

QUARTERLY REPORT

For Quarter Ending September 2022

Key Highlights

- **Magnis' Lithium-ion battery manufacturing facility operated by Imperium3 New York Inc ("iM3NY") commences commercial production and begins scale up phase towards Gigawatt scale. At capacity, iM3NY expects to produce ~15,000 cells per day**
- **Bankable Feasibility Study Update confirms strong financial and technical viability for the Nachu Graphite Project**
- **Positive results continue in C4V's Extra Fast Charging battery program using 7Ah (Amp hour) commercial graded cells with 20 minute-charge and 20-minute discharge. Results show only 3% loss of the initial cell capacity after approximately 2600 cycles**
- **Magnis' US traded OTC shares (OTC: MNSEF) has been approved by the US' Depository Trust Company for real-time electronic trading and settlement in USD making it easier and cheaper for US investors**
- **Construction of the Eco-village as part of the Resettlement Action Program continues to progress and is expected to be completed in the 4th quarter of 2022**
- **Magnis' Corporate Social Responsibility programs continue to provide much needed infrastructure for the local community**

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) (“**Magnis**” or the “**Company**”) is pleased to present its Quarterly Activities Report and overview of operations for the period ended 30th September 2022 (“**Quarter**”, “**Reporting Period**”).

COMPANY OVERVIEW

Magnis’ vertically integrated lithium-ion battery technology and materials strategy involves strategic assets, investments and partnerships in key segments of the Lithium-ion battery supply chain. The company's vision is to enable, support and accelerate the mass adoption of electric vehicles and renewable energy storage critical for the green energy transition.

The company's US based subsidiary Imperium3 New York, Inc (“iM3NY”) operates a Gigawatt scale Lithium-ion battery cell manufacturing plant in Endicott, New York that plans to scale up to 38GWh of capacity by 2030. Magnis along with its joint venture and Lithium-ion R&D technology partner Charge CCCV LLC (“C4V”) are the major shareholders in iM3NY. iM3NY has exclusivity to C4V’s IP in the US and has commercialised their patented cathode technology to produce green credentialed lithium-ion battery cells for use in both electric vehicles and battery energy storage systems. Magnis is also a consortium partner along with C4V in a greenfield battery project planned for Townsville, Australia.

Magnis’ Nachu graphite project in Tanzania demonstrates a large portion of premium larger flake sizes as well as very high purity graphite concentrate. Using Nachu graphite feedstock, along with exclusively licensed anode processing IP and know-how from C4V, Magnis in conjunction with C4V have produced high-quality, high-performance anode materials through their anode materials development program in New York.

Magnis also has a minority investment stake in C4V. Apart from C4V’s portfolio of Lithium-ion battery IP and innovation developed over the last decade, C4V also provides value chain solutions for Lithium-ion battery manufacturing projects around the world through cell design and engineering, cell fabrication process, qualification of raw materials supply chain and cell fabrication equipment supplier, blueprint of plants and engaging with EPC contractors.

Current Corporate Structure

Magnis Energy Technologies Ltd together with its consolidated subsidiaries as well as minority investment stakes have operations and projects across battery manufacturing and technology as well as battery materials in the United States, Tanzania and Australia. The current company structure along with their industry segment and geographic location is illustrated below.

