Market Announcement

11 March 2024

Magnis Energy Technologies Ltd (ASX: MNS) – Responses to ASX Letters

Description

Attached for the information of the market are ASX's letters and MNS's responses since the suspension of MNS's securities from quotation on 8 December 2023. These documents have been presented in chronological order.

ASX notes the following:

- ASX's communications with MNS since its suspension have related to MNS's indirect majority interest in the iM3NY battery plant, and in particular the recent changes in the governance of iM3NY and MNS's ability to meet its disclosure obligations.
- Based on those communications, MNS has not satisfied ASX that it is currently able to comply with its obligations under Listing Rules 3.1, 12.1 and 12.5.
- MNS must demonstrate to ASX that it is willing and able to comply with these rules, and the Listing Rules generally, before ASX can reinstate MNS's securities to quotation.

Issued by

ASX Compliance

17 January 2024

Reference: 86871

Mr Duncan Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd
Suite 11.01
1 Castlereagh Street
Sydney NSW 2000

By email only.

Dear Mr Glasgow

Magnis Energy Technologies Ltd ('MNS'): Aware Query

ASX refers to the following:

A. MNS's announcement titled 'Response to ASX Aware Query, released on the ASX Market Announcements Platform ('**MAP**') on 23 May 2023, which stated in response to question 5 (emphasis added):

"Magnis has robust continuous disclosure processes and protocols (which are documented in its continuous disclosure policy) that apply to Magnis, iM3NY and each of their respective key personnel. Magnis confirms its opinion that it has adequate oversight of key iM3NY personnel to the extent necessary to allow Magnis to comply with its continuous disclosure obligations under the Listing Rules.

This opinion is informed by frequent meetings between Magnis and the board of iM3NY where the Continuous Disclosure Policy of MNS has been reinforced to iM3NY (including a formal direction that given Magnis has a majority interest in iM3NY that the policy is applicable to them just as much as it is to Magnis). Furthermore, and through its representatives on the board of iM3NY, ***Magnis is apprised of information concerning iM3NY on an effectively real-time basis****. Any such information is then considered for disclosure by Magnis."* ('**Information Sharing Arrangements'**)

B. MNS's announcement titled 'AGM Presentation', lodged on MAP on 30 November 2023, which states on slide 7:

"The production team communicated that they are on target to achieve a daily production run of 300 cells by December 2023" ('**Forecast**')

C. MNS's announcement titled "iM3NY Market Update" lodged on MAP on 10 January 2024, which disclosed (relevantly):

"Operational Update

The AGM presentation contained details of advice given to Magnis by the production team that they were on target to achieve a daily production run of 300 cells per day by December 2023. Magnis has since been informed by the new board of Inc that this is not the case and that there was no production in December 2023, nor any revenue generated in that month." ('**Information**')

D. MNS's media release ('**Media Release'**), published on its website[1], which stated (relevantly):

[1] https://magnis.com.au/files/Response-to-Media-Articles-12-Jan.pdf

"Magnis Energy Technologies refers to the recent articles published in the "Financial Review" with the title "Magnis says claim it was making 300 battery cells a day was not true" and in "The Australian" with the title "Magnis concedes no production or revenues at gigafactory".

The media has reported information that we believe is misleading. To keep our shareholders informed, we clarify the following points;

1. *At Magnis' AGM in November 2023, it communicated information received from the iM3NY team in regard to battery cell production. This was published on slide 7 of the Magnis AGM Presentation regarding achieving a daily production run of 300 cells during December 2023.*

   This information provided was a conservative guidance based on the projections provided to us by iM3NY's Chairman, Dr Shailesh Upreti, during a November board meeting.

   Any guidance that has been provided by Magnis in relation to forward looking numbers on production, including target dates at iM3NY, has been provided by iM3NY."

E. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

F. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

H. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be

confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks MNS to respond separately to each of the following questions and requests for information:

1. Please confirm if MNS made any enquiries of its own during the course of December 2023 to track progress against the Forecast. If so, please provide details of the nature and outcome of those enquiries. If not, please explain why not.
2. Did MNS consider any other factors aside from Mr Upreti's projections when determining to provide the Forecast in the AGM presentation? If so, please provide details on those factors.
3. Does MNS consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
4. If the answer to question 3 is "no", please advise the basis for that view.
5. Is it MNS's understanding that, at all times during December 2023, either Imperium3 New York Inc. ('Inc') or iM3NY LLC would have been aware that:
    i. no cell production had been achieved, and;
    ii. production was not in line with the forecasted target to achieve a daily production run of 300 cells in December 2023.
6. Noting that an entity becomes 'aware' of information when an officer of the entity has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity, please identify when, and explain how, MNS first became aware of the Information.
7. If MNS first became aware of the Information prior to 10 January 2024, please explain why this information was not released to the market at an earlier time, commenting specifically on when MNS believes it was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MNS took to ensure that the information was released promptly and without delay.
8. If MNS first became aware of the Information on or around 10 January 2024, why was MNS not immediately informed under the Information Sharing Arrangements?
9. Does MNS, in light of this matter, maintain its opinion that under the Information Sharing Arrangements it has adequate oversight of key Inc personnel to the extent necessary to allow Magnis to comply with its continuous disclosure obligations under the Listing Rules? If so, please explain the basis for that view.
10. Please explain what 'reported information' referred to in the Media Release was considered to be misleading by MNS, and provide the basis for that view.
11. Please confirm that MNS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
12. Please confirm that MNS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MNS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Tuesday, 23 January 2024**. You should note that if the information

requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MNS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MNS to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading Halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MNS's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MNS's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MNS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MNS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

23 January 2024

Angel He
Adviser
ASX Compliance

Dear Angel
Response to Query Letter – 17 January 2024

Magnis Energy Technologies Ltd (ASX: MNS; OTC: MNSEF) (**Magnis**) responds to the Questions in ASX's query letter dated 17 January 2024 (**ASX Letter**) as follows:

1. No Magnis did not during the course of December 2023 track progress against the Forecast. The board, at the time of the release of the AGM Presentation, had no reason to not believe the representations made to it by Dr Upreti. Subsequently, Imperium 3 New York Inc's (Inc) secured lender exercised its rights to appoint a majority of independent directors to the Inc board (the Lender Directors) and the Magnis appointed directors were removed. From that point (as recently confirmed to the market following the indication to this effect in the 18 December 2023 iM3NY Credit Facility Update announcement), Inc ceased to be a subsidiary of Magnis. Information pertaining to Inc which Magnis considered material to the shareholders of Magnis, is, inter alia, only material developments in relation to (i) the refinancing of the secured debt and (ii) Magnis resuming control of Inc and the LiB factory. Cell production and sales performance at Inc is not, of itself, considered to be material to Magnis shareholders, and Magnis has not historically released this information on any regular basis.

