

August 10, 2023

ASX ANNOUNCEMENT

Plant construction rapidly advances in preparation for expandable graphite production in India

HIGHLIGHTS

- **Construction of the Panthera Graphite Technologies (PGT) JV between Evion and Metachem in India is advancing rapidly, ensuring the project is on track for first production next quarter**
- **The majority of equipment has been ordered with most expected to be on site over the next two months in preparation for installation and commissioning**
- **Key executive and management team are already in place and working on site, with production team to commence over the next quarter**
- **Orders for graphite concentrate to supply the plant are being finalised, with an initial 500t to be delivered in the first quarter of production**
- **Commissioning is expected to start in November 2023**
- **Negotiations are continuing with offtake partners in Europe to conclude detailed pricing and very favourable commercial terms for the sale of Expandable Graphite to Europe.**
- **JV on target to achieve first year's operational goals – JV to generate US\$7m worth on sales in year one with capacity to more than double this in year two**
- **Based on strong market pricing at present, the JV expects it will be able to achieve product sales pricing more favourable to that assumed in the Scoping Study**

Evion MD Tom Revy said: *"The PGT management and construction team are doing a wonderful job in fast tracking development of our production site at Kurkumbh (near Pune), India. Extensive infrastructure is now in place, and we expect the main manufacturing building will be completed soon with equipment to be installed and commissioned shortly after. This will pave the way for the start of production and cashflow in the coming quarter, enabling us to capitalise on the strong global demand for expandable graphite".*

Development Update

A team of engineers and construction personnel are currently on site completing civil works and prefabrication of 4,000sqm of buildings with the installation of production equipment due to be completed over the coming three months. The lead contractor on site is Ulka Projects Private Ltd (<http://www.ulkaprojects.com/>)

Prior to the commencement of construction, a decision was made to increase the main processing facility structure to accommodate the doubling of production in the short term. The new structure will result in lower capital and ensure minimal disruption occurs during the expansion, now expected to commence in the second year of production. The plan is to fund the expansion from operational cash flow.

Civil earthworks will continue on key support infrastructure (offices, water and fuel storage, etc) ahead of commissioning in the December quarter of this year.



Fig 1: Site Civil Earthworks

Evion continues to oversee the development of the Project and to ensure the delivery approach incorporates high HSE standards. The site has recorded no lost-time injuries to date.

Equipment installation and commissioning

Long lead items have been ordered and will be delivered as scheduled. Approximately half of all the equipment has now been ordered with the balance to be ordered within the next six weeks. No logistics issues are likely given that all equipment is being sourced from within India from reputable companies.

Risks associated with equipment selection have been significantly decreased as a result of using similar equipment, albeit larger scale, to that currently used by the Company's JV partner Metachem at their existing operations.

Commissioning is expected to commence in November. PGT has negotiated a secondment arrangement with Metachem whereby key experienced personnel will be provided to assist with commissioning the processing facility. This should have a positive result in terms of both schedule and cost.



Figure 2 – Project Engineers with Panthera CEO Ulhas Jagdhane (second from right)

Concentrate supplies and Sales of Expandable Graphite

PGT recently undertook a range of testing to ensure the product is suitable for its customers in Europe.

Following this, large orders have been placed to secure a regular supply of concentrate with graphite concentrate prices as expected.

PGT is also in detailed discussions with buyers to confirm pricing and other commercial terms for the sale of expandable graphite. Initial negotiations have been very positive, and PGT expects to achieve prices at or above those assumed in the Scoping Study (see ASX market release of 21 July 2022 for details).

Strong and Robust Financial Returns Projected ¹

Evion's JV partner (Metachem) has been producing expandable graphite and supplying products to the worldwide market for decades. It has a strong business model which provides a degree of commercial security to the JV.

The Evion team will manage the marketing and sales of product produced utilising its strong logistics and global marketing network.

Evion's share of the JV's CAPEX is fully funded by capital contributed and a loan facility to be repaid from future cash flow.

Gross revenue is expected to be US\$7m in our first year of operations, growing to US\$18m pa following expansion of production

(1) see ASX market release of 21 July 2022



Highlights of the JV Terms (1)

- The JV operation is a low CAPEX business that will be established in a Special Economic Zone ("SEZ") in India
- The JV has forecast that production will commence at between 2,000t – 2,500tpa for years 1 – 3, increasing to 4,000 – 5,000tpa from year 2-3
- The JV has secured a license agreement with the JV operators for the forecast life of operations
- Proposed that graphite concentrate will be sourced from external parties for years 1-2 of operations with product from Maniry supplying operations from years 3 onwards.
- Capex is scheduled to be US\$3 –4m for the JV before production commences with Evion committed to funding 50% of CAPEX and initial concentrate acquisition and other start-up costs
- Revenue and pricing assumptions are based on conservative price projections and up to 25% lower than other market participants
- OPEX and other costs have been made after a rigorous assessment of all factors and are consistent with Metachem current operations.
- The JV will largely employ local labour and has recently appointed an experienced CEO and local management team.

(1) see ASX market release of 21 July 2022

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

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