

28 July 2023

ASX ANNOUNCEMENT

JUNE 2023 QUARTERLY ACTIVITIES REPORT

Evion continues to advance Maniry Project to obtain Mining Approval and capitalise on premium graphite product

PROJECT HIGHLIGHTS

- During the Quarter, Evion successfully completed the Environmental & Social Impact Study (“ESIA”) program for its Maniry Graphite Project in Madagascar. Subsequent to quarter-end, the Company submitted the ESIA to One National pour l’Environnement (“ONE”) for approval.
- Approval from ONE is a key launch pad to Evion receiving approval to commence production – this will see Evion become a global player in the production of graphite and downstream products suitable for the booming EV and alternative energy markets.
- Completion of a key Community Relations Program initiative with the construction of a local school completed and presented to the local community. The Company will continue to fund the ongoing costs of the school, including providing free of charge medical care to families of all employees and food donations.
- Key test works have confirmed the suitability of Evion’s graphite for making battery anode material (“BAM”). The previous published Scoping Study on its proposed plant in Germany will be used as part of joint prefeasibility study under the current Collaborative Agreement with Urbix Inc. in the USA.
- Evion continues pre-construction discussions with various funding and development parties as graphite production in Madagascar continues to expand to meet demand of the EV and alternative energy sectors.
- Construction at Evion’s JV operation in Pune, India continues at an accelerated rate with substantial prefabrication and civil works achieved ahead of a planned ramp up to production later in the year.

CORPORATE HIGHLIGHTS

- In June 2023, Evion Executives met with a number potential funding and JV partners in the USA to discuss development planning of the Maniry Project and the proposed battery anode material ("BAM") JV plans in Europe.
- During the June quarter, Evion received all the placement fund of \$3.4 million and completed the issuance of 62,962,965 new shares at an issue price of \$0.054 per share. As part of the share placement, Evion issued 31,481,4836 new listed options to subscribers and 17,500,000 new unlisted options to the brokers. These new listed and unlisted options were issued upon receiving the shareholder approval on 26 May 2023.
- As at 30 June 2023, the Company held cash reserves of \$4.30 million.

Evion Group NL (ASX: EVG) ("Evion" or the "Company") is pleased to present shareholders an overview of key achievements and milestones achieved during June quarter.

PROJECT HIGHLIGHTS

Maniry Graphite Project in Madagascar – submission of Environmental & Social Impact Assessment ("ESIA")

During the June quarter, the Company successfully completed the Environmental & Social Impact Assessment ("ESIA") on its Maniry Graphite Project. The independent assessment was performed by Resolve Consulting. Evion also engaged two other leading Madagascan consultants to assist with the completion of our ESIA to IFC Performance Standards. The outcome of the ESIA demonstrates strong environmental and social merits of the Maniry Project.

As part of the process and prior to submission to the One National pour l'Environnement ("ONE"), the Mines Ministry in Madagascar required a number of Project related documents to be reviewed. These included the ESIA, capital cost breakdown, as well as an understanding of the development plans for the Maniry Graphite Project. All supplementary and supporting documentation required as part of the ESIA has now been completed, approved and stamped by the Mines Ministry.

Subsequent to quarter-end, the Company submitted the ESIA to ONE. On completion of the official evaluation of the ONE assessment (including public consultation), Evion will be provided with a global environmental permit subject to conditions established by ONE, a key license which will pave the way for construction to start.

At the same time, the Company will continue to hold formal meetings and discussions with the local community around Maniry and seek feedback from the local stakeholders.



Figure 1 – Recent meetings held with villagers to discuss potential Company plans and Community benefits.

Project Environmental, Social and Governance Update

Following the completion of the new primary school, a ceremony was held to hand over the school to community leaders. The new primary school can accommodate 100 students. It is located within the broader Maniry area, which also houses Evion's Maniry Graphite Project. Evion will fund ongoing costs, including salaries for teachers and maintenance of the school.

Evion also supplied food, a tonne for each of the five local villages, taking the amount of food provided to the communities to 30Mt. In addition, the Company will establish Maniry mine medical centre, providing free of charge medical care to the families of all employees. Evion's commitment to supporting the community has received strong community endorsement – from the Mayor of Maniry, the Chief of Village, Village spokesman and the Member of Parliament for Ampanihy-Ouest.