   Magnis in order to address the matters it considered material, sought to open dialogue with the Lender Directors as soon as possible following Magnis recognizing that they were validly appointed and a draft protocol was finalised following which that protocol was converted to the Deed Poll. However, Magnis did alert the Lender Directors when advising the reasons for the protocol, one of which was its Listing Rule requirements and that it had made projections as to the extent of production and wanted to update the market **following the end of December** as to what was the level of production in December. There was no comment about production following alerting the Lender Directors until Magnis received advice on 4th January in the weekly meeting that there had been no production in December, nor revenue generated in December. Thus, the Lender Directors had complied with the Magnis information request. To be clear, Magnis did not seek to track progress against the Forecast during December, as the emphasis of the activity during December by

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

Magnis and (to the best of the Company's knowledge) the Lender Directors was aimed at procuring the refinance of the secured debt.

2. Prior to the appointment of the Lender Directors, Magnis received a monthly board pack from the CEO of Inc which provided details of the cells produced during the month, number that were scrapped and other relevant information. As Dr Upreti advised what the aim was for production in commentary to the board of Magnis in early November 2023 that was the primary source.
   To be clear, Magnis relied on the information provided by Inc executive management, particularly the Executive Chairman, Dr Upreti, which it believed to have been provided in an honest and prudent manner, based on the representations made to the Magnis board.

3. No, for the reasons given in response to 2.

4. As noted in the answer to 1 above cell production and sales performance at Inc is not, of itself, considered to be material to Magnis shareholders, and Magnis has not historically released this information on any regular basis. This is particularly so in circumstances where Inc has ceased to be a subsidiary of the Company. However, given the information provided in the AGM Presentation, Magnis wished to inform the market of the facts once the month of December had concluded, for full transparency.

5. iM3NY LLC (LLC) would not have necessarily been aware as it has no staff and the only connection is through Dr Upreti. Magnis does not know whether he had knowledge but if he did, he did not relay that information through to his fellow Magnis appointed directors.
   In respect of Inc, the board was under the control of the Lender Directors. Magnis does not know whether the Lender Directors were aware of this level of detail or not. We understand that in terms of operating management at the factory, there was no CFO or CEO at all, and an interim chief administration officer (CAO) was appointed midway through December and that person wasn't onsite until after Christmas. The operations staff would have been aware, but it is not clear to Magnis at what stage the detailed information was provided to the Lender Directors or the CAO.

6. MNS became aware when the 2 appointed parties from Magnis that meet weekly (by teleconference) with the Lender Directors and the CAO (that Inc engaged midway through December) advised on the morning of Thursday 4th January 2024, Sydney time.

7. Subsequent to the teleconference referred to in 6 above, Magnis drafted an announcement covering certain matters, including the production and sales performance. Noting that this specific element of the information was not considered material, it was not considered that there was any specific point in time at which the information was obliged to be released. In addition, it is noted that, at the time Magnis shares were suspended from trading on the ASX.
   MNS endeavored to release the information on Monday 8 January when it lodged an announcement on MAP. There was additional information included in the announcement which the ASX considered needed to be amended or added to so it did not allow the announcement to be

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

released. An amended version was submitted and finally approved and released on 10th. MNS considered this to be in accordance with its obligation under LR3.1 and 3.1A.

8. N/A please see comment above.

9. Yes, MNS does consider it has adequate oversight, it meets regularly with the Lender Directors and their appointed CAO and can seek information at any time between those meetings. There is a directive in place for officers of Inc that no public announcements can be made unless approved by the Lender Directors, who have under the Deed Poll agreed to keep MNS informed.

10. ASX will be aware that there have been numerous articles, particularly in the News Corp press over the past several weeks. The essential elements which the Company believes has lead to misleading reporting is (i) the quotation from US court pleading documents as statements of fact, whereas they have yet to be proved and have been denied by the Company; and (ii) there has been a conflating of LLC and Inc, giving the impression that the court action in Delaware is in respect to the LIB factory entity. Please see the use of Imperium3 New York and iM3NY in the one article on 18 December. The same applied in the article of 2 January (an extract is set out below) ("*The Australian last month reported that Magnis claimed it was solvent but said it risked having its flagship battery factory sold or shut down by lenders, and that it had earlier lost control of its battery "gigafactory" Imperium3 New York (iM3NY) after lenders moved in on the company. Magnis issued a further update on iM3NY and its court dispute with joint venture and technology partner Charge CCCV (C4V) on December 27. Magnis and C4V are the major shareholders in the company's US-based subsidiary, iM3NY, which operates the lithium-ion battery manufacturing project*").
LLC is the entity the subject of the dispute with C4V not the entity that operates the battery factory, that is operated by Inc. and the majority of its shares are held by LLC not Magnis and C4V.

11. Magnis is complying with its LR3.1 requirements even though its shares remain suspended from trading.

12. Confirmed

Duncan W Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd.
E:info@magnis.com.au

1 February 2024

Reference: 86871

Mr Duncan Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies
Suite 11.01
1 Castlereagh Street
Sydney NSW 2000

By email only.

Dear Mr Glasgow

Magnis Energy Technologies Limited ('MNS'): Query Letter

ASX refers to the following:

A. MNS's response dated 23 May 2023 to an ASX Query Letter, which stated (relevantly):

"Magnis has robust continuous disclosure processes and protocols (which are documented in its continuous disclosure policy) that apply to Magnis, iM3NY and each of their respective key personnel. Magnis confirms its opinion that it has adequate oversight of key iM3NY personnel to the extent necessary to allow Magnis to comply with its continuous disclosure obligations under the Listing Rules.

This opinion is informed by frequent meetings between Magnis and the board of iM3NY where the Continuous Disclosure Policy of MNS has been reinforced to iM3NY (including a formal direction that given Magnis has a majority interest in iM3NY that the policy is applicable to them just as much as it is to Magnis). Furthermore, and through its representatives on the board of iM3NY, Magnis is apprised of information concerning iM3NY on an effectively realtime basis. Any such information is then considered for disclosure by Magnis."

B. MNS's response dated 23 January 2024 to ASX's query letter (the '**ASX Letter**') dated 17 January 2024 (the '**MNS Response**'). Capitalised terms in this letter have the same meaning as those defined in the ASX Letter, unless stated otherwise.

C. MNS's announcement lodged on MAP on 22 January 2024 (the '**Announcement**') which stated (relevantly):

"In October 2023[3] the Company advised the market that there were 3 agreements (Renewed Agreements) for the purchase of cells from the factory which had been renewed for periods up to 5 years, none of the other extant agreements has been renewed. As noted in the announcement, the Renewed Agreements were with Sukh Energy, Martac and EGYAI and the combined value of the Renewed Agreements over their duration was circa USD 147 million. The Company has recently been advised by the newly appointed directors of Inc that the Renewed Agreements have since lapsed, because Inc missed the amended scheduled supply start dates, therefore not satisfying the conditions precedent under the contracts. To the best of the Company's knowledge, Inc no longer has any operative off-take agreements. These lapsed contracts are not considered material to the Company as a consequence of Inc no longer being its subsidiary."

D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

E. Section 4.4 of Guidance Note 8, which states:

"Under the Listing Rules, an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Request for information

Having regard to the above, ASX asks MNS to respond separately to each of the following questions and requests for information:

1. In the ASX Letter, ASX referred to MNS's statement in the Aware Query published on MAP on 23 May 2023, specifically in respect of the Information Sharing Arrangements that MNS *"is apprised of information concerning iM3NY on an effectively real-time basis"*.

