approximately 13% per annum.

The site is part of Lansdown Station approximately 40km south of the Townsville CBD with a total property area of 357 hectares. 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.

CURRENT STATUS

The Queensland Government released the Queensland Energy and Jobs Plan (QEJP) on 28 September 2022. The QEJP is a 10-year plan that increases the state's renewable energy target to 70% by 2032, and transforms the energy system with over $62 billion of estimated capital projects to be funded across public and private sectors.

The QEJP estimates that by 2035 $62B of capital expenditure will be required in the state's energy system to:

> build 22GW of new renewable generation (wind and large-scale solar)
> build up to 7GW of long-duration pumped hydro energy storage (PHES)
> build around 1,500km of new high voltage backbone transmission infrastructure, along with transmission for renewable energy zones (REZs)
> convert publicly owned coal-fired power stations to clean energy hubs.

A smarter grid will support 11GW of rooftop solar and around 6GW of batteries in homes and businesses. This provides a significant opportunity to develop domestic manufacturing supply chains for the components which feed into the large-scale and industrial renewable systems.

In addition to this announcement by the Queensland Government, the Australian Government is currently preparing a National Battery Strategy which is designed to assist and guide industry and governments towards a shared vision of end-to-end battery manufacturing onshore and inform governments about policy requirements to support future industry development.

Magnis continues to engage with all key stakeholders, including in relation to the commercial arrangements for land and infrastructure at the current proposed site, potential alternative sites, and the overall National Battery Strategy.

Artist impression of iM3TSV site

C4V

ABOUT C4V

C4V is an energy storage technology and IP company headquartered in Vestal, New York that has discovered, patented and commercially developed processing technology and know-how for cathode and anode materials for use in Lithium-ion batteries.

C4V's commercially available P-Series battery cathode chemistry is a cobalt and nickel-free cathode chemistry that has a high voltage and cycle lifetime and importantly its compositionally patented modifications at the crystal-level provide high levels of safety in the event of thermal runaway or fire exposure.

C4V also provides value chain solutions for Li ion battery manufacturing projects around the world through cell design and engineering, cell fabrication process, qualification of raw materials supply chain and cell fabrication equipment supplier, blueprint of plants and

Magnis' Particle Engineering Equipment in New York

engaging with contractors.

Apart from being Magnis' Lithium-ion battery JV partner in iM3NY and anode materials technology partner, Magnis also has a minority investment of 9.7% in C4V.

C4V R&D DEVELOPMENT PROGRAM IN REVIEW

Anode Development Program

Magnis in conjunction with C4V have been running an anode development program over the last 6 years to optimise and enhance their proprietary sustainable processing technology for anode active materials.

This innovative processing technology uses Nachu's high purity and coarse flake size graphite concentrate as feedstock which together avoids chemical and thermal purification lends itself to low-energy and low-carbon footprint products. The key findings of the program are

> Consistent intrinsic high-grade and high-quality of crystal with minimal imperfections in our natural flake graphite lends itself to efficient and simple downstream processing that does not use any chemical or extremely high temperature thermal purification. This is expected to reduce energy usage and costs

> High yields (>70%) when producing Spherical Graphite (SPG). This is done purely via C4V's proprietary mechanical processing and spheronizing steps

> High purity (99.98%) Coated Spherical Graphite (CSPG) anode material produced in test work using our pilot equipment in New York.

LiSER

C4V unveiled their Nickel and Cobalt Free Platform Solution called Lithium Slim Energy Reserve (LiSER) at the start of 2022. LiSER allows OEM's to bypass modules and build packs directly which enables maximum cell to pack translation of performance. LiSER's Cobalt and Nickel free lithium-ion battery cell technology provides an energy density of 190Wh/Kg (at the pack level).

LiSER simplifies the module structure and using C4V's BMLMP technology with its inherent oxygen deficient properties not only augments battery safety but also delivers a voltage that is at least 20% higher than the LFP formulations currently widely being used in the market. While Nickel-rich NCA or NMC chemistries emit Nickel oxide fumes, when burning with LiSER the toxic gaseous build-up is non-carcinogenic. LiSER uses elements that are environmental-friendly, sourced with a robust local supply-chain and enable a significantly lower carbon footprint.

> Cell to Chassis: LiSER enables freedom from Modules to deliver an Industry leading cell to chassis and cell to pack solution with superior performance metrics.

> Unique "Tab-less" prismatic design: LiSER is the first ever "Tab-less" prismatic design that delivers extra fast charge and higher power benefits.

> Embedded Thermal Management: built-in cell cooling loops enables LiSER to eliminate complicated thermal management systems thereby reducing the weight and energy consumption of the battery pack.

> Strong Inherent Safety: LiSER technology also includes exceptional safety characteristics due to C4V's oxygen deficient patented BMLMP technology.

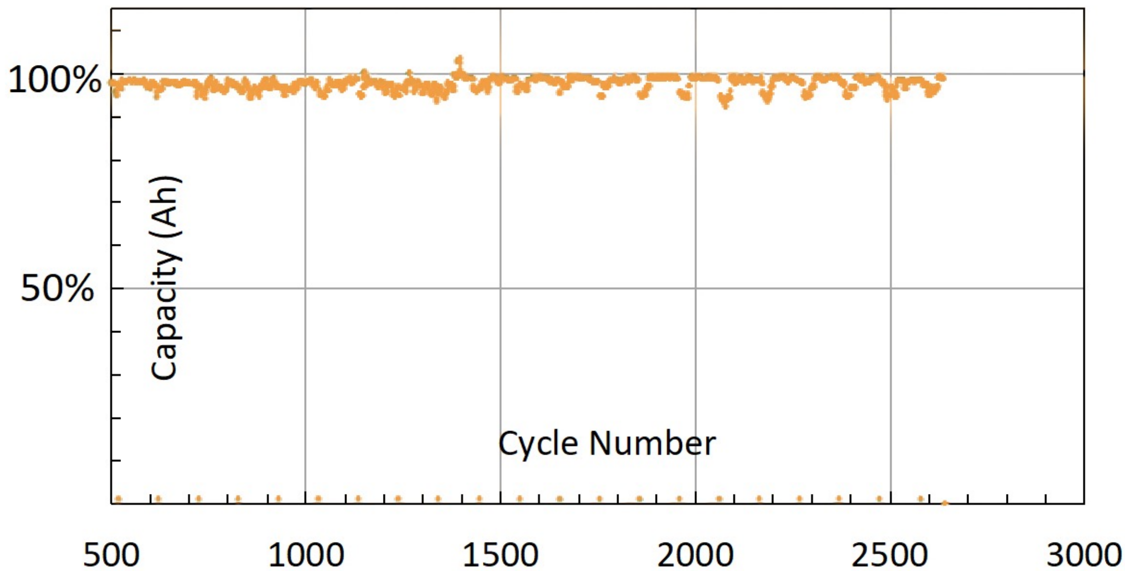
Extra Fast Charging Programs

C4V continued to work on their Extra Fast Charging (EFC) battery program over the year using 7Ah (Amp hour) commercial graded cells with 20 minute-charge and 20-minute discharge.

The tests were performed at 90% Depth of Discharge (DoD) which equates to 90% of the maximum energy being infused and withdrawn during charge and discharge cycles. After 1000 cycles, cells also went under impedance measurement every 100th cycle.

These optimised commercial cells exhibited minimal energy density loss even at higher charge-discharge retaining 95% energy density of a regular cell run at lower rates. To date, the EFC results showed only a 3% initial capacity loss after more than 2600 cycles. The plan is to take this program to over 3000 cycles and then run new programs at higher charging currents to achieve a 10-minute charge and then onto a 6-minute charge.

C4V's LiSER cell technology Platform



EFC 7Ah cell cycling data with 20 minute-charge and 20 minute-discharge. Cells were also measured for the impedance every 100th cycle at slower rate to study the internal resistance developing as a function of charge-discharge

Nachu

PROJECT BACKGROUND

The Nachu Project is approximately 20 km from the major regional town of Ruangwa, in the Ruangwa District, Lindi Region of Southern Tanzania. The Project is approximately 220 km by road from the port of Mtwara and approximately 600 km by main road from the major port city of Dar Es Salaam. The Nachu tenement was originally a Tenement Application held by Uranex Tanzania Ltd (UTL) when the first indications of graphite were discovered. The application was granted as a Prospecting Licence PL9076/2013 on the 8th of April 2013, covering an area of 198.57 km^2.

TANZANIAN CORPORATE STRUCTURE

Magnis Energy Technologies Ltd. has two subsidiaries in Tanzania:

> UTL

> Magnis Technologies (Tanzania) Ltd (MTT)

UTL is the company under which the discovery of the extensive graphite mineralization on the tenement (PL9076/2013) was made and which holds the Special Mining Lease (SML550/2015). UTL will operate the mining operations, tailings dam and water supply facilities. UTL falls under the jurisdiction of the Ministry of Minerals. MTT is the company that holds the SEZ (Special Economic Zone) license for production of the advanced graphite products through the production process developed by Magnis. The original application for the SEZ was made in November 2016 which resulted in the granting of the SEZ license. Following discussions with the EPZA (Export Processing Zone Authority), a revised application with an amendment proposal was made April 2018. MTT falls under the jurisdiction of the Ministry of Industry and Trade and the relevant authority is the EPZA.

MINERAL RESOURCE AND RESERVE ESTIMATE

The Nachu Graphite Project Mineral Resource Estimate as of 1st February 2016 included a 174 Million Tonnes at 5.4% graphitic carbon (Cg) at a 3% Cg cut-off grade, classified as either Measured, Indicated or Inferred resources and reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). The Mineral Resource Estimate is summarised below.

Nachu mineral resource estimate

Classification	Tonnes (mt)	Grade (% TGC)	Graphite (mt)
Measured	63	4.7	3.0
Indicated	61	5.7	3.5
Inferred	50	5.8	2.9
Total mineral resources	**174**	**5.4**	**9.3**

JORC Compliant Mineral Resource Estimates

Nachu ore reserve estimate

Classification	Tonnes (mt)	Grade (% TGC)	Graphite (mt)
Proved	50.5	4.6	2.3
Probable	25.7	5.1	1.3
Total Ore Reserves	**76.3**	**4.8**	**3.7**

JORC Compliant Ore Reserve Estimates

Review of Operations

Compelling BFS Update Results

Update to the 2016 BFS confirmed the Nachu Project as a world class graphite project with strong technical and financial viability combined with impactful sustainability outcomes

- The update optimises process plant design to produce a higher-grade product and protect flake size during processing
- The Project's unique combination of larger flake sizes and high purity concentrate positions it as a leading future supplier
- Post-Tax Life of Mine (LOM) Project NPV_{10} of US$1.2bn(A$1.8bn) and Project IRR of 51% with a payback period of 19 months
- Nachu is the only graphite project to be awarded a Special Economic Zone licence in Tanzania to produce advanced graphite products, including very high purity Jumbo and Super Jumbo Flakes as well as downstream products for Lithium-ion batteries
- The Nachu Project is a coarse flake graphite operation, designed to treat 5 Mt/y run of mine (ROM) ore with an average steady state production feed grade of 5.2% total graphitic carbon (TGC).
- The graphite ore will be hauled from an open pit mine to the concentrator to produce a steady state average of 236,000 t/y of graphite flake concentrate at 98.5% (concentrate over 300 microns) and 99% (concentrate under 300 micron size) TGC grades.

Key Highlights of the Nachu Graphite Project		
Project Metrics	Units	Value
Project NPV10 LOM (Post Tax)	US$	$1.2bn
Project IRR LOM (Post Tax)	%	51%
Payback Period[1]	Months	19
Operating Expenditure[2]	US$/t	$639
Initial Project Capital Cost[3]	US$	$324mn
Special Economic Zone Period[4]	Years	10
Concentrate Total Graphitic Carbon (TGC)[5]	%	98.5% - 99%
Concentrate Basket FOB Mtwara	US$/t	$1847
Process Plant Capacity	t/year	5,000,000
Steady State Graphite Production[6]	t/year	~236,000
Recovery Rate	%	89.6%
Ore Reserve	t	76M
Mineral Resources	t	174M
Mine Life	Years	15.5

1. *Payback period is at the Project (unlevered) level and thus does not consider financing costs*
2. *Average Annual Operating Costs during steady state production from Year 2 to Year 12. Operating costs include all mining, processing, product Logistics FOB and Miscellaneous and General Admin. Excludes sustaining capital and industrial mineral royalties of 3%.*
3. *Additionally, there are contingency costs of US$39.6m and pre-production mining costs of US$33.7m*
4. *Exemption from corporate tax and royalties for 10-years. This was recently renewed in May 2021. International arbitration available if dispute resolution required and revenues from product sales will be paid into foreign accounts. Applies to Magnis Technologies Tanzania Limited (MTT) only, a subsidiary of Magnis Energy Technologies Ltd. MTT will operate the processing plant and produce and export advanced graphite products.*
5. *Jumbo and Super Jumbo Flakes at 98.5% and 99% for large flakes and below. Average TGC 98.8%*
6. *Steady state production from Year 2 to Year 12*

Resettlement Program

The compensation process as part of the Nachu Graphite project is almost complete with the remaining part being the completion of the resettlement eco-village for the 59 displaced families and 11 people identified as vulnerable during the valuation process. The construction of the resettlement village commenced during the year and is expected to be completed in Q4 2022.

Recently, the following tasks were completed or had progressed:

> Construction of the display house
> Substructure for all the houses
> Plastering of internal and external walls
> Roof Trusses
> Construction of kitchens and water tanks.

Planned Site works quotations from shortlisted contractors for the construction of a Storage Water Dam (SWD1) have been received. This construction contract will be awarded following a detailed review of tender prices with works expected to commence in late 2022.

SWD1 is part of the overall site water management system and is being constructed early to ensure adequate water supply in addition to the borefield for construction needs. A design contract is being finalised with a Tanzanian consultancy to complete the design of the Tailings Storage Facility (TSF) and submit the design for approval with the relevant Tanzanian Authorities. Knight Piesold Consulting's Johannesburg office completed the initial design for the project in 2016 and will continue to be engaged by Magnis to work with the Tanzanian Consultancy and bring their wealth of international experience in Tailings Dam design to ensure the dam meets international design standards.

Eco-Village Construction

Hon. Dr. Steve Lemono Kiruswa (MP), being briefed on the Nachu Graphite Project

Concreting Works on site

Review of Operations

Sustainability – Community & Environment

Magnis is undertaking a sustainability driven approach to developing the Nachu Project. Enhanced environmental, social and governance performance, together with sustainability principles ensures that the Project has a positive impact on the local communities, the environment and the stakeholders whilst delivering strong returns to Magnis' investors.

The following are some of the key sustainability measures Magnis has undertaken or plans to undertake in respect to the Nachu Project;

> Key environmental studies approved. An Environmental Certificate by the National Environmental Management Committee for the Nachu Project was awarded in 2015. The ESIA was completed by two consultancies, MTL (Tanzania) and Digby Wells Environmental (international) The document was completed to Tanzanian standards for approval in Tanzania and then updated to international standards by Digby Wells such that it meets both IFC and Equator Principles requirements

> In the 2022 BFS update there has been a strategic shift away from heavy fuel oil to natural gas for power supply and process uses. This is expected to reduce the calculated annual GHG emissions by up to 49,943 tCO_2-e per annum, which represents an approx. 34% reduction from the 2016 BFS.

> Renewable power from solar and battery storage to form part of the future power supply/energy mix for the Project

> Basic design philosophy of the tailing storage facility is to dispose of tailings in such a manner that minimises the impact on the surrounding environment and community whilst ensuring it is structurally sound, safe to operate and economically viable. International design standards will be used, and an Internationally recognised consultancy will supervise final design and construction

> Magnis continues to place significant importance on corporate social responsibility and has been engaged in several social infrastructure projects for the last 10 years

> Magnis has committed to local communities and the Government of Tanzania to maximize local employment through the employment of skilled people and also training of the un-skilled

> A full sustainability framework will be established to support and drive future operations

Front view of the Chunyu Mtumbuni Primary School Project

Community Development Programs

Magnis continues to place significant importance on Corporate Social Responsibility (CSR), notably in its Nachu graphite project in Tanzania. One of the Company's Tanzanian subsidiaries, Uranex Tanzania Ltd has been engaged in social infrastructure and local community projects for several years.

One of its recent social infrastructure projects was the construction of the Chunyu Mtumbuni Primary school. Uranex took over the Chunyu Mtumbuni Primary school project after the project had been initiated by the village four years ago but later abandoned due to a lack of funds.

Construction work involved levelling out the walls and the foundations, adding roof support, aligning the window and door-frames, laying the concrete floor, applying paint to the blackboards and partitioning the classrooms. The school is now up to Government standards. The village has a total of 230 households, which all have children from the age of 5 to 12.

Exterior of the building Interior of a classroom prior to Uranex taking over

Nachu ESG Vendor Due-Diligence Report

As an essential requirement for project financing of the Nachu Graphite Project, Magnis appointed IBIS Consulting to undertake an Environmental and Social Due-Diligence of the Nachu Graphite Project in Tanzania. IBIS Consulting is a premier emerging market sustainability consultancy that assists private and public companies unlock value and improve their environmental and social performance.

The objective of the due-diligence project was to identify and assess all related potential environmental, community, social and health and safety risks and impacts associated with funding the Nachu Graphite Project. As such, IBIS analysed gaps in processes with respect to the “Environmental and Social Impact Assessment and Resettlement Action Plan” against the following reference framework of international standards and best practise guidelines:

> Applicable local environmental, health & safety and labour related laws, regulations and standards;
> Applicable international treaties and protocols;
> The IFC Performance Standards for Environmental and Social Sustainability;
> The World Bank Group and IFC General EHS Guidelines;
> Applicable World Bank Group and IFC Sector specific guidelines; and
> ILO Core Standards.