JV with Metachem, India – Panthera Graphite Technologies Pvt Ltd

The Board are delighted to confirm substantial works have been undertaken at the PGT Expandable Graphite production site near Pune, India.

An extensive team of engineers and construction personnel are on site completing civil works and prefabrication of 4,000 sqm of buildings with this, and the installation of production equipment, due to be completed over the forthcoming three months ahead of an immediate ramp up plan.

The Evion Executive team are due to visit the Indian operations for commissioning planning and pre-production meetings over the forthcoming weeks ahead of operations later in the year.

Evion plans to provide a separate and detailed update on our achievements in India over the next few weeks with details of the site plan and a visual display of our planned operations and production facility.



Fig 2. Plant Site Works Commenced



Fig 3. Pre-start Site Inductions

CORPORATE HIGHLIGHTS

Battery Anode Material (“BAM”) Production Centre

During the Quarter, Evion announced that key tests have confirmed that graphite from the Maniry Project is highly suitable for making battery anode material. The outstanding results from the latest BAM purification test work, which was conducted by Dorfner Anzaplan, are another important step towards establishing the BAM plant. The proposed BAM plant, together with the Collaboration Agreement with Urbix Inc., perfectly places Evion to become a major contributor in the EV and alternative green energy sectors. Refer ASX release 11 May 2023 – “Tests confirm graphite suitable for battery anode material”

The BAM purification test work was conducted on a large batch sample from the Maniry Project using two processing routes with both delivering a Fixed Carbon (“FC”) content of greater than 99.95%, which is a key ingredient to reach a battery-grade product purity. The result from this test work complements the outcomes from the extensive test works previously carried out in 2020, which established that Maniry graphite met the other chemical and physical parameters needed to be considered suitable for BAM production.

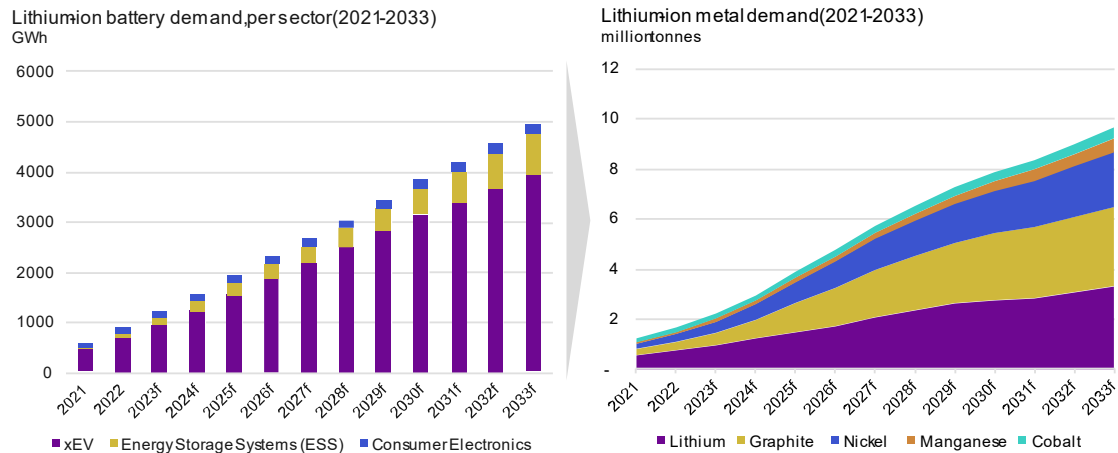
Evion now plans to expand the completed Scoping Study relating to the BAM plant by incorporating clean technology and production methods available under the current Collaborative Agreement with Urbix. This will result in an advanced Pre-Feasibility Study (“PFS”) with the parameters and final scope of the study currently being finalised. A large batch sample is currently being tested in the USA that will generate key results to complete the BAM PFS.

At the time of this market release, Evion Managing Director Tom Revy said:

“These results mark another important milestone in our strategy to be a vertically integrated supplier of graphite to the lithium battery industry. “They show we are well on track to realise our goal of establishing a world-class mine at Maniry which will feed a BAM plant in Europe, which will in turn supply product to the battery industry.

