



19 December 2022

ASX ANNOUNCEMENT

Evion signs pivotal offtake agreement with leading graphite technology group Urbix Inc. , USA

**Non-binding deal covers ~40% of Maniry's forecast production and
would see Evion become a key supplier to the lithium battery industry**

Key Points

- Evion Group NL (Evion) and Urbix, Inc., (Urbix) sign non-Binding Offtake Agreement (the Agreement) with intent to conclude a Binding Agreement in the near term
- Evion commits to providing 15,000 metric tonnes per annum (mt pa) of product from its Maniry Plant in Madagascar to feed Urbix's early-stage production of advanced Coated Spheroidized Purified Graphite (CSPG) for the EV battery industry
- Evion and Urbix continue joint development discussions with the potential to significantly increase supply volumes in the years to come as Urbix ramps up production
- The Agreement is a steppingstone to Evion confirming supply agreements for all of its planned initial production of 39,000mt pa before expanding production to 55,000mt pa
- The Agreement provides Evion with a flagship supply partnership with Urbix, a world class US based producer of CSPG designed for EV anode production with proven technology
- Urbix is positioned to become one of the world's largest producers of advanced, green anode material for the rapidly expanding EV battery market
- Urbix currently engaged in advanced stages product validation with major battery manufacturers and OEMs.

Evion MD, Tom Revy, commented – “Our relationship with Urbix commenced a number of years ago and we are delighted to enter this Agreement that positions our Companies well for rapid growth in the near term. Evion brings a superior supply of Graphite to Urbix that has developed state of the art technology. This milestone Agreement perfectly positions our Companies to become major contributors to the forecasted massive growth in the EV and clean, alternative energy markets”

Key Terms of the Offtake Agreement

- Evion to supply 15,000 mt of graphite concentrate from the Maniry Operations immediately upon the commencement of production scheduled for Q4 2024
- Urbix to provide required feedstock technical specifications and conduct verification testing
- Evion and Urbix will continue discussions to establish commercial terms including pricing, feedstock specifications, logistical requirements and other relevant factors in order to convert this Agreement into a binding agreement in the near term
- The parties intend to extensively expand their collaboration by continuing a range of testing and other development initiatives
- Evion will supply feedstock samples to Urbix as required for further testing and validation activities with other OEMs

“A secure, high quality feedstock supply with a responsible partner is a critical paving stone on Urbix’s road to commercialization. Urbix is proud to count Evion as a partner as we continue to finalize technical and financial plans necessary to deliver American made clean CSPG to the rapidly expanding global EV battery market,” said Eduardo Gonzalez, Urbix’s Chief Financial Officer.



About Urbix

Since 2017, Urbix has invested over US\$40m in research and development guided by an experienced management and technical team with the expertise necessary to formulate, test and perfect a unique CSPG production technology. Internal assessments, corroborated by leading EV battery producers, demonstrate the following advantages in Urbix’s technology:

- **Urbix provides a technology solution** that will **end the Chinese EV battery grade graphite dominance** offering manufacturers the first and only cost effective, fully sustainable, and better performing advanced battery grade graphite in the world independent of any Chinese affiliation.
- Compared to the Chinese method, **Urbix’s superior proprietary** technology uses less than 5% of the energy required by the Chinese process, does not use dangerous

chemicals, costs 40% less, and achieves over 2x the yield (70%+)

- Urbix has exclusive licenses from the University of Arizona covering multiple key applications utilized in Urbix's CSPG production process. The Company also relies on trade secrets, know-how, continuing technological innovation and other unpatented proprietary technology to maintain our competitive position in most of the process steps in producing CSPG.
- Urbix's CSPG products have the unique ability to incorporate the best properties of natural and synthetic graphite
- Urbix's CSPG products also resolve several vulnerabilities of the current reliance on Chinese materials related to supply chain security and ESG compliance with products made in America
- Urbix's technology has been successfully scaled and demonstrated with commercial scale equipment, and the modular approach can be quickly deployed across different geographies based on demand and other opportunities.
- Urbix utilizes cutting edge **Applied Artificial Intelligence and Advanced Machine Learning Techniques** for process control and quality assurance

