

QUARTERLY REPORT

For Quarter Ending June 2023

Key Highlights

- Batteries produced by iM3NY achieve UN/DOT 38.3 certification
- Magnis equitable interest in iM3NY increased to 73%
- iM3NY signs Joint Venture Agreement with Omega Seiki Mobility
- Letter of Intent (LOI) signed for AAM site location along with services contract awarded to Worley
- Recent results highlight the superior performance of anode product using Nachu Graphite
- Resettlement Village handover nearing completion with minor infrastructure work remaining
- Framework Agreement expected to be finalised soon
- Hoshi Daruwalla appointed Managing Director (USA)

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) (“**Magnis**” or the “**Company**”) is pleased to present its Quarterly Activities Report and overview of operations for the period ended 30 June 2023 (“**Quarter**”, “**Reporting Period**”).

COMPANY OVERVIEW

Magnis aims to be a vertically integrated lithium-ion battery technology and materials company across key segments of the Lithium-ion battery 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.

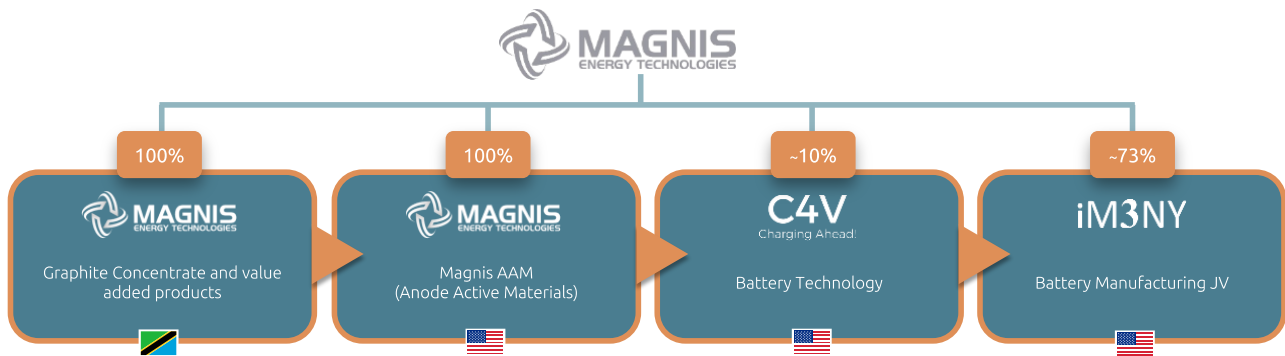


Figure 1: Magnis' Integrated Lithium-ion Battery Strategy

OPERATIONAL UPDATE

Imperium3 New York Lithium-ion Battery Plant

UN38.3 Certification and Process

Lithium-ion batteries produced at the iM3NY Battery Plant have received UN38.3 certification. All cells were compliant with the various tests undertaken and **certification can only be achieved if all cells are compliant.**

The UN38.3 certification process involves a series of tests that are designed to simulate the conditions that the cells may be exposed to during transportation. These tests include:

T1. Altitude Simulation: Low pressure testing that simulates unpressurised airplane cargo area at 15,000-meter altitude. After storing cells at 11.6kPa for >6 hours, these criteria shall be met: no mass loss, leaking, venting, disassembly, rupture or fire, and voltage within 10% of pre-test voltage.

T2. Thermal Cycling: The test covers changes in temperature extremes from -40C to +75C. Cells are stored for 6 hours at -40C (12 hours for large cells/batteries), then 6 hours at +75C (12 hours for large cells/batteries), for a total of 10 cycles. T2 tests the cell seal integrity and internal connections.

T3. Vibration: Test simulates vibration during transportation. The test is a Sine Sweep: 7Hz – 200Hz – 7Hz in 15 Minutes; 12 Sweeps (3 hours); 3 mutually perpendicular axes.

T4. Shock: Test robustness of cell under cumulative shock during transportation. Test is a Half-Sine pulse: 50g/11ms for large cells/batteries; 3 pulses per direction; 6 directions (+/-z, +/-x, +/-y).