“With the graphite price widely forecast to rise sharply as the market falls into deficit later this year on the back of demand from the battery industry, Evion is ideally placed to unlock the huge value of its assets by implementing this strategy”.

Demand reaching 5TWh of batteries in 2033, requiring nearly 10mn tonnes of key BRM metals



Source: Fastmarkets Long Term Forecasts
2023 | Fastmarkets | Demand Outlook - Las Vegas BRM Conference

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Figure 4- EV and alternative energy demand and the corresponding growth expected in graphite demand

Key Short Term Activities and Goals

Evion Executives continue to drive forward a number of transformational activities and we look forward to updating the market in the short term in relation to the following: -

- ✓ Progress towards concluding and obtaining construction approval for the Maniry Project
- ✓ Provide details to the market concerning our proposed Binding Offtakes and Funding plans – designed to underpin the short-term development of Maniry
- ✓ Updates on the activities in connection with the Collaboration Agreement with Urbix and the BAM PFS
- ✓ Further updates on our JV Company in India with details relating to the progress of development of the activities

Payments to related parties of the entity and their associates

Payments made during the Quarter and included in items 6.1 and 6.2 of the Appendix 5B – Mining exploration entity quarterly cash flow report comprise:

- 6.1 Aggregate amount of payments to the related parties and their associates included in cash flow from operating activities – \$210,000. This includes payments of directors and management remuneration for services to the economic entity – \$210,000.
- 6.2 Aggregate amount of payments to related parties and their associated included in cash flow for investing activities – nil

This announcement has been authorised by the Board of Evion Group NL.

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For more information – <https://eviongroup.com>

Forward Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Evion Group operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of the Company's Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by the Company. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

SCHEDULE OF MINING TENEMENTS

Details of Mining Tenements at Quarter ended 30 June 2023			
(ASX Listing Rule 5.3.3)			
Australia			
Tenement ID	Location	State	Interest
E70/4824	Yanmah, Donnelly	WA	100%
E70/4825	Manjimup, Donnelly	WA	100%
International			
Tenement ID	Location	Country	Interest
PR25605	Maniry	Madagascar	100%
PR25606	Maniry	Madagascar	100%
PR3432	Maniry	Madagascar	100%
PR39750	Maniry	Madagascar	100%
PR39751	Maniry	Madagascar	100%
PE5394	Maniry	Madagascar	100%
PE5391	Ianapera	Madagascar	100%
PE5392	Ianapera	Madagascar	100%
PE5393	Ianapera	Madagascar	100%
PE25093	Ianapera	Madagascar	100%
PE25094	Ianapera	Madagascar	100%

- PE n° 25093 and PE n° 25094, previously under Amodiation Contract with SQNY INTERNATIONAL SARL, Amodiation terminated in 2017 ;
- PR n° 25605 and PR n° 25606, previously under Amodiation Contract with ERG -, Amodiation terminated in 2018
- PE n° 5394, under Amodiation Contract with JUPITER MINES ET MINERALS SARL for mining Labradorite only.

Appendix 5B

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

Name of entity

Evion Group NL

ABN

66 610 168 191

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(150)	(504)
	(b) development	-	(1,688)
	(c) production	-	-
	(d) staff costs	(361)	(1,426)
	(e) administration and corporate costs	(260)	(955)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	20
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	622
1.8	Other (cost recovered/royalties)	78	170
1.9	Net cash from / (used in) operating activities	(691)	(3,764)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(3)
	(d) exploration & evaluation	-	-
	(e) investments	(231)	(937)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(231)	(940)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,400	3,400
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	(237)	(237)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (receipts from partly paid shares fully paid)	-	16
3.10	Net cash from / (used in) financing activities	3,163	3,179

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,068	5,809
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(691)	(3,764)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(231)	(940)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,163	3,179

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(6)	19
4.6	Cash and cash equivalents at end of period	4,303	4,303

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	4,303	2,068
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)	4,303	2,068

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	210
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>The payments to directors or their associates in 6.1 and 6.2 include gross salaries, superannuation, director fees and consulting fees.</i>		

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

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(691)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(691)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,303
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,303
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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:	
8.8.2 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:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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: 28 July 2023

Authorised by: David Round – Co Secretary

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 – eg 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.