

28 February 2024

## ASX ANNOUNCEMENT

# Commissioning continues in preparation for Production at Expandable Graphite JV site in India

## Highlights

- Commissioning has continued with substantial infrastructure completed to date with Production scheduled to commence over the next month.
- JV Committee executive team meet with buyers of Expandable Graphite to discuss expansion plans and fixed term pricing opportunities
- Orders to acquire substantial volumes of graphite concentrate for the remainder of 2024 to be concluded in the short term
- PGT plans to become a leading supplier of expandable graphite material to the existing and the growing expandable graphite market.
- **The commencement of production can go toward filling a projected global shortage of expandable graphite following China's ban on the export of graphite materials.**



*Figure 1- the main production structure on site*

Evion Group NL (ASX:EVG) (Company), is pleased to announce that commissioning activities have continued 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.

**Experienced Commissioning Team**

A highly experienced team of graphite processing specialists from Metachem and external engineering advisers have continued to work on the commissioning phase with substantial infrastructure concluded over the last month.

The completion 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 2 – JV Management meet with Engineering advisers this week*





*Figure 3 – External Infrastructure during the final week of construction*

### **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.

### **Marketing and Sales Meeting**

Recently, the JV directors met in Dubai with parties representing the buyers of the JV’s expandable graphite.

These meetings were very constructive and discussions largely focused on-

- Production planning to maximise revenue from producing high quality materials
- Growing production in the short term to meet global demands
- Introducing new markets for the JV’s material including Australia and other parts of the world

Whilst material from the JV’s plant has previously been tested and qualified by our main offtake partner, we are, in conjunction with other potential buyers, arranging for samples to be tested and qualified by a range of other new global buyers. This will assist in the global reach for our business over the next 1 – 3 years.

In addition to this, discussions focused on the establishment of fixed price terms for the first years of productions at price levels that are well within the JV’s budget guidelines. The JV is looking to conclude these positive price and trade terms in the short term and provide an update on this in due course.

**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)



Figure 5 – Substantial infrastructure on site – February 2024

## 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.***

"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.

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