

5 October 2021

 Angel He
 Adviser, Listings Compliance [Sydney]
 ASX Limited
 By email: ListingsComplianceSydney@asx.com.au

Dear Angel,

Magnis Energy Technologies Ltd ['MNS']: Response to Query Letter

Magnis Energy Technologies Limited ACN 115 111 763 [ASX: MNS] (**Magnis** or the **Company**) refers to the query letter from ASX dated 22 September 2021 [**Query Letter**].

Adopting ASX's numbering, Magnis provides the following information in response to the questions set out in the Query Letter:

1. The Company understands that the full legal names of the relevant contractual counterparties are Sukh Energy Private Limited - India and Sukh Energy Ltd - UK¹ [**Sukh Energy**].
2. Of the **minimum** of US\$655 million in estimated off-take sales that the Company announced² had been secured by its subsidiary iM3NY, the Company expects that approximately US\$243 million [which amount accounts for a minimum of approximately 4.55% to a maximum of approximately 9.03% of iM3NY's annual forecast revenue over the five year term of the various off-take agreements entered into by iM3NY (i.e. as referred to in Magnis' ASX announcement of 3 May 2021)] will be attributable to Sukh Energy.

Please see the below projected [and unaudited] estimate of iM3NY's annual sales for further details:

Year	2022e	2023e	2024e	2025e	2026e	2027e
iM3NY Yearly Revenues	\$80,000,000	\$360,000,000	\$530,400,000	\$807,500,000	\$1,295,000,000	\$1,800,000,000
Annual Sukh Energy Contract Value	\$4,680,000	\$16,380,000	\$35,100,000	\$70,200,000	\$117,000,000	
Sukh Energy % of Yearly Revenues	5.85%	4.55%	6.61%	8.69%	9.03%	0.00%

3. Yes, to the best of the Company's knowledge, the financial information referred to in Question 3 of the Query Letter is correct.

¹ Sukh Energy is a member of the UK's "invite-only" Renewable Energy Association [a UK Government-run "Think Tank" (as to which, please see <https://www.r-e-a.net/our-members/our-members-directory/>)].

² As to which, please see the Company's ASX announcement dated 3 May 2021.

4. The Company understands that it is common commercial practice for corporates to structure their financial and operating affairs using different subsidiaries for different commercial purposes. Despite this, the Company:
- a. understands that the owners of Sukh Energy own a number of companies which collectively have substantial revenues, assets and global operations;
 - b. understands that the owners of Sukh Energy are involved in the Oil & Gas, Renewable Energy and Technology sectors with operations in Asia, Africa and Europe;
 - c. understands that Sukh Energy have commercial agreements with major entities, including India's Department of Defence, Punjab Energy Development Agency (**PEDA**), Okaya & Co., Ltd, Energy Efficiency Services Limited, Premier Energies, and others substantial entities and corporations which are all highlighted on the Sukh Energy website <https://sukhenergy.com>, in each case, supporting the Company's belief that:
 - i. Sukh Energy, when considered together with other members of the group of entities owned by the Sukh Energy owners, is an entity of sufficient substance and standing; and
 - ii. the marketing and financial resources of the owners and related entities of Sukh Energy will be available to ensure that Sukh Energy is, at the relevant time, adequately capitalised
 - iii. in each case, such that Sukh Energy will be able to satisfy its contractual obligations to iM3NY.

In addition to the information set out above, which support the Company's opinion, each of the Company, its majority owned subsidiary iM3NY and its partially owned subsidiary C4V performed commercial due diligence on Sukh Energy (and on other companies owned by the owners of Sukh Energy), with that due diligence including:

- a. corporate representatives and executives from Sukh Energy travelling to the US to attend several project meetings in New York and discuss performance criteria and product specifications.
- b. participation in follow-on meetings and discussions (qualifying the product over a three (3) year time frame) between appropriately qualified engineers & executives of each company; and
- c. by making, considering and responding to, due diligence enquiries to enable the respective parties to understand the technology and each other's business and capabilities³.

