

QUARTERLY REPORT

29th APRIL 2022

Highlights

- At the end of March 2022, Imperium3 New York LLC (“iM3NY”), continued to make progress towards fully automated production at its Lithium-ion battery manufacturing facility located in New York State.
- Magnis’ Lithium-ion technology partner, Charge CCCV LLC (“C4V”), has produced exciting results in their Extra Fast Charging (“EFC”) battery program with 7Ah (Amp hour) commercial cells.
- Post the quarter end, iM3NY closed an Intellectual Property-based Financing for US\$100 million which will be used to lower the cost of capital and fast-track expansion.
- C4V recently launched their latest lithium-ion battery cell to pack technology, LiSER - a platform for lithium-ion battery cell design.
- Global engineering consulting firm Ausenco has been hired to begin updating the previous 2016 Bankable Feasibility Study for the Nachu Graphite Project.
- Construction begins on Eco-village resettlement housing village.
- Corporate Social Responsibility programs continue as the Chunya Mtumbuni Primary School project nears completion.
- Magnis welcomes two new Directors to the board as well as Group General Counsel and Company Secretary.
- Magnis Energy Technologies Ltd joins the S&P Dow Jones ASX All-Ordinaries Index.

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTCQX: MNSEF**) (“**Magnis**” or the “**Company**”) is pleased to present its Quarterly Activities Report and overview of operations for the period ended 31st March 2022 (“**Quarter**”, “**Reporting Period**”).

OPERATIONAL UPDATE

Imperium3 New York Lithium-ion Battery Plant Update

Magnis is committed to providing regular updates to shareholders regarding iM3NY, that is currently building a Gigawatt scale Lithium-ion Battery cell manufacturing plant. Magnis along with its joint venture and technology partner C4V are the major shareholders in iM3NY with Magnis currently the only listed entity with a current total holding of ~61%. iM3NY will commercialise C4V’s lithium-ion battery technology. With a fully qualified primarily North American supply chain, iM3NY is truly built in America, for use in applications globally. Fully automated production is expected to start in June 2022 when the plant will be approximately 80% complete and production will continue to ramp up into next year. The team continues to aggressively target a capacity of 38 GWh/year by 2030.

The iM3NY team has collaborated with EPC contractor Ramboll throughout the quarter with several mechanical, civil and electrical works completed. Significant progress has been made on internal and exterior works, the cathode and anode mixing rooms, cell assembly dry room, high bay dry room and the electrical sub-station.

One of the key accomplishments made was the completion of the ‘Dry Room’. The dry room is an essential part of the Li-ion cell manufacturing process, where most of the cell assembly is performed in an ultra-dry and ultra-clean inert environment. This ultra-dry atmosphere ensures longevity of Li-ion cells with minimal side reactions and degradation.



Figure 1: Timeline of various production stages



Figure 2: Anode Mixing room HVAC



Figure 3: Low Bay electrical conduit installation

C4V Extra Fast Charging Results – to date only 7% capacity loss after 1,020 cycles

C4V is a US based Li-ion battery technology company possessing patents, critical insights and manufacturing know-how for next generation Gigafactory designs. C4V's discoveries have been widely successful in extending battery life, safety and charging performance.

In terms of charging performance, C4V has been running extra fast charging (“EFC”) programs utilising their patented Bio-mineralised Lithium Mixed Metal Phosphate (“BMLMP”) cathode chemistry. The cells using this cathode chemistry are known as P-Series cells.

During the March quarter, Magnis announced an update to the EFC results first initiated in December 2021. To date data received has shown only 7% capacity loss after 1,020 cycles. The plan is to take this program to over 3,000 cycles and then run new programs at higher currents to achieve a 10-minute charge and then onto a 6-minute charge. These optimised commercial cells are within 95% energy density of a regular energy cell, which means minimal energy density loss even at higher charge-discharge currents. BMLMP is a non-LFP but phosphate rich cell, which also does not include cobalt or nickel. This more efficient phosphate rich cell makes C4V's cathode technology a leader in the marketplace in respect to both higher-voltage and power density as well as its green credentials.

The EFC results are significant for Magnis for two reasons. Firstly, iM3NY will be commercialising and producing these P-Series cells and has exclusive rights to C4V's patented Li-ion battery technology in the US. Secondly, Magnis owns a non-controlling interest in C4V of 9.65%.

