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Quarterly Activities Report to 30 June 2020

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

- iM3NY completed major milestones relating to its New York Battery Plant, with detailed engineering of plant, process optimisation, cost estimation and facility design works.
- Graphite from the Nachu Graphite Project in Tanzania, generated interest from major players in the Lithium-ion Battery (LIB) industry, while ongoing metallurgical work continued to yield market leading results.
- Nachu Project +99% purity flake graphite from the proposed mine processing plant deemed a high value product, only matched in the graphite industry through high cost downstream purification.
- Magnis completed the transaction to increase its shareholding in the iM3 New York [iM3NY] Battery Plant to a direct holding of 53.39%.

CORPORATE HIGHLIGHTS

- Highly successful and respected businessman, James Dack, appointed as Executive Director of the Company.
- Former Deputy Premier of NSW and former leader of the NSW National Party, The Honourable Troy Grant, appointed as a Non-Executive Director of the Company.
- Placement raises \$1.5m from professional, sophisticated and institutional investors.

Magnis Energy Technologies Limited (ASX: MNS) [“Magnis” or the “Company”] is pleased to present its Quarterly Activities Report for the period ended 30 June 2020.

OPERATIONAL UPDATES

iM3NY – New York Battery Plant

On 15 May 2020, Magnis announced that iM3NY had recently completed major milestones relating to its New York Battery Plant, with detailed engineering of plant, process optimisation, cost estimation and facility design works completed at the request of three prospective project financiers as part of their due diligence process.

Over the six months prior to the announcement, three major reports were commissioned and completed to refine project works, schedules and costs for due diligence by prospective financiers. Detailed engineering work was completed by Dutch Engineering giant, Ramboll Group [“Ramboll”], and a large independent consulting firm was hired by a potential investor to complete the financial, technical and business due diligence of iM3NY.

A project team of close to twenty people from Ramboll, with Charge CCCV, LLC (C4V) (Magnis’ battery partner) and iM3NY performed this recent work covering plant layout, facility and utility design, safety, environment, process, inventory management and operations. An independent valuation completed by O’Brien & Gere, a wholly owned subsidiary of Ramboll, valued the equipment at US\$71.34 Million (A\$105.5 Million), with Magnis’ ownership at over 50% in the project.

The three prospective investors include a well-known global financial institution and a green investment fund. All three groups have provided iM3NY with non-binding agreements and a Letter of Intent (LOI) to showcase their serious interest.

Over the coming quarter, Magnis aims to progress discussions with potential financiers of the iM3NY New York battery plant.

During the reporting period, Magnis also completed the transaction to increase its shareholding in the iM3 New York (iM3NY) Battery Plant to a direct holding of 53.39%. The increase in shareholding follows ASX Release on 16 March 2020, with the Company announcing an investment made into the iM3NY project, coupled with the signing of an agreement to acquire Boston Energy and Innovation Pty Limited’s [“BEI”] entire shareholding in the US based entity, Imperium 3 New York LLC (iM3NY).

Nachu Graphite Project

On 21 May 2020, Magnis announced that graphite from the Nachu Graphite Project [“Nachu”] in Tanzania, generated interest from major players in the Lithium-ion Battery (LIB) industry while ongoing metallurgical work continued to yield market leading results.

Over the past six months Magnis has held discussions with major suppliers in the LIB industry from Japan and South Korea, who expressed their aim of seeking to diversify their supply of uncoated spherical graphite. Significant customer interest has been demonstrated, with a

particular interest in the ability of the graphite sourced from Nachu to be processed into high purity uncoated spherical graphite using low cost sustainable processes, without the use of chemical or thermal purification steps.

Engagement with these prospective customers is ongoing and has included the provision of samples and discussions around the potential for downstream partnering in uncoated spherical graphite production. This has culminated in a recent site visit by a representative of a significant player in the anode materials supply chain for South Korean LIB producers.

Over the September 2020 quarter, Magnis will continue discussions with these major suppliers in the LIB industry.

On 29 June 2020, Magnis announced that Nachu +99% purity flake graphite from the proposed mine processing plant deemed a high value product, only matched in the graphite industry through high cost downstream purification.

Once in production, graphite from Nachu is forecasted to demand a premium price, demonstrating the financial viability of the Project, whilst minimising environmental impact without the use of chemical or thermal processes.

The low cost and sustainable processes for extracting graphite from Nachu, align with the use of LIBs in new emerging sustainable industries and recent cell testing results using Nachu graphite exceeds those of current suppliers.

Dendrobium

Announced on 18 September 2018 a Joint Development Agreement was signed between Magnis, C4V, Dendrobium Automotive and Dendrobium Advanced Technologies. The company has been informed all work has been put on hold for now as significant funding is required to move the project forward.

