

31 January 2024

ASX ANNOUNCEMENT

DECEMBER 2023 QUARTERLY ACTIVITIES REPORT

Evion set to become the first ASX listed expandable graphite producer

PROJECT HIGHLIGHTS

- Commissioning has commenced on site with Production scheduled to commence over the next month at Evion's JV expandable graphite facility in Pune, India.
- The commencement of the JV production will fill a projected global shortage of expandable graphite following China's ban on the export of graphite materials.
- Evion's JV is on target achieving first full year's sales of US\$9 million with capacity to increase revenue from years two and three.
- During the Quarter, the Office National pour l'Environnement ("ONE") completed the technical review of the Environmental & Social Impact Assessment ("ESIA") study for the Maniry Graphite Project.
- 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.
- Negotiations with Madagascan Government have progressed well with a high-level delegation from Australia and the US to meet with officials in Madagascar in the next few weeks.
- Work continued in the quarter on project design refinement with CPC Engineers engaged to further improve initial DFS capital designs.

CORPORATE HIGHLIGHTS

- On 23 November 2023, Mr George Bauk stepped down from the Company's Board to focus on other business interests and Ms Heather Zampatti was appointed Non-Executive Chairperson.
- Evion Executives continue discussions with a number of OEM's and battery manufacturers in relation to future offtake and funding plans.

- During the Quarter, the Company entered into an Option and Share Sale and Purchase Agreement with a WA focused exploration company that granted them the right to access and explore Evion's WA tenements at Donnelly River for an initial two-year period .
- As at 31 December 2023, the Company held strong cash reserves of \$2.95m – sufficient funds to meet all immediate development and growth plans and nil debt.

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

PROJECT HIGHLIGHTS

Maniry Graphite Project in Madagascar

Further to the last quarter's update regarding the Environmental & Social Impact Assessment ("ESIA"), the Company is pleased to advise that the Office National pour l'Environnement ("ONE") has concluded the technical review of the ESIA study with positive feedback received. Representatives of ONE will shortly conduct a site visit and this will involve discussions with local representatives.

The Evion Executive team is currently working with local parties to conclude a Resettlement Action Plan ("RAP"). We are confident that a RAP can be finalised in the short term and apart from employment opportunities available, Evion will establish significant new infrastructure for local villages to improve their way of life.

Once the RAP is finalised with the local stakeholders, the ONE will arrange the required site visit.

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. Evion is committed to developing the Maniry Graphite Project in compliance with all of the best-practice guidelines outlined within the IFC Performance Standards on environmental and social sustainability. These are specified and commitments made in the ESIA.

Community and social engagement

The Company continues to hold formal meetings and discussions with the local community around Maniry and seek feedback from stakeholders. Recent country visits were undertaken by Evion's MD, Tom Revy, with Mr Revy holding a number of highly productive meetings with Madagascar Government Officials and community leaders.

Short term engagement in Madagascar

Evion Executives, Mr Tom Revy and Mr David Round, are due to travel to Madagascar to progress legal and other matters relating to the Maniry Project's development.

This trip is to include meetings with the designated Madagascar Mines Minister and his team, leading officials from the World Bank and a delegation from the USA.

The Evion Executive team believe this series of meetings scheduled for early to mid February 2024 will provide the catalyst for substantial project development progress.

JV with Metachem, India – Panthera Graphite Technologies Pvt Ltd

During the Quarter, significant milestones have been achieved. Commissioning activities have commenced and production is scheduled to start next month.

- The operation (Panthera Graphite Technologies “PGT”) is a 50/50 JV between Metachem Manufacturing Company Pvt Ltd and EVG. The JV has invested over US\$4m at this newly constructed expandable graphite facility over the last two years.
- A highly experienced team of graphite processing specialists from Metachem’s operational facility and staff from the JV’s operational team have been assembled to assist with commissioning of the processing facility.
- To-date, no lost-time injuries have been reported.
- All required equipment has been ordered and no logistics issues were foreseen given that the equipment is locally sourced in India from reputable companies.
- 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 (“ETP”).
- The new ETP should also result in a lower operating cost, less final waste and a reduction in the overall carbon footprint of the Project.
- Prior to the commencement of construction, the main processing facility structure was increased to accommodate the expansion of production in the short-term. This new structure will lower the capital cost and reduce disruption during expansion which is expected to occur in the second year of production.