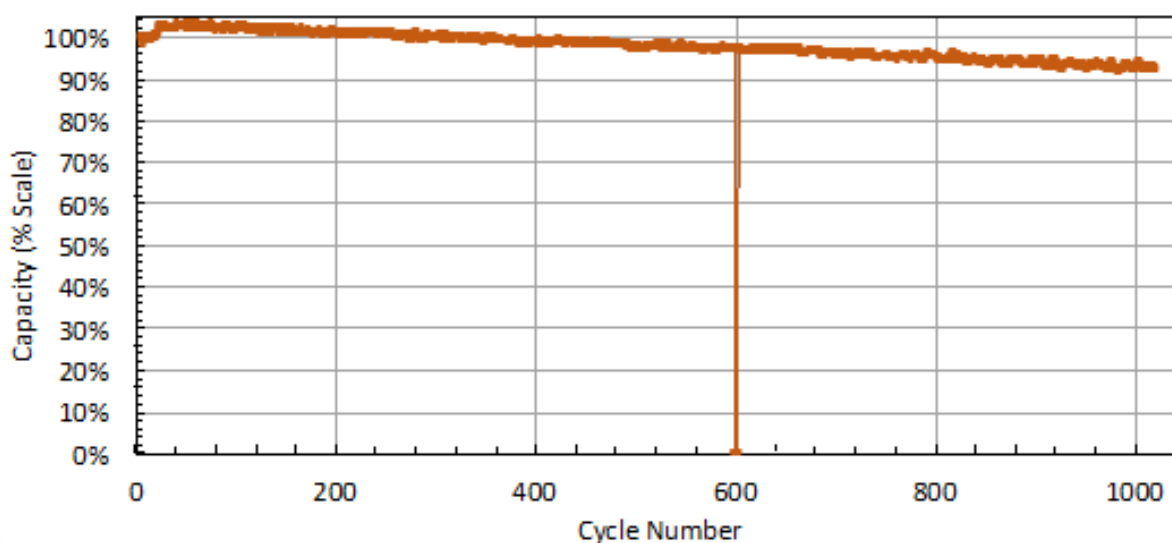


Figure 4: EFC 7Ah cell cycling data with 20 minute-charge and 20 minute-discharge

C4V's EFC results are expected to have a major impact on the transportation industry. This is particularly important for public transport such as buses as they are constantly on the road requiring frequent charging and discharging. Traditionally, batteries used in the EV industry have up to 80% retention after approximately 1,000 cycles using lower charging rates. The problem arises when constant fast charging rates are applied to traditional batteries often decreasing battery life dramatically. Therefore, the real significance comes from the number of cycles coupled with charging times. Initial results show that fast-charging programs have been able to run through thousands of cycles with less degradation than other batteries. The EFC programs are expected to show positive results and Magnis considers these results a potential game changer for the industry.

C4V launches LiSER a unique cell to pack technology

During the quarter C4V launched their latest lithium-ion battery technology, LiSER - a platform for lithium-ion battery cell design. LiSER makes their patented no cobalt, no nickel battery chemistry retain its efficiencies at the battery pack level by simplifying the management of the battery and its thermal system. The industry first "tab-less" advanced prismatic cell design that has an in-situ cooling loop to facilitate efficient temperature operations ranging from -40°C to 90°C , assisting in extra fast charging. The tethered edges of the module come with a solid structural design that enable mechanical stability.

LiSER's cobalt and nickel free lithium-ion battery cell technology provides an energy density of 190Wh/Kg (at the pack level), which would make it one of the market leading technologies today. LiSER simplifies the module structure and using the inherent oxygen deficient BMLMP technology not only augments battery safety but also delivers a voltage that is at least 20% higher than the LFP formulations currently widely being used in the market. Nickel-rich NCA or NMC chemistries emit nickel oxide fumes, however when burning with LiSER the toxic gaseous build-up is non-carcinogenic. LiSER uses elements that are environmental-friendly, sourced with a robust local supply-chain and enables a significantly lower carbon footprint.

