

21 August 2019

Ms Melissa Lim  
ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

Dear Ms Lim,

**Re: ASX 5B Query**

We refer to your letter dated 19 August, 2019 in which you have requested a response to your queries.

Accordingly, we submit the following information in respect to each of your queries:

1. Magnis Energy Technologies Ltd [“the Company”] expects it will continue to have negative operating cash flows in the near to medium term given the Company is involved with pre-development stages of its lithium-ion battery manufacturing strategy and the Company’s pre-development graphite based activities.
2. The Company mentioned in a Funding section on Page 7 of its Quarterly Activities Report released to the ASX on 31 July 2019 and also via a note below Section 9 of its Appendix 5B Report released on the same day, that the Magnis Board and Management team are currently in discussions regarding fund raising for the Company to further develop its suite of projects. These discussions involve both domestic and international investors, looking at either an equity, debt or hybrid investment with the aim of making an investment and having exposure in Magnis. The Company believes that an investment during this quarter will occur.
3. The Company believes that it is able to continue its current operations and meet its current business objectives for the reasons outlined in Question 2. The Company has a history of securing adequate funding including capital raisings and believes it will be successful in securing adequate funding.
4. The Company is in current compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.

5. The Company's response to this related ASX 5B Query have been authorised and approved by the Board of Directors.

Regards,



Doug Richardson  
**Company Secretary**





19 August 2019

Reference: ODIN05122

Mr Douglas Richardson  
Company Secretary  
Magnis Energy Technologies Ltd  
Suite 9.03 Level 9 Aurora Place  
88 Phillip Street  
Sydney NSW 2000

By email

Dear Mr Richardson

**Magnis Energy Technologies Ltd ('MNS'): Appendix 5B Query**

ASX refers to MNS's Appendix 5B quarterly report for the period ended 30 May 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the 'Appendix 5B').

ASX notes that MNS has reported:

- negative net operating cash flows for the quarter of \$1,139,000;
- cash at the end of the quarter of \$1,876,000; and
- estimated cash outflows for the next quarter of \$1,521,000.

It is possible to conclude, based on the information in the Appendix 5B that if MNS were to continue to expend cash at the rate indicated by the Appendix 5B, MNS may not have sufficient cash to continue funding its operations.

In view of that, ASX asks MNS to respond separately to each of the following questions and requests for information:

1. Does MNS expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MNS taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MNS expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that MNS is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that MNS's responses to the questions above have been authorised and approved under 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 **9:00 AM AEST Thursday, 22 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MNS's securities under Listing Rule 17.3.

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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.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto: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 Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 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.

### **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 to request 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 may 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*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

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**Adviser**  
Adviser, Listings Compliance (Sydney)