IBIS has prepared a vendor ESG due diligence report illustrating the ESG management, performance and compliance status of Magnis and outlining ESG risks and an indication of liabilities costs to address these, at both a corporate and site level. The report incorporates an ESG Corrective Action Plan to address the gaps identified, including a prioritised set of practicable recommendations (with short, medium and long term actions), costs and persons responsible.

Binding Offtake Agreement

On 20 December 2021, Magnis signed a binding offtake agreement for 600,000 tonnes of high-grade natural flake graphite concentrate with Traxys Europe SA (“Traxys”) over a 6-year period. The agreement allows for the delivery of natural graphite covering all flake sizes.

Traxys is a leading international physical commodity trader and merchant in the metals and natural resources sectors Headquartered in Luxembourg, its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 offices worldwide, and its annual turnover is in excess of USD $7 billion. Traxys is engaged in the sourcing, trading, marketing and distribution of non-ferrous metals, ferro-alloys, minerals, industrial raw materials and energy. The Traxys Group serves a broad base of industrial customers and offers a full range of commercial and financial services.

Current Project Status

As part of the BFS update, opportunities were identified to improve the current capital cost estimates along with further process optimization.. Initial discussions with funders have also commenced with positive responses received in relation to the overall bankability and attractiveness of the project. The next milestones include Final Investment Decision (FID) and achieving financial close.

05 Corporate Governance and Sustainability

CORPORATE GOVERNANCE

Magnis Energy Technologies Ltd (Company or Magnis) approach to corporate governance is more than merely one of compliance and more focused on striving for best industry practice and building excellent corporate governance which it believes is essential for long-term sustainability of its business and general performance and will assist in the protection of the interests of all stakeholders of the Company.

This Corporate Governance Statement (CGS) outlines the main corporate governance practices currently in place for Magnis and addresses the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). The Company accords with most of the ASX Recommendations and where it does not an explanation is provided as to why not.

All references to the Company's website are to: www.magnis.com.au

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role of the Board and Governance Framework

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 governance1.

The Directors must act in the best interests of the Company and, in general, are responsible for, and have the authority to determine, all matters relating to the policies, management and operations of the Company.

The role and responsibilities of the board is detailed in the board charter available at: https://magnis.com.au/wp-content/uploads/2021/12/MNS-Board-Charter.pdf

The Board's responsibilities, in summary, include:

> providing strategic direction and reviewing and approving corporate strategic initiatives;
> overseeing and monitoring organizational performance and the achievement of the Company's strategic goals and objectives;
> appointing, monitoring the performance of, and, if necessary, removing the Chief Executive Officer and/or Managing Director;
> ratifying the appointment or removal, and contributing to the performance assessment of the members of the senior management team;
> planning for Board and executive succession;
> ensuring there are effective management processes in place and approving major corporate initiatives;
> adopting an annual budget and monitoring management and financial performance and plans;
> monitoring the adequacy, appropriateness and operation of internal controls;
> identifying significant business risks and reviewing how they are managed;
> considering and approving the Company's Annual Financial Report and the quarterly Cashflow and Activities reports;
> enhancing and protecting the reputation of the Company;
> reporting to, and communicating with, shareholders; and
> setting business standards and standards for social and ethical practices.

Day to day management of the Company and implementation of Board policies and strategies has been formally delegated to senior executives and management. It is the responsibility of the Board to oversee the activities of management in executing delegated tasks. In particular, the Board has delegated management responsibility for:

> delivering key objectives and milestones in accordance with market expectation as are set by the Company;
> developing project budgets for capital and operating expenditure for Board review and, if appropriate, approval;
> developing and maintaining an effective risk management framework and keeping the Board and the market fully informed about risk;
> the prudent management of the Company's cash reserves in accordance with the approved annual operating budget;
> regulatory compliance across all jurisdictions in which the Company undertakes business covering amongst other things health and safety, tax, accounting, and company reporting.

In making decisions regarding the appointment of Directors, the Board assesses the appropriate mix of skills, experience and expertise required by the Board and assesses the extent to which the required skills and experience are represented on the Board. When a vacancy exists, the Board determines the selection criteria based on the skills deemed necessary.

Directors, senior executives and employees work under employment contracts that provide accountability with respect to expected duties, rights, responsibilities, remuneration and entitlements such as superannuation, leave, annual reviews, performance KPIs and termination events.

Board Committees

During the reporting period the Board had and reconstituted its three (3) separate Board Committees. Details regarding the number of Board meetings and committee meetings held during the year and the attendance of each member is set out in the 2021 Director's Report which forms part of the Annual Report. The Board and its Committees held sixteen meetings during the year ended 30 June 2022. The Company Secretary is accountable to the Board through the Chairman with respect to corporate governance matters including the functioning of the Board, and in communications to the ASX, as required under the Listing Rules.

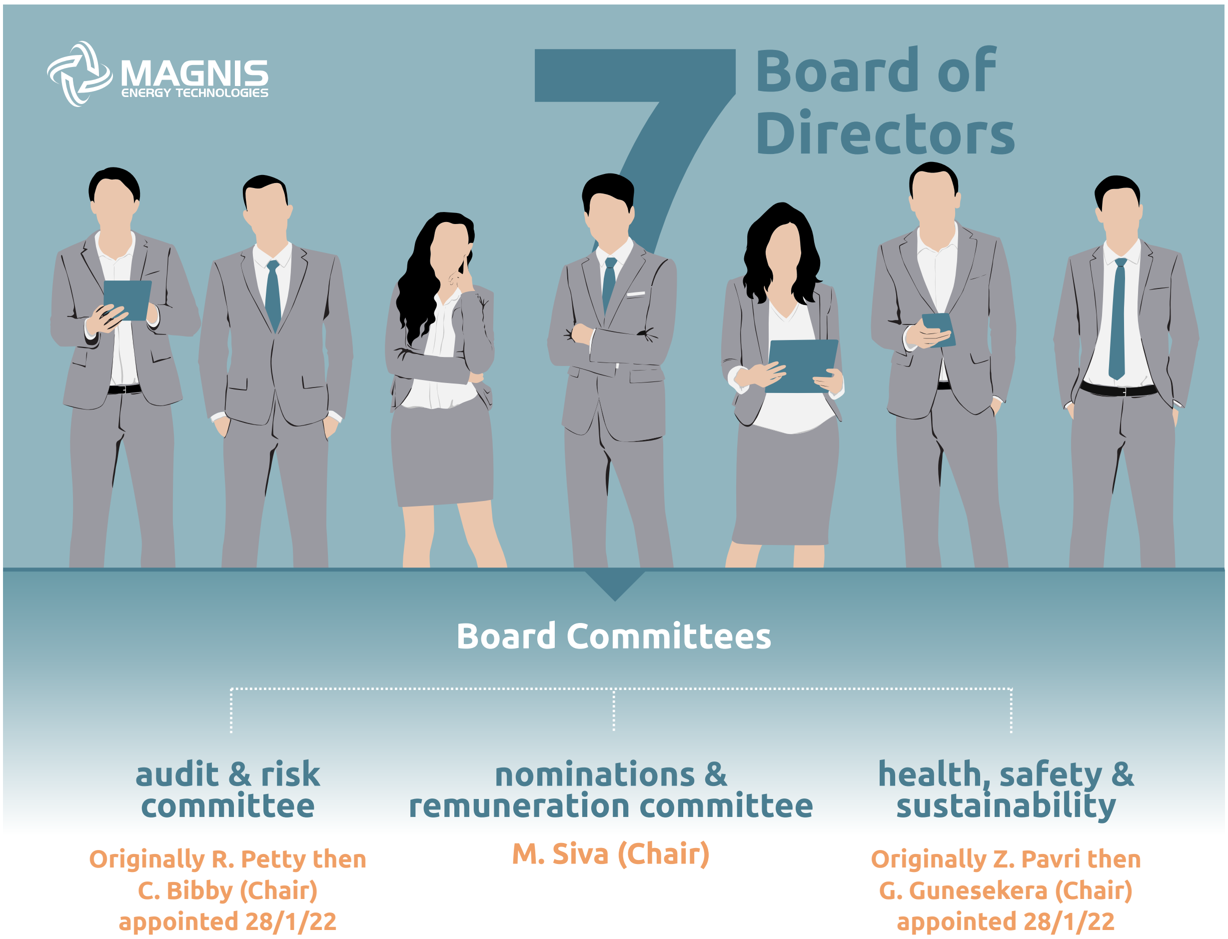
Nominations & Remuneration Committee

The Nominations & Remuneration was further reconstituted on 28 January 2022. It comprises of the non-executive directors, Mr. Mugunthan Siva remained as Chair, Ms. Mona Dajani, Ms. Claire Bibby and Mr. Hoshi Daruwalla are members.

A copy of the Nominations & Remuneration Committee Charter is accessible from the Company's website:

https://www.magnis.com.au/files/MNS-Nominations-And-Renumeration-Committee-Charter.pdf The Committee advises the Board on remuneration and incentive policies and practices. It makes specific recommendations on remuneration packages and other terms of employment for senior executives and Non-Executive and Executive Directors.

Any increase in the maximum remuneration of Non-Executive and Executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing



Rules, as applicable. Currently this is $650,000 set in 2017.

The Board may award additional remuneration to Non-Executive and Executive Directors called upon to perform extra services or undertake special duties on behalf of the Company. The Nominations & Remuneration Committee also identifies potential candidates often with the use of external consultants for both the Board and management level. Suitable candidates are usually based on recommendations from this Committee.

The Nominations & Remuneration Committee promotes screening checks and other tools prior to nominating a candidate. Appointments to fill a casual vacancy are appointed until the subsequent Annual General Meeting. The Committee, Board and the candidate themselves provide in the explanatory memorandum that accompanies the notice of meeting all material information for shareholders to make an informed decision to elect or re-elect directors. The Committee may also identify and nominate suitable candidates for filling Board vacancies for the approval of the Board.

Audit & Risk Committee

Following the further reconstitution of the Board, which occurred over December 2021 and January 2022 the Audit & Risk Committee was changed on 28 January 2022. The Committee now comprises of non-executive directors only, with Ms. Claire Bibby as the Chair, Ms. Mona Dajani,and Giles Gunesekera. The Executive Chairman Frank Poullas and the CEO (if appointed) are may attend as ex-officio members of the committee.

A copy of the Audit & Risk Committee Charter is accessible from the Company's website:

https://magnis.com.au/wp-content/uploads/2022/09/Audit-Risk-Committee-Charter.pdf

The main responsibilities of the Committee were, inter alia, to:

> review and report to the Board on the
> independence of the external auditor;
> periodic reports and financial statements;
> rotation of the external audit partner;
> integrity of the half year and full year financial statements
> provide assurance to the Board that it is receiving adequate, timely and reliable information;
> review the accounting policies and changes to those and where changes are necessary advise the board;
> Review the adequacy of Magnis policies relating to financial reporting and controls, including compliance with laws, regulations and ethical guidelines;
> Monitor the ability of the Company to fund its activities, having regard to current funding arrangements and its cash-flow outlook
> Monitor the prudence of gearing levels, interest cover and compliance with banking covenants, (where applicable)
> Review policies relating to financial risk management, including hedging of interest rate risk and foreign currency exchange risk. Monitor compliance with such policies and report to the Board on any relevant issues
> Create a Risk Register of all business risks, having regard to risk appetite rate and quantify those risks and regularly review the risk register;
> monitoring developments in corporate governance practices;
> Review compliance with applicable laws such as the Corporations Act, the ASX Listing Rules and other legislation and reporting requirements; and
> ensuring management has processes to manage and report on significant financial risks facing the business.

The Audit & Risk Committee reviews the performance of the external auditors on an annual basis.

Any written matters raised by the auditors are discussed at the Committee meeting and then dealt with at the board meetings. The auditors, are invited to attend audit committee meetings that consider the half and full year accounts and may at the request of the board attend board meetings to discuss any matter that they believe warrants attention by the Board or the Committee. The auditors also attend the Annual General Meeting of shareholders of the Company to answers questions in respect of the Company's Annual Financial Report and the conduct of the annual audit.

Health, Safety and Sustainability Committee

Following the further reconstitution of the Board, the composition of the Committee changed on 28 January 2022 with Giles Gunesekera taking over as the Chair and Mr. Frank Poullas, Mr. Peter Tsegas, Mr. Mugunthan Siva and Hoshi Daruwalla are members. Frank Poullas as a director of iM3NY LLC and iM3NY Inc. and Peter Tsegas who assists the Tanzanian operations are able to provide updates from a health Safety & Sustainability viewpoint on the activities of those business units and board of the Company receives details about safety incidents.

A copy of the Health, Safety and Sustainability Committee is accessible from the Company's website:

https://www.magnis.com.au/files/MNS-Health-Safety-And-Sustainability-Charter.pdf

The responsibilities of the Committee include:

> Reviewing Reports from Executives of each entity in the group in the areas of health safety & the environment in which the entity operates;
> ensure that the Company and all the staff in all the

entities in the group are protected and safe so as to ensure the company attracts and retains high quality staff in all areas;

- monitor the Company's performance on health, safety, sustainability and corporate responsibility matters and report to the Board where that doesn't meet comparative industry requirements;
- monitoring the Company's compliance with Health, Safety and Environment legislation;
- review and oversee the development and implementation of policies and procedures that will allow the Company to operate its business in a safe, sustainable and ethical manner;
- review initiatives and practices in respect of the Company's community engagement and social responsibility;
- review the effectiveness of the risk framework that relates to the health safety and environment in which the group entities operate;
- reviewing and making recommendations to the Board in relation to significant public statements as they relate to the areas that are considered as ESG (sustainability) including assisting with the production and review of the sustainability report; and
- reviewing and recommending to the Board any changes to be made to the Company's Code of Conduct and reviewing the effectiveness of the systems for monitoring compliance.

Performance Evaluation and Remuneration

In prior reporting periods, the Board had not undertaken any level of formal performance evaluation of Directors. However, on an informal basis the Chairman has previously consulted with the Directors seeking guidance on ways in which the Board as a whole, as well as each individual Director, can improve its and their contribution, performance and execution of its and their responsibilities. Due to the recent turnover of the board composition this has not been carried out in the reporting period.

With the reconstitution of the Nomination & Remuneration Committee and recent update of its Charter, this will be carried out by that Committee in conjunction with external consultants as required.

As the projects in which the company is involved come online and the operations of the Company increase consequently, it is proposed that a performance review will be annual and will entail a questionnaire, which each director will be required to complete. There will be facility in the questionnaire for comments relating to the Board's or a Committee's operation, performance, and areas for improvement. The results of the review will be compiled by the Chair of the Nomination & Remuneration Committee and discussed with Board members at an appropriate Board meeting.

The board skills matrix will be compiled and released in FY23.

The performance of the Chief Executive Officer (CEO) and Managing Director (MD) roles (when applicable) will be reviewed periodically by the Board. The CEO will discuss with all Senior executives on a regular basis and report to the Chair of the Nomination & Remuneration Committee before that committee brigs forward its recommendations to the board for consideration. As noted above due to the turnover of senior officers and Directors in the prior period, a period performance did not occur. It is intended to re-implement this process as the Board and Senior Management shows stability.

Diversity

The Company places great importance on its people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within the organisation. Having a diverse workplace, with varying skills, cultural backgrounds, ethnicity, and experience brings a range of benefits to the business, such as improved business decision making, wider range of skills, fosters innovation and ultimately better solutions for the customers. The Diversity Policy, which was reviewed and has been updated is on the Website at the address below.

Company's progress towards improving diversity

Diversity is driven by the leadership and commitment of the board and senior management. The Company has made a commitment to gender diversity at the board level and is very pleased to have retained two female Board directors that provide the Company with additional skills, depth, and diversity of thought to help grow the business and enhance its strong leadership and governance.

Female Participation – MNS	30th June 2022	30 June 2021
Board level	29%	29%

The Company is committed to creating an inclusive workplace where discrimination, harassment and inequity is not tolerated, and demeaning behaviour toward colleagues or management by anyone in the company or the board is not tolerated. As such the board has adopted in addition to the Diversity Policy a Safe & Respectful Workplace Policy and a Procedure for resolving workplace issues.

The Safe & Respectful Workplace Policy adopted by the Board can be viewed on the Company's website: https://magnis.com.au/files/corporate-governance

PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

The composition of the board at the date of the Corporate Compliance Statement is shown as below:

	Name of director	Category	Date of appointment
1	Frank Poullas	Executive Chairman	9 Sep 2010
2	Peter Tsegas	Executive Director	16 June 2015
3	Claire Bibby	Independent Non-Executive Director	28 January 2022
4	Giles Gunesekera	Independent Non-Executive Director	28 January 2022
5	Hoshi Daruwalla	Independent Non-Executive Director	31 December 2021
6	Mugunthan Siva	Independent Non-Executive Director	29 Mar 2021
7	Mona Dajani	Independent Non-Executive Director	29 Mar 2021

The Board currently comprises seven Directors, 5 Non-Executive and 2 Executive Directors with a broad range of skills, expertise, and experience, and all of whom add value to the operation of the Board. The Board comprises 5 Independent Directors, 1 Executive Director and an Executive Chairman who has a shareholder stake of 1.74% in the Company.

The independence of Directors is important to the Board. Independence is determined by objective criteria acknowledged as being desirable to protect investor interests and optimise value to investors. The Board regularly assesses the independence of its Directors. In determining the status of a Director, the Company considers that a Director is independent when he or she is independent of management and free of any business or other relationship (for example a significant shareholding) that could materially interfere with or could reasonably be perceived to interfere with the exercise of unfettered and independent judgement. The Company's criteria for assessing independence are in line with standards set by the Principles.

