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MAGNIS ENERGY TECHNOLOGIES

FOR RELEASE : 28 OCTOBER 2021

Quarterly Activities Report to 30 September 2021

Key Highlights

- Magnis' subsidiary Imperium3 New York Inc. (iM3NY) Gigawatt scale Lithium-ion Battery Plant as of end of September is 33% complete and has completed several milestones as it moves closer towards semi-automated production
- There has been renewed interest in our Nachu Graphite Project with a North American Group progressing offtake discussions. The company is also in discussions with other Asian and North American groups
- Magnis secured funding of A$20 million from two US based institutions The Lind Partners and SBC Global Investment Fund to assist the company with its aggressive growth plans in the Lithium-ion battery manufacturing industry
- Magnis' corporate social responsibility programs have been in place in Tanzania for over 10 years. The company continues to engage in community support programs to help develop local infrastructure and support the local community
- An application has been lodged by the company to OTC Markets group to list on a higher tiered market for North American trading. This will enable greater access and increase visibility for investors in the US to invest in Magnis shares
- Magnis' US Lithium-ion Battery Manufacturing and Technology partners iM3NY and C4V announced further binding offtakes which include an agreement with Anglian Omega subsidiary Omega Seiki, producer of Electric Three-Wheelers in India as well as a US Government supplier
- During the quarter, Magnis announced two new hires to its management team to help bolster the firm's operations from technical expertise in Li-ion battery manufacturing and technology to corporate development and investor relations capabilities

- High quality green credentialed Lithium-ion batteries to be produced by iM3NY using C4V's patented BM-LMP Technology leads to longer battery life, faster charging and greater safety without the use of Nickel or Cobalt

About Magnis Energy Technologies

Magnis Energy Technologies Ltd (ASX: MNS) is involved in and has strategic investments in several aspects of the electrification supply chain including manufacturing of green credentialed lithium-ion battery cells, leading edge 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.

Magnis Energy Technologies Ltd **(ASX: MNS)** ("**Magnis**" or the "**Company**") is pleased to present its Quarterly Activities Report and overview of operations for the period ended 30 September 2021 ("**Quarter**", "**Reporting Period**").

OPERATIONAL UPDATES

iM3NY New York Lithium-ion Battery Plant Update

Magnis remains committed to providing investors with monthly updates on subsidiary iM3NY and their progress towards full automation by the first half of 2022. During the quarter, the facility's customisation work continues to gain momentum with the machinery roll out having begun. Dry room construction is expected to begin in October once Air permit has been approved and with materials having been received.

iM3NY has collaborated with Danish Engineering firm, Ramboll throughout the last few weeks to continue working through crucial design feed information as well as review the Issued For Review (IFR) Drawing Packages. iM3NY also reviewed electrical switchgear and Heating and Air Conditioning (HVAC) proposals provided by Ramboll which iM3NY then released Ramboll to procure. The electrical equipment purchased will be a part of the switchgear upgrade which will be the backbone to the process equipment power supply. iM3NY remains on track to begin semi-automated production starting next quarter.

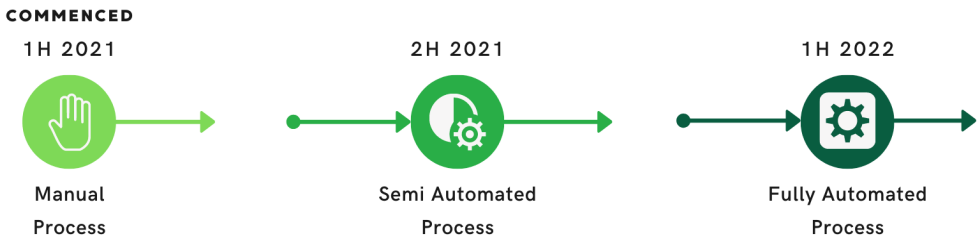


Figure 1: Timeline of various production stages

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Figure 2: Battery Cell Formation Equipment

Nachu Graphite Project

There has been renewed interest for Magnis' Tanzanian Nachu's graphite project given the world's anode material supply chain for Lithium-ion batteries is entirely dependent on China. During the quarter, Magnis has progressed discussions with a North American Group and is also in discussions with other Asian and North American groups.