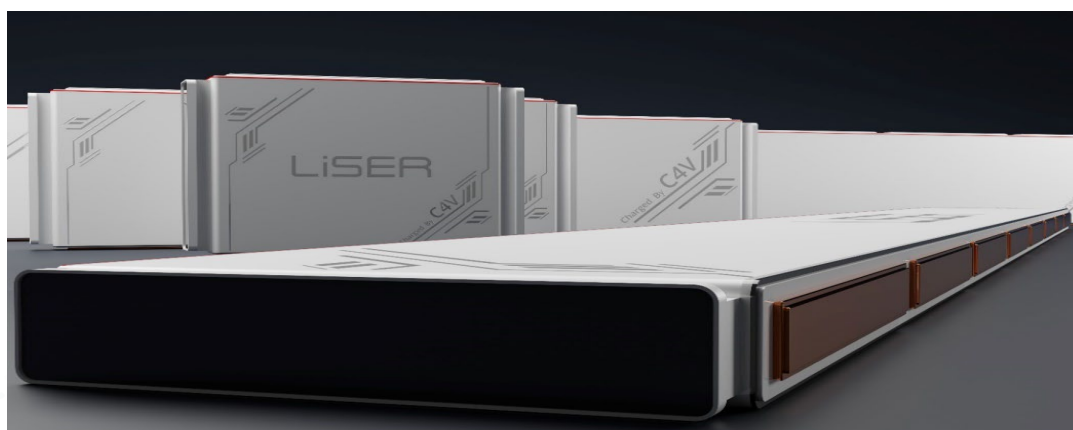


Figure 5: LiSER Prismatic cells of varying dimensions

Nachu Graphite Project Update

Global engineering group Ausenco have been engaged to complete an updated Bankable Feasibility Study for the Magnis 100% owned Nachu Graphite Project in southeastern Tanzania. Ausenco have 26 offices in 14 countries, with projects in over 80 locations worldwide. With over 30 years of experience in the mining industry, Ausenco are highly respected and well known for producing innovative capital and process efficient plant designs.

Following the recent offtake agreement with Traxys and significant subsequent interest from other potential customers and funders, the Magnis Board had decided to update the feasibility study previously completed in 2016. The main variance in the update will be that Ausenco will redesign the process plant for capital and operating cost efficiencies. The study will also review power generation options with a strong focus on assisting the local community.

The Nachu high grade graphite production profile will include:

- +500 micron (+35 mesh Super Jumbo) at 98.5% TGC
- +300 micron (+50 mesh, Jumbo) at 98.5% TGC
- -300 micron (-50 mesh) at +99% TGC

The ability to produce both the large size fractions and the high purity of the Nachu products is a combination of the quality of the flake that naturally occurs in the mineralisation as well as developing a process to take advantage of these natural attributes.

The Resettlement Eco-village will provide housing for 59 families affected by the Nachu Graphite project. Uranex Tanzania Limited ("**Uranex**"), a Magnis subsidiary, has contracted Italframe Limited, a Tanzanian Registered building contractor to commence construction works of the proposed Eco-village resettlement houses at Ruangwa, Lindi, Tanzania, which commenced during the quarter.

The Project Manager for the project has also been appointed for the development and construction of the Eco-village and it is expected to take 7 months to complete. So far site clearances and construction of site facilities have begun. No accidents or incidents have been recorded on site.



Figure 6 and 7: Left: Uranex Mine Manager, Mr. Isaac Mamboleo and Government Liaison Officer, Mr. Beatus Mtemekele. Right: Uranex Project Manager, Mr. Yusuf Jusabani hands over the project.

SUSTAINABILITY UPDATE

Corporate Social Responsibility in Tanzania

Magnis continues to place significant importance on Corporate Social Responsibility, notably in its Nachu graphite project in Tanzania. The Company has been engaged in social projects for 10 years with the local community and its latest development is the construction of the Chunya Mtumbuni Primary school project. Uranex took over the Chunya Mtumbuni Primary school project after the project had been initiated by the village four years ago but later abandoned due to a lack of funds.



Figure 8: Exterior of the building Interior of a classroom prior to Uranex taking over

Construction work involved levelling out the walls and the foundations, adding roof support, aligning the window and door-frames, laying the concrete floor, applying paint to the blackboards and partitioning the classrooms. The school is now up to Government standards and will be shortly undergo a hand-over to the community. The village has a total of 230 households, which all have children from the age of 5 to 12.



Figure 9: Front view of the Chunyu Mtumbuni Primary School Project

CAPITAL MARKETS UPDATE

Magnis enters the S&P ASX All Ordinaries Index

Magnis Energy Technologies Ltd joined the S&P Dow Jones ASX All-Ordinaries Index during the March 2022 Quarterly rebalance effective prior to the open on March 21, 2022.

Imperium3 New York completes US\$100 million loan refinance

iM3NY announced it had completed a US\$100 million, three-year intellectual property-based financing (the “loan facility”), collaborating with Atlas Credit Partners (“ACP”) and Aon. Magnis along with its joint venture and technology partner C4V are the major shareholders in iM3NY.

The US\$100 million loan facility refinances the existing US\$50 million four-year Riverstone senior secured loan, obtained by iM3NY in April 2021 and supports iM3NY's long-term growth plans. A portion of the proceeds will be used to fast-track growth plans as it expands production.

