

FOR RELEASE: 17th MARCH 2023

ASX:
MNS

OTCQX:
MNSEF

FSE:
U1P

Magnis Receives Funding Proposal from US Fund

- **Magnis receives A\$25 million (with the potential for the provision of an additional A\$25 million) binding Funding Proposal from SBC Global Investment Fund**
- **Funding Proposal to be structured as an equity-linked “pre-paid” share subscription facility agreement with the provision of the first A\$25 million pre-payment by SBC subject only to customary conditions¹**
- **The Funding Proposal follows the recent announcement by Magnis of a binding offtake agreement with a tier-1 OEM to supply 17,500 tonnes per annum of AAM over a minimum term of 3 years**

Magnis Energy Technologies Ltd (“**Magnis**”, or the “**Company**”) (**ASX: MNS; OTCQX: MNSEF; FSE: U1P**) is pleased to announce that it has received a binding funding proposal from US-based SBC Global Investment Fund² (“**SBC**”) under which the Company expects to be able to raise up to A\$50 million (**Funding Proposal**). The Funding Proposal will be structured as an equity-linked pre-paid share subscription facility agreement the material terms of which are set out in the Schedule to this announcement (**Pre-Payment Subscription Facility**³).

Commenting on the Funding Proposal, Magnis’ Executive Chairman, Frank Poullas, said:

“Magnis is delighted to announce the Funding Proposal from SBC Global Investment Partners, which is expected to strengthen the Company’s balance sheet and place it in a strong position to accelerate development of its vertically integrated AAM business. This includes front end engineering and design studies at its upstream Nachu Graphite Project in Tanzania, engineering and feasibility studies at its downstream AAM Project in the U.S., as well as plant productivity enhancements and additional working capital for iM3NY to meet increasing customer demand.”

¹ Please see the Schedule to this ASX announcement for information in relation to the expected pre-conditions to the provision of the first (and potentially, the second) A\$25,000,000 pre-payment.

² Under the Funding Proposal, funds may also be received from L1 Capital Pty Ltd (a non-related party of the Company (and parent entity of SBC)).

³ The Pre-Payment Subscription Facility is initially proposed to be for A\$25 million with the ability to increase the facility by a further A\$25 million by mutual agreement.

The recently announced binding offtake agreement with a global tier 1 electric vehicle OEM, provides a strong endorsement for the high-quality nature of Magnis' AAM product and the Company's pathway to becoming a vertically integrated AAM producer.

Funding Proposal

Following the success of the previous pre-payment share subscription facility agreement entered into with SBC (as to which please see the Company's ASX announcement of 31 August 2021) and after considering various fundraising options that are potentially available to the Company (including pure equity options) at this time, the Company's board believes that the Funding Proposal (to be implemented in the form of the Pre-Payment Subscription Facility) represents the most beneficial fundraising structure presently available to the Company (especially after regard is had to the facility's potentially modest dilutionary impact on shareholders).

The Funding Proposal is expected to be structured as an equity-linked pre-paid share subscription agreement. This means that (subject to the entry into long-form transaction documentation for the Pre-Payment Subscription Facility), SBC will provide to the Company (in the form of a "pre-payment") an initial A\$25 million (but potentially, up to a total of A\$50 million) in consideration for the future issue to SBC of the relevant number of new ordinary shares in Magnis. The subscription price for the new Magnis shares the subject of that potential future issue will be based on a 7.5% discount to a future observable VWAP for the Company's shares on ASX (**Subscription Price**).

Other than in relation to the 40,000,000 new shares to be issued to SBC following the receipt by the Company of the first A\$25 million pre-payment (with the issue of these new shares subsequently being either set-off against future required issues of new shares under the facility or paid for by SBC on the Maturity Date (as defined in the Schedule)), the total amount actually pre-paid by SBC under the Pre-Payment Subscription Facility will need to be either repaid by the Company on the Maturity Date or will need to be satisfied before the Maturity Date by the issue of new shares in Magnis at the Subscription Price. The timing for all future issuances is at the discretion of SBC.

Evolution Capital will be paid a fee equivalent to 3.75% of the total amount ultimately pre-paid by SBC under the Pre-Payment Subscription Facility and will be issued with 10,000,000 Options (as defined in the Schedule) for intermediating the arrangements the subject of the Funding Proposal. SBC will be paid a fee equivalent to 1.75% of the total amount ultimately pre-paid by SBC under the facility and, regardless of whether any amounts are actually pre-paid, will also be issued with 25,000,000 Options subject to MNS shareholder approval.

Use of Funds

The funds will be used to progress development of both the US Anode Active Materials Project and Nachu Graphite Project, as well as funding general working capital and plant productivity enhancements at iM3NY as it continues to ramp-up commercial production to meet customer demand.

The receipt of the Funding Proposal marks another critical step towards Magnis' goal of becoming a leading global, vertically integrated player in the lithium-ion battery value chain. Further information in relation to the Funding Proposal and the Pre-Payment Subscription Facility is set out in the Schedule to this announcement.