   In the MNS Response, MNS provided (relevantly):

   i. In response to question 1:

      "(MNS) wanted to update the market following the end of December as to what was the level of production in December. There was no comment about production following alerting the Lender Directors until Magnis received advice on 4th January in the weekly meeting that there had been no production in December, nor revenue generated in December."

   ii. In response to question 2:

      "Prior to the appointment of the Lender Directors, Magnis received a monthly board pack from the CEO of Inc which provided details of the cells produced during the month, number that were scrapped and other relevant information."

   iii. In response to question 9:

      "Yes, MNS does consider it has adequate oversight, it meets regularly with the Lender Directors and their appointed CAO and can seek information at any time between those meetings."

   MNS's answers above as well as MNS's apparent delay in identifying and releasing to the market the information set out in the Announcement do not indicate to ASX that MNS can promptly receive information at any time, as ASX notes the seemingly selective disclosure by Dr Upreti, and the Lender Directors' delayed response to MNS's requests for information.

   Please explain the basis on which MNS maintains that the Information Sharing Arrangements with iM3NY, which were in place during the relevant period, were:

   i. 'Real-time'; and

   ii. Adequate to allow MNS to satisfy its obligations under Listing Rule 3.1.

2. In the MNS Response, MNS provided at questions 1 & 4 (relevantly):

   "Cell production and sales performance at Inc is not, of itself, considered to be material to Magnis shareholders"

   ASX notes the following price-sensitive announcements lodged on MAP:

   i. 'Production begins at iM3NY Battery Plant' on 12 August 2022;

   ii. 'NY Lithium-ion Battery Plant Update Binding Sales Increase' on 4 August 2021;

   iii. 'First Lithium-ion Battery Cells Produced from New York Plant' on 4 June 2021; and

iv. 'New York Battery Plant Annual Capacity Increased - 1.8GWh' on 3 May 2021, which initially disclosed the 'binding offtakes' referred to in the Announcement which have since lapsed.

Further, ASX notes MNS's assertion concerning materiality in the Announcement:

"These lapsed contracts are not considered material to the Company as a consequence of Inc no longer being its subsidiary."

Noting:

(a) the numerous announcements considered to be 'price-sensitive' by MNS concerning cell production and sales; and

(b) MNS's interest in iM3NY as a key investment,

please explain the basis for MNS's statements that:

i. 'cell production and sales performance are not, of itself, considered material' to MNS; and

ii. *'lapsed contracts are not considered material to the Company as a consequence of Inc no longer being its subsidiary',* specifically addressing on what basis MNS maintains that the loss of these offtake agreements for MNS's key investment would not be information a reasonable person would expect to have a material effect on the price or value of MNS's securities.

3. For each of the sales agreements listed below, please state:

i. when the sales agreement was terminated; and

ii. when MNS became aware (as per section 4.4 of Guidance Note 8) that the sales agreement had terminated.

List of agreements:

- Premier Solar
- Energence
- Martac
- EGYAI
- Green World Corp
- Energy Link 3

4. In the event that there was any delay in the disclosure of the loss of any of the above sales agreements, does MNS maintain that it has adequate Information Sharing Arrangements and oversight of iM3NY for MNS to ensure its ongoing compliance with 3.1? If so, please explain the basis for that view.

5. In light of the apparent delayed disclosure of:

i. the material information referred to in question 1; and

ii. the loss of each of the sales agreements referred to in question 3,

please explain the basis on which MNS maintains that its current Information Sharing Arrangements are adequate to ensure MNS's general ongoing compliance with its continuous disclosure obligations and, as such, demonstrates MNS has an appropriate structure and operations to satisfy ASX of MNS's compliance with Listing Rule 12.5.

6. Does MNS intend to further revise its Information Sharing Arrangements in light of the apparent delayed disclosure? If so, please outline any proposed changes. If not, please explain why not.

7. Please confirm that MNS is complying with the Listing Rules and, in particular, Listing Rule 3.1.

8. Please confirm that MNS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MNS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Thursday, 8 February 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MNS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MNS to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MNS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MNS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance

6 February 2024

Reference: 88011

Mr Duncan Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies
Suite 11.011 Castlereagh Street
Sydney NSW 2000

By email only.

Dear Mr Glasgow

Magnis Energy Technologies Limited ('MNS'): Aware Query

ASX refers to the following:

A. MNS's announcement titled "Quarterly Activities/Appendix 5B Cash Flow Report" ('**Quarterly Report**') lodged on the ASX Market Announcements Platform ('**MAP**') on 31 January 2024, which disclosed (relevantly):

"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." ('**Short Term Loan**')

B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

F. Listing Rule 10.1, which states (relevantly):

"An entity (or, in the case of a trust, the +responsible entity of the trust) must ensure that neither the entity, nor any of its +child entities, +acquires or agrees to +acquire a substantial asset from, or +disposes of or +agrees to dispose of a substantial asset to, any of the following +persons without the approval of the holders of the entity's +ordinary securities.

10.1.1 A +related party of the entity.

10.1.2 A +child entity of the entity.

10.1.3 A +person who is, or was at any time in the 6 months before the transaction or agreement, a +substantial (10%+) holder in the entity.

10.1.4 An +associate of a +person referred to in rules 10.1.1 to 10.1.3.

10.1.5 A +person whose relationship to the entity or a +person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by +security holders."

G. Section 6.7 of Guidance Note 24 which states (relevantly):

"The definition of "dispose" includes using an asset as collateral. Accordingly, the granting of security by an entity over any of its assets to secure a debt or obligation owing to a 10.1 party is regarded as a disposal of those assets by the entity to the 10.1 party for the purposes of Listing Rule 10.1. If at the time the security is granted the value of the assets equals or exceeds 5% of the equity interests of the entity, as set out in the latest accounts given to ASX under the Listing Rules, the granting of the security will require security holder approval under Listing Rule 10.1."

Request for information

Having regard to the above, ASX asks MNS to respond separately to each of the following questions and requests for information:

1. Does MNS consider the procurement of the Short Term Loan to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please explain the basis for that view.
3. When did MNS enter into the Short Term Loan?
4. Did MNS disclose that it had entered into the Short Term Loan on MAP prior to the release of the Quarterly Report?

i. If it did, please identify the announcement in which MNS did so;

ii. If it did not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe MNS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MNS took to ensure that the information was released promptly and without delay.

5. Please provide the following additional information in respect of the Short Term Loan:

i. The nature of, and assets over which, the loan is secured;

ii. The identities of the 'sophisticated and professional investors' who provided the loan;

iii. Confirmation if any of the parties identified above in Question 5(ii) are parties listed under Listing Rule 10.1.1 to Listing Rule 10.1.4; and

iv. Any other material terms or conditions which may assist investors in understanding the impact of the Short Term Loan on the price or value of MNS's securities.

