

FOR RELEASE: 10 NOVEMBER 2023

ASX:
MNS

OTCQX:
MNSEF

FSE:
U1P

iM3NY Credit Facility

Magnis Energy Technologies Ltd (“**Magnis**”, or the “**Company**”) (**ASX: MNS; OTCQX: MNSEF; FSE: U1P**) today provides an update in relation to the US\$100 million Senior Secured Term Loan Credit Agreement between Imperium3 New York, Inc. (“**Borrower**”) (and others, including iM3NY LLC (“**iM3NY**”) and Charge CCCV LLC (“**C4V**”) and Lenders as determined from time to time (“**Lender**”) (and others including ACP Post Oak Credit I LLC (“**ACP**”) (“**Credit Facility**”¹).

The Borrower, which owns and operates the iM3NY Lithium-ion Battery Facility in Endicott, NY (“**Battery Facility**”) is a wholly owned subsidiary of iM3NY. The Company has an economic interest of approximately 73% in iM3NY.

The Borrower was served with a notice of default from the Lender (and ACP) (“**Default Notice**”) alleging that various events of default (“**Events of Default**”) had occurred under and/or in relation to the Credit Facility. The (alleged) Events of Default include:

- (breach of covenant) the Borrower’s failure to maintain working capital in excess of an agreed minimum level;
- (breach of covenant) the Borrower’s failure to seek the Lender’s consent to vary the terms of the Borrower’s engineering, procurement and construction arrangements;
- (breach of covenant) defaults as a consequence of the non-satisfaction of various milestone dates including the date specified for production to commence at the Battery Facility;
- (breach of covenant) the Borrower’s failure to pay at least US\$3.3 million under the Borrower’s engineering, procurement and construction arrangements;
- (breach of covenant) the Borrower’s failure to pay at least approximately US\$6.9 million in third party trade payables by the relevant due dates; and
- (breach of covenant) an allegation that approximately 50% of the equipment at the Battery Facility is not performing to specification.

The Lender has stated that it may, amongst other matters, seek to enforce the security it has over the assets of the Borrower (and others, including iM3NY and C4V) if a resolution acceptable to the Lender (and ACP) has not been reached by 5pm (New York time) on 14 November 2023. While the Borrower has challenged the Default Notice on various grounds, the Borrower is attempting to resolve the matter with the Lender, including by seeking to procure alternative financing to refinance the Credit Facility².

¹ For further detail in relation to the Credit Facility, please see the Company’s disclosure given to ASX on 19 April 2022 (as to which, see: [4583hzpmz2mqh1.pdf \(asx.com.au\)](#)).

² Please note that there can be no certainty that a resolution acceptable to the Lender will be reached and/or that the Borrower will be able to obtain alternative financing on terms acceptable to the Borrower (or at all).

While neither the Company nor any of its other subsidiaries (i.e. other than iM3NY and/or the Borrower) guarantees or provide any other form of financial surety in respect of the Credit Facility, the enforcement of the Lender's security against the assets of the Borrower (and others, including iM3NY and C4V) may have a material (albeit, presently unquantifiable) adverse impact on the Group's FY2024 financial performance and condition if a resolution with the lender is not reached.

The Company advises that in the event the Lender enforces the security against the assets of the Borrower, then that of itself would have no impact on the Company's solvency. The Company draws attention to the statement made in the recent September 2023 quarterly cash flow statement that the directors are engaged in seeking additional capital from the debt and equity markets and believe these efforts are more likely than not to be successful.

Magnis will keep the market informed of further developments in relation to this matter in accordance with its Listing Rule 3.1 disclosure obligations.

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

FOR FURTHER INFORMATION

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