

25 January 2024

ASX ANNOUNCEMENT

Commissioning activities commence at Evion's JV Expandable Graphite Facility, India

Highlights

- Commissioning has commenced on site with Production scheduled to commence over the next month.
- The JV ("PGT") has invested over US\$4m at its new state of the art processing facility in Pune, India
- PGT plans to become a leading supplier of expandable graphite material to the existing and the growing expandable graphite market.
- **The commencement of production will fill a projected global shortage of expandable graphite following China's ban on the export of graphite materials.**
- Additional product testing is currently underway as part of our plans to expand production capacity in years 2-3

Evion Group NL (ASX:EVG) (Company), is pleased to announce the commencement of commissioning activities at their newly constructed expandable graphite facility located in India. The operation (Panthera Graphite Technologies "PGT") is a 50/50 JV between Metachem Manufacturing Company Pvt Ltd and EVG.

The commissioning process places the Company a step closer to becoming the first ASX listed expandable graphite company. Production of expandable graphite is expected to commence next month.

Evion Managing Director, Tom Revy, commented – *"the completion of our plant construction is the culmination of much planning and development over the last 2 years between us and the leadership team at Metachem and we're delighted with the outcome.*

We now enter the important commissioning stage knowing this will be undertaken by an experienced management team, utilising a new and state of the art production facility.

The commencement of production and sales will commence shortly thereafter, and we look forward to delivering our world class product to our European buyers"

Experienced Commissioning Team

A highly experienced team of graphite processing specialists from Metachem's operational facility and staff from the JV's operational team have been assembled and is focused on safety and reliability of commissioning and start-up. All members have a track record in expandable graphite processing, with competence in maintenance, technical aspects and operational analysis.

Commissioning of service areas has commenced with the roll out of the remaining staged commissioning and start up schedule due to be completed next month, to coincide with the completion of the revised effluent treatment plant.



Figure 1 – PGT Management and contractors on site in January 2024



Figure 2 – Infrastructure in place nearing construction completion

Building toward the Commencement of Production

As outlined previously, the JV partners decided to instal a more advanced effluent treatment plant (ETP), which has proven to be more capital cost efficient. This new ETP should also result in a lower operating cost, less final waste and a reduction in the overall carbon footprint of the Project.

A range of potential feed stock material has now been sourced and tested as part of the full-scale qualification process. The material was tested at Metachem's processing facility in Pune and the expandable graphite products were deemed suitable for a variety of potential uses.

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

Executives from Evion will be on site throughout February and March reviewing initial production and providing regular updates on progress.



Figure 3 – External Infrastructure during the final week of construction

Planned Production and Sales

Evion has previously announced that it had signed an offtake and sales agreement with Austria-based Grafitbergbau Kaisersberg GmbH (Grafitbergbau) – a company with extensive experience in the development of Graphite downstream products.

Under this agreement, the JV will supply up to 2,500 tonnes per annum of expandable graphite upon commencement of operations in India. This represents gross sales revenue of around US\$9m to the JV based on current pricing and forecasting in the first full year of operation.

It is then proposed to add to our production capability and expand our plant to produce 4,500 tonnes pa from year 3 of operations. The current facility has been designed and constructed

to accommodate this expansion and should result in cost, time and safety benefits to the Company as part of Phase 2 construction.

Global graphite opportunities – ban on China exports

In October 2023, China announced export controls on graphite, a key material used in electric vehicles, in order to preserve local reserves for domestic use only.

The result of the bans creates an enormous opportunity for nations, such as Madagascar, that currently produce graphite and related materials and also hold substantial resources of graphite available to be mined and exported.

This is highlighted by the below chart:-



Figure 4 - Producers of Natural Graphite as a portion of Reserves
(Source: Financial Times, October 2023)

As outlined below, the US imported over US\$600m worth of graphite products during a 9-month period in 2023 from China alone. The US now must source this material from other graphite rich nations. Madagascar has traditionally supplied a substantial portion of its graphite exports to the US each year and this can potentially expand rapidly.