Based on these offtake discussions, the Company has reviewed the level of production that may be optimal in order to get the project operating in the near future. Preliminary engineering studies and mining schedules, which would form the basis of a smaller scale production were recently completed. The company will await the outcome of the offtake discussions before making a decision on how to proceed.

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SUSTAINABILITY

iM3NY's High Quality Green Credentialled Lithium-ion cells

iM3NY's Lithium-ion BM-LMP chemistry and prismatic cell design are exclusively licensed in the US from C4V developed patented technology. The cathode chemistry uses LMP technology with Biomineralization to yield BM-LMP, which enables the highest voltage of any Lithium-ion cell at 3.9 volts or 20% higher than LFP cells and 5 - 8% higher than NCA / NMC cells. The Biomineralization also promotes longer cycle life, faster charging, and ensures greater safety. The chemistry incorporates traditional electrolyte along with a patented mixed metal in the cathode that contributes to the overall safety and performance benefits. Notably there is no Cobalt and no Nickel in this high performing cell.

Recently iM3NY has also been qualifying 3 major recycling companies regarding the recycling of their plant waste and for used batteries. It is hoped that this will create an end-to-end cycle of the life of a battery and to promote a circular economy for domestic manufacturing. Along with carefully picked supply chain partners, it is anticipated, that batteries produced at the iM3NY battery plant will be among the greenest in the marketplace as was independently verified by Abt Associates, a project commissioned and funded by the New York State Energy Research and Development Authority.

Corporate Social Responsibility in Tanzania

Magnis remains committed to supporting the local community in Southeast Tanzania. Over the last few months, the company has been committed to the area of corporate social responsibility via the Community Support Programs in place. Of note, construction materials have been donated to the Mihewe and Matambarale South medical clinics materials for renovation of classrooms of Matambarale Primary school.



Figure 3 and 4: Left is the built toilets for Mihewe Clinic and right is the renovated class rooms At Matambarale Primary School

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Other programs included maintenance of the proposed community garden site which has been cleared and cleaned as well as grading of the new surface roads within the Nachu Eco Village. A total of 3.5 km of roads within the Eco Village were graded and compacted ready for the next phase of construction of houses.

CAPITAL MARKETS UPDATES

Convertible Note Funding from US Institutional Investors

During the quarter, Magnis raised A$20 million through a convertible note issuance funded by US based institutions The Lind Partners and SBC Global Investment Fund to assist the company with its aggressive growth plans in the Lithium-ion battery manufacturing industry in the US. The majority of the funds raised were invested into iM3NY to provide further equity for future growth plans.

The subscription will be made by way of the Investors prepaying the lump sum proceeds of a total of A$20 million per investment for Subscription Shares. The Company will issue the Subscription shares in relation to all or part of each of the above investments on the Investor's request, within 18 months of the date of the corresponding investment (subject to each investor being able to extend this period by 6 months).

Magnis will make an initial issuance of 14 million Subscription Shares to the Investor at the time of the funding of the first placement, towards the ultimate number of Subscription Shares to be issued. Subject to the Company obtaining shareholder approval, 20,000,000 options will also be issued (10 million to each investor) with a strike price of 40c and a 3-year term.

North American Trading in Magnis Shares

Magnis has lodged an application to list on the OTCQX® Best Market given significant demand from investors in the US, Europe and The Middle East for exposure to Magnis' involvement in several parts of the Electric Vehicle and Energy Storage supply chain, most notably the major shareholder of iM3NY one of the largest Lithium-Ion Battery plants in The United States.

Magnis shares currently trade on the Pink® Open Market operated by OTC Markets Group which is available to investors in only a few states in the United States. The upgrade to the will provide all investors in North America with access to invest into Magnis.

Magnis have also had their symbol on OTC Markets from URNXF to MNSEF approved by Financial Industry Regulatory Authority (FINRA) and the change has been implemented.