The appointment and removal of Directors is governed by Company's Constitution. Under the Constitution, the Board must comprise of a minimum of three Directors. Given the Board is considered majority Non- Executive, the Board does maintain a Nominations & Remuneration Committee (Committee). The Committee is responsible for selecting and recommending to the Board candidates to fill any casual vacancies that may arise on the Board from time to time. Directors who have been appointed to fill casual vacancies must offer themselves for election at the next Annual General Meeting of the Company (AGM). In addition, at each AGM, at least one Director must be a candidate for re-election and no Director shall serve more than three years without being a candidate for re-election (consistent with the requirements of the Company's Constitution).

- New Directors may participate in an induction program to assist them to understand the Company's business and the issues and are provided access to historical minutes and other items.
- The Board collectively has the right to seek independent professional advice as it sees fit. Each Director additionally enjoys the right to seek independent professional advice, subject to the approval of the Chairman.
- All Directors have direct access to the Group General Counsel & Company Secretary.
- Directors also have access to the senior management team. In addition to regular reports by senior management to the Board meetings, Directors may seek briefings from senior management on specific matters and Directors are entitled to request additional information.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Code of Business Conduct and Ethics

The Company is committed to being a good corporate citizen within all jurisdictions that it undertakes its business activities, and the Board has undertaken to ensure that the Company implements:

> practices necessary to maintain confidence in the Company's integrity;

> practices necessary to consider their legal obligations and the reasonable expectations of their stakeholders; and,

> responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Code of Business Conduct and Ethics which applies to each of its Directors and employees and it can be viewed at

> The Board is responsible for maintaining corporate integrity and ethical behaviour to the Board and seeks to set the standards for dealing ethically

with employees, investors, customers, regulatory bodies and the financial and wider community, and the responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

Whistleblower Policy

Magnis seeks to identify and assess wrongdoing as early as possible. The Company values support a culture that encourages staff to speak up on matters or conduct that concerns them. This policy provides information to assist staff to make disclosures and sets out how the Company will protect them from retaliation for whistleblowing. It can be viewed

Anti-Bribery and Corruption Policy

Magnis has a zero tolerance to bribery and corruption and operates its businesses with integrity. In Line with its Whistleblower Policy it encourages the reporting of material breaches of the Anti-Bribery and Corruption Policy, or material incidents to the Chair of the Audit and Risk Committee, the General Counsel & Company Secretary or Board subject to safeguards afforded to whistleblowers. It can be viewed at https://magnis.com.au/wp-content/uploads/2022/08/MNS-Anti-Bribery-Corruption-Policy.pdf

Dealing in Securities

The Company has in place a formal Securities Dealing Policy that regulates the way Directors, senior management and others that are involved in the management of the Company deal with securities.

The Share Trading Policy prohibits share trading in specific trading blackouts. Trading by directors is governed by the Corporations Act and timely disclosures are required under the Listing Rules. Persons in possession of non-public price sensitive information are required to be conscious of the legal consequence of insider trading. The Securities Dealing Policy is also available on the Company's website. It can be viewed at https://magnis.com.au/wp-content/uploads/2021/12/MNS-Securities-Dealing-Policy.pdf

PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

The Audit and Risk Committee is responsible to assist the Board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting. The Company reports frequently as it is considered a Mining Exploration Company. The Committee provides advice and recommendations to the Board to enable it to fulfil its responsibilities with respect to financial reporting.

The Audit and Risk Committee Charter is available on the Company website, it can be viewed at https://magnis.com.au/wp-content/uploads/2022/09/Audit-Risk-Committee-Charter.pdf

The Audit and Risk Committee Charter also details processes around the appointment and oversight of external auditors. The external auditor is required to be available to shareholders at each Annual General Meeting to answer questions about their findings during the Company's external audit.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the Executive Chairman (in the absence of a Managing Director) and the CFO are required to provide declarations to the Board in relation to the Financial Statements.

Non-Audited Financials are released on a quarterly basis. These are prepared internally, and the board on the advice of the CFO must agree to the release of the Appendix 5B. The Quarterly Activities Report is reviewed by the board and approved for release by the Continuous Disclosure Committee.

In doing so, the relevant officers represent to the Board that the financial records have:

- been properly maintained
- the financial statements comply with the appropriate accounting standards,
- give a true and fair view of the financial position and performance of the entity
- based a sound system of risk management and internal controls, which totheir best belief and knowledge operate effectively.

The Audit Committee communicates with the Auditors on receipt of the Auditor recommendations and audited financials, and they in turn make recommendations to address any areas for improvement each audit cycle. These are presented to the Audit & Risk Committee who then in turn report to the board, please see above the detail around the functions of the Audit & Risk Committee in this area.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with the ASX Listing Rules and Corporations Act in particular the continuous disclosure obligations and in so doing ensuring that its shareholders are kept well-informed of all significant developments affecting the Company's circumstances to promote transparency and investor confidence.

Magnis has adopted a Continuous Disclosure Policy, (It can be viewed at https://magnis.com.au/wp-content/uploads/2022/08/MNS-Continuous-Disclosure-Policy2.pdfwhich incorporates a continuous disclosure framework that is based on ASX Listing Rules Chapter 3, and ASX Listing Rules Guidance Note 8..

The Continuous Disclosure Policy provides a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. Specifically, the policy:

> describes the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act;

> establishes internal processes for reporting of information considered to be potentially price- sensitive and for consideration by the Board as requiring disclosure;

> establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;

> establishes internal processes for briefing of analysts, investor, and media groups, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market; and

> outlines authorisation procedures for ASX announcements, including their categories, summarized these a predominantly determined by the Continuous Disclosure Committee and where relevant the full board.

As recommended, Magnis ensures its Board receives market announcements promptly when made, especially where these contain market sensitive information.

Before corporate presentations to substantive investors or analyst presentations, the Company releases the presentation on the ASX, unless entirely composed of abstracts of historical releases.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Board strives to ensure that shareholders are informed of all major developments and business events likely to materially impact the Company's operations and financial standing, including the market price of securities.with Information communicated to shareholders via:

> The ASX platform;

> The Company's website;

> Annual audited financial report, half year unaudited financials and report and Appendix 5B and accompanying reports released quarterly;

> Market-sensitive releases, including information that relates to strategy and milestone accomplishment; and

> Chairman or MD's addresses to the AGM which are also made available through the ASX website

> The release of results of General and Annual General Meetings.

Historical information retained on the Magnis website includes:

> ASX announcements;

> Company Presentations;

> Company Financials;

> Directors' and Management details; and

> Charters and Policies

General Meetings

Shareholders have the right, and are encouraged, to attend the Company's General Meetings in particular the Annual General Meeting, held in October/November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting is also posted on the Company website and lodged with the ASX.

In addition, shareholders are invited to submit questions of the board, auditors, or management, which are addressed at the Annual General Meeting.

Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all shareholders are eligible to vote on all resolutions. Shareholders who cannot attend the Annual General Meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically.

Transcripts of the Chair and MD's presentations or speeches are released to the ASX prior to the Meeting. These transcripts, and the results of the meeting are posted on the ASX and the Company's website.

All shareholders are provided the option to receive communications (in particular the Annual Report and the

Notice of Meeting (including the proxy form) from the Company and the share registry electronically and are encouraged to do so, with election documentation included in regular mail outs to shareholders. This use of technology is in line with the Company's focus on sustainability.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Company is in the process of building a new risk management framework and Risk Register which will initially be created by management, overseen by the Audit & Risk Committee and reviewed frequently by the Board, that encompasses all material risks, quantifying them and setting appropriate actions, policies and other mitigants to manage them. The identification and effective management of risk, including calculated commercial risks are viewed as an essential part of the Company's approach for creating long-term shareholder value.

The Company does not have an independent internal audit function due to the size of the Company, however its risk management policies and the Risk Register is initially reviewed and monitored by the Audit and Risk Committee. The Committee is obligated to work within the mandate established by the Audit and Risk Committee's Charter, which is itself reviewed on an bi-annual basis. The Company's risk management framework intends to integrate macro strategic goals with day-to-day business procedures and functional responsibilities.

A review of the Company's risk management framework has not been carried out during the 30 June 2022 year, however at the time of this statement the review has commenced as has the creation of the Risk Register. The Committee intends to continue the risk review throughout the FY23 year.

ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

Corporate Responsibility

The Company acknowledges the importance of sustainability as a core foundation and part of its corporate responsibility to all stakeholders. The Company believes that sustainable conduct is a delivery driver of value for its shareholders and the broader community and external stakeholders in the long-term. Magnis' entities and investee companies are committed towards ensuring support to sustainable business practices. The impact of the Company's decision-making and operations all have an impact on the economy, society and the environment which forms part of its corporate responsibility.

This is no more evident than in respect to its subsidiary's operations in New York and Tanzania

Environment

The Company's high quality green credentialed Lithium-ion batteries to be produced by iM3NY, using C4V's patented BM-LMP Technology leads to longer battery life, faster charging, and greater safety without the use of more environmentally impactful Nickel and Cobalt. The Graphite to be produced from the Nachu Graphite Project in Tanzania can be produced without reliance on harsh chemicals.

Social

A key part of the Company's sustainability approach is based on proactively maintaining its social license to operate through greater interaction and positive impacts on the communities it operates in.

Its capital investments into the iM3NY operations in New York has created numerous new jobs and supported livelihoods and re-invigorated the local community in which it operates. The iM3NY operations will be creating approximately 150 new jobs in Endicott, New York at the battery manufacturing plant in a revitalized area which was a former office and manufacturing site. There are also Future job creation opportunities being planned for the Tanzania projects, once production is underway.

The Magnis group of companies is committed to complying with the laws, regulations and guidelines that govern the group's operations in the multiple jurisdictions in which it operates across Australia, United States and Tanzania.

Engagement with Local communities

In Tanzania, the Company has continued to partner with several organisations in line with its commitment to operate in a sustainable manner. There have been four key areas where the Company has contributed and engaged with the local communities in Tanzania in relation to its Nachu Graphite Project:

1. Community Consultation: Engagement with the local communities and neighbors surrounding its site
2. Financial literacy and Education: The Company has ensured that financial literacy education has been rolled out to various communities, by building work on the local schools and provision of text books
3. Product materials community support: whereby the Company has donated building materials and supplies for the construction of various community clinics and schools
4. Community Donation and Support Programs: The Company has provided various donations to support numerous charity and program campaigns during the year.

In addition and as part of item 4 it has commenced the building of a resettlement village of some 59 houses to provide enhanced accommodation form the displaced local inhabitants affected by the proposed mine.

People, Health and Safety

The Company has a focus on safety, health and providing an equal work environment to all its employees, regardless of their background and position. The focus is on maintaining safe working environments through strong, safety-first leadership and culture

The Sustainability, Health and Safety Committee's mandate includes the development, monitoring, and refining of safety performance indicators to better understand the processes and behaviours that are most effective in minimising safety incidents and serious harm. The recently reconstituted Committee will monitor and track any serious consequence-based injury, and other major incidents capable of causing or have caused serious or fatal harm with various measures. All incidents, injuries and near misses must be reported in accordance with incident management procedures to ensure measures can be taken to prevent reoccurrence.

The Company reports that there have been no safety incidents for the financial year ending 30 June 2022.

The Audit and Risk Committee will be evaluating the Company's material exposure to economic, environmental, and social sustainability risks. The results of these findings will shape strategy and resource allocation.

The Board has recently re-constituted the Nominations and Remuneration Committee, which in accordance with its Charter (available on the Company's website is https://www.magnis.com.au/files/MNS-Nominations-And-Renumeration-Committee-Charter.pdf

is responsible for reviewing and making recommendations to the Board in respect of:

- Executive remuneration;
- Executive incentive plans;
- Remuneration of the Company's key management personnel;
- Equity based incentive plans;
- Recruitment, retention, performance measurement and termination policies and procedures for non- executive directors, the MD and any other executive director and all senior executives reporting directly to the MD; and
- The disclosure of remuneration in the Company's Annual Report.

Details of Remuneration and Nomination Committee are outlined earlier in this Corporate Governance Statement and in the Directors' Report contained in the Annual Report.

Remuneration levels are set to attract and retain appropriately qualified and experienced personnel. Performance, duties and responsibilities, market comparison and independent advice are all considered as part of the remuneration process. The total remuneration paid to Directors and key management personnel for the reporting period are set out in the Remuneration Report.

Directors' fees are reviewed and will be benchmarked against fees paid to Directors of similar organisations with similar growth. Directors are not provided with retirement benefits other than statutory superannuation but are eligible for securities (subject to shareholder approvals), as described in the Directors Report. In 2021 Shareholders approved the grant of unlisted options to the non-executive directors who were re-elected at the AGM in November 2022, and these were described as to align the directors with the growth in the company and to incentivize the directors.

To ensure that the Company's senior executives properly perform their duties, the following procedures are in place:

- Full year achievement reviews through the re-constituted Nomination & Remuneration Committee.
- Senior management assessed in terms of their achievements against expectations.
- A link between the outcomes, market rates, and the performance review process which is outlined in the Remuneration Report.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient from time to time considering changing circumstances and economic conditions. The Directors recognise that:

- mineral exploration and pre-development of off-takes of graphite, and the
- manufacture of lithium cells

each of those areas carry numerous risks.

Directors are committed and conscious of the role they play with respect to the oversight of these businesses and operational strategy. In particular the adoption of skilled employees and contractors and adopting sound risk mitigation frameworks designed to manage and address particular and general risks relating to each of these businesses and the overall business generally, noting the multi-jurisdictional nature of the Company's interests in particular.

This Corporate Governance Statement was approved by a resolution of the Board on 28 September 2022

06

Annual Financial Report

YEAR ENDED 30 JUNE 2022

07 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 2022.

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 10 September 2010. Elected Chairman - 29 August 2014.

Mr Poullas has spent over two decades working in the technology, investment banking and engineering industries. During the last 16 years, Mr Poullas has been involved with assisting several ASX-Listed entities with funding and strategic direction in the Lithium-ion Battery Materials and Energy sectors.

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

None.

Special responsibilities

Mr Poullas is a member of the Health, Safety & Sustainability Committee. As executive Chairman he is an ex-officio member of each of the committees and a member of the Continuous Disclosure Committee.

Mr. Hoshi Daruwalla (Non-Executive Director)

Appointed - 1 Decembe 2021.

Mr Daruwalla is based in the United States and has a career spanning over three decades where he has started, operated and grew businesses across a variety of industries globally from start-ups to significant multinationals. He has held global senior management roles at corporations such as Daikin Industries, American Air Filter – McQuay, Hong Leong Group and Purafil. He has operated, seeded, and scaled up businesses in 93+ countries, with successful outcomes including receiving the prestigious U.S. Presidential E- and E-Star awards for Excellence in U.S. Exports awarded by the U.S. Secretary of Commerce. Recently, Mr Daruwalla held the role of Executive VP – Strategic Global Expansions; Chairman of the Board, President and CEO of the North American entity of EcoPro Battery. He is a Board Member and CEO Mentor at the State of Georgia District Export Council (U.S. Department of Commerce appointee), and holds a bachelor's degree in manufacturing engineering, Masters in Business Administration, and is an alumnus of the Wharton Business School.

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

None.

Special responsibilities

Member of the Health, Safety & Sustainability Committee and the Nomination & Remuneration Committee, He will transfer the Audit & Risk Committee and vacate his position on the Health Safety & Sustainability Committee in FY23.

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

Appointed - 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 & Remuneration Committee and member of the Audit & Risk Committee as noted above Mona Dajani will transfer to the Health Safety & Sustainability Committee and vacate her role on the Audit & Risk Committee in FY23

Mr. Mugunthan Siva
(Non-Executive Director)

Appointed - 29 March 2021.

Mr. Siva possesses three decades of experience in the finance industry both locally and overseas specialising 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 & Remuneration Committee and member of the Health, Safety & Sustainability Committee.

Ms. Clair Bibby
(Non-Executive Director)

Appointed - 28 January 2022.

Ms. Bibby has over 30 years professional experience as a senior lawyer and executive coach. Claire has founded and cofounded several businesses covering the legal, executive coaching, property-tech and legal-tech spaces and has held senior management appointments with some of world's largest companies and top-tier law firms. Claire is a Non-Executive Director of two other ASX listed companies noted below and sits on a number of unlisted companies and charities including Arowana International Limited. Claire has been recognised by several professional organisations during her career including recently being named by Australasian Lawyer as one of the Elite Women of 2021. Claire is also an Industry/Professional Fellow with the University of Technology Sydney, School of Law.

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

Comms Group Limited (ASX:CCG), Clime Asset Management (ASX:CIW); Arowana International Limited, (has since delisted)

Special responsibilities

Chair of the Audit & Risk Committee, and member of the Nominations & Renumeration Committee.

Mr. Giles Gunesekera
(Non-Executive Director)

Appointed - 28 January 2022.

Giles is the Founder and CEO of Global Impact Initiative and has over 25 years' experience of building and developing businesses for global organisations. GII is the only Impact Investing business in the world that is acknowledged by the United Nations as a Global LEAD company and recognised for their high levels of engagement in the United Nations Sustainable Development Goals (UNSDGs) Giles holds numerous Volunteer Not-for-Profit Directorships ranging from International Aid, Human Rights, Climate Action, Disabilities, Education, Arts and Sports. Giles is on Advisory Boards for the United Nations for Climate & Health and Sustainable Finance. Giles has formal academic qualifications from Oxford University, Melbourne University, Monash University, and the Financial Services Institute of Australia.

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

None.

Special responsibilities

Chair of the Health, Safety & Sustainability Committee and member of the Audit & Risk Committee.

Mr. Peter Tsegas
(Non-Executive Director)

Appointed - 16 June 2015.

Mr Tsegas has over 20 years of experience in Tanzania where he's been a resident for over 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 (Appointed 29 November 2019, Resigned 17 June 2020).

