

QUARTERLY REPORT

For Quarter Ending September 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 September 2024.

Nachu Graphite Project

Magnis Executive Director Mr. David Wang visited the Nachu project site with interested counter-parties who wish to work with the Company to develop the Nachu Project into an operating mine. Discussions are now underway with next steps being planned with a final goal being definitive agreements.

Discussions for off-take are also progressing with Chinese based end-users of Jumbo and Super Jumbo graphite products with sample testing being organised.

iM3NY LLC & Its Subsidiary Imperium3 New York (Imperium3)

During the quarter, the Imperium3 battery operations continued to operate under the control of the directors appointed by The Baupost Group LLC, the secured lender, and with the secured lender’s financial support. Magnis was informed that Imperium3 generated US\$9,000 in revenue during the quarter ended 30 September 2024.

As of 16 October 2024, Magnis learned via a public news release that the majority of the staff at Imperium3 had been laid off. Following that news release, Dr. Shailesh Upreti, on behalf of Imperium3, on 29 October 2024 has put out a news release stating that a portion of the staff have been re-hired and that the layoffs were temporary. Dr. Upreti further stated that Imperium3 continues to seek investors and pursue all required certifications. Details of the news release can be read and viewed at –

<https://www.youtube.com/watch?v=DwbLc4B-UoQ>

<https://www.msn.com/en-us/money/smallbusiness/battery-production-resumes-at-im3ny/ar-AA1t9c81?ocid=BingNewsSerp>

As reported in the quarterly activities report dated 31 July 2024, Magnis submitted an underwritten bid to purchase the debt owed by Imperium3 to a secured lender. After a period when the debt holder did not interact with the Company, Magnis was notified that alternate bids that the debt holder was pursuing had not concluded and invited Magnis to again re-submit an offer. The Company has since submitted two additional underwritten offers.

Separately, in its 10 January 2024 ASX announcement, the Company advised that it had put arrangements in place with the directors of Imperium3, so as to enable the Company to keep the market informed of material matters occurring at the Imperium3 factory. The Company noted in that announcement that the ASX does not consider these arrangements to be sufficient for the Company to comply with its Listing Rule 3.1 obligations.

The Company received notification from Imperium3's lawyers Weil, Gotshal & Manges LLP, appointed by Imperium3 directors, that Imperium3 will no longer be providing information to the Company in accordance with those arrangements. The Company continues to inquire with Imperium3's directors and Weil as and when it views publicly released information, including as put out by Imperium3's Dr. Shailesh Upreti.

As of the date of this report, the lender The Baupost Group has not formally advised Magnis that it has closed a transaction to sell the debt. Magnis is unclear at this time of the exact status regarding Imperium3 due to (a) the expired information sharing deed with Imperium3 and the associated lack of information, (b) public news releases and comments made within news releases (as set out above) by Dr. Upreti of Imperium3 where he conveys that investors are being sought for iM3NY and (c) lack of a clear status or engagement from The Baupost Group with Magnis regards Magnis' bids.

Magnis Active Anode Materials Project

No material reportable events occurred in the quarter ending 30 September 2024.

CORPORATE

Board Appointment

Following the end of the quarter, Mr Henian Chen was appointed as a non-executive director of the Company.

Mr Chen is an experienced executive with over 25 years of experience in the energy and real estate industries, and he previously served as a non-executive director of ASX-listed Prospect Resources Ltd. Mr Chen has been serving as the deputy chairman of Afore New Energy Technology (Shanghai) Co. Ltd for over 15 years. His leadership has been pivotal in navigating that company through market challenges, adhering to global standards and driving continuous innovation, helping Afore position itself as a top global supplier of PV inverters. In addition to his role in the energy sector, Mr Chen has held the position of chairman at Changshu Yuhua Property Co. Ltd since 2003.

Secured Debt

On 17 July 2024, the Company advised that the secured debt which it had procured in late 2023 had been assigned by the previous lender to McEvoy Street (Alexandria) Pty Ltd (McEvoy). The Company and McEvoy entered a side deed effective 17 July 2024 with the following material terms in relation to the secured debt:

- The Principal Amount owing to McEvoy was agreed at \$5.5 million covering all principal, interest and other charges accruing to that date;
- Interest accrues 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.

As of 16 October 2024, the maturity date of the secured debt has been extended by the parties by mutual agreement to 16 January 2025.

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.

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 has endeavoured to acquire Imperium3's existing secured debt and thereby secure control of the Imperium3 investment. 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.

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 September quarter, ASIC filed an Amended Originating Process and Statement of Claim in relation to this matter. Also, following the end of the September quarter, the Company filed its defence in the proceedings in which the Company denies that it either failed to comply with its continuous disclosure obligations or engaged in misleading or deceptive conduct.

Related Party Payments

Payments to related parties (or their associates) of the Company are disclosed in section 6 of Appendix 5B for the quarter. There were no payments during the quarter.

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 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.

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

Frank Poullas

Executive Chairman

P: +61 2 8397 9888

E: info@magnis.com.au

Suite 11.01, 1 Castlereagh Street,
Sydney NSW 2000

Media: Magnis Communications

P: +61 2 8397 9888

E: media@magnis.com.au

Suite 11.01, 1 Castlereagh Street,
Sydney NSW 2000

X

| x.com/magnisenergytec

LINKEDIN

| linkedin.com/company/magnis-energy-technologies-ltd

WEBSITE

| magnis.com.au

MEDIA ENQUIRIES | media@magnis.com.au

INVESTOR RELATIONS ENQUIRIES | info@magnis.com.au

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 2024

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	-	-
	(c) production	-	-
	(d) staff costs	(164)	(164)
	(e) administration and corporate costs	(312)	(312)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(400)	(400)
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 #	(873)	(873)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities #	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	900	900
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities #	900	900
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash & cash equivalents at start of period	90	90
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(873)	(873)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	900	900
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash & cash equivalents at end of period	114	114

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
5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	114	90
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)	114	90

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	-
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		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	5,500	5,500
7.2	Credit standby arrangements:	-	-
7.3	Other	704	704
7.4	Total financing facilities	6,204	6,204

7.5	Unused financing facilities available at quarter end	0
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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. During the September 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, subsequently extended to 16 January 2025.

The Company has borrowed funds, with no fixed date for repayment, on an interest free, unsecured basis from several shareholders, being J Behrens, M Boysen, A Mazzotta, E Poullas and F Poullas.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(873)
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))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.1.5 + Item 8.2)	(873)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	114
8.5	Unused finance facilities available at quarter end (Item 7.5)	0
8.6	Total available funding (Item 8.4 + Item 8.5)	114
8.7	Estimated quarters of funding available (Item 8.6 divided by (Item 8.3 x -1))	0.13
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: 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 October 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 with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

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