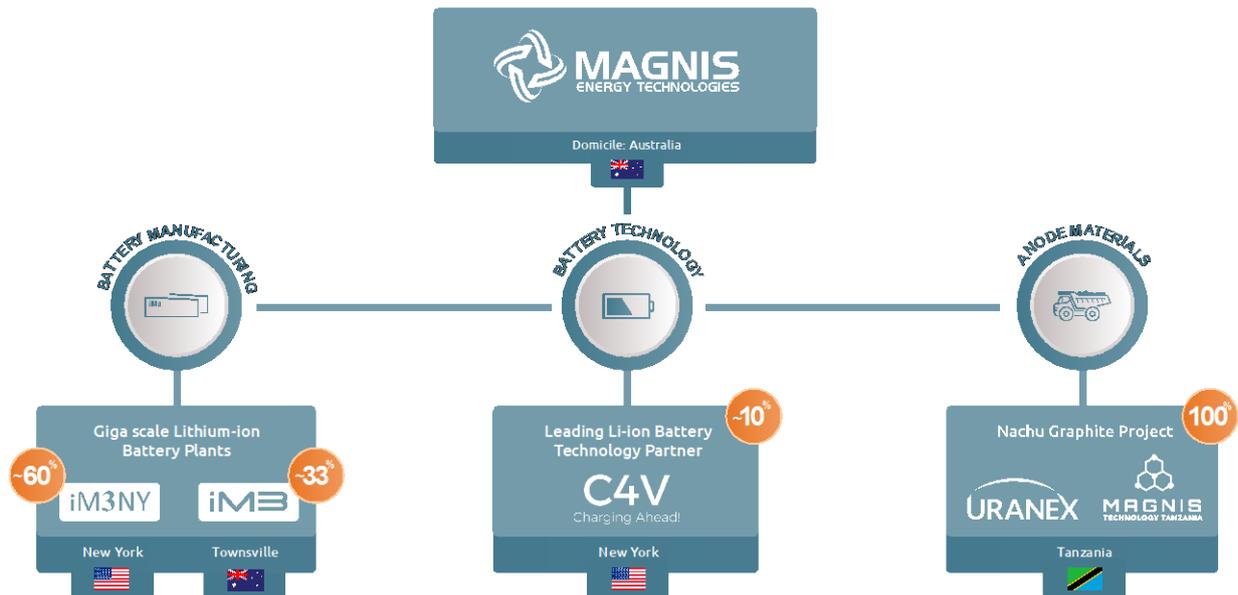


Figure 1: Magnis' current corporate structure

OPERATIONAL UPDATE

Imperium3 New York Lithium-ion Battery Plant Begins Production

Commercial production commenced at iM3NY in August with an initial phase allocated for testing and quality assurance before production ramp up and delivering product to customers can begin.

As soon as the cells pass the quality assurance stage, manufacturing levels are expected to increase to annual production levels of 1GWh by the end of 2023 and reach 38GWh by the end of 2020.

Getting to production stage utilising the existing infrastructure of the former home of IBM in the space of 18 months has been no easy feat.

iM3NY along with EPC contractor Ramboll utilised a phased approach to the design and construction of the battery manufacturing facility. The facilities factory floor is approximately 22,000sqm which exceeds three professional football/soccer fields and optimises the existing fit out of IBM's Huron campus. The phased approach is described below.

Phase 1 - The pilot line, consisted of existing facility infrastructure, demolition and abatement, process room design and construction, process equipment installations of the mixing/coating and formation equipment as well as the associated facility utility design and installations.

Phases 2 and 3 - Consisted of building interior cell assembly/filling dry room construction and filling/cell assembly dry room process equipment and associated facility utility design and installations.

Phase 4 - The final engineering and construction phase of iM3NY's lithium-ion battery cell manufacturing facility consisted of design and construction of the facility office space, quality control lab, maintenance, packaging, installation of formation and process equipment, and associated facility utility design and installation.

During October EPC contractor Ramboll achieved **substantial completion** for the iM3NY lithium-ion battery cell manufacturing plant.

iM3NY currently employs 57 people. The total count is expected to grow to over 100 by Q1 2023 with 17 additions in the last 2 months.



Figure 2: iM3NY Battery Cells Produced for Testing



Figure 3 & 4: Cathode slurry mix and cathode production from iM3NY factory floor



Figure 5: Cathode Coating Drying Line

iM3NY Future Plans

With strong demand globally, the iM3NY team are planning to increase annual capacity to 38GWh by 2030. Further investment is required to meet the planned increase in capacity. Ongoing talks continue with a number of groups including potential government funding.

BFS Update Completed

Update to the 2016 BFS confirmed the Nachu Project as a world class graphite project with strong technical and financial viability combined with impactful sustainability outcomes. A summary of the update is described below. Please refer to the ASX announcements “Nachu Graphite Project BFS Update” and “Supplementary Information to BFS Update” on September 27th and September 30th respectively.