T5. External Short Circuit: This test simulates an external short circuit to the terminals of the cell or battery. At temperature of +57C, apply short circuit (<0.1ohm) across terminals. Maintain at least an hour after sample temperature returns to +57 +/-4°C. Pass criteria are: Case temperature does not exceed +170°C and no disassembly, rupture, or fire within 6 hours of test. Fuse, current limiting circuit, and venting mechanism activation are allowable.

T6. Impact: This test simulates mechanical abuse from impact or crush.

T8. Forced Discharge: A sample is forced discharged at ambient temperature at an initial current equal to the maximum discharge current specified by the manufacturer and for a calculated time interval.

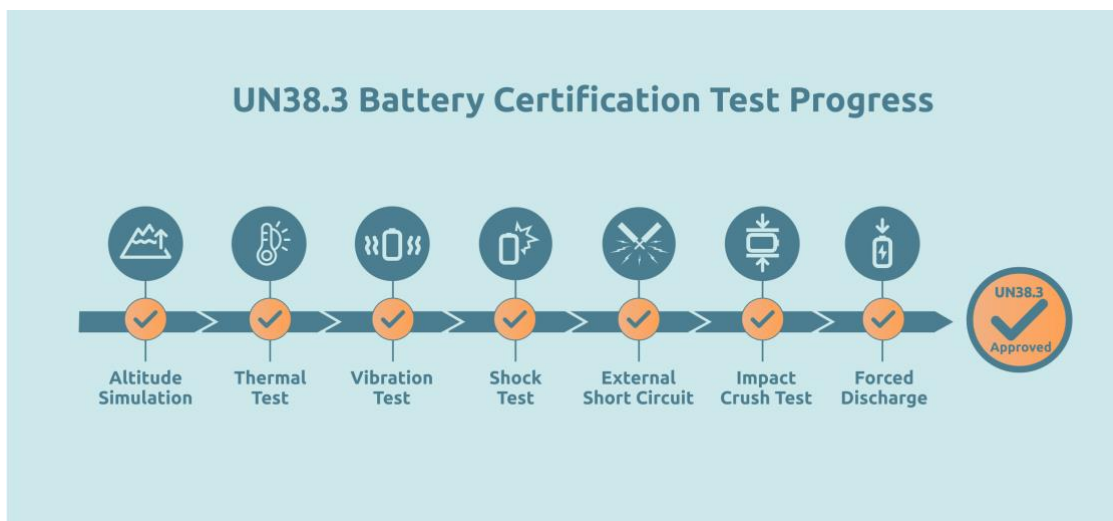


Figure 2: UN38.3 Battery Certification Process

Increased Equitable Interest

Magnis increased its interest in iM3NY LLC (“iM3NY”) to 73% following the conversion of the Bridging Finance announced on 31 March 2023 in addition to minor financial assistance provided by Magnis recently.

With the iM3NY Battery Plant likely entering the stage of commercial field trial sales from production batches in the current quarter.



Figure 3: Cell Production at iM3NY

Omega Seiki Mobility (OSM) Joint Venture

iM3NY entered into a JV Agreement with OSM. The JV company will manufacture and sell lithium-ion battery packs produced in India to be used in OSM's two, three and four-wheeler electric vehicles with a geographical target covering India, UAE, Bahrain, Kuwait, Qatar and Saudi Arabia.

OSM will be responsible for the local operation along with all funding, sales and marketing, compliance and admin. iM3NY will provide the technology and know-how required to develop and manufacture lithium-ion battery packs. iM3NY is currently negotiating the supply of lithium-ion cells to OSM.

OSM will have 74% shareholding in the JV company while iM3NY will own 26%. The board composition will consist of two board seats for OSM and one seat for iM3NY.



Figure 4: OSM small commercial vehicle

Active Anode Materials (AAM)

Site Location LOI and Worley Services Agreement

A LOI for Phase 1 of the AAM commercialisation facility in the United States was signed. The Company is in the process of negotiating incentives and support packages with the local, state, and federal government agencies.

Signing the LOI satisfies the milestone for a customer sales agreement with a Tier-1 OEM which was announced on 21 February 2023.