6. Please confirm that MNS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MNS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Friday, 9 February 2024** . You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MNS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MNS to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MNS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MNS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

7 February 2024

Angel He
Adviser
ASX Compliance

Dear Angel
Response to Query Letter – 1 February 2024

Magnis Energy Technologies Ltd (ASX: MNS; OTC: MNSEF) (**Magnis**) responds to the Questions in ASX's query letter dated 1 February 2024 (**ASX Letter**) as follows:

1. MNS does not agree that there was in fact any delay, apparent or otherwise. We heralded to the Lender appointed directors (Lender Directors) that the ASX Listing Rule Requirements required immediate disclosure of price sensitive information (ie information that Magnis believed would have a material impact on the share price). We pointed to the need to know what the production was for December (ie the whole of December) and also what the revenue was. Because Inc had ceased to be a subsidiary as a result of the appointment of the Lender Directors and was no longer to be consolidated there was no need to seek any update until December had concluded. The Company considers it to be self-evident that the activities in an entity not part of the Group cannot be material to the Group's share price. Magnis respectfully submits that the real time information sharing protocol in place in May 2023 was correctly superseded by the Information Sharing Arrangement and protocol effected with the Lender Directors following their appointment and following Inc ceasing to be a subsidiary of the Company. As mentioned in the MNS Response the focus during December was on bedding down the Information Sharing Arrangement and protocol and on refinancing Inc so that Magnis could regain control of the board and again consolidate it. That action when successful is more than likely to have a material effect on the share price and thus require a disclosure under LR3.1. The announcement dated January 10 about the production and revenue was not marked market sensitive for the reason that it was not considered by the Company to be market sensitive because as Magnis had advised the market it will no longer be consolidating Inc or its parent LLC.

2. *The Company considers it to be self-evident that the activities in an entity not part of the Group cannot be material the Group's share price. Magnis respectfully submits that the circumstances related to the battery factory in December 2023 / January 2024 are not comparable to the circumstances that applied in the time periods mentioned above (2021 and 2022). The Company does not consider that cell production of Inc in December 2023 would have a material impact on the share price (even if it was not suspended) sufficient to warrant disclosure under LR3.1 and as stated above any revenue generated from production will not be reflected in the accounts of Magnis. All previous commentary to which ASX has directed the Company's attention in previous announcements was when Magnis was consolidating Inc and its parent LLC. Further, initial indications are that the deconsolidation could have positive impact in the accounts of Magnis because the level of debt held through its investment in Inc will no longer appear in Magnis's accounts which is considered by the Company to be material and relevant. Magnis alerted the market to this*

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

possibility.

3. None of the contracts, save for Premier Solar, has terminated. The contracts lapsed, for the reasons that were disclosed at the time. Those that had already lapsed namely 3 out of the 6 (Sukh Energy being the additional that took the total number to 7) were advised at a Board meeting of Inc/LLC held around the time of the announcement that covered them. In that announcement Magnis noted "Of the six other offtake agreements that iM3NY is party to and previously announced three that have recently been renewed with their term extended were Martac, EGYAI and Sukh Energy (terms were extended out to 2028). The remaining three are subject of ongoing discussions between iM3NY and the relevant counterparties namely Energence, Green World Corp and Energy Link 3 in relation to their potential extension and/or renegotiation." Those like the 3 that were announced recently as having lapsed are all still under discussion. The key point in relation to all these contracts is that had commercial scale production occurred, then product delivery (and hence revenue) would have followed. As commercial scale production had not occurred, product could not be delivered and as a consequence, each of the contracts fell naturally under their terms from "active" to "technical review". The Company maintains that there is strong demand for the factory's product, once commercially available, with at the time of the board meeting referred to above 45 parties in various stages from the technical review to "contracts under negotiation"

   List of agreements:

   - Premier Solar see comment above. This was not a material contract and was advised as having terminated in the announcement the link to which is below.[1]
   - Energence – see comment above
   - Martac- see comment above
   - EGYAI – see comment above
   - Green World Corp – see comment above
   - Energy Link 3 – see comment above

4. As noted above this is not applicable until such time as Inc and its parent LLC are considered as subsidiaries that can be consolidated. At that time it will be revisited as it is expected that Magnis would have control of the boards and would have implemented what it outlined in its presentation to the AGM it was proposing to do which would ensure adequate Information Sharing Arrangements and oversight

5. The Agreements are not considered material nor is the information about production or revenue at this time for the reasons noted above. Notwithstanding that the Information Sharing Arrangements are working well as the disclosures stemming from them shows, especially as the disclosure of the non-material information was provided in a timely fashion.
   The key point in relation to MNS having an appropriate structure and operations to satisfy Listing Rule 12.5, following the recent events at iM3NY, pertains to MNS' wholly owned Nachu Graphite Project. To summarise, this is a shovel ready significant project with declared reserves and resources that includes a completed bankable feasibility study which shows a robust Net Present Value and internal rate of return. Magnis has expended significant funds on this asset over the past several years. The Company would be pleased to provide further information to ASX in this regard should ASX require this

6. The Company does not agree that there has been any delayed disclosure, apparent or otherwise. The Company does not believe there is in any requirement to amend the arrangements in place with Inc, given it is no longer part of the Magnis Group. We have a protocol which ensures that any release the Company makes which refers to Inc goes to the Lender Directors for review and correction before release to ensure

[1] https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21479330

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

that nothing is omitted or incorrect. This protocol has been in place for the last several weeks. As noted above. should the status of Inc change such that Inc is reinstated as a subsidiary that Magnis can consolidate then the Information Sharing Arrangements will be revisited at that time to ensure Magnis complies with its LR3.1 requirements.

7. Confirmed

Duncan W Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd.
E:info@magnis.com.au

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

9 February 2024

Angel He
Adviser
ASX Compliance

Dear Angel
Response to Query Letter – 6 February 2024

Magnis Energy Technologies Ltd (ASX: MNS; OTC: MNSEF) (**Magnis**) responds to the Questions in ASX's query letter dated 6 February 2024 (**ASX Letter**) as follows:

1. No.
2. The transaction is in the nature of regular treasury management operations and not considered in and of itself material.

   The Company notes that in the Appendix 5B for the quarter ended 30 September 2023, the following statements were made:
   At item 7.6: "During September 2023, Magnis entered into a two-month secured short-term loan with 14 separate and unrelated parties…"
   At item 8.8: "…the directors are engaged in seeking additional capital from the debt and equity markets…"

   Accordingly the fact that the Company is managing its treasury function through borrowing funds on a short-term basis has previously been advised to the market.

   None of the parties that were described as sophisticated and professional investors would satisfy the requirements of Listing Rule 10.1 (10.1.1-10.1.4) and thus section 6.7 of Guidance Note 24 is not triggered.
3. No
4. As there were a number of parties to the arrangement it was entered into over a number of days, with the Short Term Loan being drawn down on 1 December 2023.
   i. Not applicable.
   ii. MNS does not consider that this information is such as to require the release to the market of any disclosure under Listing Rule 3.1, notwithstanding that the Company went into a trading halt on 6 December and has remained suspended ever since, including up to the date of release of the 2nd Quarter Report. Companies enter into arrangements with parties for short-term funding obligations regularly and this is no different.

