

QUARTERLY REPORT

For Quarter Ending December 2023

Key Highlights

- **Meetings in Tanzania conducted for potential offtake and investment**
- **31 Families resettled into the new Eco-Village**
- **Long term financing discussions for Magnis and all of its projects continue to progress with various potential investors**

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) (“**Magnis**” or the “**Company**”) provides its Quarterly Activities Report for the period ended 31 December 2023.

NACHU

During the quarter there was an increased interest in the Nachu Graphite Project in Tanzania. There were several groups who met in Tanzania as discussions progressed for both graphite concentrate offtake and financing.

An initial non-binding co-operation agreement was signed with a potential offtake partner and another agreement was signed for the potential funding of the Nachu Graphite Project. Discussions with both parties are continuing towards binding agreements.



Figure 1: 3D Representation of future graphite processing site

Eco-village resettlement update

Throughout the quarter there has been ongoing work with the Project Affected People (“PAPs”) in order to rehouse them in the Eco Village. The Uranex CSR Team concentrated on the handover of the houses to the PAPs, which entailed training on some of the key elements of living in housing which meets the current building codes and innovations.

After implementing the first phase of training and following approval by the District Authorities for the actual move, the PAPs were happy to receive their land titles and their keys. By the end of December 2023, 31 families out of the 50 had finalized their moves into their new homes. It is presently expected that all PAPs should be resettled soon.



Figure 2: Demonstration of Water Monitoring System



Figure 3: Uranex Engineer demonstration of the inverter monitor

iM3NY

The secured lenders to the operator of the battery factory, Imperium3 New York Inc (“Inc”), issued two default notices during the quarter and following the second default notice exercised their right to appoint representatives to the board of Inc (“Lender Directors”) in lieu of all existing directors except Shailesh Upreti.

In addition, during the quarter, legal action was commenced against Magnis in the state of Delaware, the place of incorporation / registration of iM3NY LLC (“LLC”) by Charge CCCV LLC (“C4V”) the minority shareholder of LLC. LLC is the intermediate holding company in which both Magnis and C4V are shareholders and which in turn holds 95.5% of the equity of Inc. In order to enable the Company to focus its efforts on the refinancing of Inc and to avoid spending time and costs in litigation, the three Magnis nominees on the board of LLC resigned and a Status Quo Order was approved by the court which has the effect of limiting the powers of the remaining board members of LLC.

Upon ceasing to control the boards of LLC and Inc, Magnis will no longer report consolidated figures in respect of those entities.

Cordial arrangements are in place supported by a Deed Poll and protocols with the Lender Directors thus ensuring the Company complies with its LR3.1 requirements to keep the market informed even during the suspension and whilst it ceases to control the Inc board.

The Company is working with the lenders and the new directors regarding the refinancing of iM3NY and will keep the market informed of material developments.

CORPORATE

Non-Executive Director Mona Dajani resigned from the Magnis board effective 31 December 2023 due to other work commitments. The board thanks Mona for her services and wishes her well in her future endeavors.

As mentioned above, effective from the December 2023 quarter, the Company will be deconsolidating LLC and Inc. For the December quarter, in the Appendix 5B, the cash flows of Inc are included for the two months of October and November (as LLC is an intermediate holding company, it does not have cash flows). The deconsolidation of LLC and Inc affects the comparability of the current quarter figures to the prior quarter. The table below identifies the relevant proportions of total cash flow attributable to Inc versus the balance of the Group as set out for particular items in the Appendix 5B.

Item in Appendix 5B	Quarter ended 31 December 2023 A\$'000	6 months ended 31 December 2023 A\$'000
1.9 Total Net cash used in operating activities	(9,706)	(19,125)
Attributable to Inc	(6,379)	(12,695)
Attributable to the balance of the Group	(3,327)	(6,430)
3.7 Total Transaction costs related to loans and borrowings	-	(4,733)
Attributable to Inc	-	(4,733)
Attributable to the balance of the Group	-	-

The deconsolidation is anticipated to lead to an improvement in the Company's reported financial position as it will no longer consolidate the Inc secured debt that was in the consolidated accounts for the year-ended 30 June 2023. This is noted at item 7.6 of the Appendix 5B.