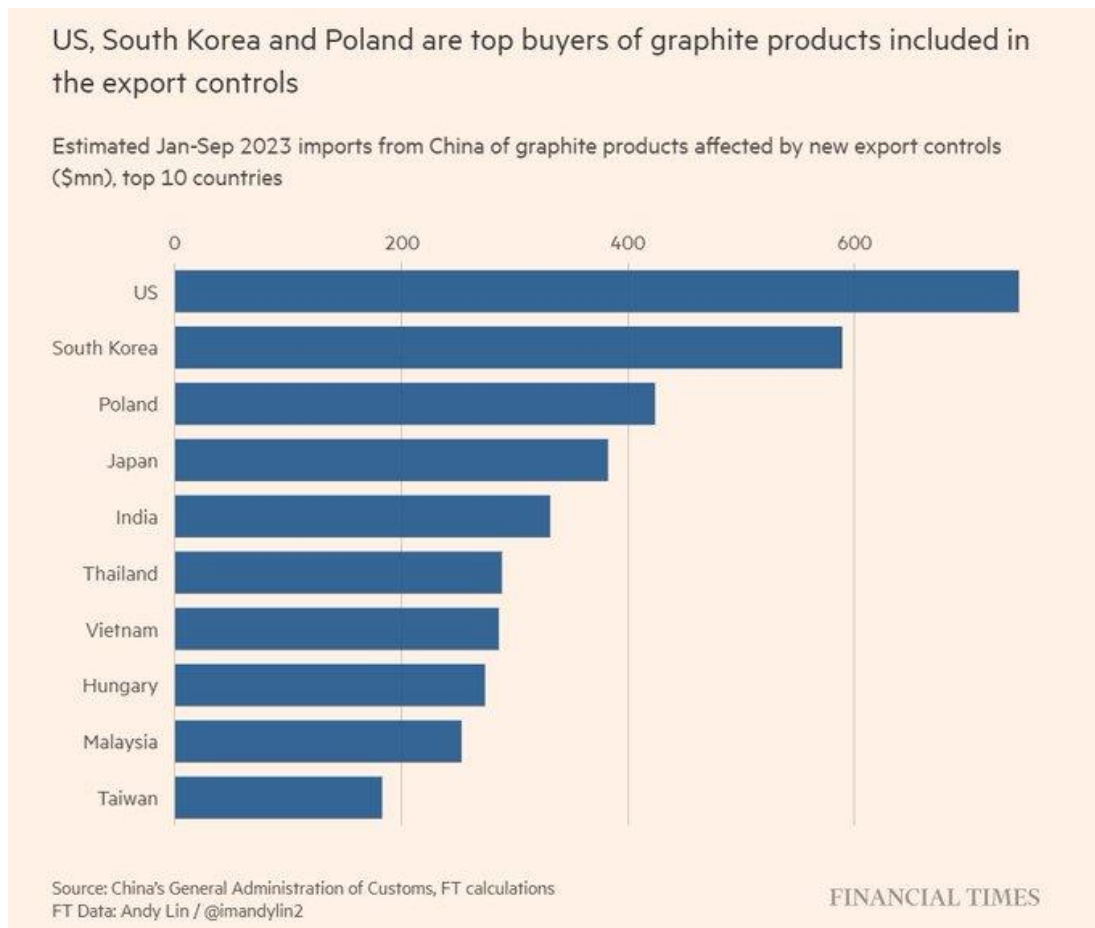


Figure 5 – Estimated Imports of Graphite from China
(Source – The Financial Times, October 2023)

Impact of China Ban in 2024

China's exports of natural graphite plummeted in December 2023 following imposed controls at the start of the month, tightening China's grip on the supply of minerals vital to advanced manufacturing.

Overseas sales plunged 91% month-on-month to 3,973 tons, according to Chinese customs data, after a rush to buy ahead of the deadline saw them surge to more than 45,000 tons in November. Exports had averaged about 17,000 tons a month in the year through to October 2023 (source Bloomberg, Jan 2024).

The result of this ban is likely to see a substantial increase in demand for graphite material from existing and new markets able to supply world class material at competitive prices.



Figure 6 – Car Battery modules at BMW’s factor in Dingolfing, Germany.
Graphite is a key material in electric vehicle batteries (Bloomberg)

“We are now likely to see a disruption in supply chains and sharp increase in graphite prices. And this comes after prices had dropped to an 11-year low, down over 50% year on year during June 2023. So the potential for a powerful bounce in the prices for graphite off oversold levels is high.

Over the longer term, natural graphite and active anode material (AAM) demand is expected to increase four and eight times, respectively, over the next 10 years”. (Source: Jason Hamlin, Nicoya Research , November 2023).

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

Contacts

Tom Revy

Managing Director

Evion Group NL

0411 475 376

David Round

Finance Director

Evion Group NL

0411 160 445

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.