About Magnis

Magnis Energy Technologies Ltd (ASX: MNS; OTCQX: MNSEF; FSE: U1P) is a vertically integrated lithium-ion battery technology and materials company in the Lithium-ion battery supply chain. The company's US based subsidiary Imperium3 New York, Inc ("iM3NY") operates a Gigawatt scale Lithium-ion battery manufacturing plant in Endicott, New York. Magnis together with their US based technology partner, C4V LLC has produced high-performance anode active materials for lithium-ion batteries utilising Magnis' high purity graphite feedstock from their Nachu Graphite project in Tanzania. The company's vision is to enable, support and accelerate the mass adoption of Electric Mobility and Renewable Energy Storage critical for the green energy transition.

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

FOR FURTHER INFORMATION

Frank Poullas

Executive Chairman

P: +61 2 8397 9888

E: info@magnis.com.au

Suite 11.01, 1 Castlereagh Street,
Sydney NSW 2000

TWITTER | twitter.com/magnisenergytec

LINKEDIN | linkedin.com/company/magnis-energy-technologies-ltd

WEBSITE | magnis.com.au

MEDIA ENQUIRIES | media@magnis.com.au

INVESTOR RELATIONS ENQUIRIES | info@magnis.com.au

Schedule – Expected Key Terms of Pre-Payment Subscription Facility

Funded Amount	A\$23,125,000 ⁴
Pre-payment	A\$25,000,000
Fee	1.75% of the amount pre-paid by SBC (payable by the Company to SBC in cash). 3.75% of the amount pre-paid by SBC (payable by the Company to Evolution Capital in cash).
Additional Pre-payment	The Facility may be increased by up to a further A\$25,000,000 through mutual agreement by the parties.
Maturity Date	18 months (from the date the initial pre-payment amount is received by Magnis).
Subscription Price	The Subscription Price per new share to be issued under the Pre-Payment Subscription Facility is calculated based on a single daily VWAP selected by SBC during the 12 preceding trading days prior that date on which SBC delivers to the Company an issue notice, less a 7.5% discount. The formula for the Subscription Price does not include a floor price or cap.
Initial Shares	The Company will make a one-time placement of 40,000,000 shares to SBC. If on the Maturity Date there are Initial Shares that have not been applied against the initial A\$25 million, then SBC will pay the Company for those outstanding Initial Shares at the Subscription Price. These shares are expected to be issued immediately following receipt of the first A\$25 million.
Conditions	The provision of the initial A\$25 million pre-payment is subject to the entry by the parties into long form transaction documentation in relation to the Pre-Payment Subscription Facility, completion of confirmatory due diligence by SBC and there not having occurred an event of default or other material adverse event in relation to Magnis.
Options	Each Option will be exercisable at any time on or before the 3 rd anniversary of the date on which they were granted for A\$0.50 per Option.

⁴ A\$23,125,000 is A\$25,000,000 less the accumulated interest of 7.5% payable on the Maturity Date (i.e. the interest payable on the pre-paid amount at 7.5% over 18 months).

Reps and Warranties	<p>The Pre-Payment Subscription Facility is expected to contain representations and warranties and undertakings by the both the Company and SBC which the Company considers to be largely conventional for a financing facility of this size, structure and term.</p>
Listing Rules	<p>In the event of a reorganisation of the Company's equity capital, the conversion mechanics under and the Pre-Payment Subscription Facility itself will be reorganised in accordance with the requirements of the Listing Rules at the time of the reorganisation.</p>
Placement Capacity	<p>The Company has sufficient Listing Rule 7.1 placement capacity to enter into (and issue the new shares under) the Pre-Payment Subscription Facility (and has this sufficient Listing Rule 7.1 placement capacity to satisfy the full pre-payment amount A\$50 million). In any event, the maximum number of new Magnis shares potentially issuable to SBC is 145,500,000.</p>
Shareholder Approval	<p>The Company will call a shareholder meeting to be held within 50 days of the receipt of the first A\$25 million at which the Company will seek shareholder ratification under Listing Rule 7.4 of the 40,000,000 Initial Shares issued to SBC (and ratification of the reduction of Magnis' placement capacity by entering into the facility). The Company will also seek shareholder approval under Listing Rule 7.1 for the proposed issuances of Options to SBC and Evolution Capital.</p>
Repayment	<p>Any utilised outstanding Pre-payment (i.e. that has not been satisfied by the issue of new Magnis shares) will be repaid by Magnis on the Maturity Date. It is also expected to be a requirement of the long form documentation in relation to the Pre-Payment Subscription Facility that if Magnis conducts a future equity (or debt) capital raising, Magnis will be required to offer to repay up to 30% of the amount outstanding of that pre-paid by SBC. The Company may repay any outstanding pre-paid amount at any time without penalty.</p>