The Evion Executives team are due to visit the Indian operations throughout February and March for pre-production meetings and providing regular updates on progress.

Planned production and sales of expandable graphite

- A range of potential feed stock material has 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 has previously announced that it had signed an offtake and sales agreement with a global graphite downstream processing leader, Grafitbergbau in Austria. Under this agreement, the JV will supply up to 2,500 tonnes per annum of expandable graphite upon commencement of operations in India. Gross revenue is expected to be US\$9m in the first full year of production.
- Given that the main processing facility structure was increased to accommodate the expansion of production, the JV can produce 4,500 tonnes per annum from year three of operation with graphite concentrate supply planned to come from the Maniry Graphite Project in Madagascar.
- 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.

The recent China's export controls on graphite, a key material used in electric vehicles, 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.

CORPORATE HIGHLIGHTS

Non-Executive Chairperson Appointment

The Company announced the appointment of Ms Heather Zampatti in the role of Chairperson effective 23 November 2023, and the resignation of Mr George Bauk from the Board.

Mr Bauk joined the Board of Evion prior to its admission to the ASX and, together with the other directors, has been instrumental in the Company's development to date. Mr Bauk leaves the Company to focus on other business interests.

Ms Zampatti is a highly experienced Company Director and currently is a member of the Australian Government Remuneration Committee and acts as a Director of the Edith Cowan University's Resources Committee and Theatre 180. Until recently, Ms Zampatti was the Head of Wealth Management at Bell Porter, Perth WA.

Ongoing Offtake and Funding Plans

Members of the Evion Executive team continue working toward securing binding offtake agreements that provide a solid commercial return to the group and we are confident of achieving this in the short term as the demand for battery grade graphite continues to expand.

WA Tenements at Donnelly River

During the December Quarter, Evion agreed to grant Core Value Australia NL ("**Core**") an exclusive 24 month option for a \$20,000 consideration to acquire a 100% interest in BlackEarth Australia Pty Ltd – 100% owner of the Company's Donnelly River Project tenements in Western Australia.

Should the acquisition proceed, Evion will receive 4,000,000 fully paid ordinary shares in Core. Evion will retain 80% graphite rights across the tenements (20% Core), should graphite be discovered by Core.

Core will keep the tenements in good standing during the option period which includes meeting minimum tenement expenditure requirements.

The relevant tenements are: E70/4824, E70/4825 and E70/4972

Investor Relations

The Company attended the International Mining and Resources Conference in Sydney. There was significant interest in the Company and its project portfolio.

Company Executives have also been invited to attend the PDAC conference in North America in March 2024 and shall meet with US based officials during this period.

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: –

- ✓ Further updates on our JV Company in India with details relating to the progress of plant commissioning and production activities;
- ✓ 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; and
- ✓ Updates on the activities in connection with the Collaboration Agreement with Urbix and the BAM PFS.

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 – \$205,000. This includes payments of directors and management remuneration for services to the economic entity – \$205,000.
- 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.

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.

SCHEDULE OF MINING TENEMENTS

Details of Mining Tenements at Quarter ended 31 December 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%
PE19932	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")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(117)	(282)
	(b) development	(72)	(165)
	(c) production	-	-
	(d) staff costs	(321)	(583)
	(e) administration and corporate costs	(217)	(502)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	83
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (cost recovered/royalties)	81	106
1.9	Net cash from / (used in) operating activities	(624)	(1,346)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(1)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	-	(1)

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	-	(14)
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)	-	-
3.10	Net cash from / (used in) financing activities	-	(14)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,572	4,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(624)	(1,346)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(14)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	4
4.6	Cash and cash equivalents at end of period	2,946	2,946

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	2,946	3,572
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)	2,946	3,572

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	205
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)	(624)
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)	(624)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,946
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,946
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5
<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: 31 January 2024

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.