Special responsibilities

Member of the Health, Safety & Sustainability Committee.

FORMER DIRECTORS DURING 2021 REPORTING PERIOD

Professor M.S. Whittingham, Non-Executive Director, 4 November 2016 to 31 December 2021.

Ms. Z. Pavri, Non-Executive Director, 29 March 2021 to 24 December 2021.

Dr. R. Petty, Non-Executive Director, 29 March 2021 to 17 November 2021.

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.

Mr. Duncan Glasgow - Company Secretary & General Council

Appointed - 10 February 2022.

Mr. Glasgow has over three decades of extensive experience as a corporate and commercial lawyer and company secretary who has worked across several ASX listed companies as well as private companies in the energy, mining, retailing and industrial sectors. He has a Bachelor of Arts and a Bachelor of Laws from Macquarie University, is a Fellow of the Institute of Chartered Secretaries and a Fellow of the Governance Institute and holds an Unqualified Practicing Certificate from the Law Society of NSW.

Mr. Julian Rocket - Joint Company Secretary & Corporate Councel

Appointed - 15 April 2021 General Counsel & Company Secretary; appointed - 10 February 2022 Joint-Company Secretary and Corporate Counsel.

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 listedcompanies.

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	Ordinary Fully-Paid (OFP) Shares	Unlisted Options over OFP Shares	Performance Rights
Mr. F. Poullas	17,387,506	1,000,000	2,000,000
Mr. P. Tsegas	1,270,000	1,000,000	2,000,000
Ms. M. E. Dajani	-	2,000,000	-
Mr. M. Siva	700,000	2,000,000	-
Ms. C. Bibby (Appointed 28 Jan 2022)	-	-	-
Mr. G. Gunesekera (Appointed 28 Jan 2022)	-	-	-
Mr. H. Daruwalla (Appointed 31 Dec 2021)	-	-	-
Professor M.S. Whittingham (Resigned 31 Dec 2021)	500,000	-	-
Ms. Z. Pavri (Resigned 24 Dec 2021)	-	2,000,000	-
Dr. R. Petty (Resigned 17 Nov. 2021)	-	-	-

Directors' Report

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The Group has business interests across the Lithium-ion battery supply chain in the USA, Australia, and Tanzania.

Magnis' vision is to advance their multi-strategy business through:

- Operating as a strategic partner, to support through its parent (in which it holds a majority interest) Imperium3 New York, Inc's ('iM3NY') lithium-ion battery manufacturing facility to build towards double-digit gigawatt production.
- Partnering in other lithium-ion battery projects in conjunction with their technology partner, Charge CCCV LLC ("C4V") such as the greenfield lithium-ion battery project in Australia.
- Developing the Group's wholly owned Nachu Graphite mining project in Tanzania to produce high purity natural flake graphite.
- Working closely with C4V with plans to commercialise their lithium-ion battery technology and intellectual property such as producing high performance anode material from their Nachu Graphite feedstock.

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

- Mr. David Taylor appointed as Chief Executive Officer following an extensive global search managed by executive search firm Korn Ferry. Mr. Taylor has 30 years of international experience leading the development and growth of businesses and major projects across the property, construction, transport, renewables, energy, environmental and social infrastructure sectors.
- iM3NY Completes US$100 Million Intellectual Property-based Financing in Collaboration with Aon and Atlas Credit Partners. The loan facility reduces iM3NY's cost of capital and provides additional cash to the project's balance sheet, increasing its financial flexibility.
- The Company's battery technology partner Charge CCCV LLC ('C4V') announced that it had launched its LiSER Technology. LiSER technology encompasses an in-house patented battery cell design that allows OEMs to bypass modules and build the pack directly. This LiSER technology enables long and slim cells with super-fast charge and discharge capabilities without losing the energy density benefits.
- Successful extra fast charging results from optimised 7Ah (Amp hour) commercial cells using C4V's patented BMLMP Technology. Current results show negligible capacity loss after 250w cycles with 15 min charge and variable discharge rates. The previous fast charging program concluded with significant results after more than 6,000 cycles. Most recently for a program commenced during the reporting period by C4V over 2,600 cycles of 20-minute charge and 20-minute discharge a 97% retention of capacity was recorded.
- Magnis signed a Binding Offtake Agreement with Traxys Europe for the supply of natural flake graphite concentrate from its Nachu Graphite project in Tanzania. The Offtake Agreement allows for the delivery of 600,000 tonnes of natural graphite covering all flake sizes over a 6-year period.
- Global engineering group Ausenco have been engaged to complete a Bankable Feasibility Study for the Nachu Graphite Project. Ausenco has 26 offices in 14 countries, with projects in over 80 locations worldwide. Ausenco are highly respected and well known for producing innovative capital efficient process plant designs.

The Resettlement Program for project affected persons from the development of the Nachu Graphite project is a key precursor before construction of the plant and processing facility can commence. The Group's wholly owned subsidiary Uranex Tanzania Limited have appointed the major contractor to develop and construct the resettlement village. Construction of the resettlement village has commenced with completion expected to occur by the end of 2022.

- Magnis secured a total of A$20 million through the issuance of a Convertible Note facility with funding from two US-based institutions, The Lind Partners and SBC Global Investment Fund.
- The Company made three significant board appointments to help bolster its skills and capabilities. Each member brings experience across manufacturing, ESG and sustainability, corporate governance, and risk management.

Post the reporting period end, the primary activities and changes in state of affairs of the Company were as follows:

- Commercial production commenced at the iM3NY Lithium-ion Battery Plant.
- The updated Bankable Feasibility Study was completed for the Nachu Graphite mining project in Tanzania.

REVIEW OF OPERATIONS

LITHIUM-ION BATTERY MANUFACTURING

The Group along with its technology partner Charge CCCV LLC ("C4V") are the major shareholders in the New York Lithium-ion battery manufacturing facility, iM3NY. iM3NY will commercialise C4V's patented technology to produce greencredentialed lithium-ion battery cells for use in energy storage and electric vehicle applications. Over the year, iM3NY made significant progress to build out one of the largest home-grown, non-China reliant Gigawatt scale Lithium-ion Battery Plants in the US. Notable milestones achieved are as follows:

> Multi-national Engineering, Procurement and Construction contractor Ramboll together with the iM3NY team are utilising a phased approach to the design and construction of the battery manufacturing facility. Engineering, procurement, construction, process, and operational ramp up and construction are the major milestones.

> Completion of the 'Dry Room'. The dry room is an essential part of the Lithium-ion cell manufacturing process, where most of the cell assembly is performed in an ultra-dry and ultra-clean inert environment. The ultra-dry atmosphere ensures longevity of Lithium-ion cells with minimal side reactions and degradation.

> Major New York state permits granted which are critical to continuing the construction build out, namely the Environmental Justice Plan, Air Permit and Aquifer Permit.

> Achieved semi-autonomous operation phase which allows for batches of cells to be produced for both marketing and due diligence purposes.

> Refinancing of the existing US$50 Million Riverstone debt with a US$100 Million Intellectual Property-based financing in collaboration with Aon and Atlas Credit Partners. The loan facility provides additional cash to the project's balance sheet, significantly increasing its financial flexibility as well as plans for expansion.

Post the reporting period, iM3NY achieved the following:

> Installation and commissioning of key equipment such as Mixing, Coating, Drying, Calendaring, Slitting, Stamping, Stacking, Electrolyte Filling etc,

> Commenced the operations phase to commercially produce battery cells.

NACHU GRAPHITE PROJECT UPDATE

Magnis appointed global engineering consulting group Ausenco Services Pty Ltd to conduct a Bankable Feasibility Study for the Nachu Graphite Project in Tanzania. The study is being based on an annual graphite production of 220,000 tonnes of high-grade graphite concentrate. Uranex Tanzania Limited, a wholly owned subsidiary of the Group continued to conduct early project works such as drilling and casing of several water bores to secure water for production and the clearing of the Special Mining Licence boundary. In regard to the company's resettlement program, Italframe Limited, a Tanzanian Registered building contractor overseen by project consultants and Norplan Tanzania Ltd has been contracted to carry out the construction of the village. Construction of the Eco-village to house the 59 families that were living on the special mining licence area has progressed well with completion expected by the end of 2022.

CORPORATE DEVELOPMENT

Name	Role	Date Joined
Mr. Hoshi Daruwalla	Independent Non-Executive Director	31st December 2021
Ms. Claire Bibby	Independent Non-Executive Director	28th January 2022
Mr. Giles Gunesekera	Independent Non-Executive Director	28th January 2022

CAPITAL RAISINGS

On 3 August 2021, Magnis announced it had secured a total of $20,000,000 in funding from two US-based institutions The Lind Partners and SBC Global Investment Fund, via a Convertible Note ('Facility') that would be used to assist the Company with its aggressive growth plans to fast-track Gigawatt scale production at iM3NY's Lithium-ion Battery Plant located in Endicott, New York. Shares issued under the Facility will be in accordance with the terms and conditions of that Facility.

FUTURE OUTLOOK AND STRATEGY

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

> New York lithium-ion battery plant, Imperium3 New York Inc. ('iM3NY') to gradually increase commercial production to meet customer orders.

> iM3NY seeks to raise further capital to increase capacity towards double digit gigawatt scale.

> Secure further graphite offtakes, complete the definitive feasibility study and progress the funding process for the construction of 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 or declared during the year (2021: $NIL). The Directors do not anticipate the declaration or payment of a dividend in the next financial year.

EMPLOYEES

Magnis Energy Technologies Ltd had 7 employees (including 1 executive director) on 30 June 2022 (2021: 5 employees).

		Gender	
Category of employee	Total	Male	Female
All Employees and Board	14	12	2
Key Management Personnel	6	6	-
Board	7	5	2

Uranex Tanzania Limited had 13 full-time employees on 30 June 2022. (2021: 11 employees)

		Gender	
Category of employee	Total	Male	Female
All Employees and Board	13	9	4

CORPORATE

Director Movements during the year

Directors	Appointment Date	Directors	Departure Date
Mr. H. Daruwalla	31 December 2021	Professor M.S. Whittingham	31 December 2021
Ms. C. Bibby	28 January 2022	Ms. Z. Pavri	24 December 2021
Mr. G. Gunesekera	28 January 2022	Dr. R. Petty	17 November 2021

CAPITAL FUNDS

On 3 August 2021, the Company announced having raised AUD$20M through the issue of convertible notes to two New York based financiers with a Face Value of $21M. Magnis issued 84,291,378 Ordinary Fully Paid shares in relation to its $20M Convertible Note ('Facility'), that included:

> 14,000,000 (7M to each convertible note holder) as collateral shares that are required to be paid for or surrendered within 18 months. As at 30 June 2022 there was 7M outstanding. Since the end of the financial year this number has reduced to 3M and SBC has received a further 3,846,154 shares on 25 July 2022 thus reducing the amount outstanding from the Convertible note to AUD$750,000.

> 38,166,378 shares were subsequently issued to Lind Global Fund II LP ('LIND'), and

> 32,125,000 shares were issued to SBC Global Investment Fund ('SBC').

An interest expense of $1M was paid upfront, hence the AUD$21M Face Value of the Convertible Note and 5,000,000 shares were issued to finance advisor Evolution Capital Advisors ('Evolution') instead of cash for their fees with regards to the above convertible note financing. The shares issued to LIND extinguished their $10.5M portion of the convertible note in the period, while AUD$1,750,000 remained outstanding as at 30 June 2022 from AUD$10.5M portion of the convertible note that is held by SBC. Subsequent to 30 June 2022 the amount outstanding had reduced to AUD$750,000.

On 11 November 2021, Magnis issued 1,500,000 Ordinary Fully Paid shares by converting performance rights that had been approved by members in 2020, to the qualifying directors under the Magnis Executive Rights Trust ('MERT') that became eligible when the Company's market capitalisation of AUD$500,000,000 was achieved. The relevant performance rights were held by Frank Poullas, Peter Tsegas, and former director, the Distinguished Professor M. Stanley Whittingham, who retired at 31 December 2021. An equity adjustment for $11,120 was required to reflect this conversion while 2,000,000 rights also lapsed relating to the director retiring.

On 26 November 2021 Magnis announced the issue of 36,000,000 unlisted options to be granted to the below holders, after receiving shareholder approval at the AGM on 22 November 2021:

> 20,000,000 unlisted options at $0.40 exercise price, expiring 3 years from grant date to investors ('LIND' & 'SBC') as per the convertible note funding facility announced on 3 August 2021. These expire on 25 November 2024.

> 10,000,000 unlisted options at $0.50 exercise price and a three (3) year term (ending 25 November 2024) were issued to capital advisors (including Evolution), part of the remuneration for their role as lead manager.

> 6,000,000 unlisted options at $0.70 exercise price to Non-Executive Directors, expiring 25 November 2024, aimed to form part of their overall remuneration package for incentivising three recently appointed directors. These were issued to the Magnis Option Share Trust ('MOST').

In December 2021, MOST was issued with 1,375,000 unlisted options for employees, at $0.80 exercise price, with an expiry date of 9 December 2024 and 1,000,000 unlisted options at $0.70 exercise price, relating to a retiring director were forfeited.

SECURITIES AS AT 30 JUNE 2022

The Company had the following securities on issue as at 30 June 2022:

> 966,485,329 Ordinary Fully Paid shares on issue.

> 77,869,167 unlisted options remain issued with a strike price at $0.50 and expiring on 26 May 2023.

> 20,000,000 unlisted options remain issued to funding providers ('LIND' & 'SBC') with a strike price at $0.40 and expiring on 25 November 2024.

> 10,000,000 unlisted options remain issued to capital advisors (including Evolution) with a strike price at $0.50 and expiring on 25 November 2024.

> 10,125,000 unlisted options outstanding in the Magnis Option Share Trust ('MOST', formally called Uranex Option Share Trust), with varying expiry dates ranging from 30 October 2022 to 9 December 2024 and varying exercise prices ranging from $0.50 to $0.80. This includes 6,000,000 unlisted options outstanding previously issued directly to Non-Executive Directors with a strike price at $0.70 and expiring on 25 November 2024.

> 4,000,000 performance rights outstanding in the Magnis Executive Rights Trust ('MERT')

> 500,000 Ordinary Fully Paid Shares issued following conversion of the equivalent performance rights are held in Magnis Executive Rights Trust ('MERT')

> 750,000 Ordinary Fully Paid shares held in the Magnis Option Share Trust ('MOST').

A consolidated cash balance of $100,238,244 (2021: $72,894,945).

EXERCISE OF LISTED OPTIONS

No listed options exist, and none were exercised.

EXERCISE OF UNLISTED OPTIONS

During the financial year, Magnis issued 43,559,405 Ordinary Fully Paid resulting from holders converting their 50c strike price unlisted options, which resulted in the receipt of $21,779,703 in funds. As at 30 June 2022, 77,869,167 unlisted options remain with a 50c strike price and a 2-year period from their 23 May 2021 issue date.

OPERATING RESULTS FOR THE YEAR

	2022	
	Income $	Results $
Lithium-ion battery investments	417,616	(49,650,216)
Graphite exploration and development	34,063	(12,047,603)
Intersegment elimination	-	-
Income and losses before tax	451,679	(61,697,819)

SUBSEQUENT EQUITY EVENT: CONVERTIBLE NOTES

On 25 July 2022, Magnis announced it had issued 3,846,154 Ordinary Fully Paid shares at 26 cents for a total of $1,000,000 to US-based institution SBC Global Investment Fund, under the terms of the Convertible Note ('Facility') agreement, announced to the ASX on 3 August 2021 and approved by shareholders at the 2021 AGM. The Facility has been used to assist the Company's subsidiary with its growth plans to fast-track Gigawatt scale production at the Lithium-ion Battery Plant located in Endicott, New York.

REVIEW OF FINANCIAL POSITION

LIQUIDITY AND CAPITAL RESOURCES

The Group statement of cash flows shows a net increase in cash and cash equivalents for the year ended 30 June 2022 of $20,889,367 (2021: $72,548,800).

During the year, the Group raised $23,561,500 (2021: $41,649,955) before costs via capital raisings and $21,779,703 proceeds from options exercised (2021: $Nil).

At year end the Group had liquid funds of $100,238,244 (2021: $72,894,945) available for future operational and investment use and borrowings of $145,111,133 (2021: $65,175,758). For a breakup of liquidity, refer to Notes 6 and Note 14(c) for borrowing.

SHARES AND OPTIONS ISSUED DURING PERIOD

During the year ended 30 June 2022, the Company issued 115,050,783 Ordinary Fully Paid shares raising $45,341,203 in equity (2021: $41,649,995) as follows:

> 84,991,378 OFP shares were issued relating to the Facility raised $23,561,500 before fees.
> 43,559,405 OFP shares were issued raising $21,779,703 from exercising unlisted options with a strike price of $0.50.
> 1,500,000 OFP shares were issued under the terms of MERT.
> 20,000,000 OFP shares were cancelled under the terms of MEST.
> 5,000,000 OFP shares were issued in relation to equity funding costs.

CAPITAL EXPENDITURE

Capital expenditure by the Group on plant and equipment during the year was $34,105,551 (2021: $10,216,185).

GROUP PERFORMANCE

Annual Net Income	2022	2021	2020	2019	2018
Consolidated loss after tax ($)	61,697,819	12,032,230	7,378,601	5,549,553	5,417,885

Shareholder Returns	2022	2021	2020	2019	2018
Share price at financial year end ($)	0.30	0.26	0.08	0.19	0.38
Basic loss per share (cents)	6.38	1.41	1.11	0.92	0.97
Diluted loss per share (cents)	6.38	1.41	1.11	0.92	0.97

RISK MANAGEMENT

The Board is responsible for ensuring that risks are identified which has been delegated to the Audit & Risk Committee to be reviewed on a timely basis and that the Group's management addresses the risks identified.