The Company awarded Worley Group Inc. a services contract to provide pre-Front-End Engineering & Design (“**FEED**”), FEED, and project permitting services for its planned commercial scale AAM project.

Superior Anode Performance

Recently Magnis produced AAM derived from its high-purity Nachu flake graphite for customer qualification. The materials produced by Magnis’ technology partner, C4V utilising a downstream processing technology at its pilot facility in New York has been undergoing regular product development, optimisation and quality and performance testing exercises. The quality control (QC) and performance testing have been performed as per industry standard protocols including third party analytical tests for purity verifications.

Magnis’ AAM has demonstrated First Cycle Efficiency (FCE) results that meet and outperform the industry standard requirements for both EV’s and energy stationary storage. These superior results have been achieved **without any chemical/acid purification or high-temperature thermal purification.**

Recent test results have shown purity of 99.97% with a First Cycle Efficiency (FCE) of >94.4%, less than 6% ICL and a reversible capacity of >355 mAh/g. The performance puts the Nachu AAM in the top quartile of products in the marketplace.

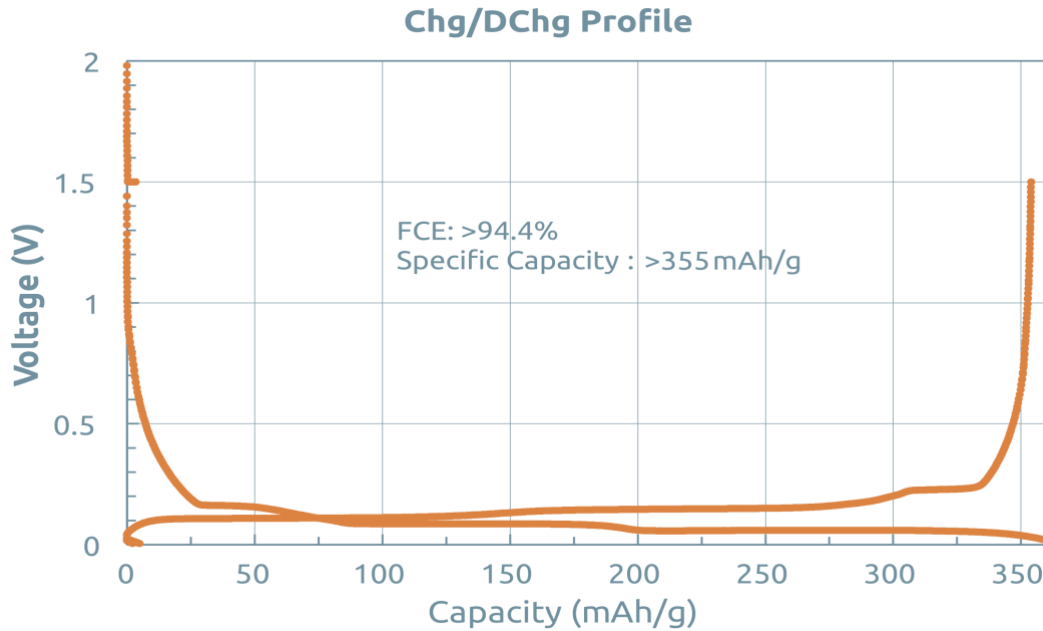


Figure 5: Initial charge-discharge curve of Magnis' CSPG product

FCE plays a critical role in the lithium-ion cell manufacturing process. A higher first-cycle efficiency indicates a lower amount of loss in lithium when the first cycle (also known as the formation cycle in cell manufacturing) is performed on the production floor.

Standard natural graphite anode products in the marketplace have a FCE of 92%. Nachu AAM provides benefits to EV and ESS manufacturers with a higher energy density cell resulting in a longer average range.

