



6 January 2025

## ASX ANNOUNCEMENT

# First shipments set to commence from India as development plans continue in Madagascar

### Highlights

- Production has continued at Evion's expandable graphite JV (50/50) operations near Pune, India, with first shipments scheduled this month
- Production progressed well during December 2024 with operations on target to complete production of the first order of 400 tonnes which is to be shipped to Europe over the forthcoming months
- An additional 500 tonne of concentrate now on site ready for production over Q2 and Q3 2025 with material ordered in advance on favourable pricing terms
- The JV is expected to host buyers on site in February 2025 as demand from prospective buyers expands globally
- Expandable graphite is used extensively in the EV, aerospace, energy storage and electronics industries with significant growth in these markets expected in the future
- Evion executives are due to meet with senior mining department officials and EU representatives in Madagascar in January 2025 as development plans move forward.

**Mr David Round, Evion's Managing Director commented** – "I recently visited site again and it was pleasing to see that significant development continues at our expandable graphite facility near Pune, India.

*From 6 November to mid December 2024, around 120 tonne of material was produced or partially treated in preparation for packing and export over the next month. This production is part of our first order of 400 tonne scheduled for production and export during Q1 2025. In addition to this, we have secured another 500 tonne of material on favourable pricing and credit terms and this graphite concentrate is now ready, on site, for processing and export over Q2 and during Q3 2025. It is expected that much of this production will also be shipped to Europe.*

*We are now well set for a productive 2025 year of production and exports from India.*

*In addition to our operations in India, the Evion team in Madagascar has made great progress with license conversions and community development agreements executed over the last month and I look forward to meeting officials in Madagascar this month to discuss our development timeline plans, offtake agreements and proposed funding for Maniry.*

*This is indeed an exciting time for Evion and we look forward to providing further information over the forthcoming months".*



*Figure 1- Outside of main processing centre at PGT operations*

### **PGT's production and sales**

Initial production is expected to yield 386 - 400 tonnes of expandable graphite produced with 100% of this material sold and shipped, as directed by our buyers, as quickly as possible.

As previously announced, the average pricing achieved in for the first sales of production is in the range of US\$3,000 – US\$3,300 per tonne (FOB). The JV expects production costs to be in the range of US\$1,500 – US\$1,750 per tonne with potential for future cost savings in the short term.

A maintenance schedule for several days occurred late in December 2024 to coincide with the disposal of effluent by government contractors and production has now resumed as planned. Previous delays experienced with the disposal of effluent by the local authorities have been resolved and we expect production levels to be relatively consistent in future.

Site is currently completing the installation of our own effluent treatment plant ("ETP") and this will result in the recycling of 95% of water used on site with technology that is unique to our production process and extremely environmentally friendly.

A further production guidance will be provided within the first quarter with additional details of new sales and buyers. We also expect sales prices to be approximately 10% higher for sales in Q2 and Q3 2025.

### **Acquisition of concentrate in advance**

During November we were able to secure the supply of additional graphite concentrate on the same favourable FOB based pricing terms to that achieved mid year. We also negotiated terms that provide that we do not need to pay for this product until it is processed and sold to end users. Given these very favourable terms, we decided to secure this supply which now means we have enough graphite concentrate on site for almost our first 6 months of production. This provides for enormous certainty on both pricing and supply.



*Figure 2 – PGT supervisors bagging material on site*

### **Potential for growth and expansion**

Strong demand for our expandable graphite should result in the JV selling more than 2,000 tonne over the first full year of operations, with gross revenue expected in the range of US\$6m – \$7m. The plant has the capacity to produce a further 500 tonne of material, and we are confident that production levels can be achieved in the medium term to increase sales volumes.

Demand for our material has been strong and we are currently assessing several offers and options to sell additional material to global markets.

In addition, the JV's Board is currently updating its earlier study to assess the viability of expanding production to 4,000 tonne pa (effectively doubling production), and our previous assessment had indicated that the overall capex requirements (equipment) would be in the range of US\$500,000 - \$750,000 with the expanded plant able to produce an additional US\$6m worth of revenue from sales per annum. Given the robust operating margin of approximately 50%, and strong demand for the JV's product, there is considerable merit in pursuing this opportunity.

### **The growing global demand for expandable graphite**

The global expandable graphite market is projected to grow at a **CAGR rate of 7.00% from 2024 to reach US\$707 million by 2030** fuelled by its extensive application across a variety of end-use industries such as automotive, aerospace, electronics and the energy storage sector due to the materials thermal conductivity, chemical inertness and lightweight properties (*Source: Lucintel market research, August 2024*).