- The update optimizes process plant design to produce a higher-grade product and protect flake size during processing
- The Project’s unique combination of larger flake sizes and high purity concentrate positions it as a leading future supplier
- Post-Tax Life of Mine (LOM) Project NPV₁₀ of US\$1.2bn(A\$1.8bn) and Project IRR of 51% with a payback period of 19 months
- Nachu is the only graphite project to be awarded a Special Economic Zone licence in Tanzania to produce advanced graphite products, including very high purity Jumbo and Super Jumbo Flakes as well as downstream products for Lithium-ion batteries
- The Nachu Project is a coarse flake graphite operation, designed to treat 5 Mt/y run of mine (ROM) ore with an average steady state production feed grade of 5.2% total graphitic carbon (TGC).
- The graphite ore will be hauled from an open pit mine to the concentrator to produce a steady state average of 236,000 t/y of graphite flake concentrate at 98.5% (concentrate over 300 microns) and 99% (concentrate under 300 micron size) TGC grades.

Key Highlights of the Nachu Graphite Project		
Project Metrics	Units	Value
Project NPV ₁₀ LOM (Post Tax)	US\$	\$1.2bn
Project IRR LOM (Post Tax)	%	51%
Payback Period ¹	Months	19
Operating Expenditure ²	US\$/t	\$639

Initial Project Capital Cost ³	US\$	\$324mn
Special Economic Zone Period ⁴	Years	10
Concentrate Total Graphitic Carbon (TGC) ⁵	%	98.5% - 99%
Concentrate Basket FOB Mtwara	US\$/t	\$1847
Process Plant Capacity	t/year	5,000,000
Steady State Graphite Production ⁶	t/year	~236,000
Recovery Rate	%	89.6%
Ore Reserve	t	76M
Mineral Resources	t	174M
Mine Life	Years	15.5

Table 1: Key Highlights of the BFS update

1. Payback period is at the Project (unlevered) level and thus does not consider financing costs
2. Average Annual Operating Costs during steady state production from Year 2 to Year 12. Operating costs include all mining, processing, product Logistics FOB and Miscellaneous and General Admin. Excludes sustaining capital and industrial mineral royalties of 3%.
3. Additionally, there are contingency costs of US\$39.6m and pre-production mining costs of US\$33.7m
4. Exemption from corporate tax and royalties for 10-years. This was recently renewed in May 2021. International arbitration available if dispute resolution required and revenues from product sales will be paid into foreign accounts. Applies to Magnis Technologies Tanzania Limited (MTT) only, a subsidiary of Magnis Energy Technologies Ltd. MTT will operate the processing plant and produce and export advanced graphite products.
5. Jumbo and Super Jumbo Flakes at 98.5% and 99% for large flakes and below. Average TGC 98.8%
6. Steady state production from Year 2 to Year 12

Eco-Village Resettlement Program

The company had identified 785 Project Affected People (PAP) who were assessed and compensated, of those only 59 families were living on the special mining licence area. 70 houses are being constructed, 59 for the identified PAPs and 11 for some PAPs that were identified as disadvantaged during the valuation process. The Eco-village is being built to house those families.

As previously advised, Uranex has contracted Italframe Limited, a Tanzanian Registered building contractor overseen by project consultants, Norplan Tanzania Ltd. to carry out the work on the village. Italframe progressed construction of the Eco-village and overall project completion is currently at 80%.

No incidents or accidents have been recorded on site since construction began.



Figure 6: Overview of Namkongo Block

TECHNOLOGY UPDATE

Extra Fast Charging Programs

C4V continued to work on their Extra Fast Charging (EFC) battery program over the year using 7Ah (Amp hour) commercial graded cells with 20 minute-charge and 20-minute discharge.

The tests were performed at 90% Depth of Discharge (DoD) which equates to 90% of the maximum energy being infused and withdrawn during charge and discharge cycles. After 1000 cycles, cells also went under impedance measurement every 100th cycle.