> The newly reconstituted Audit & Risk Committee reviews major risks to the business aside from its audit responsibilities, which are recorded in the Risk Register, which is constantly reviewed and updated.
> Management and staff operate under numerous policies in their day-to-day operations which are designed to assist in reducing the identified risks.

- The Board strategically reviews operational activities and conveys to management as well as shareholders its objectives and reports on progress against those 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 year saw a number of initiatives begun that straddled this in particular the engagement of IBIS to perform a Vendor ESG Audit.
- 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 and to the extent it can reduce sovereign risks for its Tanzanian assets the management of those. Also our US-based directors Ms. Dajani and Mr. Daruwalla keep the Board informed of developments and assisted the Board to address any emerging risks. One key matter was the refinancing of the Riverstone facility with iM3NY.

The other Committees have specific responsibilities for making recommendations for adoption, in the areas appropriate to their Charters.

Numerous risks are associated with the Company's businesses, failing to keep pace with technological advancements, capital requirements, and growing competition makes the Company's activities risky concerning its battery manufacturing investments.

Likewise, the realisation of the project including processing, from its Nachu Graphite Project will be very capital intensive. The degree of success depends on numerous factors, including negotiating suitable commercial off-take agreements, funding, sovereign risks, relevant commodity prices, the quality and scale of the resource, and commercial partnerships to manage 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.

In balancing and managing these diverse risks, 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 growing market size and recognition through admission to the ASX All Ords.

Magnis from both a resource and technological view is positioned in the lithium-ion battery space, as such it benefits from tailwinds of political, technical, and economic changes that are focussing on that. These forces, in particular the economic, 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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Notwithstanding the impact of COVID in the first half of the year which made travel to the USA almost impossible iM3NY has been assisted by the refinancing referred to above and has managed to have the plant 84% complete by the end of the financial period.

Also, the DFS for the Nachu Graphite Project has progressed as has the construction of the resettlement village.

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 2022. The Vendor ESG audit conducted at the end of the reporting period did not reveal any concerning gaps in respect to this or any other areas covered by the audit, specifically noting the positives arising from the Group's community engagement.

The New York lithium-ion battery plant is also subject to Environmental and Planning Regulations from various government authorities, which are being strictly adhered to by iM3NY.

The Townsville Project (iM3TSV) remains at a preliminary stage, as the re-zoning was granted towards the end of the 3rd quarter of the reporting period and as yet no commercial terms have been provided in order to progress this opportunity.

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.

	Directors Meeting		Audit & Risk Committee		Nominations & Remuneration Committee		Health, Safety & Sustainability Committee	
Number of meetings attended:	A	B	A	B	A	B	A	B
F. Poullas	9	9	2	2	*	*	2	2
M.S. Whittingham	4	3	1	-	*	*	-	-
P. Tsegas	9	8	1	-	*	*	2	1
M. Siva	9	9	2	2	2	2	2	1
Z. Pavri	4	4	2	2	*	*	-	-
R. Petty	3	3	2	2	-	-	-	-
M.E. Dajani	9	6	3	-	2	-	*	*
C. Bibby ^	4	4	1	1	2	2	-	-
H. Daruwalla	5	5	-	-	2	2	2	1
G. Gunesekera ^	4	4	1	1	-	-	2	2

Notes

A Number of meetings held during the year whilst the director held office

B Number of meetings attended

* *there were no meetings whilst the person was a member of the committee*

^ *as noted below Claire Bibby & Giles Gunesekera commenced 28 January 2022*

The Audit & Risk Committee initially comprised R. Petty (Chair), M. Siva, Z. Pavri and M.E. Dajani, this then changed following 28 January and is now composed of Claire Bibby (Chair) Giles Gunesekera and Mona Dajani .

The Nominations & Remuneration Committee initially comprised M. Siva (Chair), M.E. Dajani, R. Petty, and Z. Pavri., this has changed from 28 January 2022 to Mugunthan Siva (Chair), Mona Dajani, Claire Bibby and Hoshi Daruwalla

The Health, Safety & Sustainability Committee initially comprised of Z. Pavri (Chair), F. Poullas, M.S. Whittingham, P. Tsegas, M. Siva and R. Petty. This then changed to Giles Gunesekera (Chair), Frank Poullas, Peter Tsegas, Mugunthan Siva and Hoshi Daruwalla.

The committee's reconstitution midway through the year was due to the changes to the composition of the board which occurred in January 2022

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 Charter of the Remuneration & Nominations Committee, recently updated will ensure that the Committee sets appropriate remuneration, goals and reviews existing STI and LTI structures and following that submits its recommendation for any changes 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 and where additional work is required a rate has been set and approved by the board. The Board determines payments to the Executive Directors (namely Peter Tsegas and Frank Poullas) and reviews their remuneration annually, based on market practice and their duties and accountability. The current maximum aggregate of Non-Executive Directors fees payable is $650,000; having been approved by shareholders at the Company's Annual General Meeting held on 17 November 2017.

Presently, Directors receive annual fees of between $65,000 to $70,000 and the Executive Chairman $120,000. An additional $5,000 per annum is paid to Directors who Chair Committees, except for the Audit & Risk Committee, where the Chair receives $15,000 per annum. Superannuation is payable under each Director's service agreement and in accordance with the Superannuation Guarantee Charge Act (Cth).

DIRECTOR AND OTHER EXECUTIVES DETAILS

Listed on pages 30-33 of this Annual Report are persons who acted as a director of the Company during either the whole of the financial year or were appointed during the year and remained directors at the date of this report or were appointed since the end of the financial year. For the purposes of this report, Key Management Personnel (KMP) of the Company are those persons having authority and responsibility for planning directing and controlling the major activities of the Company, directly or indirectly, and senior or key management employee. In addition to the Directors, the following were KMP during the financial year:

> Mr. Rodney Chittenden - Project Director (from 1 September 2020)
> Mr. Duncan Glasgow - Company Secretary and Group General Counsel (from 10 February 2022)
> Mr. Julian Rockett - Joint Company Secretary and Corporate Counsel (from 10 February 2022)
> Mr. Aran Nagendra - Corporate Development and Investor Relations Manager (from 24 May 2021)
> Dr. Jawahar Nerkar - Director of Battery Technologies (from 19 July 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 a review by the Nomination & Remuneration Committee and based on the performance of the Company.

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 Company's intention is to position total employment costs within a relevant peer group. 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, hence the reason that performance rights were approved, and shares issued to 2 directors, please see the comments below in respect to MERT.

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. This review resulting in the issue to MOST of 1,375,000 options as noted above and below.

SHARE OPTION PLAN: MOST

Magnis Energy Technologies Ltd operates an ownership-based scheme for Directors and Employees of the Company. In accordance with the provisions of the Plan, listed Ordinary Fully Paid shares and unlisted options are held on behalf of Plan Participants by the Trustee of the **Magnis Option Share Trust ('MOST')**. During the year ended 30 June 2022, 1,375,000 unlisted options (2021:750,000) on similar terms and conditions were allotted to the Trust pursuant to the rules of MOST.

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 Ordinary Fully Paid shares are held on behalf of Plan Participants by the Trustee of the **Magnis Employee Share Trust ('MEST')**. During the year ended 30 June 2022, NIL Ordinary Fully Paid shares (2021:20,000,000) were issued to the MEST, held on behalf of one Plan Participant pursuant to their employment agreement. However, during the year those rights were cancelled, pursuant to the respective terms of their grant, triggered by the only 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 2022, NIL unlisted Performance Rights (2021:12,500,000) 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. During the reporting period shares were issued to 3 Directors who were in office at the time of their issue because the company's market capitalisation passed the first threshold of AUD$500M. As a consequence of the resignation of all except 2 participants, 4 million Performance rights remain, allocated to Frank Poullas and Peter Tsegas as noted above.

SERVICE AGREEMENTS

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

Mr. Frank Poullas - Executive Chairman

- No agreement expiry date;
- Remuneration is $120,000 (2021: $120,000) per annum including statutory superannuation guarantee;
- Consulting fees of $1,000 per business day that is applicable if invoiced from Strong Solutions Pty Ltd, a related party to Mr. Poullas.
- The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr Poullas by giving the other party 1 months' notice; and
- The agreement is subject to annual review.

Mr. Rodney Chittenden - Project Director

> No agreement expiry date;
> Remuneration is $250,000 from 1 April 2022 (2021: $125,000) per annum plus statutory superannuation guarantee;
> The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr. Chittenden by giving the other party 1 months' notice; and
> The agreement is subject to annual review.

Mr. Aran Nagendra – Corporate Development and Investor Relations Manager

> No agreement expiry date;
> Remuneration is $200,000 (2021:$145,000) per annum plus statutory superannuation guarantee;
> The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Mr Nagendra by giving the other party 1 months' notice; and
> The agreement is subject to annual review.

Dr. Jawahar Nerkar - Director of Battery Technologies

> No agreement expiry date;
> Remuneration is $160,000 (2021:$150,000) per annum plus statutory superannuation guarantee
> The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or Dr Nerkar by giving the other party 1 months' notice; and
> The agreement is subject to annual review.

Mr. Julian Rockett – Joint Company Secretary and Legal Counsel

> Agreement expiry date 31 March 2023;
> Remuneration is $36,000 from 1 Apr 2022 (2021:$132,000) per annum 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 $165,000 (2021:$140,000) per annum plus statutory superannuation guarantee
> The agreement and the employment created by it may be terminated by either Magnis Energy Technologies Ltd or 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 $362,964 was paid in consultancy fees to related parties of the KMP, and Non-Executive Directors during the financial year (2021: $624,359). The consultancy and services are provided under normal commercial terms and are disclosed in detail under Notes 24 and 25.

Table 1: Remuneration for the year ended 30 June 2022

Non Executive Directors	Salary & Fees $	Cash Bonuses $	Termination Benefits $	Post Employment Benefits ^ $	Share Based Payments Options# $	Total $
P. Tsegas	65,000	-	-	-	(4,225)	60,775
M. E. Dajani	65,000	-	-	-	282,200#	347,200
M. Siva	70,206	-	-	-	282,200#	359,426
C. Bibby (Appointed 28 Jan 2022)	33,420	-	-	7,020	-	36,762
G. Gunesekera (Appointed 28 Jan 2022)	46,258	-	-	3,342	-	50,969
H. Daruwalla (Appointed 31 Dec 2021)	35,192	-	-	4,711	-	35,192
Prof. M.S. Whittingham (Resigned 31 Dec 2021)	35,000	-	-	-	(2,770)	32,230
Z. Pavri (Resigned 24 Dec 2021)	33,741	-	-	3,520	282,200**	319,461
Dr. R. Petty (Resigned 17 Nov. 2021)	31,358	-	-	-	-	31,358
Key management personnel						
F. Poullas *	120,000	-	-	12,000	(4,225)	127,775
I. Nagendra	145,165	-	-	-	47,200	192,365
R. Chittenden	145,833	-	-	-	23,600	169,433
J. Behrens	151,667	-	-	15,167	23,600	190,434
J. Rockett *	127,600	-	-	-	-	127,600
D. Glasgow (Appointed 10 Feb 2022)	105,982	-	-	10,002	-	115,984
Dr. J Nerkar (Appointed 19 July 2021)	144,920	-	-	14,492	11,800	171,212
	1,356,342	**-**	**-**	**70,254**	**941,580**	**2,368,176**

** Fees were paid to related entities.*

^ Includes superannuation and movements in employee entitlements.

 # Share Based Payments (SBP) consist of unlisted options issued in MOST.

*** the options associated were forfeited as required under the terms of MOST.*

Table 2: Remuneration for the year ended 30 June 2021

Non Executive Directors	Salary & Fees $	Sign-On Bonuses $	Termination Benefits	Post Employment Benefits ^ $	Share Based Payments Options # $	Total $
Prof. 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
Hon. 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 (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 $
9-Dec-2021	**9-Dec-2024**	**0.094400**	**1,375,000**	**0.80**	**129,800**
26-Nov-2021	**25-Nov-2024**	**0.141100**	**6,000,000**	**0.70**	**846,600**
			7,375,000		**976,400**
	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED				**0.13239**

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					

Table 3: Options Expired/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-2019	31-Oct-22	0.000100	1,000,000	0.70	100
			1,000,000		**100**

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 $
N/A					
	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED				0.000000

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 $
18-Dec-2020	n\a	0.005340	1,500,000	0.00	8,010
			1,500,000		**8,010**

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-2020	n\a	0.001555	2,000,000	0.00	3,110
			2,000,000		**3,110**

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	16,600,000	500,000	287,506	-	17,387,506
P. Tsegas	770,000	500,000	-	-	1,270,000
M. E. Dajani	-	-	-	-	-
M. Siva	700,000	-	-	-	700,000
C. Bibby (Appointed 28 Jan 2022) ~	-	-	-	-	-
G. Gunesekera (Appointed 28 Jan 2022) ~	-	-	-	-	-
H. Daruwalla (Appointed 31 Dec 2021) ~	-	-	-	-	-
Prof. M. S. Whittingham (Resigned 31 Dec 2021) *	-	500,000	-	-	500,000
Z. Pavri (Resigned 24 Dec 2021) *	-	-	-	-	-
Dr. R. Petty (Resigned 17 Nov. 2021) *	-	-	-	-	-
A. Nagendra	-	-	134,093	-	134,093
R. Chittenden	860,334	-	-	-	860,334
J. Behrens	3,500,000	-	-	(2,550,000)	950,000
J. Rockett	-	-	-	-	-
D. Glasgow (Appointed 10 Feb 2022) ~	-	-	-	-	-
Dr. J Nerkar (Appointed 19 July 2021) ~	-	-	-	-	-
	22,430,334	1,500,000	421,599	(2,550,000)	21,801,933

~ 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
M. E. Dajani	-	2,000,000	-	-	2,000,000
M. Siva	-	2,000,000	-	-	2,000,000
C. Bibby (Appointed 28 Jan 2022) ~	-	-	-	-	-
G. Gunesekera (Appointed 28 Jan 2022) ~	-	-	-	-	-
H. Daruwalla (Appointed 31 Dec 2021) ~	-	-	-	-	-
Prof. M. S. Whittingham (Resigned 31 Dec 2021) *	1,000,000	-	-	(1,000,000)	-
Z. Pavri (Resigned 24 Dec 2021) *	-	2,000,000	-	-	2,000,000
Dr. R. Petty (Resigned 17 Nov. 2021) *	-	-	-	-	-
A. Nagendra	-	500,000	-	-	500,000
R. Chittenden	-	250,000	-	-	250,000
J. Behrens	750,000	250,000	-	-	1,000,000
J Rockett	-	-	-	-	-
D. Glasgow (Appointed 10 Feb 2022) ~	-	-	-	-	-
Dr. J Nerkar (Appointed 19 July 2021) ~	-	125,000	-	-	125,000
	3,750,000	**7,125,000**	**-**	**(1,000,000)**	**9,875,000**

^ *all options vest immediately and are convertible at anytime*

~ *Opening balance as at appointment date*

* *Closing balance as at resignation\termination date*

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	-	(500,000)	-	2,000,000
P. Tsegas	2,500,000	-	(500,000)	-	2,000,000
M. E. Dajani	-	-	-	-	-
M. Siva	-	-	-	-	-
C. Bibby (Appointed 28 Jan 2022) ~	-	-	-	-	-
G. Gunesekera (Appointed 28 Jan 2022) ~	-	-	-	-	-
H. Daruwalla (Appointed 31 Dec 2021) ~	-	-	-	-	-
Prof. M. S. Whittingham (Resigned 31 Dec 2021) *	2,500,000	-	(500,000)	(2,000,000)	-
Z. Pavri (Resigned 24 Dec 2021) *	-	-	-	-	-
Dr. R. Petty (Resigned 17 Nov. 2021) *	-	-	-	-	-
	7,500,000	-	(1,500,000)	(2,000,000)	4,000,000

^ *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 2022 $	2021 $
Strong Solutions Pty Ltd	Mr. Frank Poullas is a related party of Strong Solutions Pty Ltd and a Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees and	215,600 133,900	208,000 92,970
Peter Tsegas	Mr. Peter Tsegas is a Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	1,914	273,389
Global Impact Initiative Pty Ltd	Mr. Giles Gunesekera is a related party of Global Impact Initiative Pty Ltd and Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	11,550	-
Yatha Enterprises LLC	Mr. Hoshi Daruwalla is a related party of Yatha Enterprises LLC and Non-executive Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	34,476	-
Mr. Troy Grant (Resigned 23 Feb. 2021)	Hon. Troy Grant was a Director of Magnis Energy Technologies Ltd	Normal commercial terms	Consulting fees	-	50,000
				397,440	**624,359**

2022 REMUNERATION REPORT

The Remuneration Report received positive shareholder support from members greater than the 75% 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 2022 in Magnis Energy Technologies Ltd are:

Number of ordinary shares	Class of shares	Exercise price of option	Expiry date of option
2,000,000	Ordinary	0.700000	31/10/2022
77,869,167	Ordinary	0.500000	25/05/2023
375,000	Ordinary	0.500000	28/10/2023
375,000	Ordinary	0.750000	28/10/2023
1,375,000	Ordinary	0.800000	9/12/2024
6,000,000	Ordinary	0.700000	25/11/2024
10,000,000	Ordinary	0.500000	25/11/2024
20,000,000	Ordinary	0.400000	25/11/2024
117,994,167	**WEIGHTED AVERAGE**	**0.500000**	

WEIGHTED AVERAGE REMAINING LIFE OF OPTIONS:1.3720 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 2022 financial year, there were 43,559,405 (2021:Nil) shares issued because of exercising of options

PERFORMANCE RIGHTS

Details of performance rights as at 30 June 2022 in Magnis Energy Technologies Ltd are:

Number of ordinary shares under option	Class of shares	Exercise price of option	Expiry date of option
4,000,000	Ordinary	0.00	n\a
4,000,000	**WEIGHTED AVERAGE**	**0.00**	

WEIGHTED AVERAGE REMAINING LIFE OF RIGHTS: 9.0005 years

The holders of these MERT rights do not have the right, by virtue of the MERT right, 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 MERT right. During the 2022 financial year, there were 1,500,000 (2021: Nil) shares issued because of converting of rights.