   This was not considered to be price sensitive information.

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

To be clear, the Company believes that it was obliged to release the information in its quarterly activities report and specifically in the Appendix 5B on the date those documents were approved by the board for release and no earlier than that (and the information was then released promptly and without delay)

5.

i. There is a general security deed, which by definition means that all assets of the Company are covered.

ii. There are 32 parties and this information, bearing in mind the details provided above, is not required to be disclosed under the Listing Rules. However, MNS is prepared to make available to ASX, on a confidential basis, copies of each of the agreements with the counterparties should ASX so require.

iii. As set out above none are covered by LR10.1.1 to 10.1.4

iv. The Company is of the view that there are no such other material terms or conditions because, as discussed above, the procurement of this loan is not considered to be price sensitive information (even had its securities been reinstated to quotation). In this regard, the Company draws ASX attention to the following statement in the December 2023 quarterly report: "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."

6. Confirmed

Duncan W Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd.
E:info@magnis.com.au

15 February 2024

Reference: 86871

Mr Duncan Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd
Suite 11.01
1 Castlereagh Street
Sydney NSW 2000

By email only.

Dear Mr Glasgow

Magnis Energy Technologies Limited ('MNS'): Query Letter

ASX refers to the following:

A. MNS's response dated 7 February 2024 ('**MNS Response**') to ASX's Query Letter dated 1 February 2024 ('**ASX Letter**'). Capitalised terms in this letter have the same meaning as those defined in the ASX Letter, unless stated otherwise.

B. MNS's submissions on its compliance with Listing Rules 3.1, 12.1 and 12.5, provided to ASX on 16 January 2024, which stated (relevantly, in the context of Listing Rule 12.1):

"A further point we wish to raise is in relation to the ASX's determination to ignore the Nachu Graphite project as not being material. As you will be aware, ASX classifies Magnis as a resources company, and Magnis continues to report as a mining company – including submitting periodic Appendix 5B and quarterly reports. Magnis is readying to produce its quarterly report and appendix 5B for the 2nd Quarter of FY 2024. In that set of reports, the Nachu Graphite project will take precedent as it is wholly owned. And because MNS has no activities in Australia the Nachu project will constitute the whole of the substantive report, now that it can no longer consolidate iM3NY from an accounting perspective. Further as Magnis reported recently at its AGM, the Nachu Project will be receiving equal attention to the battery factory. More importantly your attention is drawn to other significant releases concerning the Nachu project, in particular

- *In 2021, Magnis noted the offtake agreement that it had entered into with Traxys.*
- *In 2022, the BFS was finalised and released which confirmed the previous document first released in 2016.*
- *In 2023, the agreement with the Tier 1 EV manufacturer was signed – this specifically requires the graphite to come from Nachu to comply with the agreement's requirements.*
- *Then in June Magnis noted it had sourced an LOI from a landlord for the production facility that would realise the EV manufacturers requirements for product based on the Nachu Graphite project.*
- *Continuously, the market has been provided in the quarterly and other reports the steady work being done to realise the Nachu Graphite project in particular the CSR matters that had been completed none of which was more important than the development of the eco village to house up to 50 people relocated from where the graphite will be mined into the purpose-built village. None of this was done for free, although the value could have been capitalised it was expensed. The estimated cost far exceeds the amount spent by Magnis directly or by way of capital injection in iM3NY."*

Request for information

Having regard to the above, ASX asks MNS to respond separately to each of the following questions and requests for information:

1. ASX interprets MNS's general position in the MNS Response to be that the deconsolidation of Inc's accounts marked the end of MNS's obligations under Listing Rule 3.1 with respect to developments in Inc until such time that MNS regains control of Inc.

   On this basis alone, ASX does not accept MNS's position that Listing Rule 3.1 does not apply to the operations of Inc during the period where Inc is not a controlled entity of MNS. In support of this view, ASX has considered, among other matters:

   i. the substantial monetary investment made by MNS directly and indirectly into Inc;

   ii. that this substantial investment in Inc has been represented by MNS to be one of its main undertakings as a listed entity for some time;

   iii. MNS's stated intention to pursue regaining control of Inc, rather than disposing of its interest; and

   iv. the value of MNS's equity holding in Inc (even if not consolidated into MNS's financial statements) may be influenced by ongoing developments while MNS does not control Inc, which may have a material effect on MNS's financial statements.

   Accordingly, ASX confirms that it does not consider it appropriate to reinstate MNS's securities to quotation until such time that MNS regains control of Inc and provides ASX with sufficient evidence to support that it has real-time access to Inc's information.

   For the avoidance of doubt, ASX does not consider the deed poll submitted by MNS to be an effective remedy, as it relies on directors who do not have obligations under the Corporations Act 2001 (*cth*) (the '**Act**') to identify information, which is required to be produced under the Act and the Listing Rules. These directors are therefore not sufficiently accountable to MNS shareholders.

   Additionally, having reviewed MNS's responses to questions 1 and 2 in its letter dated 23 January 2024, ASX is not satisfied that MNS's information sharing arrangements with Inc, even prior to the loss of control, were adequate as MNS does not appear to have been apprised of relevant information as quickly as ASX would have expected under these arrangements to enable MNS to comply with its obligations under Listing Rule 3.1.

   MNS has made it clear to ASX that it does not intend to take any further steps to improve its disclosure regime. However, in light of ASX's position above, if MNS has any further final submissions it wishes to make, please do so in response to this question.

2. At question 3 of the MNS Response, MNS does not appear to have provided the information requested on the basis that the agreements 'lapsed' rather than having been 'terminated', or fell from 'active' to 'technical review'. Notwithstanding the technical position of the agreements, ASX clarifies and reiterates its request for information as follows.

   For each of the agreements listed below, please state:

   i. the date on which the sales agreement lapsed or was otherwise no longer considered 'active'; and

   ii. the date on which MNS became aware (as per section 4.4 of Guidance Note 8) that the agreement lapsed or was otherwise no longer considered 'active'.

List of agreements:

- Premier Solar
- Energence
- Martac
- EGYAI
- Green World Corp
- Energy Link 3

3. It appears to ASX that MNS's position, since the deconsolidation of its accounts, is that it is solely relying on its Nachu Graphite project to satisfy the requirements of Listing Rule 12.1.

   3.1 Please outline the current status of the agreement with Traxys, and whether MNS has a reasonable basis to expect that it will fulfil all terms of that agreement[1].

   3.2 Please outline the current status of the agreement with the Tier 1 EV manufacturer, and whether MNS has a reasonable basis to expect that it will fulfil all terms of that agreement[2].