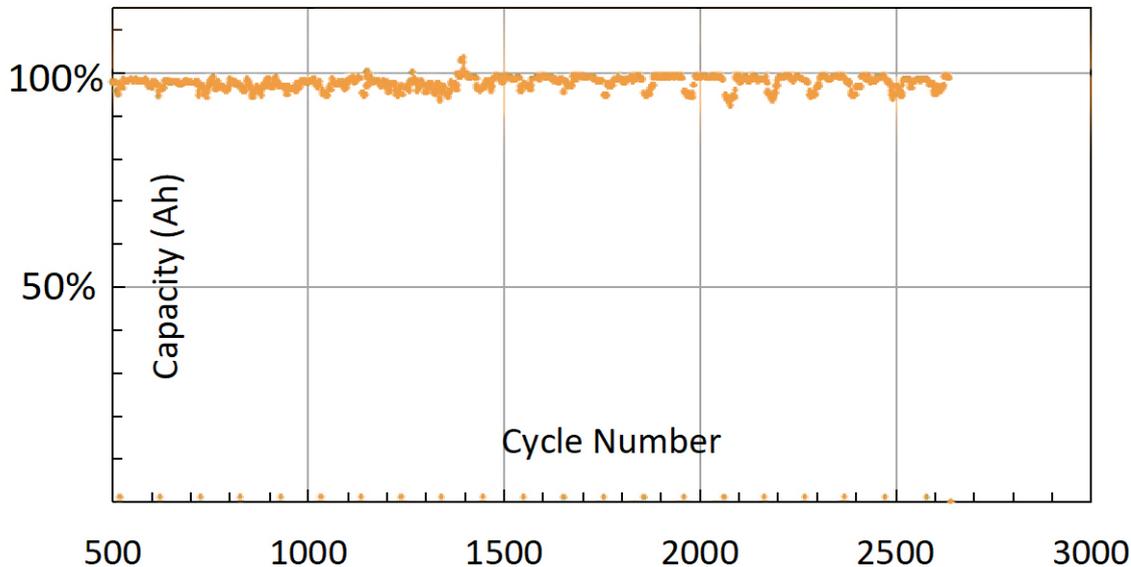


Figure 7: EFC 7Ah cell cycling data with 20 minute-charge and 20 minute-discharge. Cells were also measured for the impedance every 100th cycle at slower rate to study the internal resistance developing as a function of charge-discharge

These optimised commercial cells exhibited minimal energy density loss even at higher charge-discharge retaining 95% energy density of a regular cell run at lower rates. To date, the EFC results showed only a 3% initial capacity loss after more than 2600 cycles. The plan is to take this program to over 3000 cycles and then run new programs at higher charging currents to achieve a 10-minute charge and then onto a 6-minute charge. The first of the new programs are expected to begin in the current quarter.

SUSTAINABILITY UPDATE

Corporate Social Responsibility in Tanzania

Magnis continues to place significant importance on Corporate Social Responsibility (CSR), notably in its Nachu graphite project in Tanzania. The Company has been engaged in social projects for 10 years with the local community. We discuss some of the CSR activities that took place during the quarter.

The completion of the Namikulo Maternity ward is progressing well. Paint has been applied, security bars are being produced and will be installed, along with electrical fixtures.



Figure 8: Back of the Namikulo maternity ward

Uranex CSR team member, Theodora Benjamin, visited the villages to interview locals and assess the impacts of the main CSR actions implemented to date. This exercise will enable the Uranex CSR Team to review its actions and identify new areas of intervention. Overall, the CSR actions in local schools were the most successful. Key findings were;

- 1) They enabled a significant drop in parent contributions to the schools, relieving them of an additional financial burden
- 2) The students' performances increased due to access to safe classrooms and to increased study time as they do not have to share classrooms anymore and they do not have to walk long distance
- 3) The villages saw economic activity increase due to the additional influx of students and consequently the increase in the demand for goods by the schools



Figure 9: Namkitala Primary School headmaster being interviewed, on the school ground, by Uranex CSR team member Theodora Benjamin

CORPORATE UPDATE

Magnis US Shares Begin Real-Time Electronic Trading

Magnis US traded OTC shares (OTC: MNSEF) has been approved by the US' Depository Trust Company for real-time electronic trading and settlement in USD. This approval simplifies OTC Markets trading and reduces transactions costs for US investors • Magnis began trading on the OTC market in the US under the ticker MNSEF on November 23, 2021

DTC manages the electronic clearing and settlement of publicly traded companies and only securities that are eligible can be electronically cleared and settled through DTC. Trading through DTC allows for cost-effective clearing and guaranteed settlement, simplifying and accelerating the settlement process for investors and brokers, enabling MNSEF to be traded over a much wider selection of brokerage firms. Magnis' DTC eligibility represents the company's commitment to increasing visibility and accessibility for a wider range of investors in the United States.