With the rise in renewable energy sources and the need for efficient energy storage solutions, expandable graphite is being increasingly used in batteries and supercapacitors, driving market growth. Continuous advancements in manufacturing processes have led to the development of cost-effective and high quality expandable graphite products which, in turn, is fuelling market expansion (*Source : Transparency Market Research & GlobeNewswire, March 2024*).

## Expandable graphite's use as a fire retardant

Expandable graphite can be pressed into sheets and used for heat and fire protection in applications ranging from building materials to many electronic uses.

Following a number of global fire disasters, China, the European Union, Japan and Korea now require all future buildings to be constructed with expandable graphite, and Australia has also placed restrictions on non-flame-retardant building construction leading to an increased use of expandable graphite.

China's demand for expandable graphite alone is estimated to be 2 million tonne pa (Source: Stockhead).



Figure 3 – Expandable graphite production and applications (Source: PGT website)

## Benchmark forecasts massive future demand for Graphite

Benchmark Mineral Intelligence recently highlighted a disconnect between critical minerals mines and the demands for batteries, EV's and energy transition and noted the key points:

- ✓ Demand for graphite is expected to increase between 2018 and 2050
- ✓ China's supply of graphite is expected to fall from currently 67% to 39% by 2033
- ✓ 300 new graphite mines will be needed by 2035 to meet demand
- ✓ The global graphite market is expected to grow to US\$21.6 billion by 2027 with pricing expected to be more stable as demand volumes increase.

(Source: Benchmark Minerals Intelligence, October 2024)

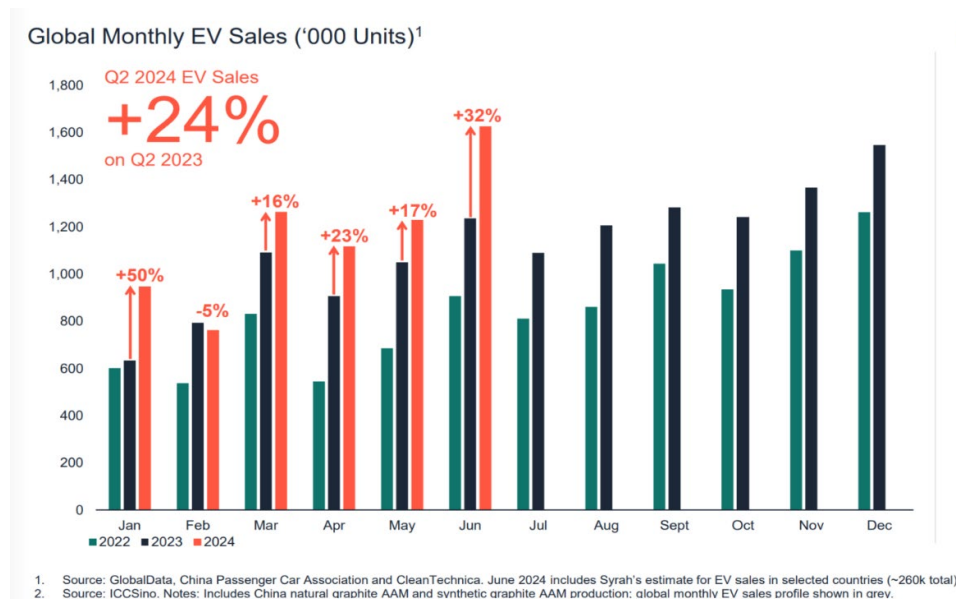


Figure 4 – EV global sales still expanding (source: Proactive Investors)

## Progress in Madagascar continues

As announced on 12 December 2024, the local community has issued a signed statement to Evion outlining their strong support for the development of Maniry with a further meeting scheduled to conclude formal agreements with government endorsement.

***Additionally, the Mines Minister of Madagascar has formally endorsed the conversion of our remaining Exploration ("PR") licenses to Exploitation ("PE") licenses that permit us to develop and mine graphite.***

These developments are very significant and positive, and consultation has continued with the local community and government authorities on the best way forward over the next few months.

A series of meetings are now scheduled with the Madagascan mines ministry, their technical advisors and representatives from Evion for the third week of January 2025 and Evion MD, David Round, will be in attendance at these meetings. It is proposed that a framework agreement be concluded at these meetings for development to commence over the forthcoming months. Ongoing consultation with EU representatives will take place as part of achieving an agreed framework for the future.

We look forward to updating the market with future detail on these initiatives in the forthcoming months.

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

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For more information – <https://eviongroup.com>



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