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.

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 'Events After Reporting Period' 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

> Taxation services: $144,528
> Corporate services: $76,550

Shephard Consulting Limited: Dar es Salaam, Tanzania

> Taxation services: $2,729
> Corporate services: $2,481

Sciarabba Walker & Company, LLP: New York, USA

> Taxation services: $483
> Corporate services: $36,582

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 54 of this Annual Report

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

F. Poullas

F. Poullas
EXECUTIVE CHAIRMAN

Sydney, 29 September 2022

08 Auditor's Independence Declaration

HALL CHADWICK
MELBOURNE AUDIT

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

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Magnis Energy Technologies Limited and controlled entities. As the lead audit partner for the audit of the financial report of Magnis Energy Technologies Limited and controlled entities for the year ended 30 June 2022, 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
Date: 30th September 2022
Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000

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Liability limited by a scheme approved under Professional Services Legislation.
Hall Chadwick Melbourne Audit
ABN 41 134 806 025 Registered Company Auditors.

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Hall Chadwick Association - a national group of independent Chartered Accountants and Business Advisory firms.

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09 Statement of Profit or Loss & Other Comprehensive Income

YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 $	2021 $
Income			
Interest received		25,470	174,359
Foreign exchange gain		19,405	12,782
Profit on sale of fixed assets		395,121	242,755
Other revenue		2	-
R&D Grant		11,681	69,191
Government Grants and Assistance	30	-	120,500
Total income		**451,679**	**619,587**
Expenditure			
Administration expenses	31	11,973,628	2,658,702
Depreciation expense		731,768	213,397
Directors' fees		589,017	436,006
Employee benefits expense		5,854,371	2,224,277
Interest expense		10,109,724	1,814,418
Borrowing & Loan Costs	33	24,822,292	2,766,734
Legal and consulting expenses	32	4,579,321	1,484,673
Cost of Production expenditure		1,099,528	-
Share based payment to employees	28(a)	976,300	5,963
Share based payment to non-employees	28(a)	300,380	40,050
Share of net loss of associate accounted for using the equity method		-	-
Exploration and evaluation expenses		1,113,169	1,007,597
Total expenditure		**62,149,498**	**12,651,817**
(Loss) before income tax expense		**(61,697,819)**	**(12,032,230)**
Income tax expense	5	-	-
Net (loss) for the year		**(61,697,819)**	**(12,032,230)**
Net profit / (loss) for the year attributable to:			
Owners of Magnis Energy Technologies Ltd		(40,819,903)	(8,962,154)
Non-controlling Interest		(20,877,916)	(3,070,076)
Net (loss) for the year		**(61,697,819)**	**(12,032,230)**
Other comprehensive income/(loss)			
Items that will not be subsequently reclassified to profit or (loss)			
Change in fair value of financial assets at FVOCI		-	7,600,580
Items that may be reclassified subsequently to profit or (loss)			
Gain / (loss) on foreign currency translation		2,617,977	1,259,882
Other comprehensive income / (loss) for the year, net of tax		**2,617,977**	**8,860,462**
Total comprehensive income / (loss) for the year, net of tax		**(59,079,842)**	**(3,171,768)**
Total comprehensive earnings / (loss) for the year attributable to:			
Owners of parent entity		(60,076,958)	(3,115,243)
Non-controlling Interest		997,116	(56,525)
Total comprehensive income / (loss) for the year, net of tax		**(59,079,842)**	**(3,171,768)**
Basic loss per share (cents per share)	23	(6.38)	(1.41)
Diluted loss per share (cents per share)	23	(6.38)	(1.41)

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

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Statement of Financial Position

YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 $	2021 $
Current assets			
Cash and cash equivalents	6, 18(b)	100,238,244	72,894,945
Trade and other receivables	7	10,234,710	786,648
Other assets	8(a)	3,631,733	597,466
Total current assets		**114,104,687**	**74,279,059**
Non current assets			
Other assets - iM3NY	8(b)	13,655,704	12,316,982
Financial assets at FVOCI	9	15,096,142	15,096,142
Right-of-use-assets	10	30,149,281	266,305
Development assets	11	6,170,865	4,982,338
Plant & equipment iM3NY	12(a)	49,414,529	21,552,388
Plant & equipment	12(b)	44,343	14,840
Total non-current assets		**114,530,864**	**54,228,995**
TOTAL ASSETS		**228,635,551**	**128,508,054**
Current liabilities			
Trade and other payables	13	3,646,194	3,672,966
Lease Liability	14(a)	386,200	214,076
Provisions	14(b)	176,430	48,345
Borrowings - Conv. Note Facility	14(c)	1,750,000	-
Total current liabilities		**5,958,824**	**3,935,387**
Non current liabilities			
Lease Liability	14(a)	31,010,410	73,230
Provisions	14(b)	-	-
Borrowings	14(c)	145,111,133	65,175,758
Total non-current liabilities		**176,121,543**	**65,248,988**
TOTAL LIABILITIES		**182,080,367**	**69,184,375**
NET ASSETS		**46,555,184**	**59,323,679**
Equity			
Contributed equity	15(a)	234,105,997	169,188,699
Reserves	17	17,847,208	12,365,051
Accumulated Profits/(Losses)		(206,510,298)	(137,450,231)
Parent Interest - Capital and Reserves		**45,442,907**	**44,103,519**
Issued Capital - Non-controlling Interest		21,990,193	18,290,236
Accumulated Profits/(Losses) - Non-controlling Interest		(20,877,916)	(3,070,076)
Non controlling interests		**1,112,277**	**15,220,160**
Total equity		**46,555,184**	**59,323,679**

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

11 Statement of Changes in Equity

YEAR ENDED 30 JUNE 2022

YEAR ENDED 30 JUNE 2022	Notes	Issued Capital $	FVOCI Reserve $	Share Based Payment Reserves $	Foreign Currency Translation Reserve $	Accumulated (losses) $	Non controlling Interests $	Total Equity $
At 1 July 2021 restated		**169,188,699**	**5,076,057**	**46,313**	**7,242,681**	**(137,450,231)**	**15,220,160**	**59,323,679**
Loss for the previous period		-	-	-	-	16,283,919	(28,871,239)	(12,587,320)
Loss for the period		-	-	-	-	(40,819,903)	(20,877,916)	(61,697,819)
Other comprehensive income (loss)		-	-	-	2,617,977	-	-	2,617,977
Total comprehensive income/ (loss) for the year		**-**	**-**	**-**	**2,617,977**	**(24,535,984)**	**(49,749,155)**	**(71,667,162)**
Transactions with owners:								
Contributions of equity, net of transaction costs		42,237,203	-	-	-	-	3,699,957	45,937,160
Contributions of equity, net of transaction costs iM3NY		22,680,095		-	-	-	-	22,680,095
Share based payments to P&L	28(a)	-	-	965,180	-	-	-	965,180
Equity T\Fer on controlled entity share capital purchase		-	-	-	-	(12,582,868)	-	(12,582,868)
(Forfeited) \ to Controlled Equity		-	-	1,899,000	-	100	-	1,899,100
Non-Controlled interest		-	-	-	-	(31,941,315)	31,941,315	-
Reclassification from reserve		-	-	-	-	-	-	-
At 30 June 2022		**234,105,997**	**5,076,057**	**2,910,493**	**9,860,658**	**(206,510,298)**	**1,112,277**	**46,555,184**

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)	(14,952,028)	(15,154,858)
Loss for the period				-	-	(8,982,154)	(3,070,076)	(12,032,230)
Other comprehensive income (loss)		-	7,600,580	-	1,259,882	-	-	8,860,462
Total comprehensive income/ (loss) for the year		**-**	**7,600,580**	**-**	**1,259,882**	**(9,164,984)**	**(18,022,104)**	**(18,326,626)**
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		1,455,840	-	-	-	-	-	1,455,840
Share based payments to P&L	28(a)	-	-	46,013	-	-	-	46,013
Equity T\Fer on controlled entity share capital purchase		-	-	-	-	-	-	-
(Forfeited) \ to Controlled Equity		-	-	(62,900)	-	100	-	(62,800)
Non-Controlled interest		-	-	-	-	(14,952,028)	14,952,028	-
Reclassification from reserve		-	-	-	-	-	-	-
At 30 June 2021(Restated)		**169,188,699**	**5,076,057**	**46,313**	**7,242,681**	**(137,450,231)**	**15,220,160**	**59,323,679**

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

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Statement of Cash Flows

YEAR ENDED 30 JUNE 2022

	Notes	Consolidated 2022 $	2021 (Restated) $
Cash flows from operating activities			
Payments to suppliers and employees		(34,129,140)	(15,704,828)
Payment of exploration expenditure		(1,105,713)	(1,013,435)
Payment for development assets		(715,088)	119,279
Payments to production		(1,099,528)	-
Interest and other costs of finance paid		(10,091,609)	(1,922,824)
Interest received		23,208	172,098
Government Grants and Assistance		-	120,500
R&D grant		11,681	69,191
Net cash used in operating activities	**18(a)**	**(47,106,189)**	**(18,160,019)**
Cash flows from investing activities			
Acquisition of plant & equipment		(34,105,551)	(10,216,185)
Acquisition of interest in associate		(17,605,634)	(30,809,961)
Acquisition of interest in financial asset		(1)	(11,867)
Proceeds from sale of property, plant, and equipment		395,121	242,754
Payment of loan to related parties		6,526	902,432
Net cash flows used in investing activities		**(51,309,539)**	**(39,892,827)**
Cash flows from financing activities			
Proceeds from issues/sale of ordinary shares and options		25,149,000	74,647,509
Proceeds from issues/sale of ordinary shares - iM3NY		19,505,143	-
Proceeds remaining from Conv. Note Facility		1,750,000	-
Proceeds from exercise of options		21,779,703	-
Capital raising expenses		(3,104,000)	(1,991,491)
Proceeds from borrowings		145,111,133	66,949,028
Repayment of borrowings		(63,983,309)	4,793,910
Transaction costs related to loans and borrowings		(26,902,575)	(13,797,310)
Net cash flows from financing activities		**119,305,095**	**130,601,646**
Net increase/(decrease) in cash and cash equivalents		20,889,367	72,548,800
Net foreign exchange differences		6,453,932	(373,470)
Add opening cash and cash equivalents		72,894,945	719,615
Closing cash and cash equivalents	**18(b)**	**100,238,244**	**72,894,945**

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

13 Notes to the Financial Statements

YEAR ENDED 30 JUNE 2022

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 in 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 model across the Lithium-ion battery supply chain that includes manufacturing of lithium-ion battery cells in the USA, a greenfield battery project in Australia and a pre-mine development of its Nachu Graphite project in Tanzania.

For the year ended 30 June 2022, the Group reported a net loss of $61,697,819 (2021: $12,032,230) and net operating cash outflows of $47,106,189 (2021: $18,160,019). The operating cash outflows have been funded by cash inflows from equity raisings and exercise of options of $40,720,703 (2021: $74,647,509) during the year. As at 30 June 2022 the Group had net current assets of $118,055,268 (2021: $70,343,672) including cash reserves of $100,238,244 (2021: $72,894,945). The Company's cash portion was $20,075,464 while iM3NY reported $80,162,780 as at year end.

The company has assessed its ability to make further share placements (and /or secure Debt Finance). Based on the above, the directors believe the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities, 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 28 September 2022

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 no new or amended Australian Accounting Standards and AASB Interpretations as of 1 July 2021 other than the adoption by iM3NY of AASB 16.

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.

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.

Notes to the Financial Statements

Prior Period Error and Restatement of Balances relating to iM3NY

Prior period error and restatement

The management of the subsidiary iM3NY identified various restatements in the company's previously issued consolidated financial statements for the year ended 30 June, 2021. These were corrected and balances were restated within the financial statements for the year ended 30 June 2022.

a. Property, Plant and Equipment- restatement

During the reporting period, the management of the iM3NY carried out a review of the carrying value of the property, plant and equipment noting a material overstatement reported for the year ended 30 June 2021 totalling a cumulative AUD 1,738,135. The error was related to storage of assets incurred in financial year 2019 which should have been expensed.

b. Bridge loan costs- restatement

The management of the iM3NY carried out a review of the bridge loan costs noting a material overstatement of expenses and equity reported for the year ended 30 June 2021 totalling a cumulative AUD 5,752,096. The error was related to shares issued a lender at an erroneous value.

c. Share based compensation- restatement

The management of iM3NY has identified that amount in respect of share-based compensation of the amount had not been processed in the income statement totalling to AUD$1,862,451 resulting in increase of employee expenses and in equity

d. Capitalised loan costs- restatement

The management of iM3NY has also carried out a review of the capitalised loan costs carried forward from previous year and noted a material overstatement of AUD$6,782,370. The error related to an amount paid to a unit holder which should have been categorised as cost of funds instead of erroneously being presented as capitalised loan cost.

e. Unamortised loan costs- restatement

During the reporting period, it was noted by the management of iM3NY that the interest expenses and the unamortised loan costs were overstated by an amount of AUD$345,099. The error was a result of unprocessed reduction in loan costs.

f. Member's equity – restatement

Pursuant to the point b, c, and d above, the impact on the other side will be related to member's equity. Member's equity will be reversed by a total amount of AUD$10,652,479.

	Consolidated			iM3NY standalone		
Balance Sheet	30 June 2021 (Previously reported) AUD $	Adjustment AUD $	30 June 2021 (Restated) AUD $	30 June 2021 (Previously reported) AUD $	Adjustment AUD $	30 June 2021 (Restated) AUD $
iM3NY PPE	23,290,573	(1,738,135)	21,552,438	23,290,573	(1,738,135)	21,552,438
Other assets (capitalised loan costs)	19,073,581	(6,782,370)	12,291,211	19,073,581	(6,782,370)	12,291,211
Other assets (amortization of loan costs)	(985,255)	345,099	(640,156)	(985,255)	345,099	(640,156)
Member's equity	179,841,178	(10,652,479)	169,188,699	56,200,581	(10,652,479)	45,548,102
Members equity- accumulated loss	138,095,114	(644,783)	137,450,331	1,566,138	1,738,135	3,304,273
Non-controlling interest	13,366,740	1,853,420	15,220,160	-	-	-
Income Statement						
Bridge loan expenses (within other expenses)	5,752,096	(5,752,096)	-	5,752,096	(5,752,096)	-
Salary expenses	850,373	1,862,451	2,712,824	850,373	1,862,451	2,712,824
Interest expenses	346,062	(346,062)	-	346,062	(346,062)	-

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.

3. SEGMENT INFORMATION

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 a lithium-ion battery Gigafactory in the USA as well as a development project in Australia. This activity is supplemented by the development and planned mining of natural flake graphite for use in various industries, including in particular batteries for storing electrical energy. Due to the infancy of its interests in the lithium-ion battery sector, the Group has determined its reportable segments for the financial year ended 30 June 2022 as follows:

> lithium-ion battery investments

> graphite exploration and development

2022 Segment financial information	Lithium-ion Battery Investment USA $	Lithium-ion Battery Investment Australia $	Graphite Exploration & Development Tanzania $	Consolidated $
Segment revenue	395,121	22,495	24,063	451,679
Segment loss before tax	(49,650,216)	-	(12,047,603)	(61,697,819)
Segment current assets	93,214,411	58,092	20,832,185	114,104,687
Segment non-current assets	108,249,217	-	6,281,647	114,530,864
Segment liabilities	**(179,555,851)**	**-**	**(2,524,516)**	**(182,080,367)**

2021 Segment financial information	Lithium-ion Battery Investment USA $	Lithium-ion Battery Investment Australia $	Graphite Exploration & Development Tanzania $	Consolidated $
Segment revenue	242,844	20,370	356,373	619,587
Segment loss before tax	(2,093,821)	-	(9,938,409)	(12,032,230)
Segment current assets	69,337,823	55,591	4,885,645	74,279,059
Segment non-current assets	44,850,037	-	9,378,958	54,228,995
Segment liabilities	**(68,471,981)**	**-**	**(712,394)**	**(69,184,375)**

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 Consortiums: 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.

5. INCOME TAX

	Consolidated	
	2022 $	2021 restated $
Current income tax		
Current income tax credit/(expense)	15,541,299	3,572,361
Tax losses not recognised as not probable	(17,582,312)	(3,891,510)
(Under)/over provision in prior year	**(2,041,013)**	**(319,149)**
Deferred income tax		
Relating to origination and reversal of temporary differences	**2,041,013**	**319,149**
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	500,660	516,517
Deferred tax offset	(500,660)	(516,517)
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:

	2022	2021
Accounting (loss) before tax	(61,697,819)	(12,032,230)
At the Group's statutory 30% tax rate (2022:30%)	18,509,346	3,609,668
Share based payment expense	(90,114)	(12,015)
Movement in temporary differences	(596,151)	189,463
Share of net P&L of associate accounted for using equity method	-	-
Exploration and evaluation expense write off	(48,125)	(110,063)
Non-assessable R&D offset income	3,504	20,757
Deductible option issue costs	430,330	244,090
Other adjustments	(626,478)	(50,390)
Tax losses not brought to account	(17,582,312)	(3,891,510)
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:

> 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;
> the Group continues to comply with the condition of deductibility imposed by law; and
> 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.

	$
Group tax losses - 30 June 2022	29,536,041
Transferred tax losses	26,706,090
Tax losses in foreign companies	116,707,649
Total tax losses - 30 June 2022	172,949,780

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.

6. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 $	2021 $
Cash on hand	814	2,651
Cash at bank	20,074,650	3,572,435
Cash at bank – iM3NY	80,162,780	69,319,859
	100,238,244	**72,894,945**

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	
	2022 $	2021 $
Accrued interest	377	240
Goods and services tax recoverable	421,907	239,341
Prepayments and other receivables	183,836	396,090
Prepayments and other receivables- iM3NY	9,477,613	-
Less: allowance for expected credit loss	-	-
Security deposit	**150,977**	**150,977**
	10,234,710	**786,648**

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 (2021: Nil) in the profit or loss, in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2022.

8a. OTHER ASSETS

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

	Consolidated	
	2022 $	2021 $
Accrued interest	22,495	20,370
Short-term loan between Charge CCCV LLC & iM3NY	-	14,524
Less: allowance for expected credit loss	-	-
Short-term loan - Imperium3 Townsville	35,221	35,221
Inventory - iM3NY	817,561	-
Capitalised Loan Costs - iM3NY	1,690,631	527,351
Advances/Deposits-Purchases - iM3NY	1,065,825	-
	3,631,733	**597,466**

Accounting policies

Short-term loan between Charge CCCV LLC & iM3NY

Loan receivables are recognised and measured at amortised cost, less any allowance for expected credit losses. All remaining amounts due from C4V in 2021 were received during the year.

Allowance for expected credit losses

The consolidated entity has recognised a loss of $Nil (2021: $Nil) in profit or loss in respect of the expected credit losses related to trade and other receivables for the year ended 30 June 2022.

8b. OTHER ASSETS – iM3NY

Movements in the allowance for provisions are as follows:

	Consolidated	
	2022 $	2021 $
Capitalised Loan Costs - iM3NY	4,025,873	13,302,239
Less: allowance for amortisation - Loan Costs - iM3NY	(279,574)	(985,257)
Advances/deposits purchases- iM3NY	9,909,405	-
	13,655,704	**12,316,982**

Accounting policies

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

These are capitalised expenses incurred in securing and refinancing loaned funds for iM3NY Inc. and includes such items

as legal fees, agency fees, borrowing costs and other loan related costs that will be amortised in accordance to their respective nature. The consolidated entity has recognised $3,746,299 (2021: $12,316,982) in respect of capitalised loan costs, net of amortization, currency translation and loan costs w\off related to refinancing of Riverstone loan for the year ended 30 June 2022.

Movements in Capitalised Loan Costs are as follows:

	Consolidated	
	2022 $	2021 $
Opening balance	12,316,982	-
Additional loans capitalised	-	13,302,239
Less: allowance for amortisation - loan costs	705,683	(985,257)
Loan costs written off during the year due to refinancing	(10,068,369)	-
Currency translation	792,003	-
Closing balance	**3,746,299**	**12,316,982**

9. FINANCIAL ASSET at FVOCI

	Consolidated	
	2022 $	2021 $
Equity investment in Charge CCCV LLC	**15,096,142**	**15,096,142**

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 intellectual property, 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 C4Vintellectual property, 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 a 3.50% stake in C4V, which effectively diluted the Company's C4V ownership to 9.65%.

As at 30 June 2022 the Company's ownership in C4V remains at 9.65% (2021:9.65%).

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.

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	
	2022 $	2021 $
Right-of-use assets at start of period	**266,305**	**476,363**
Additions	29,091,679	-
Currency Translation	1,509,925	(8,026)
Depreciation expense	(718,628)	(202,032)
Right-of-use assets – Closing Carrying value	**30,149,281**	**266,305**

Accounting policies

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The 'additions' reflect the adoption of AASB 16 by iM3NY and the amount is largely offset by the increase in Lease Liabilities, see note 14(a).

11. DEVELOPMENT ASSETS

	Consolidated	
	2022 $	2021 $
Development assets	6,170,865	4,982,338
	6,170,865	**4,982,338**

Accounting policies

Development assets are stated at cost less accumulated amortisation 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.

As at 30 June 2022, the depreciation in development asset has not commenced yet because the exploration of mine has not begun.

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 of disposal 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.amount of the cash-generating unit to which the asset belongs.

As at 30 June 2022, 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	
	2022 $	2021 $
Opening balance	**4,982,338**	**5,577,131**
Development costs capitalised during the year	715,088	(119,279)
Currency translation difference		
Closing balance	473,439	(475,514)
	6,170,865	**4,982,338**

12. (a) PLANT AND EQUIPMENT iM3NY

	Consolidated	
	2022 $	2021 restated $
Plant and Equipment - iM3NY	**49,414,529**	**21,552,388**

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. As at 30 June 2022, as the company's assets have not been brought into use, it has not been depreciated.

Impairment

In October 2019, the Group had an independent valuation undertaken by global engineering, architecture and consultancy company Ramboll Energy were consulted to confirm that 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$230Million of manufacturing assets in place.

As at 30 June 2022, 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	
	2022 $	2021 restated $
Opening balance	**21,552,388**	**11,971,650**
iM3NY P&E costs capitalised during the year	34,027,966	10,214,894
Reclassification into other asset	(9,909,405)	-
Currency translation difference	3,743,580	(634,156)
Closing balance - Carrying value	**49,414,529**	**21,552,388**

12. (b) PLANT AND EQUIPMENT

	Consolidated	
	2022 $	2021 $
Plant and Equipment – Magnis & UTL	**44,343**	**14,840**

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.

As at 3 June 2022, no impairment to the carrying value of its plant & equipment assets has been deemed necessary.

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

	Consolidated Group						
	Plant and equipment $	Office equipment $	Software $	Office furniture and fittings $	Office Improve-ments $	Motor vehicles $	Total $
Year ended 30 June 2022							
Balance at 1 July 2021 net of accumulated depreciation	**1,058**	**12,972**	**-**	**628**	**-**	**182**	**14,840**
Additions	32,709	35,228	-	1,211	5,447	2,990	77,585
Disposals	-	-	-	-	-	-	-
Currency translation differences	(18,025)	(9,639)	-	(1,010)	(3,958)	(2,308)	(34,941)
Depreciation charge for the year	(6,781)	(3,626)	-	(381)	(1,489)	(864)	(13,141)
Balance at 30 June 2022 net of accumulated depreciation	8,961	34,934	-	448	-	-	44,343
At 30 June 2022							
Cost	443,927	140,455	-	16,986	66,502	36,505	704,376
Accumulated depreciation and impairment	(434,966)	(105,521)	-	(16,538)	(66,502)	(36,505)	(660,033)
Net carrying amount	**8,961**	**34,934**	**-**	**448**	**-**	**-**	**44,343**
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)	-	(367)	48
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**	**-**	**182**	**14, 840**
At 30 June 2021							
Cost	411,218	105,227	-	15,775	61,055	33,516	626,791
Accumulated depreciation and impairment	(410,160)	(92,255)		(15,147)	(61,055)	(33,334)	(611,951)
Net carrying amount	**1,058**	**12,972**	**-**	**628**	**-**	**182**	**14,840**

13. TRADE AND OTHER PAYABLES

	Consolidated	
Current	2021 $	2020 $
Trade payables	3,260,299	3,445,570
Other payables and accruals	385,895	227,396
	3,646,194	**3,672,966**

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 2022 $	2021 $
Lease Liabilities	386,200	214,076
	386,200	**214,076**

Non Current	Consolidated 2022 $	2021 $
Lease Liabilities	31,010,410	73,230
	31,010,410	**73,230**

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.

The increase in lease liabilities is largely due to the adoption of AASB 16 by iM3NY, see note 10.

14. (b) PROVISIONS

Current	Consolidated 2022 $	2021 $
Provisional for annual leave	176,430	48,345
	176,430	**48,345**

Non Current	Consolidated 2022 $	2021 $
Provision for lease liability	-	-
Provision for long service leave	-	-

Annual Leave and Long Service Leave

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

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

Accounting policies

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

14. (c) BORROWINGS

Current	Consolidated 2022 $	2021 $
Convertible Note Facility	1,750,000	-
	1,750,000	**-**

Non Current	Consolidated 2022 $	2021 $
Senior Secured Loan - iM3NY	145,111,133	65,175,758
	145,111,133	**65,175,758**

Convertible Note Facility

At period end, LIND received all their entitled shares issued, effectively extinguishing their $10.5M portion of the convertible note, while shares issued to SBP effectively reduced their $10.5M portion of the convertible note to $1,750,000 which remains outstanding at year end.

Secured loans and borrowings

On 19 April 2022, Magnis announced that its majority owned subsidiary Imperium3 New York Inc(iM3NY) entered into a US$100 million loan facility ('loan facility'), which was utilised to retire its US$50 million senior secured loan facility entered into with Riverstone and provide additional cash and financial flexibility to take advantage of new long-term growth opportunities.

The key terms of the loan facility are: Lender: ACP POST OAK CREDIT I LLC through Atlas Credit Partners ('ACP') in collaboration with Aon, Amount: US$100 Million, Term: 3 Years, Guarantor: Charge CCCV LLC (C4V), Security: a lien over the assets of iM3NY and the intellectual property of C4V (a minority shareholder in iM3NY) provided to iM3NY, and Interest cost: Secured Overnight Financing Rate (SOFR - that has a floor of 1%) + a 6% margin and Credit Insurance Wrap Premium, which in Year 1 is 8.25%, Year 2 is 4.6% or 2.5% (if milestone achieved) and in Year 3 is 4.35% or 2.25% (if further milestone achieved).

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	2022 $
a) Issued capital		
Ordinary Fully Paid shares	**966,485,329**	**234,105,997**
Fully paid ordinary shares carry on vote per share and carry a right to dividends.		

b) Movements in fully paid shares

	Number of shares	2022 $
At 30 June 2021 (Restated)	851,434,546	169,188,699
Shares restructure - iM3NY	-	22,680,095
Shares issued	84,991,378	23,561,500
Exercise of unlisted options	43,559,405	21,779,703
Exercise of unlisted rights	1,500,000	-
Transaction costs	5,000,000	(3,104,000)
Share issue to MEST	(20,000,000)	-
At 30 June 2022	**966,485,329**	**234,105,997**

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

- $23,561,500 (2021: $41,649,995) from share placements of 84,991,378 (2021:166,428,325) Ordinary Fully Paid shares. Transaction costs amounted to $3,104,000 (2021: $2,543,041).
- $21,779,703 (2021: $Nil) from the exercise of unlisted options, issuing 43,559,405 (2021:Nil) Ordinary Fully Paid shares.

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.

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.

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 2022 $	2021 $
Financial assets at FVOCI	3	15,096,142	15,096,142
		15,096,142	**15,096,142**

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.

As at year end, C4V has a direct holding of 31.0% (2021:31.00%) in iM3NY LLC, being the holding company of Imperium3 New York Inc. ('iM3NY Inc'), which owns battery plant assets located in a planned lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York. As such, C4V has a 31.19% (2021:32.61%) total indirect strategic interest in the New York lithium-ion battery production plant via iM3NY LLC.

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 assessed all the items purchased. At that time the external valuer attributed the status and condition at a valuation of US$71.34Million. 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$230Million ($334Million) of manufacturing assets in place, of which C4V has a total indirect strategic interest via iM3NY LLC that is equivalent to US$72Million ($104Million). When the Riverstone Facility was paid out in April 2022, through the financing in collaboration with Atlas and Aon the value of the manufacturing assets in place had increased sufficient for those entities to agree to a funding package valued at US$100M

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 and 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	Feasibility Study)	Feasibility Study	n/a	The more advanced the project the higher the fair value
Timeline to production	DCF	2 years post finance	2 years post finance	n/a	The longer the time to production the lower the fair value
Project life	DCF	20yrs	20yrs	n/a	The longer the lifespan the higher the fair value
Risk adjusted discount rate	DCF	20%	45%	n/a	The higher the discount rate the lower the fair value
Capital required	DCF	$391.8M (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	$334M (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.

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 is securing project funding. The total construction of the Nachu Graphite Project is estimated to cost $391.8M (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 anode processing technology and its patented 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$230Million ($334Million) of manufacturing assets in place, of which C4V has a total indirect strategic interest via iM3NY LLC equivalent to US$72Million ($104Million). 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. The Nachu project is exposed to currency fluctuations between the United States Dollar (USD, US$) and the Tanzanian Shillings (TzS). Where possible, the Group mitigates this risk by executing supply agreements in USD, 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 AU$0.065M / (AU$0.081M)
	Risk adjusted discount rate	5% change would increase/ (decrease) fair value by AU$4.15M / (AU$2.722M)
	Expected annual volumes	5% change would increase/ (decrease) fair value by AU$0.818M / (AU$0.818M) ($0.564M)
	Valuation of battery	5% change would increase/ (decrease) fair value by AU$4.754M / (AU$4.754M)

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 Inc'). 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

As at year end, the Company has a direct holding of 62.0% of its Common Stock units (2021:62.00%) in iM3NY LLC (LLC), being the holding company of Imperium3 New York Inc. ('iM3NY Inc'), which owns battery plant assets located in a lithium-ion battery manufacturing facility based at the Huron Campus in Endicott, New York. As such, the Company has a 61.42% (2021:59.88%) total indirect interest in the New York lithium-ion battery production plant via LLC. The table below provides the total direct and indirect strategic interests of all investors in LLC and iM3NY Inc, as at 30 June 2022:

	Direct and Indirect Strategic Ownership in IM3NY LLC 2022	Direct Share Ownership in iM3NY Inc 2022	Indirect Ownership in iM3NY Inc 2022	Direct Share Ownership in iM3NY LLC 2021	Direct Share Ownership in iM3NY Inc 2021	Indirect Ownership in iM3NY Inc 2021
Magnis	62.00%	n\a	61.42%	62.00%	n\a	59.88%
C4V	31.00%	n\a	31.19%	31.00%	n\a	32.61%
Primet	5.00%	n\a	0.51%	5.00%	n\a	0.53%
C&D	2.00%	n\a	0.64%	2.00%	n\a	0.67%
Atlas	**n\a**	**n\a**	**0.48%**	**n\a**	**n\a**	**0.50%**
Total iM3NY LLC	**100.00%**	**95.50%**	**94.24%**	**100.00%**	**95.50%**	**94.19%**
Riverstone Group	**n\a**	**3.86%**	**5.12%**	**n\a**	**3.86%**	**5.17%**
Prisma Pelican Fund	**n\a**	**0.32%**	**0.32%**	**n\a**	**0.32%**	**0.32%**
HSBC Bank	**n\a**	**0.32%**	**0.32%**	**n\a**	**0.32%**	**0.32%**
Total Riverstone, HSBC + Prisma	**n\a**	**4.50%**	**5.76%**	**n\a**	**4.50%**	**5.81%**
Total iM3NY Inc.	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

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$71.34Million. 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$230Million ($334Million) of manufacturing assets in place, of which Magnis has a total indirect interest equivalent to US$141Million ($205Million).

17. RESERVES

a) Reserves

	Consolidated	
	2022 $	2021 (Restated) $
Foreign currency translation	9,860,658	7,242,681
Share based payment	2,910,493	46,313
FVOCI Reserve	5,076,057	5,076,057
	17,847,208	**12,365,051**

b) Nature and purpose of reserves

i. Foreign currency translation reserve

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

ii. Share based payment reserve

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

iii. FVOCI reserve

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

Operating activities	Consolidated 2022 $	2021 $
Net loss	(37,663,313)	(19,194,721)
Non cash and non operating items	-	-
Depreciation of non current assets	13,142	11,365
Amortisation of borrowing costs	3,336,222	643,389
Share based payments	1,276,679	46,013
Share of associates net loss accounted for using the equity method	-	-
(Profit)/ Loss on sale of assets	(395,121)	(242,755)
Net foreign currency translation gain (loss)	(552,497)	7,112,967
Accrued interest	-	-
Changes in assets and liabilities	-	-
(Increase)/decrease in trade and other receivables	(11,192,154)	(2,146,105)
(Increase)/decrease in prepayments	16,051	146,827
(Increase)/decrease in security bonds	(13,099)	-
(Increase)/decrease in exploration assets	-	-
(Increase) in development assets	(706,765)	127,363
Increase/(decrease) in trade and other payables	(1,161,298)	(4,311,726)
Increase/(decrease) in provisions	(90,234)	(352,636)
Net cash outflow from operating activities	**(47,106,189)**	**(18,160,019)**

a) Reconciliation of cash and cash equivalents

Cash at bank and in hand	100,238,244	72,894,945
	100,238,244	**72,894,945**

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	
	2022 $	2021 $
Not later than one year	89,817	82,460
	89,817	**82,460**

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 2022.

The Group has guarantees for property leases and banking finance facilities of $150,977 (2021: $150,977).

21. EVENTS AFTER REPORTING PERIOD

On 25 July 2022, Magnis announced it had issued 3,846,154 Ordinary Fully Paid shares at 26 cents for a total of $1,000,000 to US-based institution SBC Global Investment Fund, under the terms of the Convertible Note ('Facility') agreement, announced to the ASX on 3 August 2021 and approved by shareholders at the 2021 AGM. The Facility has been used to assist the Company with its aggressive growth plans to fast-track Gigawatt scale production at the Lithium-ion Battery Plant located in Endicott, New York as well as for general working capital, including to advance early works with the Nachu Graphite Project, along with any support required towards the Townsville Battery Plant.

On 1 August 2022, Mr David Taylor commenced his newly appointed role as Chief Executive Officer, after a 6-month global search managed by executive search firm Korn Ferry.

On 4 August 2022, the Company announced that Magnis Option Share Trust ('MOST') was issued with 1,000,000 unlisted options for employees, at $0.63 exercise price, with a 3-year expiry period from their 1 August 2022 issue date.

On 12 August 2022, the Company announced that commercial production has commenced at the iM3NY New York Lithium-ion Battery Plant based in Endicott, New York.