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OTC Markets Group Inc. (OTCQX: OTCM) operates the OTCQX® Best Market, the OTCQB® Venture Market, and the Pink® Open Market for over 11,000 securities, including international securities and SEC reporting companies. Through OTC Link® ATS, they connect a diverse network of broker-dealers that provide liquidity and execution services for investors to easily trade through the broker of their choice. OTC Markets Group market data is distributed by most major financial data distributors, including Bloomberg, Thomson Reuters, Interactive Data, Factset, Fidessa, NASDAQ and SIX Financial. OTC Markets Group is publicly traded on the OTCQX market under the symbol OTCM.

CORPORATE UPDATES

Further Offtakes Secured

Over the quarter, Magnis' Lithium-ion Battery manufacturing and technology partners secured further offtakes increasing the total binding sales in place. In addition to the US$655 million in binding sales agreements announced earlier in the year, iM3NY has been able to secure another agreement for US$74 million over 4 years with a US Government supplier.

Battery technology and supply chain partner Charge CCCV(C4V) has signed an agreement with wholly owned subsidiary of Anglian Omega, Omega Seiki. Omega Seiki manufactures electric three-wheelers for the growing Indian market. The term of the contract is over a 5-year period beginning in 2022. Overall order volumes exceed 1.1GWh over the period of the contract.

There are ongoing discussions and qualification processes continuing with several other potential customers.

Management Additions

The company made two senior management appointments over the quarter to increase the skills and capabilities as the company continues its significant growth phase.

Dr Jawahar Nerkar was appointed Director of Battery Technologies and has nearly 20 years of experience in electrochemical energy storage devices, Lithium-ion batteries and supercapacitors. Jawahar is considered to be one of the best electro-chemists in the Lithium-ion battery sector locally and he will focus on offtake discussions, working closely with our US colleagues and assisting the progression of the Townsville Battery Plant.

Aran Nagendra was appointed as Corporate Development & Investor Relations Manager to help in increasing the company's exposure in the investment community with a focus on targeting institutional fund managers both in Australia and overseas.

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were $228,314.30. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director related entities during the quarter ended 30 September 2021.

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

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Appendix 5B

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

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Name of entity

Magnis Energy Technologies Ltd

ABN	Quarter ended ("current quarter")
26 115 111 763	30 September 2021

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	(8)	(8)
	(c) production	-	-
	(d) staff costs	(1,211)	(1,211)
	(e) administration and corporate costs	(2,503)	(2,503)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	7	7
1.5	Interest and other costs of finance paid	(2,359)	(2,359)
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**	**(6,074)**	**(6,074)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	(2,417)	(2,417)
	(d) exploration & evaluation (if capitalised)	(357)	(357)
	(e) investments in iM3NY, Charge CCCV	85	85
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-

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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*	3	3
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(2,686)**	**(2,686)**

* 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)	20,000	20,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(5)
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	743	743
3.8	Dividends paid	-	-
3.9	Other (provide details if material)^	-	-
3.10	**Net cash from / (used in) financing activities**	**20,738**	**20,738**

^ 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	72,895	72,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,074)	(6,074)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,686)	(2,686)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	20,738	20,738
4.5	Effect of movement in exchange rates on cash held	3,065	3,065
4.6	**Cash and cash equivalents at end of period**	**87,938**	**87,938**

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	87,938	72,895
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)**	**87,938**	**72,895**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	228
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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	68,602	68,602
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**68,602**	**68,602**

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 include: Amount: US$50 Million, Term: 4 Years and Interest Rate: 12.5% p.a.

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8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(6,074)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(357)
8.3	**Total relevant outgoings (Item 8.1 + Item 8.2)**	**(6,431)**
8.4	Cash and cash equivalents at quarter end (Item 4.6)	87,938
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	**Total available funding (Item 8.4 + Item 8.5)**	**87,938**
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**13.7**

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

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

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

Notes

1. 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.
2. 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.
3. 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.
4. 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".
5. 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.

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