   3.3 Please provide the basis for MNS's apparent view that its Nachu Graphite project constitutes sufficient operations for the purposes of Listing Rule 12.1. In answering this question, ASX expects MNS to provide, at a minimum:

      i. a summary of all exploration and/or development work performed at the Nachu project by MNS over the past two years; and

      ii. a revised schedule of each of the following items extracted from the bankable feasibility study lodged on MAP on 29 September 2022:

Table 13 Implementation Schedule

Task Description	Start Date	End Date
Nachu Graphite Project	Q4 2022	Q1 2025
Optimisation Phase	Q4 2022	Q1 2023
FEED and Engineering Phase	Q2 2023	Q2 2023
Construction	Q3 2023	Q1 2025
First Ore to Mill	Q1 2025	

4. Please confirm that MNS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MNS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEDT Friday, 23 February 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MNS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MNS to request a trading halt immediately.

[1] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02468856-2A1347166
[2] https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02633651-2A1431864

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MNS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MNS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

23 February 2024

Angel He
Senior Adviser
ASX Compliance

Dear Angel

Response to ASX Query Letter

Magnis Energy Technologies Limited (**Magnis** or the **Company**) refers to your query letter dated 15 February 2024 (**Query Letter**) and responds as follows, the responses are in blue:

1. ASX interprets MNS's general position in the MNS Response to be that the deconsolidation of Inc's accounts marked the end of MNS's obligations under Listing Rule 3.1 with respect to developments in Inc until such time that MNS regains control of Inc.

   Magnis does not agree with this interpretation. Magnis has made comment/commitment on numerous occasions[1] that it will keep the market informed on a continuous basis in relation to Inc/LLC noting that it now expects its disclosures to primarily focus on the refinancing. Its focus will also shift away from the types of updating that occurred prior to it losing control of the boards of LLC and Inc.

   Magnis' view is that until such time as the future of Inc is resolved through refinancing, or otherwise, then given the current stage of commercial development at the battery factory, being pre-revenue generating, most operating activities at the battery factory are unlikely to be material to the shareholders of Magnis. In the event any material events do occur at the battery factory, from an operations perspective, then the processes the Company presently has in place with the Lender Directors, including access to operational staff is sufficient to ensure those events can be advised to ASX through the MAP.

   On this basis alone, ASX does not accept MNS's position that Listing Rule 3.1 does not apply to the operations of Inc during the period where Inc is not a controlled entity of MNS. In support of this view, ASX has considered, among other matters:

   Magnis' view is that no operational activities material to investors in MNS has occurred in

[1] See 8.8 of the Appendix5B and the quarterly report in the link https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21502125, also more recently https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21505000 and before that in December 2023 -https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21494984

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

the period since the Lender Directors were appointed. In the event any events occur which Magnis determines to be material, then in accordance with LR 3.1 an appropriate announcement would be made. In the meanwhile, Magnis will continue to comply with its continuous and periodic reporting requirements in relation to the battery factory and the Company's investment in LLC and Inc. The following are statements in response to the contentions of ASX.

i. the substantial monetary investment made by MNS directly and indirectly into Inc;

It is correct that MNS has invested substantial funds into Inc. These funds have been dissipated by operating losses as reported in Magnis' periodic disclosures, such that as at the date of deconsolidation, the investment in Inc was stated in the Group's balance sheet as a negative amount. This is expected to result in a gain being recognized on the deconsolidation in the current financial year.

ii. that this substantial investment in Inc has been represented by MNS to be one of its main undertakings as a listed entity for some time;

Magnis confirms this investment is considered by the Company to be one of its main undertakings, the other being the Nachu Graphite Project.

iii. MNS's stated intention to pursue regaining control of Inc, rather than disposing of its interest; and

Magnis confirms that the Company is pursuing regaining control of Inc through a refinancing of the Inc Secured Lender's debt. As Magnis has cautioned shareholders, at present it is unclear whether such refinancing activities will ultimately be successful.

iv. the value of MNS's equity holding in Inc (even if not consolidated into MNS's financial statements) may be influenced by ongoing developments while MNS does not control Inc, which may have a material effect on MNS's financial statements.

As noted above, following the deconsolidation, the fair value of the Company's investment in Inc is, whilst the future of Inc remains unclear, likely to be stated in the Company's balance sheet at nil. As events unfold, these will be required to be accounted for in the Company's periodic reporting. That may be a reconsolidation, equity accounting or fair value accounting for the investment, depending on the facts that may exist at that future time. The level of control/influence will have a direct impact on what operating events may be determined to be material to the Company's shareholders. To the extent ongoing developments relating to Inc/LLC crystalize a disclosure obligation, the Company will provide a disclosure to MAP in accordance with Listing Rule 3.1.

Accordingly, ASX confirms that it does not consider it appropriate to reinstate MNS's securities to quotation until such time that MNS regains control of Inc and provides ASX with sufficient evidence to support that it has real-time access to Inc's information.

Noted, however, we would appreciate ASX compliance reviewing this decision. In the event Magnis regains control of Inc, it will no longer need to rely on the information sharing Deed Poll and protocols that it has in place with the Lender Directors and instead will put in place new controls to

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

ensure it is able to fully meet its continuous disclosure obligations. The Company would appreciate the opportunity to share these protocols with ASX once the ownership and control issues in relation to Inc are resolved. An indication of what these may entail are set out in its most recent announcement[2]

For the avoidance of doubt, ASX does not consider the deed poll submitted by MNS to be an effective remedy, as it relies on directors who do not have obligations under the Corporations Act 2001 (*cth*) (the '**Act**') to identify information, which is required to be produced under the Act and the Listing Rules. These directors are therefore not sufficiently accountable to MNS shareholders.

Noted, however we would appreciate ASX compliance reviewing this decision. By way of further clarification, MNS receives weekly, a 13-week cashflow forecast and variation report for the previous 2 weeks. Following receipt queries are sent to Inc. These are prepared by Officers of MNS who are very much aware of the reporting obligations under ASX Listing Rules. These queries are answered firstly orally in the weekly meeting which is held with the staff of Inc, Lender Directors and their legal representatives and followed up with a confirmatory email from the Inc staff. In that meeting there are matters raised which stem from the verbal answers to the queries and a general request is made about any material matters. The staff of Inc are well aware of the reporting requirements of MNS as MNS has repeatedly brought that to their attention in these meetings. They are also aware because most responses to ASX queries or any releases that may be relevant are sent to the board of Inc before being released to ensure there are no errors or omissions. The Company notes and confirms that it is relying on representations of officers who do not have obligations under the Corporations Act 2001 (Cth) to identify information, which is required to be produced under the Act and the Listing Rules, but respectfully submits that this is unlikely to be unusual for many ASX listed entities with diverse operations.

Additionally, having reviewed MNS's responses to questions 1 and 2 in its letter dated 23 January 2024, ASX is not satisfied that MNS's information sharing arrangements with Inc, even prior to the loss of control, were adequate as MNS does not appear to have been apprised of relevant information as quickly as ASX would have expected under these arrangements to enable MNS to comply with its obligations under Listing Rule 3.1.

Noted, and although the Company does not agree with ASX's conclusions in this regard, as stated above, we confirm that once the ownership/control of Inc is resolved through a refinancing, it will ensure it has appropriate protocols in place to ensure it is able to fully meet its continuous disclosure obligations.

MNS has made it clear to ASX that it does not intend to take any further steps to improve its disclosure regime. However, in light of ASX's position above, if MNS has any further final submissions it wishes to make, please do so in response to this question.