The expanded loan facility reduces iM3NY's cost of capital and provides additional cash to the project's balance sheet, significantly increasing its financial flexibility and ability to take advantage of new opportunities. For further details, refer to the ASX announcement dated April 19th, 2022.

CORPORATE UPDATE

Board and Company Secretary appointments

During the quarter, the company made key appointments to bolster its board and management team. Giles Gunsekera and Claire Bibby were appointed as Non-Executive Directors. Duncan Glasgow was appointed as Group General Counsel and Company Secretary. Giles Gunsekera was also appointed Chair of the Health, Safety and Sustainability Committee whilst Claire Bibby was appointed Chair of the Audit and Risk Committee.

Board Alignment

At the next General Meeting, shareholders will be recommended to consider approving a grant of 2,000,000 unlisted options (having an exercise price of \$A0.80c, and expiration date of three (3) years from the date of issue), for each of the three (3) recently appointed non-executive directors. The purpose of these grants is in line with those approved for the 3 non-executive directors that were approved at the AGM as these too are part of the Company's ongoing commitment to seek to align the interests of its shareholders with those of the Board and management.

Further information as required under Listing Rule 5.3

No substantive mining exploration occurred during the Quarter, with the primary work related to water 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 in Tanzania follow:

- 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 Energy Technologies

Magnis Energy Technologies Ltd (ASX: MNS; FSE: U1P; OTCQX: MNSEF;) 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 including manufacturing of green credentialed lithium-ion battery cells, leading edge lithium-ion battery technology and high-quality, high-performance anode materials. The Company's vision is to enable, support and accelerate the green energy transition critical for adoption of Electric Mobility and Renewable Energy Storage.

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

For further information:

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Appendix 5B

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

Name of entity

Magnis Energy Technologies Ltd

ABN

26 115 111 763

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(216)	(224)
	(c) production	(511)	(511)
	(d) staff costs	(553)	(3,496)
	(e) administration and corporate costs	(706)	(5,642)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	15
1.5	Interest and other costs of finance paid	(2,302)	(8,045)
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	(4,283)	(17,903)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	(14,187)	(23,133)
	(d) exploration & evaluation (if capitalised)	(204)	(879)
	(e) investments in iM3NY, Charge CCCV	60	226
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(c) property, plant, and equipment	-	232
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities*	-	5
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(14,331)	(23,549)

* 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)	(150)	22,050
3.2	Proceeds from issue of convertible debt securities	1,750	1,750
3.3	Proceeds from exercise of options	2,052	21,780
3.4	Transaction costs related to issues of equity securities or convertible debt securities	1,200	(5)
3.5	Proceeds from borrowings	806	806
3.6	Repayment of borrowings	(14)	-
3.7	Transaction costs related to loans and borrowings	1,995	3,508
3.8	Dividends paid	-	-
3.9	Other (provide details if material)^	-	-
3.10	Net cash from / (used in) financing activities	7,639	49,889

^ 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	94,656	72,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,283)	(17,903)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,331)	(23,549)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,639	49,889
4.5	Effect of movement in exchange rates on cash held	(1,876)	473
4.6	Cash and cash equivalents at end of period	81,805	81,805

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	81,805	94,656
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)	81,805	94,656

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

**Current quarter
\$A'000**

238

-

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

67,563

67,563

-

-

-

-

67,563

67,563

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.

On 19th April 2021, Magnis announced that its majority owned subsidiary Imperium3 New York Inc. (iM3NY) had received a mixture of debt and equity funding, which included a US\$50 Million senior - secured term loan from Riverstone Credit Partners L.P. (Riverstone) that is to be used to fast-track production at the iM3NY Lithium-ion Battery Manufacturing Plant located in Endicott, New York. Broad terms of the loan facility include Amount: US\$50 Million, Term: 4 Years and Interest Rate: 12.5% p.a.

Post the March 2022 quarter, the above facility was replaced with a US\$100 Million debt facility provided by Atlas Credit Partners that's secured over Magnis' Li-ion technology and joint venture partner C4V's intellectual property for a term of 3 years. The full details were provided in a separate disclosure to the ASX on 19th April 2022.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(4,283)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(204)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(4,487)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	81,805
8.5 Unused finance facilities available at quarter end (Item 7.5)	0
8.6 Total available funding (Item 8.4 + Item 8.5)	81,805
8.7 Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	18.2

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

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

Answer: 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: 29 April 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.