22. AUDITORS' REMUNERATION

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

	Consolidated	
	2022 $	2021 $
(a) Amounts received or due and receivable by Magnis Group Auditor (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group.	64,092	79,973
Other services in relation of the entity and any other entity in the consolidated		
Group: • Taxation services	144,528	48,247
• Corporate services	76,550	2,948
	285,170	**131,168**
(b) Amounts received or due and receivable by related practices of Magnis Group Auditor (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	
	2022 $	2021 (Restated) $
(a) Reconciliation of earnings to profit or loss:		
Net loss - Loss used in calculating basic loss per share	61,697,819	12,032,230

	Shares 2022	Shares 2021
(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	966,485,329	851,434,546
Basic loss per share (cents per share):	**(6.38)**	**(1.41)**

Accounting policies

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	
	2022 $	2021 $
Short-term employee benefits	1,437,175	1,039,592
Termination benefits	-	143,000
Post-employment benefits	78,337	77,639
Share-based payments	965,180	-
	2,480,692	**1,260,231**

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

Transactions with Directors' related entities.

Assets and liabilities	2022 $	2021 $
Trade and other payables	29,355	68,100 -
Current liabilities	**29,355**	**68,100**

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

Identity of related party	Nature of relationship	Type of transaction	Terms & Conditions of Transaction	Agregated Amount 2022 $	2021 $
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 and IT Services	Normal Commercial Terms	215,600 133,900	208,000 92,970
Mr. Peter Tsegas	Mr. Peter Tsegas is a Non-Executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	1,914	273,389
Global Impact Initiative Pty Ltd	Giles Gunesekera is a related party of Global Initiative Pty Ltd and Non-executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	11,550	-
Yatha Enterprises LLC	Hoshi Daruwalla is a related party of Yatha Enterprises LLC and Non-executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	34,476	-
Mr. Troy Grant (Resigned 23 Feb. 2021)	Mr. Troy Grant was a Non-Executive Director of Magnis Energy Technologies Ltd	Consulting Fees	Normal Commercial Terms	-	50,000
				624,359	**231,537**

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 5.40% (2021:6.64%) of the OFP shares in Magnis Energy Technologies Ltd.

26. PARENT ENTITY INFORMATION

	Parent	
	2022 $	2021 $
Statement of profit or loss and other comprehensive income		
Profit after income tax	**(13,424,544)**	**(8,889,419)**
Total comprehensive income	**(13,424,544)**	**(8,889,419)**
Statement of financial position		
Total current assets	20,016,515	3,926,870
Total assets	**89,874,398**	**56,352,702**
Total current liabilities	2,363,544	336,867
Total liabilities	**2,410,163**	**565,302**
Total Net Assets	**87,464,235**	**55,787,399**
Equity		
Issued capital	209,970,061	167,732,859
Equity settled employee benefits reserve	2,910,492	3,883,456
Equity FVOCI reserve	5,076,057	5,076,057
Retained profits	(130,492,376)	(120,904,973)
Total equity	**87,464,235**	**55,787,399**

Contingent liabilities

Other than funding arising from a letter of support provided by the company to iM3NY, the parent entity had no contingent liabilities as at 30 June 2022. (2021:Nil).

Capital commitments - Plant and equipment

The parent entity had no capital commitments for plant and equipment at as 30 June 2022 and 30 June 2021.

Remuneration commitments

The parent entity has a remuneration commitment of $166,337 as at 30 June 2022 (2021:$83,042).

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	Ownership	Class of shares	Equity Holdings [1] 2022 %	Equity Holdings [1] 2021 %
Uranex (Tanzania) Ltd	Tanzania	Direct	Ordinary	100.00%	100.00%
Magnis Technologies (Tanzania) Limited	Tanzania	Direct	Ordinary	100.00%	100.00%
Uranex Mozambique Limitada	Mozambique	Direct	Ordinary	100.00%	100.00%
Uranex ESIP Pty Ltd	Australia	Direct	Ordinary	100.00%	100.00%
iM3NY LLC [2]	USA	Direct	Common	62.00%	62.00%
Imperium3 New York Inc. [3]	USA	Indirect	Common	61.42%	59.88%

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

2 iM3NY LLC was incorporated for consolidation purposes on 16 April 2021. The remaining 38% has been attributed to non-controlling interests.

3 Imperium3 New York Inc. was incorporated for consolidation purposes on 29 June 2020 of which 95.5% is owned directly by iM3NY LLC (2021:95.5%) while 4.5% has been attributed to non-controlling interests. As at year end the company has a total indirect interest in Imperium3 New York Inc. of approx. 61% via iM3NY LLC.

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 losses 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.

From late March 2021 to April 2021, iM3NY undertook a restructuring where iM3NY LLC was created as the new holding company of iM3NY, as a result of the binding Riverstone Credit Partners, L.P. funding agreement. As part of the syndicated funding package, new investors were introduced in iM3NY, while existing iM3NY investors were migrated into the newly created iM3NY LLC. This restructuring effectively 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.

In July 2021 Magnis provided further funding for the iM3NY lithium-ion battery project by increasing its investment in iM3NY LLC's Series A preference shares while maintaining its holding of common shares.

As at year end the company maintains its controlling ownership of 62% in iM3NY LLC, while the holding company maintains its controlling ownership of 95.5% in iM3NY.

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.

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.

Dividends 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

	Consolidated	
	2022 $	2021 $
Expense arising from the issue of MOST options (employees)	129,700	5,963
Expense arising from the issue of MOST options (non-employee)	-	-
Expense arising from the issue of DIRECT options (employees)	846,600	-
Expense arising from the issue of DIRECT options (non-employee)	1,899,000	-
Expense arising from the issue of MERT rights (employees)	(11,120)	40,050
Total expense arising from equity-settled payment transactions	**2,864,180**	**46,013**

a) Recognised share-based payment expenses

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

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 Ordinary Fully Paid 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.

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Outstanding at the beginning of the year	**3,750,000**	**0.69**	**10,000,000**	**0.58**
Granted during the year	7,375,000	0.72	750,000	0.63
Exercised during the year	-	-	-	-
(Expired \ Lapsed) during the year	(1,000,000)	(0.70)	(7,000,000)	(0.54)
Outstanding at the end of the year	**10,125,000**	**0.72**	**3,750,000**	**0.69**
Exercisable at the end of the year	**10,125,000**	**0.72**	**3,750,000**	**0.69**

The range of exercise prices for options outstanding at the end of the year was between $0.40 and $0.80 (2021: $0.50 and $0.75).

	2022 No.	2022 WAEP	2021 No.	2021 WAEP
Outstanding at the beginning of the year	**7,500,000**	**-**	**-**	**-**
Granted during the year	-	-	12,500,000	-
Exercised during the year	(1,500,000)	-	-	-
Lapsed during the year	(2,000,000)	-	(5,000,000)	-
Outstanding at the end of the year	**4,000,000**	**-**	**7,500,000**	**-**
Exercisable at the end of the year	**4,000,000**	**-**	**7,500,000**	**-**

During 2022, 1,500,000 OFP shares (2021: NIL) were issued as a result of converting performance rights.

(e) Weighted average remaining estimated life

The weighted average remaining estimated life outstanding as at 30 June 2022 is :

> Share options - MOST: 1.22 years (2021:1.54 years)
> Share options - Direct: 2.41 years (2021: Nil)
> Share rights - MERT: 9.00 years (2021:9.42 years)

f) Weighted average fair value

The weighted average fair value granted during the year to 30 June 2022 is :

- Share options - MOST: $0.09440 (2021: $0.00795)
- Share options - Direct: $0.14110 (2021: Nil)
- Share rights - MERT: $0.00923 (2021:0.00534)

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 2022:

	2022
Dividend yield (%)	Nil
Expected volatility (%)	54 - 57
Risk-free interest rate (%)	0.032 - 0.938
Expected life of option (years)	2.0 - 3.0
Option exercise price (cents)	40 - 80
Weighted average share price at measurement dates (cents)	26.5 - 73.0
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 7,375,000 (2021:750,000) 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.

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

Consolidated	Assets		Liabiiities	
	2022 $'000	2021 Restated $'000	2022 $'000	2021 Restated $'000
US dollars	**4,793,355**	**3,933,337**	**69,703**	**107,007**

The Group had net assets denominated in foreign currencies of US$4,723,652 (assets less liabilities) as at 30 June 2022 (2021:US$3,826,330).

Based on this exposure, had the Australian dollar weakened or 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 $93,636 higher / $84,719 lower, while the consolidated entity's net assets \ equity would have been

$36,766 higher / $326,407 lower. 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 2022 was $19,405 (2021:$12,782)

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	
	2022 $	2021 $
Cash and cash equivalents	**100,238,244**	**72,894,945**

The weighted average interest rate for the Group at reporting date was 0.4850% (2021:0.0470%).

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 2022 and 2021.

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	100,238,244	(1,002,382)	(1,002,382)	1,002,382	1,002,382

30 June 2021	Carrying Amount	Interest Rate Risk -1% Net Loss $	Interest Rate Risk -1% Equity $	Interest Rate Risk +1% Net Loss $	Interest Rate Risk +1% Equity $
Consolidated Entity					
Financial asset					
Cash and cash equivalents	72,894,945	(728,949)	(728,949)	728,949	728,949

The sensitivity was higher during 2022 than 2021 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 2022 $	Consolidated 2021 $
On demand	-	-
Less than 1 year	3,646,194	3,672,966
1-5 years	-	-
> 5 years	-	-
	3,646,194	**3,672,966**

(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 and Cashflow boost

No Government grants and assistance was received during the full-year to 30 June 2022 (2021:$120,500 representing $70,500 in JobKeeper payments and $50,000 in Cashflow boost).

31. ADMINISTRATION EXPENSES

	Consolidated	
	2022 $	2021 $
Audit Fees	90,681	95,163
Insurance	96,024	81,997
Rental expenses	132,510	12,104
Travel costs	152,071	18,466
C4V Service Supply Fees	827,259	800,701
Other expenses	1,627,789	410,184
	2,926,334	**1,418,615**
Audit Fees - iM3NY	156,728	38,892
Insurance - iM3NY	3,238,892	20,204
Rental expenses - iM3NY	2,744,663	567,058
Travel costs - iM3NY	162,738	88,234
Other expenses - iM3NY	2,744,273	525,699
	9,047,294	**1,240,087**
	11,973,628	**2,658,702**

32. LEGAL AND CONSULTANCY EXPENSES

	Consolidated	
	2022 $	2021 $
Legal	889,211	378,466
Consultants	2,860,162	702,772
Marketing	276,881	223,287
	4,026,253	**1,304,525**
Legal - iM3NY	337,437	109,106
Consultants - iM3NY	-	-
Marketing - iM3NY	215,631	71,042
	553,294	**180,148**
	4,579,321	**1,484,673**

33. BORROWING COSTS AND LOAN AMORTIZATION

	Consolidated	
	2022 $	2021 Restated $
Loan Amortization - iM3NY	3,336,221	643,389
Borrowing Costs - iM3NY #	21,486,071	2,123,345
	24,822,292	**2,766,734**

14 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 2022 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 2022.

On behalf of the board

F Poullas
EXECUTIVE CHAIRMAN

Sydney, 29 September 2022

Independent Auditor's Report

HALL CHADWICK
MELBOURNE AUDIT

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

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

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Magnis Energy Technologies Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 2022 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 the independence declaration required by the *Corporations Act 2001*, 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 $61,697,819 during the year ended 30 June 2022 and net operating cash outflows of $47,106,189, as of that date; 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 MEMBERS OF MAGNIS ENERGY TECHNOLOGIES LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2022. 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
Investment in Charge CCV LLC *Refer to Note 9 'Financial Assets at FVOCI* At 30 June 2022, 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 9. 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*.	Our procedures included, amongst others: • 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 9 as well as checking the mathematical accuracy of the model and underlying calculations. • Gaining an understanding of quantum of funds required to ensure Nachu and iM3NY 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.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter

Development Asset
Refer to Note 11 'Development Asset'
 	
The Group has $6,170,865 recorded as development asset as at 30 June 2022. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 11.
 	
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 *Exploration for and Evaluation of Mineral Resources*.
	Our procedures included, amongst others:
	
	• 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:
	
	  ○ 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 reasonableness;
	
	  ○ reviewed the tenements profile and ensured any that have been surrendered were expensed as required;

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Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Property, Plant and Equipment *Refer to Note 12 'Property, Plant and Equipment'* The group has $49,458,872 of property, plant and equipment at 30 June 2022. Included in the carrying value is equipment held by a subsidiary amounting to $49,414,529. We focused on this matter as a key audit matter as equipment is the most significant asset of the group.	Our procedures included amongst others: • 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.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Borrowings *Refer to Note 14 (c) 'Non Current - Borrowings'* The Group has $145,111,133 of current borrowings as at 30 June 2022. Magnis's subsidiary iM3NY entered into an agreement with Atlas Credit Partners through AON for a loan facility of USD 100 million (AUD 145.11 million) which was used to retire the USD 48.475 million (AUD 63.98 million) senior debt facility entered into with Riverstone and to provide additional cash for the business. This is considered to be a key area of audit focus due to its materiality to the financial report.	Our procedures included, amongst others: • Gained an understanding the loan as per the loan agreement. • 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. • Recalculated the interest expenses recognised in the income statement • We assessed the adequacy of the Group's disclosures in respect of borrowings. • Traced the share issues to the various ASX announcements and ensured that the conversion reconciliation was in accordance with the ASX and the agreement. • Recalculated the amount owing at year end under the convertible bond agreement based on the share price and the number of shares converted on each conversion date.

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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 2022, 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.

- 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.

Independent Auditor's Report

HALL CHADWICK
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– 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 13 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Magnis Energy Technologies Limited, for the year ended 30 June 2022, 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

Date: 30th September 2022

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16 Additional Shareholder Information

Corporate Governance Statement for 2022 can be viewed at:

https://magnis.com.au/files/Corporate-Governance-Statement.pdf

The security holder information set out below was current at 30 September 2022.

Substantial shareholders

Name	No. of Holders	%
Citicorp Nominees Pty Limited	61,142,962	6.30
Mazzdel Pty. Limited	52,235,853	5.38

Number of holders in each class of security

Class Of Security	Securities	% of Securities	No. of Holders	% No. of Holders
Ordinary Fully Paid	970,331,483	100	20,641	100

Voting Rights attached to each Class of Security

Each Ordinary Fully Paid Share is entitled to one vote at any General Meeting of the Company and participates in any distribution equally with all other Ordinary Fully Paid Shares

The unlisted Options have no voting rights

Distribution Schedule

Holding Distribution Range	Securities	% of Securities	No. of Holders	% No. of Holders
100,001 and over	695,503,068	71.68	1,235	5.98
10,001 to 100,000	222,918,640	22.97	6,780	32.85
5,001 to 10,000	30,095,832	3.10	3,758	18.21
1,001 to 5,000	21,005,129	2.16	7,680	37.21
1 to 1,000	807,314	0.08	1,187	5.75

Unmarketable Parcel details

Range	Securities	% of Securities	No. of Holders	% No. of Holders
Unmarketable Parcel	1,851,285	0.19	2.074	10.05

Company Secretaries

Duncan Glasgow

Julian Rockett

Phone & registered office address

Ph: 8397 9888

Address of Registered Office

Suite 11.01, 1 Castlereagh Street, Sydney NSW 2000 Australia

Other Stock Exchanges

There are no other exchanges although there are 2 OTC markets, namely OTCQX and FSE

Additional Shareholder Information

Largest 20 shareholders

Name	A/C Designation	Number of shares	% of ordinary shares
1 CITICORP NOMINEES PTY LIMI...		61,142,962	6.30
2 MAZZDEL PTY LIMITED		30,602,175	3.15
3 MAZZDEL PTY LIMITED	<OLIVIA SUPER FU...	21,633,678	2.23
4 BNP PARIBAS NOMINEES PTY L...	<IB AU NOMS RETA...	14,659,521	1.51
5 MR FRANK POULLAS		13,129,580	1.35
6 MR MATTHEW JOHN BOYSEN		11,720,000	1.21
7 MERRILL LYNCH (AUSTRALIA) ...		9,016,368	0.93
8 MR MATTHEW JOHN BOYSEN		8,039,464	0.83
9 BNP PARIBAS NOMS PTY LTD	<DRP>	6,761,917	0.70
10 MR TIAN YONG LIU & MRS WEI ...		6,221,498	0.64
11 MR MARLON PATHER		5,000,000	0.52
12 HSBC CUSTODY NOMINEES (A...		4,796,905	0.49
13 MS RUIE YAO		4,445,000	0.46
14 KINGSLAND DEVELOPMENTS A...		4,383,032	0.45
15 MR JOHN PETER SAUNIG		4,279,322	0.44
16 MISS HAZEL DARCY		4,119,921	0.42
17 SYDNEY WYDE HOLDINGS PTY...	<SYDNEY WYDE A/...	4,000,000	0.41
18 KMJ CONSULTING PTY LTD		3,921,387	0.40
19 DR CRAIG GEOFFREY SURTEES		3,853,067	0.40
20 STONE INVESTMENTS & HOLDI...		3,830,000	0.39
Total		**225,555,797**	**23.25**

The security holder information setout below was current at 30 September 2022

Details of Unquoted Securities

Unquoted Securities Description	Securities	% of Securities
Option expiring various dates ex various prices	**5,125,000**	**7**
Performance Shares	**4,000,000**	**2**
Option Expiring 23 May 2023 ex $0.50	**77,869,167**	
Option Expiring 25 Nov 2024 ex $0.70	**4,000,000**	**2**
Option Expiring 25 Nov 2024 ex $0.50	**10,000,000**	**2**
Option Expiring 25 Nov 2024 ex $0.40	**20,000,000**	**2**

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