

# QUARTERLY REPORT

For Quarter Ending June 2024

Magnis Energy Technologies Ltd (**ASX: MNS; FSE: U1P; OTC: MNSEF**) (“**Magnis**” or the “**Company**”) provides its Quarterly Activities Report for the period ended 30 June 2024.

## **NACHU GRAPHITE PROJECT**

The Company continues to pursue discussions with several counter-parties towards binding agreements, both in respect of financing the mine construction and off-take (in addition to what has already been advised in previous announcements).

As previously advised, Singapore-based PEY Capital combined with Tantel of Tanzania was exclusively appointed to source US\$320 Million in funding for the Nachu Graphite Project. While the Company continues to work with PEY Capital it elected to terminate the formal appointment, which termination became effective after the end of the quarter.

## **IM3NY LLC & Its Subsidiary Imperium3 New York (Imperium3)**

As per the ASX announcement dated 15 February 2024 relating to a financing update for its majority-owned Imperium3 New York Inc (Imperium3) battery plant located in Endicott, New York, the Company has been working closely with PriceWaterhouseCoopers to source funding aimed at refinancing Imperium3’s existing secured debt (Secured Debt).

The Company has been invited to acquire the Secured Debt and it has been in discussions with both the secured lender and with investors. The Company has secured firm commitments from investors and has submitted a bid to acquire the Secured Debt. The Company advises that it reserves its rights.

Although the battery factory continues to operate under the control of the directors appointed by the secured lender and with the secured lender’s financial support, Imperium3 did not generate any revenue during the quarter.

As previously advised, in connection with iM3NY LLC, in January 2024 the Delaware Court of Chancery issued a Status Quo Order, which had the effect of limiting the powers of the remaining board members of that company. During the quarter a stipulation was entered by the parties whereunder the Court Proceedings were dismissed without prejudice.

## **MAGNIS ANODE ACTIVE MATERIALS PROJECT**

No material events occurred in the June 2024 quarter to progress this project.

## **CORPORATE**

### **Board Changes**

Following the end of the quarter, the Company advised two changes to the Board of Directors.

Mr David Wang was appointed as an executive director with specific responsibilities for developing the Company's business activities in China including relationships with Chinese battery manufacturers.

David has over three decades of experience mainly in the financial services sector and has been involved in several successful businesses both locally and overseas. In recent times David has been focused on the Lithium-ion Battery sector both in manufacturing and on the supply chain.

Mr Fabrizio Perilli stepped down from the Board to pursue his other business interests. The Board expresses its appreciation to Fabrizio for his contribution to the Company.

### **ASX Communications**

The Company's shares have been suspended from quotation on the ASX since 8 December 2023 as ASX has determined that it is not satisfied that the Company is currently able to comply with its obligations under Listing Rules 3.1, 12.1 and 12.5. As the Company's securities have been suspended from quotation for a period of more than three months, Magnis is now considered by the ASX to be a long term suspended entity.

As previously advised, ASX has determined that "Magnis must demonstrate to ASX that it is willing and able to comply with these rules, and the Listing Rules generally, before ASX can reinstate Magnis's securities to quotation. This will include demonstrating that Magnis has established sufficient continuous disclosure arrangements to ensure that Magnis can make continuous disclosure announcements to the market about the business currently operated by Imperium3 that will satisfy Magnis's obligations under Listing Rule 3.1. If Magnis disposes of some or all of its interest in Imperium3, and complies with all applicable Listing Rules in doing so, ASX will, at that time, undertake further assessment of Magnis's progress on its Nachu graphite project. The purpose of this assessment will be for Magnis to demonstrate that its operations are sufficient to satisfy Magnis's obligations under Listing Rule 12.1 and therefore warrant reinstatement of Magnis's securities to quotation."

As noted above, the Company is endeavouring to source funding aimed at refinancing Imperium3's existing secured debt and thereby secure control of the battery factory. The Company believes if it

is able to successfully execute on this endeavour it will remove the concerns of the ASX, as set out above.

Shareholders are cautioned that reinstatement of a long term suspended entity's securities to quotation is not granted automatically on application. ASX must be satisfied that the reasons for the ongoing suspension have been addressed and that the entity complies with the Listing Rules at the point of reinstatement. ASX may require an entity to satisfy conditions before their securities can be reinstated to quotation, including but not limited to conditions relating to level of activities, financial condition and working capital, and the disclosure of financial or other information relevant to the entity's compliance with the Listing Rules.

### **Short Term Secured Loan**

As previously advised, in the December quarter the Company procured a secured, short term loan from sophisticated and professional investors (Secured Debt).

Following the end of the quarter, the Secured Debt has been assigned to McEvoy Street (Alexandria) Pty Ltd (Incoming Lender). The Company and the Incoming Lender entered a side deed with the following material terms in relation to the Secured Debt:

- The Principal Amount owing to the New Lender was agreed at \$5.5 million;
- Interest will accrue at 4.5% per month payable on Maturity;
- Maturity Date of 16 October 2024; and
- All other terms and conditions under the existing Secured Debt facility remain.

The directors are in discussions regarding additional capital from the debt and equity markets and believe that an investment will be completed during the current quarter. The details of an investment will be advised to the market in accordance with the Company's continuous disclosure obligations.