CORPORATE UPDATES

James Dack Appointed as Executive Director

In June 2020, Magnis announced that highly successful and respected businessman, James Dack, was appointed as an Executive Director of the Company.

Mr Dack has had an illustrious business career in government, private and public enterprises. He experienced a spectacular rise in the public sector, where he started his career as a porter at St Vincent's Hospital, before advancing his way to being responsible for co-ordinating the entire NSW Public Hospital Payroll System in the Industrial Relations Division of the Department of Health. In the late 1980's, he started in the real estate industry as a founding partner in one of the most successful and recognised brands in Australia. Following his success, Mr Dack left the real estate industry in 2014 to pursue other ventures, however is still recognised today as one of the most successful people in the Australian real estate industry

to date. After his successful career in the real estate sector, he began his own private investment company, where he has taken a large position in many entities including public companies listed locally and overseas.

Troy Grant appointed as a Non-Executive Director of the Company

Also in June 2020, Magnis announced that former Deputy Premier of NSW and former leader of the NSW National Party, The Honourable Troy Grant, was appointed as a Non-Executive Director of the Company.

Mr Grant has built a phenomenal 30 year career of distinguished, decorated and accomplished public service to the people of New South Wales across government, law enforcement, emergency services, social justice, community and charitable endeavours. Mr Grant became the State's youngest person to hold the position as Deputy Premier of New South Wales in 2014, joining the then Premier of New South Wales, Mike Baird, in transforming the NSW Economy and in directing record investment into the regions. During his Parliamentary career, he served across a number of Ministerial portfolios drawing record investment and change in Police, Emergency Services, Justice, Hospitality, Gaming & Racing, The Arts. In addition, he also served as the Minister for Trade and Investment, Regional Infrastructure and Services, and Tourism and Major Events. In 2019, following Mr Grant's distinguished career in public service, he established a successful consulting & advisory firm, where he is currently contracted as a Strategic Advisor to a big four auditing firm, a world leading technology company, and adding to an already impressive list of clients, he's been sought to lead resourcing projects for a number of State Governments across Australia.

Placement to Raise \$1.5m

In June 2020, Magnis announced it had received firm commitments from professional, sophisticated and institutional investors to raise A\$1.5 million via a placement of ordinary shares. The placement consisted of 20,000,000 shares issued at A\$0.075 per share and was conducted without a prospectus with the shares being offered and subscribed for by investors to whom disclosure is not required.

Reduction of all non-essential operating expenses

Magnis took measures to significantly reduce all non-essential operating expenses in light of market conditions, caused by the COVID-19 pandemic.

With recent changes to the composition of the Board, employment changes and reductions in non-essential operating expenses, the Company forecasted approximately \$1.3 Million in cash savings per annum. The latest contributors to the savings included directors' fees in respect of the fourth quarter being deferred for Board members and salary reductions to some members in the Company's executive management team.

Payments for some directors' fees and entitlements in respect of the third quarter, sign-on bonus and consulting fees paid to related parties of the Company during the June 2020 quarter totalled \$435,000.

As at 30 June 2020, there were approximately 5,100 shareholders of the Company.

Resignation of Non-Executive Director Mr Johann Jooste-Jacobs

In May 2020, Magnis announced that Non-Executive Director Mr Johann Jooste-Jacobs, had decided to make major cutbacks in his corporate life and thus retired from the Board effective May 31 2020. The Company thanked Mr Jacobs for his service to date.

Expiry of Options

During the Reporting Period, Magnis announced that the following unlisted options expired:

- 1,000,000 unlisted options exercisable at A\$0.70 with an expiry date of 26 October 2021
- 750,000 unlisted options exercisable at A\$1.00 with an expiry date of 7 April 2020
- 5,000,000 unlisted options exercisable at A\$0.70 with an expiry date of 26 April 2020
- 700,000 unlisted options exercisable at A\$0.50 with an expiry date of 30 April 2020
- 700,000 unlisted options exercisable at A\$0.75 with an expiry date of 30 April 2020
- 700,000 unlisted options exercisable at A\$1.00 with an expiry date of 30 April 2020
- 1,000,000 unlisted options exercisable at A\$0.70 with an expiry date of 30 April 2020
- 1,000,000 unlisted options exercisable at A\$0.70 with an expiry date of 23 May 2020

It should be noted that the unlisted options mentioned above with the expiry date of 30 April 2020 and 23 May 2020, expired as per the terms and conditions whereby the option holder [former director] is no longer engaged with the Company.

This announcement has been authorised for release by the Board of Magnis Energy Technologies Limited [ACN: 115 111763].

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