STANDARD ANODE 92%FCE

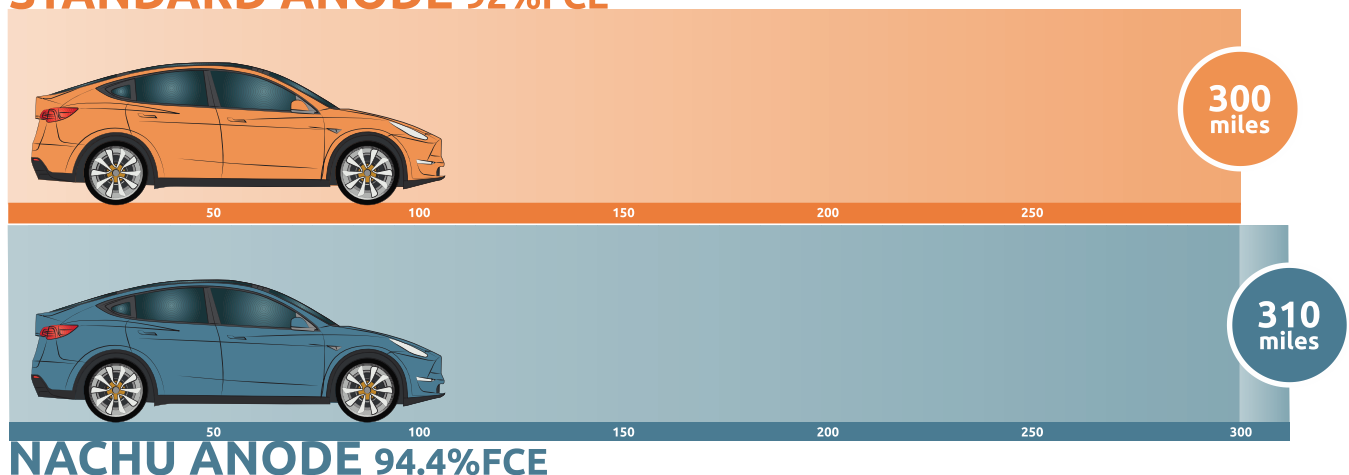


Figure 6: Comparison range of an electric vehicle built with 92% FCE Anode versus Nachu Anode that delivers 94.4% FCE using the exact chemistry and all other electrochemical properties such as the electrolyte

Nachu Graphite Project

Framework Agreement

The Government of Tanzania through the SPNGT (their negotiating team) have finalised the terms of the Framework Agreement (subject to Attorney General review) after which, the document is scheduled to be signed by the President of Tanzania.

Eco-Village Resettlement Program

The Eco-Village housing is near completion and post minor works will be handed over to families soon. In the meantime, the Uranex CSR Team continue its work on the necessary training programs which will assist with the relocation to the Eco-Village for the families to be housed there.



Figures 7 and 8: Recent Photos of Eco-Village with new lighting

SUSTAINABILITY UPDATE

Corporate Social Responsibility

Magnis continues to place significant importance on Corporate Social Responsibility (CSR), notably in its Nachu graphite project in Tanzania. Recently the Company has continued its social projects with the local community supporting the local Ruangwa football team and Meekenyer Secondary School.

Chunyu Mtumbuni Primary School is now completed. Recently the doors were resized to enable access to the classrooms for wheelchairs and a fresh coat of paint was applied to the walls. Additionally, aluminium windows were installed, ensuring the children would be comfortable during the winter months.



Figures 9 and 10: Recently completed Chunyu Primary School

The Namikulo Maternity ward is close to handover. The construction of the walkway between the main clinic and the maternity ward was also initiated and is near completion. This will enable easier transfer of patients from the clinic to the maternity ward via wheelchairs or hospital beds.

The Company also supported one of the only two special needs schools in the district. Their students needed beds and mattresses in the dormitory and now 25 bunkbeds and 50 mattresses are ready for handover.



Figures 11 and 12: Namikulo Maternity Ward and bunk beds for special needs school

CORPORATE UPDATE

Appointment of Hoshi Daruwalla as Managing Director (USA)

Hoshi Daruwalla was appointed Managing Director. Based in the United States, Hoshi will oversee the major growth experienced by the Company with its projects located in the United States.

Hoshi brings over 30 years of experience in global tier-1 manufacturing companies where he has held board, C-Level and Senior Management roles. In the battery industry Hoshi was recently the Chairman for EcoPro Battery Materials in the United States and prior has held senior global roles with Daikin Industries, American Air Filter – McQuay, Hong Leong Group, Purafil along with growing boot-strapped start-ups.