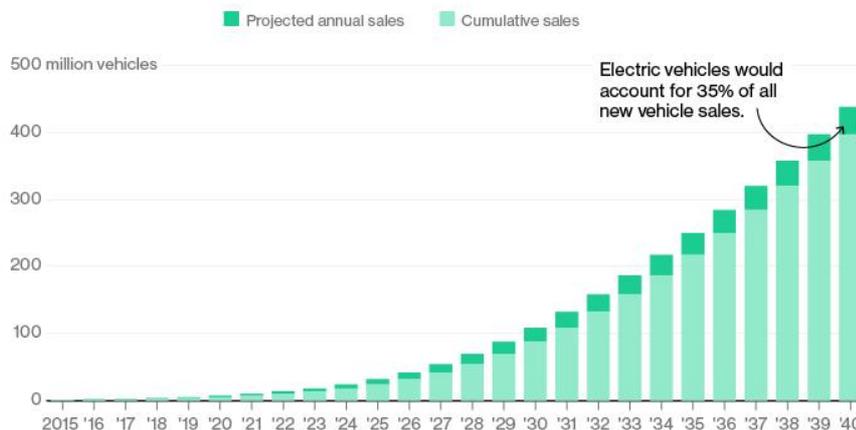
Anode and EV Demand Expected to Drive Li-B Graphite Pricing

Conservative price assumptions of an average of \$7,800 per metric tonne for CSPG suggest the global lithium-ion battery grade graphite market will grow from approximately \$5Bn to over \$27Bn by 2030.

Market analyses suggest improvements in technology have led to a dramatic reduction in EV pricing. However, broad market acceptance of EVs could be constrained by a shortfall of graphite supply, accordingly the price of CSPG anode material is expected to increase in the short term and settle at a price advantageous to Urbix and its feedstock suppliers such as Evion.

The Rise of Electric Cars

By 2022 electric vehicles will cost the same as their internal-combustion counterparts. That's the point of liftoff for sales.



Sources: Data compiled by Bloomberg New Energy Finance, Marklines

Bloomberg

Urbix Agreements with Manufacturers and OEMs

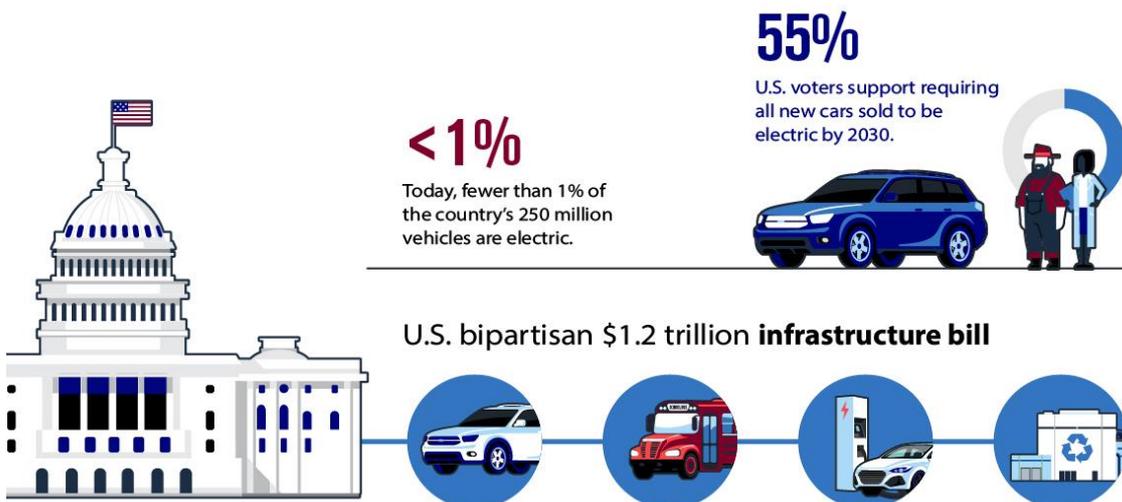
Urbix has tested raw graphite samples from over 50 sources around the world, including some in Madagascar. Raw samples that meet Urbix's feedstock requirements have been used to develop finished CSPG product samples for multiple leading EV battery manufacturers. Based on the performance of those samples, Urbix has signed a number of formal engagements, including letters of intent and memoranda of understanding, designed to lead to commercial partnerships. Urbix continues to develop relationships with OEMs and other organisations in the US, Japan, South Korea and Europe that are pursuing significant growth in the use of EVs.

Urbix and the US Government

Urbix is poised to begin advanced due diligence (Phase 3) with independent advisors to the US Department of Energy's Loan Programs Office (LPO) in order to access up to US\$200m from the Advanced Technology Vehicle Manufacturing Program. LPO completed its preliminary due diligence in 2022, which resulted in a formal invitation to complete the advanced due diligence with independent consultants that is required to receive a Conditional Commitment Letter. The Conditional Commitment Letter will set out the critical path achievements necessary to fund a commercial scale production project expected to begin in 2024. Advanced due diligence is expected to be concluded in the first half of 2023.

"Urbix is an ideal candidate for the ATVM program, which is designed to supporting vehicle and component manufacturers speeding the transition to a clean energy future. By leveraging the program to reduce the cost of capital Urbix intends to accelerate commercialization plans for a production facility intended to be the first of many," said Mr Gonzalez.

