

30 April 2024

ASX ANNOUNCEMENT

MARCH 2024 QUARTERLY ACTIVITIES REPORT

Evion enters production of expandable graphite at JV site in India

PROJECT HIGHLIGHTS

- During the Quarter, Evion reported that construction of Evion's JV new expandable graphite facility in Pune, India was completed with inbuilt capability to double production capacity over the next few years.
- The JV commenced production at the end of the Quarter with ramp-up to occur over the next few months as the JV Operational team continue with and complete the testing of all equipment.
- Evion's JV is confident it can capitalise on a projected global shortage of graphite and expandable graphite products exacerbated by the recent Chinese government ban on the export of graphite and downstream material.
- The JV management team has already commenced discussions with potential new buyers in southeast Asia, Japan and other markets.
- During the Quarter, the development at the Maniry Graphite Project in Madagascar focused on various meetings and site visits with Malagasy government officials along with a delegation of external advisors.
- Development planning and community liaison for the Maniry Graphite Project continued with ongoing productive discussions held with local community and Ampanihy officials.

CORPORATE HIGHLIGHTS

- Evion Executives continue discussions with a number of OEM's and battery manufacturers in relation to future offtake and funding plans.
- As at 31 March 2024, the Company held strong cash reserves of \$2.50m – 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 to shareholders an overview of key achievements and milestones achieved during the March 2024 quarter.

PROJECT HIGHLIGHTS

JV with Metachem, India – Panthera Graphite Technologies Pvt Ltd

Pre-production site visit and commencement of production

Evion Executives were pleased to complete a site visit in March 2024 and were impressed by the progress at the expandable graphite facility in Pune, India. The JV operation successfully completed the construction of all infrastructure at the facility, with inbuilt capability to accommodate the expansion of production in the short-term. The facility is located within Kurkumbh Special Economic Zone in Pune, which provides favourable fiscal terms for foreign investors.

Commissioning activities have substantially concluded with the JV Operational team commencing production at the expandable graphite facility subsequent to the end of the Quarter. The first production at the facility kicked off with 700 kgs of expandable graphite being produced and sold.

Over the next couple of months, the JV Operational team will conduct ongoing testing of all equipment. The JV has also established an excellent and highly experienced management and operational staff to drive the success of this operation. Presently, substantial graphite concentrate has been supplied and stored at the facility ready for processing over the ramp-up period. It is expected that production capacity will ramp up to at least 150 tonnes of production per month and this will occur over a number of months.

To date, the site has recorded no lost-time injuries. Evion Executives team continues to oversee the development of operation and to ensure the delivery approach of the project incorporates high HSE standards.



Figure 1 – PGT Chairman (Jayant Pawar- far right) and Production team inspecting equipment just prior to the commencement of Production

Marketing of expandable graphite and planned production

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.

Recently, discussions have been held with several potential new buyers in southeast Asia, Japan and other markets. These opportunities indicate that the demand for our material is very strong and we are well positioned to capitalise on a projected world-wide shortage of expandable graphite resulting from the restrictions on the export of graphite materials from China.

The Evion team will assist JV management with the supply of graphite concentrate and the sale of expandable graphite to Europe and other prospective markets. 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 the JV operations.

The significant milestone achieved to date will position Evion as the first ASX listed producer of expandable graphite. In addition, following planned increases to production capacity the JV will then be positioned to become one of the world's largest producers of expandable graphite outside of China.



Figure 2 – PGT Management team and Consulting Engineers testing equipment prior to the commencement of production.

Graphite Market

- The graphite market is currently experiencing significant growth primarily due to an increase in the demand for graphite required to produce lithium-ion battery anodes for the global electric vehicle, renewable energy storage and portable device markets.
- China's recent decision to impose export controls on graphite products will create diversification of critical minerals supply chains to reduce the existing dependency on China.
- China is the single largest producer in the world and without substantial new supply given the lag from exploration to production, the demand for graphite will significantly outstrip available supply and is likely to result in a substantial increase in demand at competitive prices.
- Benchmark Mineral Intelligence predicting an increase in battery-related demand of 300% by 2028 and with further accelerated demand through 2032.

Maniry Graphite Project in Madagascar

During the Quarter, the Company hosted a group of external advisors in Madagascar and undertook a site visit and met with local government representatives as part of their review of the Maniry Graphite Project. In addition, meetings were held with senior Mines Ministry officials in Madagascar about the country's commitment to developing graphite mines with positive outcomes.

Over the Quarter, Evion executives actively engaged with the community in Maniry as part of the Company's Resettlement Action Plan (RAP) process. The RAP process is an integral part of the final approval of the Environmental & Social Impact Assessment (ESIA) currently being undertaken by the Office National pour l'Environnement (ONE).

As part of the consultation process, a meeting was held with a regional body, Organe Mixte De Conception (OMC) in the Ampanihy area. This meeting is a crucial step as the OMC will be included in the "Public Consultation" process led by the ONE.

The Company will continue to hold formal meetings and discussions with the local community and relevant government authorities to finalise current RAP negotiations.

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 production and sale 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 – \$194,000. This includes payments of directors and management remuneration for services to the economic entity – \$194,000.
- 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 Held as at Quarter ended 31 March 2024				
(ASX Listing Rule 5.3.3)				
Australia				
Tenement ID	Location	State	Interest	Acquired/Disposed during the quarter
E70/4824	Yanmah, Donnelly	WA	100%	No change
E70/4825	Manjimup, Donnelly	WA	100%	No change
International				
Tenement ID	Location	Country	Interest	Acquired/Disposed during the quarter
PR25605	Maniry	Madagascar	100%	No change
PR25606	Maniry	Madagascar	100%	No change
PR3432	Maniry	Madagascar	100%	No change
PR39750	Maniry	Madagascar	100%	No change
PR39751	Maniry	Madagascar	100%	No change
PE5394	Maniry	Madagascar	100%	No change
PE19932	Maniry	Madagascar	100%	Disposed
PE5391	Ianapera	Madagascar	100%	No change
PE5392	Ianapera	Madagascar	100%	No change
PE5393	Ianapera	Madagascar	100%	No change
PE25093	Ianapera	Madagascar	100%	No change
PE25094	Ianapera	Madagascar	100%	No change

- 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 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(79)	(361)
	(b) development	(12)	(177)
	(c) production	-	-
	(d) staff costs	(324)	(907)
	(e) administration and corporate costs	(106)	(608)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	38	121
1.5	Interest and other costs of finance paid	(1)	(4)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (cost recovered/royalties)	42	148
1.9	Net cash from / (used in) operating activities	(442)	(1,788)
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 (9 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	2,946	4,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(442)	(1,788)
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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	3
4.6	Cash and cash equivalents at end of period	2,503	2,503

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	2,503	2,946
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)	2,503	2,946

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	194
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)	(442)
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)	(442)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,503
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,503
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: 31 March 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.