During the quarter, Magnis procured a \$4.6 million secured short term loan from sophisticated and professional investors. The debt bears interest at 5% per month and is repayable on 1 March 2024.

The Company is in late stages of negotiations with several potential cornerstone investors with a significant investment expected to be finalised during the current quarter.

Related Party Payments

Payments to related parties (or their associates) of the Company are disclosed in section 6 of Appendix 5B for the quarter. The payments for the quarter comprise directors' fees and consulting fees, remuneration as well as payments made for services provided by an associate of a related party.

To preserve funds in the Company, the Chairman Frank Poullas and Non-Executive Director Peter Tsegas have not received any payments for services rendered since 1 July 2023 which also includes any related parties. Non-Executive Director Fabrizio Pirelli has not received any payments since his appointment onto the Magnis Board on 31 July 2023 and Managing Director Hoshi Daruwalla has not received any payment for services rendered since 1 October 2023.

Further Information as Required under Listing Rule 5.3

No substantive mining exploration activities occurred during the quarter. And in addition, no substantive mining production and development activities occurred during the quarter.

No licenses were given up or acquired in the quarter. 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.

About Magnis

Magnis Energy Technologies Ltd (ASX: MNS; OTC: MNSEF; FSE: U1P) is a vertically integrated lithium-ion battery technology and materials company in the Lithium-ion battery supply chain. 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

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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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(556)	(1,383)
(b) development	-	(56)
(c) production	-	-
(d) staff costs #	(1,261)	(3,365)
(e) administration and corporate costs #	(3,993)	(5,584)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received #	48	152
1.5 Interest and other costs of finance paid #	(3,944)	(8,889)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities #	(9,706)	(19,125)

includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment #	(64)	(892)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments in iM3NY, C4V, iM3TSV	-	-
(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 (6 months) \$A'000
(c) property, plant, and equipment #	-	1,834
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities #	(64)	942

includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,700
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(525)
3.5 Proceeds from borrowings	4,665	6,758
3.6 Repayment of borrowings	(2,038)	(6,638)
3.7 Transaction costs related to loans and borrowings #	-	(4,733)
3.8 Dividends paid	-	-
3.9 Other (provide details if material) #	-	763
3.10 Net cash from / (used in) financing activities #	2,627	3,325

includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at start of period	14,872	22,138
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(9,706)	(19,125)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(64)	942
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,627	3,325
4.5 Effect of movement in exchange rates on cash held	(2)	447
4.5.5 Cash in iM3NY subsidiary as at date of deconsolidation	(7,195)	(7,195)
4.6 Cash & cash equivalents at end of period	532	532

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	532	14,872
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)	532	14,872

6. Payments to related parties of the entity and their associates

6.1 Aggregate amount of payments to related parties and their associates included in item 1	269
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

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	4,600	4,600
7.2 Credit standby arrangements:	-	-
7.3 Other	-	-
7.4 Total financing facilities	4,600	4,600

7.5 Unused financing facilities available at quarter end

0

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.

During the quarter, Magnis procured a \$4.6 million secured short term loan from sophisticated and professional investors. The debt bears interest at 5% per month and is repayable on 1 March 2024.

Magnis deconsolidated its USA subsidiary Imperium3 New York Inc. in Dec 2023 from the group and its US\$100 million loan facility that was previously reported at item 7.1 above.

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)	(9,706)
8.1.5	Reversal of Q2 Net cash from / (used in) operating activities of iM3NY subsidiary as at date of deconsolidation. (Item 1.9)	6,379
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.1.5 + Item 8.2)	(3,327)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	532
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	532
8.7	Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	0.2

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: Yes. whilst the Company remains in the development, pre-revenue stage.

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: Presently, the Company has capacity to issue 180 million shares under ASX listing rule 7.1 and 120 million shares under ASX listing rule 7.1A.

The directors are in final stage discussions regarding additional capital from the debt and equity markets and believe that an investment will be completed during the current quarter. The details of an investment will be advised to the market in accordance with the Company's continuous disclosure obligations.

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 initiatives referred to in the answer to 2 above and cash on hand.

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: 31 January 2024

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.

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

3. 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.
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.