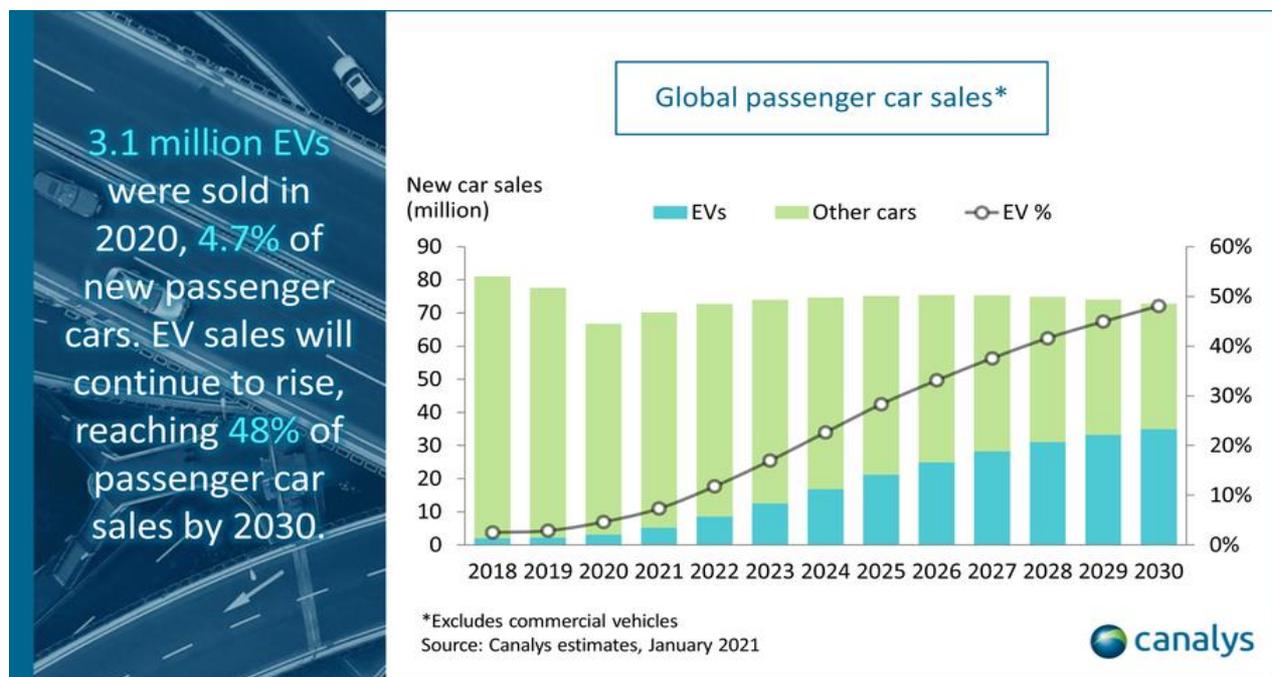
The U.S. is aiming for 50% EV sales by 2030.



Growth in the US Battery Manufacturing Market

The US EV market is expected to grow rapidly over the next 5 – 7 years highlighted by –

- US Battery Manufacture exponential growth (>450K MT of CSPG needed by 2030 – 6 million EVs)
- Supported by ONE & ONLY “qualified” alternative supplier in USA and strategic partnership development.
- Plug & Play (drop in product) that achieves better performance.
- Competitive pricing mechanism.
- Significant Biden Administration pressure to “BUY AMERICAN”



Summary and Next Steps

The Board of Evion is delighted to have signed this Agreement with Urbix as it represents the culmination of extensive discussions between Urbix and Evion executives.

The team at Evion will now work with Urbix on a number of strategic initiatives to underpin our continued growth and development. We will also actively work toward concluding a binding agreement in the short term.

Other short-term actions planned by Evion include:

- Completion of binding agreements for the majority of Evion’s planned production at Maniry
- Further develop of project funding discussions with International Funding Partners.

- Completion of our Battery Anode Material Scoping Study for a proposed development in Europe that will include input from development partners.
- Continue to conclusion of our final Environmental & Social Impact Assessment on our remaining projects in Madagascar.

The Board and Management of Evion look forward to updating the market with further developments in this exciting phase of our Company's growth.

This Release was made with the Approval of the Board's disclosure committee.

CONTACTS

Tom Revy – Managing Director, EVION Group NL	08 6145 0289 0411 475 376
David Round – Finance Director, EVION Group NL	0411 160 445
Paul Armstrong, Read Corporate – Investor and Media Relations	08 9388 1474

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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.

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