Based on the Company's understanding (as set out above) and the matters referred to above, Magnis is confident that Sukh Energy has, or will have at the relevant time, the financial resources necessary to satisfy its obligations under the iM3NY off-take arrangements to which it (and Sukh

³ Due diligence was also completed by a globally significant player in the middle market energy space, prior to their providing secured debt financing that (included security over the relevant agreements) for the iM3NY Battery Plant. For further information in relation to this particular transaction, please see the Company's ASX announcement dated 19 April 2021.

Energy Private Limited [**Sukh Energy Private**]] is a party.

5. N/A.
6. **Confirmed** - the Company is in compliance with the ASX Listing Rules, and in particular, ASX Listing Rule 3.1.
7. **Confirmed** - the Company advises that the responses set out above have been authorised and approved by officers of the Company with delegated authority to respond to ASX in relation to disclosure matters.

Yours sincerely
Julian Rockett
General Counsel & Company Secretary

22 September 2021

Reference: 39996

Mr Julian Rockett
Group General Counsel & Company Secretary
Suite 9.03, Aurora Place
88 Phillip Street
Sydney NSW 2000

By email:

Dear Mr Rockett

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

ASX refers to the following:

- A. MNS' announcement titled "New York Battery Plant Annual Capacity Increased - 1.8GWh" released on the ASX Market Announcements Platform ('MAP') on 3 May 2021, which disclosed (relevantly) that:
- "Estimated minimum offtake sales of US\$655 million in orders have been secured in binding offtakes forming the foundation in securing the recently announced funding agreement. The binding orders are mostly used in the Energy Stationary Storage products along with transportation applications."*
- MNS did not disclose the names of any counterparties who placed the binding orders.
- B. MNS' announcement titled "Company Update – Offtake Signed with Omega Seiki", released on MAP on 15 September 2021, which disclosed relevantly that:
- "Indian based Sukh Energy have permitted their name as one of the companies that signed a binding agreement with iM3NY announced on 3 May 2021. Headquartered in India, Sukh Energy have operations in India, Europe and Africa and are involved in the oil and gas industry, telecommunications and energy industries with contracts totalling over US\$500 Million."*
- C. The article in *The Australian* published on 20 September 2021¹ titled "Questions over Magnis Energy customer revenue 'black hole'", which stated (relevantly, emphasis added):
- "But Sukh Energy – one of six customers Magnis says has signed deals worth a total of \$US898m (\$1.24bn) – has no revenues and assets of just \$70,000, according to financial reports for the year ending March 31, 2020. "The company is into the business of solar based lighting solutions to customers," the report filed with India's corporate regulator reads."*
- D. 'Sukh Energy Ltd's' accounts, lodged with the Companies House service in the United Kingdom² on 15 September 2021, which disclosed that Sukh Energy Ltd's net assets totalled £100.
- 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.

¹ <https://www.theaustralian.com.au/business/companies/mystery-deepens-over-magnis-energys-multinationals/news-story/5adc85c3b6da7ccd3dc7417c9b5377f7>

² <https://find-and-update.company-information.service.gov.uk/company/11569222/filing-history>

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. What is the full legal name of 'Sukh Energy' that is the counterparty to the binding offtake, and in which country is it registered?
2. Of the US\$655 million in binding offtakes, what proportion is attributable to Sukh Energy's orders?
3. To the best of MNS' knowledge, is it the case that Sukh Energy has no revenues and assets of \$70,000, as lodged with the Indian corporate regulator?
4. If the answer to question 3 is 'yes', please explain the basis for MNS' view that Sukh Energy can fulfil its obligations under the binding offtakes.
5. If the answer to question 3 is 'no', please explain the basis for that view. In your answer, please include details on all relevant due diligence performed by MNS or iM3NY.
6. Please confirm that MNS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. 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 **4.30 PM AEDT Tuesday, 5 October 2021**. 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

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Angel He
Adviser, Listings Compliance (Sydney)