Hoshi 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.

Further Information as Required under Listing Rule 5.3

No substantive mining exploration occurred during the Quarter.

No licenses were given up or acquired in the relevant period. Magnis' licences held by Uranex in Tanzania are as follows:

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

Related Party Payments

Payments to related parties (or their associates) of the Company were disclosed in section 6 of Appendix 5B for the Quarter. The payments for the Quarter comprise directors' fees, consulting fees, fees for additional work performed by directors during the quarter over and above what would be covered normally by their normal director's fees as well as payments made for services provided for specific projects by an associate of a related party.

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 has also commenced development plans to set up an Anode Active Materials Project in the US. In conjunction with battery technology partner, C4V LLC, Magnis has produced high-performance anode active materials for lithium-ion batteries utilising high purity graphite concentrate feedstock from Magnis' 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.auSuite 11.01, 1 Castlereagh Street,
Sydney NSW 2000**Media: Sam Spurr**

Niche Marketing Group

P: +61 2 8585 4322**E:** sam@nichegroup.com.auUnit 10, 10-12 George St
Leichhardt NSW 2040

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

Appendix 5B

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

Name of entity

Magnis Energy Technologies Ltd

ABN

26 115 111 763

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(54)	(1,942)
	(c) production	(5,542)	(13,183)
	(d) staff costs	(2,107)	(6,618)
	(e) administration and corporate costs	(2,523)	(13,354)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	810	915
1.5	Interest and other costs of finance paid	(4,539)	(15,468)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	2,762
1.9	Net cash from / (used in) operating activities	(13,955)	(46,888)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	(1,098)	(45,699)
	(d) exploration & evaluation (if capitalised)	(1,447)	(3,186)
	(e) investments in iM3NY, C4V, iM3TSV	-	(5)
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) property, plant, and equipment	-	5
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities*	129	426
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,416)	(48,459)

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

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	23,898	26,619
3.2	Proceeds from issue of convertible debt securities	(15,608)	7,683
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	2,667	(1,415)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(16,118)	(17,713)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)^	-	-
3.10	Net cash from / (used in) financing activities	(5,070)	15,174

^ Repayment of lease liabilities

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	43,468	100,238
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(13,955)	(46,888)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,416)	(48,459)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5,070)	15,174
4.5	Effect of movement in exchange rates on cash held	219	2,181
4.6	Cash and cash equivalents at end of period	22,246	22,246

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

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	22,246	43,468
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,246	43,468

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	920
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

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

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	150,631	150,631
7.2 Credit standby arrangements:	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	150,631	150,631

7.5 Unused financing facilities available at quarter end	0
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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Magnis majority owned subsidiary Imperium3 New York Inc(iM3NY) has a US\$100 million loan facility ("loan facility"),

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).

Please see the announcement on 19 April 2022 or below link for more details.

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02511299-2A1369171?access_token=83ff96335c2d45a094df02a206a39ff4

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(13,955)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,447)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(15,402)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	22,246
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	22,246
8.7 Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	1.4
8.8 If Item 8.7 is less than 2 quarters , please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: NO This was an abnormal quarter with some one-off payments which are unlikely to be repeated in the foreseeable future	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: YES, as announced on 17 July 2023 the Company has received firm commitments raising \$10 Million via the placement of 83,333,334 shares at \$0.12 per share, which will be issued within the capacity under Listing Rule 7.1. The placement was made to local and overseas institutional fund managers along with professional and sophisticated investors. This capital raise completed on 21 July 2023.	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: YES, with the capital raising referred to in the answer to 2 above and cash on hand, item 8.7 above increases to 2.1 quarters of funding available.	

Compliance statement

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

Date: 28 July 2023

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

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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

4. If this report has been authorised for release to the market by your board of directors, you can insert here: “By the board”. If it has been authorised for release to the market by a committee of your board of directors, you can insert here: “By the [*name of board committee – e.g., Audit and Risk Committee*]”. If it has been authorised for release to the market by a disclosure committee, you can insert here: “By the Disclosure Committee”.
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.