### **ASIC Claim**

As previously advised that the Company received an Originating Process and Concise Statement of Claim from the Australian Securities and Investments Commission (ASIC) alleging certain breaches of, inter alia, the continuous disclosure requirements of the Corporations Act.

Following the end of the June quarter, ASIC has filed an Amended Originating Process and Statement of Claim in relation to this matter. The Company will examine the amended statement of claim in conjunction with its legal advisers and will keep the market informed as required.

### **Related Party Payments**

Payments to related parties (or their associates) of the Company are disclosed in section 6 of Appendix 5B for the quarter. The payments for the quarter comprise consulting fees.

### **Further Information as Required under Listing Rule 5.3**

No substantive mining exploration activities occurred during the quarter. And in addition, no substantive mining production and development activities occurred during the quarter.

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

- SML 550/2015 - the Special Mining Licence of 29.77 km<sup>2</sup> 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.

## About Magnis

Magnis Energy Technologies Ltd (ASX: MNS; OTC: MNSEF; FSE: U1P) is a vertically integrated lithium-ion battery technology and materials company in the Lithium-ion battery supply chain. The company's vision is to enable, support and accelerate the mass adoption of Electric Mobility and Renewable Energy Storage critical for the green energy transition.

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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Executive Chairman

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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 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(5)	(1,819)
(b) development	(2)	(188)
(c) production #	-	(7,046)
(d) staff costs #	(117)	(3,784)
(e) administration and corporate costs #	(300)	1,631
1.3 Dividends received (see note 3)	-	-
1.4 Interest received #	-	152
1.5 Interest and other costs of finance paid #	-	(9,219)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities #</b>	<b>(424)</b>	<b>(20,273)</b>

# includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment #	-	(892)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments in iM3NY, C4V, iM3TSV	-	-
(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 (12 months) \$A'000
	(c) property, plant, and equipment #	-	1,834
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities #</b>	<b>-</b>	<b>942</b>
<i># includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)</i>			
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,700
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	18	(507)
3.5	Proceeds from borrowings	469	7,445
3.6	Repayment of borrowings	-	(6,638)
3.7	Transaction costs related to loans and borrowings #	-	(4,733)
3.8	Dividends paid	-	-
3.9	Other (provide details if material) #	-	763
<b>3.10</b>	<b>Net cash from / (used in) financing activities #</b>	<b>487</b>	<b>4,030</b>
<i># includes the activities of iM3NY subsidiary up to date of deconsolidation (30 November 2023)</i>			
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash & cash equivalents at start of period	<b>28</b>	<b>22,138</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(424)	(20,273)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	942
4.4	Net cash from / (used in) financing activities (item 3.10 above)	487	4,030
4.5	Effect of movement in exchange rates on cash held	(1)	283
4.5.5	Cash in iM3NY subsidiary as at date of deconsolidation	-	(7,030)
<b>4.6</b>	<b>Cash &amp; cash equivalents at end of period</b>	<b>90</b>	<b>90</b>

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

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	<b>90</b>	<b>28</b>
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>90</b>	<b>28</b>

**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	103
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

<b>7. Financing facilities</b> <i>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.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	4,600	4,600
7.2 Credit standby arrangements:	-	-
7.3 Other	704	704
<b>7.4 Total financing facilities</b>	<b>5,304</b>	<b>5,304</b>

**7.5 Unused financing facilities available at quarter end**

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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.

During the December 2023 quarter, Magnis procured a \$4.6 million secured short term debt from sophisticated and professional investors. Following the end of the quarter, the debt was assigned to McEvoy Street (Alexandria) Pty Ltd (Incoming Lender) and the Company and the Incoming Lender entered a side deed with the following material terms in relation to the debt:

- The principal amount owing to the Incoming Lender was agreed at \$5.5 million;
- Interest will accrue at 4.5% per month payable on maturity; and
- Maturity date of 16 October 2024.

The Company has borrowed funds, with no fixed date for repayment, on an interest free, unsecured basis from several shareholders.

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(424)
8.1.5	Reversal of Q2 Net cash from / (used in) operating activities of iM3NY subsidiary as at date of deconsolidation. (Item 1.9)	-
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
<b>8.3</b>	<b>Total relevant outgoings (Item 8.1 + Item 8.1.5 + Item 8.2)</b>	<b>(424)</b>
8.4	Cash and cash equivalents at quarter end (Item 4.6)	90
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
<b>8.6</b>	<b>Total available funding (Item 8.4 + Item 8.5)</b>	<b>90</b>
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))</b>	<b>0.21</b>
8.8	<b>If Item 8.7 is less than 2 quarters, please provide answers to the following questions:</b>	
	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: Yes. whilst the Company remains in the development, pre-revenue stage.
	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: Presently, the Company has capacity to issue 180 million shares under ASX listing rule 7.1 and 120 million shares under ASX listing rule 7.1A.  The directors are in discussions regarding additional capital from the debt and equity markets and believe that an investment will be completed during the current quarter. The details of an investment will be advised to the market in accordance with the Company's continuous disclosure obligations.
	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: Yes, with the initiatives referred to in the answer to 2 above and cash on hand.

## 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 July 2024

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



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

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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 of Directors”.
  - by a committee of your board of directors, you can insert here: “By the [*name of board committee – e.g., Audit and Risk Committee*]”.
  - 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.