Further Information as Required under Listing Rule 5.3

No substantive mining exploration occurred during the Quarter, with the exception of the primary work related to bore fields work already outlined. The mining and development activities during the quarter are fully explained above in the Nachu Graphite Update.

No licenses were given up or acquired in the relevant period. Magnis' licences held by Uranex in Tanzania are as follows:

- SML 550/2015 - the Special Mining Licence of 29.77 km² that covers the Nachu Graphite Project; and
- PL10929/2106 - the prospecting licence that surrounds the SML and is the licence that contains the various graphite mineralised discovered and reported from 2012 to 2015.

Related Party Payments

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

About Magnis

Magnis Energy Technologies Ltd (ASX: MNS; OTCQX: MNSEF; FSE: U1P) is a vertically integrated lithium-ion battery technology and materials company with strategic assets, investments and partnerships in several aspects of the electrification supply chain. The company's US based subsidiary Imperium3 New York, Inc ("iM3NY") operates a Gigawatt scale Lithium-ion battery manufacturing plant in Endicott, New York. Magnis along with its joint venture and technology partner Charge CCCV LLC ("C4V") are the major shareholders in iM3NY. iM3NY has commercialised C4V's patented cathode technology to produce green credentialed lithium-ion battery cells. Magnis also has a minority stake in C4V and has also exclusively licensed their anode technology to produce high quality, high performance anode materials from Magnis' Nachu Graphite project in Tanzania. The company's vision is to enable, support and accelerate the green energy transition critical for the adoption of Electric Mobility and Renewable Energy Storage.

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

FOR FURTHER INFORMATION

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Appendix 5B

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

Name of entity

Magnis Energy Technologies Ltd

ABN

26 115 111 763

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	(821)	(821)
(c) production	(1,490)	(1,490)
(d) staff costs	(815)	(815)
(e) administration and corporate costs	(4,867)	(4,867)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	12
1.5 Interest and other costs of finance paid	(3,108)	(3,108)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(11,089)	(11,089)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment	(13,942)	(13,942)
(d) exploration & evaluation (if capitalised)	(576)	(576)
(e) investments in iM3NY, Charge CCCV	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(c) property, plant, and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities*	104	104
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(14,414)	(14,414)

* Short-term loans to/from Charge CCCV, Imperium3 Townsville + Imperium3 NY

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	2,140	2,140
3.2 Proceeds from issue of convertible debt securities	(1,000)	(1,000)
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(1,152)	(1,152)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)^	-	-
3.10 Net cash from / (used in) financing activities	(12)	(12)

^ Repayment of lease liabilities

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	100,238	100,238
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(11,089)	(11,089)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(14,414)	(14,414)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(12)	(12)
4.5 Effect of movement in exchange rates on cash held	4,107	4,107
4.6 Cash and cash equivalents at end of period	78,830	78,830

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

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	78,830	100,238
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	78,830	100,238

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

6.1	Aggregate amount of payments to related parties and their associates included in item 1	174
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term 'facility' includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	154,816
7.2	Credit standby arrangements	-
7.3	Other (please specify)	-
7.4	Total financing facilities	154,816

7.5 Unused financing facilities available at quarter end

0

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Magnis majority owned subsidiary Imperium3 New York Inc(iM3NY) has a US\$100 million loan facility ("loan facility"),

The key terms of the loan facility are: **Lender:** ACP POST OAK CREDIT I LLC through Atlas Credit Partners ("ACP") in collaboration with Aon, **Amount:** US\$100 Million, **Term:** 3 Years, **Guarantor:** Charge CCCV LLC (C4V), **Security:** a lien over the assets of iM3NY and the intellectual property of C4V (a minority shareholder in iM3NY) provided to iM3NY, and **Interest cost:** Secured Overnight Financing Rate (SOFR - that has a floor of 1%) + a 6% margin and Credit Insurance Wrap Premium, which in Year 1 is 8.25%, Year 2 is 4.6% or 2.5% (if milestone achieved) and in Year 3 is 4.35% or 2.25% (if further milestone achieved).

Please see the announcement on 19 April 2022 or below link for more details .

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02511299-2A1369171?access_token=83ff96335c2d45a094df02a206a39ff4

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(11,089)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(576)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(11,665)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	78,830
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	78,830
8.7 Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	6.8

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: By the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.