[2] https://wcsecure.weblink.com.au/clients/magnisenergytech/headline.aspx?headlineid=21505000

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

The Company does not agree that it has "made it clear to ASX that it does not intend to take any further steps to improve its disclosure regime". Magnis has been seeking (and will continue to seek) to satisfy ASX of its ability to comply with the Listing Rules (and in particular, the rules relating to continuous and periodic disclosure) and, in this regard has implemented numerous measures to seek to ensure its disclosure regime is adequate.

Furthermore, and despite its best efforts, the Company has been unable to negotiate the form of a revised Information Sharing Deed Poll with the Lender that is acceptable to both the Lender and ASX because the Lender will not agree to the inclusion of certain wording required by ASX and ASX will not accept the revisions to that required wording suggested by the Lender. Accordingly, and as a direct consequence of the Company being unable to procure a revised version of the Information Sharing Deed Poll, the Company has not (as at the date of this letter) sought the opinion requested by ASX on the enforceability of the instrument as a matter of NY law. If the Company were able to enter information sharing arrangements acceptable to both the Lender and ASX, the Company would then request the provision of the requisite formal opinion from its US counsel on an urgent basis.

In the meantime Magnis has put in place arrangements referred to above which, whilst not perfect are yielding an information flow which surpasses what was in place previously.

2. At question 3 of the MNS Response, MNS does not appear to have provided the information requested on the basis that the agreements 'lapsed' rather than having been 'terminated', or fell from 'active' to 'technical review'. Notwithstanding the technical position of the agreements, ASX clarifies and reiterates its request for information as follows.

For each of the agreements listed below, please state:

i. the date on which the sales agreement lapsed or was otherwise no longer considered 'active'; and

MNS has previously advised when that became known. Repeating what was advised previously ["Those that had already lapsed namely 3 out of the 6 (Sukh Energy being the additional that took the total number to 7) were advised at a Board meeting of Inc/LLC held around the time of the announcement that covered them",. namely 6 October 2023] To be more specific, the process that leads to the announcement is that the CEO seeks from the section heads updates in respect to their areas of expertise and from their responses produces a monthly report which is then sent to members of the board (a combined board of LLC and Inc). The board paper is then considered and elements of it discussed at the meeting with any further updates provided verbally, which the Company respectfully submits is business as usual for how any board operates. There was no specific event which gave rise to the reformulation of the status of the contracts, it occurred by virtue of management's report to the board and was effective only once the board had discussed the matter and received any further updates. In this case the information was for August and was considered by the board at its September meeting and as advised previously was released once considered by the board.

ii. the date on which MNS became aware (as per section 4.4 of Guidance Note 8) that

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

the agreement lapsed or was otherwise no longer considered 'active'.
see response to i. above.

List of agreements:

- Premier Solar- MNS advised on 6 October that this contract had been terminated and wasn't under further negotiation. It was also pointed out that this was not a material contract.
- Energence - this MNS has advised in the announcement on 6 October that this was under further discussions (referred to in the monthly report from the CEO as under "technical review")
- Martac - MNS has previously advised that this had been extended and then updated the market in January that it was under technical review (using the same terminology as above)
- EGYAI – same comment as the immediately preceding dot point answer.
- Green World Corp- same response as that for Energence
- Energy Link 3 - same response as that for Energence

Please note that all information that has previously been released to the market followed a board meeting of the combined LLC/Inc boards. The above was no different. The board paper for each meeting was provided by the then CEO as a compilation following receipt from each section head of a report from them. MNS relied on that information for its releases as per the arrangements in place which the extract to which ASX referred in its original aware note were to be actioned in 2021, namely that the Executive Chairman of MNS (a director on both boards) was to be appointed as the recipient of the information. .

3. It appears to ASX that MNS's position, since the deconsolidation of its accounts, is that it is solely relying on its Nachu Graphite project to satisfy the requirements of Listing Rule 12.1.
The Company believes that its Nachu Project (by itself) is sufficient to satisfy Listing Rule 12.1. The Company believes that this project is significantly more advanced (and is of a significantly greater size and scale) than the main project of many of its ASX-listed exploration and development peers.

3.1 Please outline the current status of the agreement with Traxys, and whether MNS has a reasonable basis to expect that it will fulfil all terms of that agreement[1].

MNS has advised that until production begins at Nachu this agreement is in a holding pattern. It remains on foot and Magnis has a reasonable basis to expect that it will fulfil all terms of the off-take agreement.

3.2 Please outline the current status of the agreement with the Tier 1 EV manufacturer, and whether MNS has a reasonable basis to expect that it will fulfil all terms of that agreement[2].
This agreement remains on foot and commercial and technical discussions with the proposed customer continue in the ordinary course. The contract includes an ability for milestones to be extended by 12 months and Magnis intends to request that extension.

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

Please provide the basis for MNS's apparent view that its Nachu Graphite project constitutes sufficient operations for the purposes of Listing Rule 12.1. In answering ths question, ASX expects MNS to provide, at a minimum:

i. a summary of all exploration and/or development work performed at the Nachu project by MNS over the past two years; and

For the period 1 January 2022 to 31 December 2023, the following work has been conducted in relation to the project:
- The 2022 BFS update. This was a substantial piece of work involving several international engineering and mining consultants.
- Optimization study conducted to review possible cost savings.
- Examined benefit of constructing a natural gas pipeline to supply gas to the project for both power generation and process drying requirements, as an alternative to relying on diesel power.
- Amend the mining company's Environmental and Social Management Plan (ESMP) to exclude the processing plant.
- All original monitoring was supplemented with additional site monitoring undertaken.
- Update the mining ESIA to current standards. Including conducting a significant amount of new monitoring.
- Work with the Government of Tanzania negotiating the terms of the Framework Agreement. This is a critical step in the construction process.
- As a consequence of the terms of the Framework Agreement, the boundaries of the Special Economic Zone (SEZ) changed requiring updates to the Environmental and Social Management Plans (ESMPs) for both local subsidiary companies.
- Completion of Economic and Social Impact Assessment (ESIA) study for the updated area covered by the Special Economic Zone (SEZ).
- Update the permits for both of the local operating subsidiaries.
- Construction of village and resettlement of Project Affected Persons. This too is a critical step in the mine construction process.
- Procuring access to land at the Mtwara port for port storage purposes.
- Maintenance of the mineral areas of interest.
- The continued employment of approximately 80 full time staff in Tanzania.
- Ongoing Corporate Social Responsibility (CSR) in accordance with the Company's licence to operate, including capital works related to local health and educational facilities
- Ongoing efforts to introduce additional high quality counterparties for the purposes of procuring bankable off-take agreements.
- Magnis negotiated and entered a firm off-take agreement with a Tier 1 EV manufacturer. The fulfillment of this agreement is contingent upon several key milestones as previously disclosed.
- Progressed activities to identify and secure a real estate solution that best

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

meets the Company's long-term operational plans for a full scale AAM plant.
- Negotiated and ordered the first key piece of equipment with Hosokawa Alpine AG for the AAM Demonstration Plant.
- Engagement of international professionals in the corporate and debt finance space, aimed at procuring debt and equity capital for project construction.
Please note that under the Company's accounting policies which have been in place for many years, all exploration and evaluation costs are expensed in the profit and loss account. They could equally have been capitalized to the balance sheet, in which case the Company's stated assets would have been substantially greater. These are alternative treatments both in compliance with AASB 6 *Exploration for and Evaluation of Mineral Resources.*
Magnis believes that the period for which information is sought should be extended and commence before the initial BFS was released in 2016 and thereafter leading up to the updated BFS which was released in 2022. In summary the following activities were undertaken:
- 2013 a surface sampling program, baseline electro-magnetic surveys and a shallow focused drilling campaign conducted; mineralogical analysis and metallurgical test work conducted.
- 2014 Resource drilling. Environmental and Social Impact Assessment (ESIA) started. Pre- feasibility study (PFS) was conducted by internationally recognized consultants.
- 2015/16 Convert substantial amount of the mineral resource into Measured and Indicated status under JORC 2012. Follow-up on the PFS with a full Feasibility Study. Further metallurgical work was undertaken. ESIA work was completed. Environmental Impact Statement (EIS) was submitted for approval. Focus on obtaining the necessary permits and licences. Resettlement Action plan was developed. Special Mining Lease (SML) was granted for the project area. Ongoing metallurgical test work.
- 2017/18 Granted Special Economic Zone (SEZ) licence. Survey of land holders was conducted to identify items that might require compensation. Compensation document approved by Government of Tanzania and Project Affected Persons were compensated.
- 2019/20/21 Progressed off-take and funding discussions utilizing the 2016 BFS. Progressed and optimized operating and capital cost parameters. Progressed the compensation process with PAPs. Commenced construction of resettlement village. Progressed design for the Water Storage Dam and Tailings Storage Facility with environmental and engineering experts.
And throughout the period the Company continued its Corporate Social Responsibility works providing health and education infrastructure to the local community.

ii. a revised schedule of each of the following items extracted from the bankable feasibility study lodged on MAP on 29 September 2022:

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

The table set out below (ie in your letter) has been extracted from page 25 of the BFS 2022 Update document, which is a summary of the detailed engineering consultants' work. In line with usual practice, the engineers are setting out the timeline on the assumption that these activities progress immediately following completion of the BFS work.

Importantly the following qualifications, are set out in that announcement:

"The schedule for the Project is being driven by the date that the Project will need to meet in respect to … potential offtake partners the company is in discussions with… The project execution schedule shows the projected timeline from the start of the Front-End Engineering Design (FEED) to first production. An Optimisation Phase is planned to be completed prior to the commencement of the FEED Phase..."

"With existing offtakes in place, and discussions with other major off-takers in key sectors well advanced, we are confident that the project will be strongly supported by project funders. Initial discussions with funders have commenced, and we have received positive responses in relation to the overall bankability and attractiveness of the project... Given the financial results demonstrated by the update, and the continued strength in the lithium-ion battery market driven by the growth of the electric vehicle and energy storage sectors, we are looking forward to advancing the project as quickly as possible. Our next milestones are making a Final Investment Decision (FID) and achieving financial close, which we are targeting to achieve by end Q2 2023."

"All statements in this announcement, which address or could be inferred to address future economic returns, production … and events or developments that the Company expects to occur, and could be construed as forward-looking statements, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements."

As reasonable readers of the announcement would deduce, the key factors impacting the timeline for development of the project are (i) bankable off-take agreements being effected in relation to all or substantially all annual production planned to be produced; (ii) completing all mandated environmental and other impact studies and effecting resettlement and compensation of Project Affected Persons; (iii) entering into necessary regulatory contracts with the Government of Tanzania and (iv) financing for the capital construction being closed. Several of these factors remain incomplete. Thus, the updated indicative timeline provided in response to your letter assumes these factors are completed and closed by 30 June 2024, but to the extent they are not, then further delays can be expected.

The updated indicative implementation schedule is set out below – which in essence reflects a pushing out of the schedule set out in the 2022 BFS by 7 quarters.

Suite 11.01
1 Castlereagh Street, Sydney, NSW 2000
t: +61 2 8397 9888
e: info@magnis.com.au
w: www.magnis.com.au
Magnis Energy Technologies Ltd
ACN 115 111 763

Task Description	Start Date	End Date
Nachu Graphite Project	Q3 2024	Q4 2026
Optimisation Phase	Q3 2024	Q4 2024
FEED and Engineering Phase	Q1 2025	Q1 2025
Construction	Q2 2025	Q4 2026
First Ore to Mill	Q4 2026	

Table 13 Implementation Schedule

Task Description	Start Date	End Date
Nachu Graphite Project	Q4 2022	Q1 2025
Optimisation Phase	Q4 2022	Q1 2023
FEED and Engineering Phase	Q2 2023	Q2 2023
Construction	Q3 2023	Q1 2025
First Ore to Mill	Q1 2025	

4. Please confirm that MNS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MNS with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed

Duncan W Glasgow
Group General Counsel & Company Secretary
E: info@magnis.com.au

7 March 2024

Mr Duncan Glasgow
Group General Counsel & Company Secretary
Magnis Energy Technologies Ltd
Suite 11.01
1 Castlereagh Street
Sydney NSW 2000

By email only.

Dear Mr Glasgow

Magnis Energy Technologies Ltd ('MNS'): Listing Rule Compliance

ASX refers to its letter dated 15 February 2024 and MNS's response dated 23 February 2024 ('MNS Response').

As summarised in that letter and associated correspondence, MNS has an indirect majority interest in Imperium3 New York Inc. ('Inc') but has recently lost control of Inc and the business it operates. For a number of years, Inc and the business it operates has been the main focus of MNS's continuous disclosure announcements and activities.

ASX confirms that it has given due consideration to the MNS Response concerning MNS's compliance with Listing Rules 3.1, 12.1 and 12.5, and based on the submissions received from MNS to date regarding its continued interest in Inc, MNS has not satisfied ASX that it is currently able to comply with its Listing Rule 3.1, 12.1 and 12.5 obligations.

MNS must demonstrate to ASX that it is willing and able to comply with these rules, and the Listing Rules generally, before ASX can reinstate MNS's securities to quotation. This will include demonstrating that MNS has established sufficient continuous disclosure arrangements to ensure that MNS can make continuous disclosure announcements to the market about the business currently operated by Inc that will satisfy MNS's obligations under Listing Rule 3.1.

If MNS disposes of some or all of its interest in Inc, and complies with all applicable Listing Rules in doing so, ASX will, at that time, undertake further assessment of MNS's progress on its Nachu graphite project. The purpose of this assessment will be for MNS to demonstrate that its operations are sufficient to satisfy MNS's obligations under Listing Rule 12.1 and therefore warrant reinstatement of MNS's securities to quotation.

ASX intends to release the formal correspondence exchanged between ASX and MNS since 17 January 2024 on the ASX Market Announcements Platform on 11 March 2024.

Yours sincerely

ASX Compliance