



6 November 2024

ASX ANNOUNCEMENT

First sales of A\$2m secured from expandable graphite JV operations

Highlights

- Production testing and sample approvals completed paving the way for full production to commence at Evion's expandable graphite JV (50/50) operations near Pune, India
- A detailed production schedule created with circa 400 tonnes of expandable graphite expected to be produced over the forthcoming 10 weeks
- Following a recent visit from offtake buyers, a contract ("first production sales contract") has been concluded to sell all production for the first 10 weeks to European buyers on very favourable commercial terms
- **The JV expects to receive over A\$2m from the sales of this initial 386 tonne of production with all sales prices more than US\$3,000 / mt FOB achieved**
- It is expected further sales contracts will be signed in the short term for ongoing supplies for the remainder of the CY2025
- The JV is expected to host another delegation of buyers in Q4 2024 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
- Benchmark Minerals expects graphite demand to increase substantially between 2018 and 2030 to meet the world's energy demands

Mr David Round, Evion's Managing Director commented – "After two years of careful planning, construction and testing, we are delighted to have reached the stage of producing and selling our world-class expandable graphite to the European market.

Our expandable graphite facility near Pune, India is a technologically advanced, clean energy driven project that will produce globally significant quantities of expandable graphite to meet the world's burgeoning demand of this material from sources outside of China.

We have undertaken extensive research and testing with buyers and believe we can grow our business to be one of the largest producers of graphite downstream products in the world outside of China.

On behalf of the Evion Board, I'd like to publicly recognise the tremendous work completed by our JV's Board and staff.

We are excited to be one of the first ASX listed graphite developers to now have an 50% interest in a business that produces a valuable material delivering cash flow to our shareholders”.

Key terms of the PGT’s first production sales contract

Production for the period 3 November 2024 – early/mid-January 2025 is expected to yield 386 tonnes of expandable graphite produced with 100% of this material sold on the following terms:

1. All production for the initial period to be shipped and paid for by 15 March 2025 with a minimum of 50 tonne to be shipped each month;
2. Invoice terms requiring payment within 15 days of shipment with a 3% discount offered for payment prior to shipment;
3. Average pricing achieved in the range of US\$3,000 – US\$3,300 per tonne (FOB);
4. 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;
5. The agreement provides for other material to be produced and sold within this period; and
6. The buyer and counterparty to the transaction is Technogرافit GmbH, Germany, one of Europe’s leading graphite trading companies.



Figure 1 – part of the Panthera Graphite Technology (“PGT”) plant near Pune, India

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 Feasibility Study¹ announced on 21 July 2022 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. This potential increase in projected revenue is outlined in our Feasibility Study of 21 July 2022. Given the robust operating margin of approximately 50%, and strong demand for the JV’s product, there is considerable merit in pursuing this opportunity.

¹ ASX announcement 21 July 2022 “Downstream Graphite Processing JV set to Commence in India”

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.



Figure 2 – Expandable graphite production and applications (*Source: - PGT website*)



Figure 3 – key components of our plant at PGT

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 significantly between 2018 and 2030,
- ✓ 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, and expected to be more stable as demand volumes increase.

(Source: Benchmark Minerals Intelligence, October 2024)

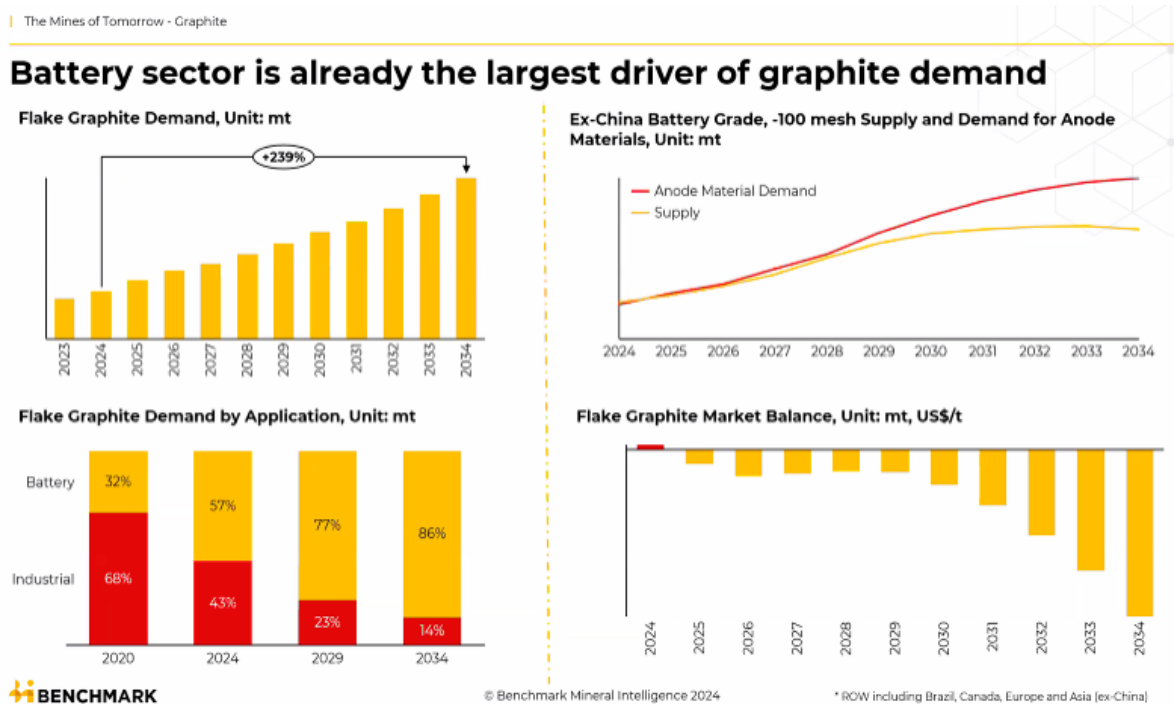


Figure 4 – Benchmark Mineral Intelligence graphite demand projections

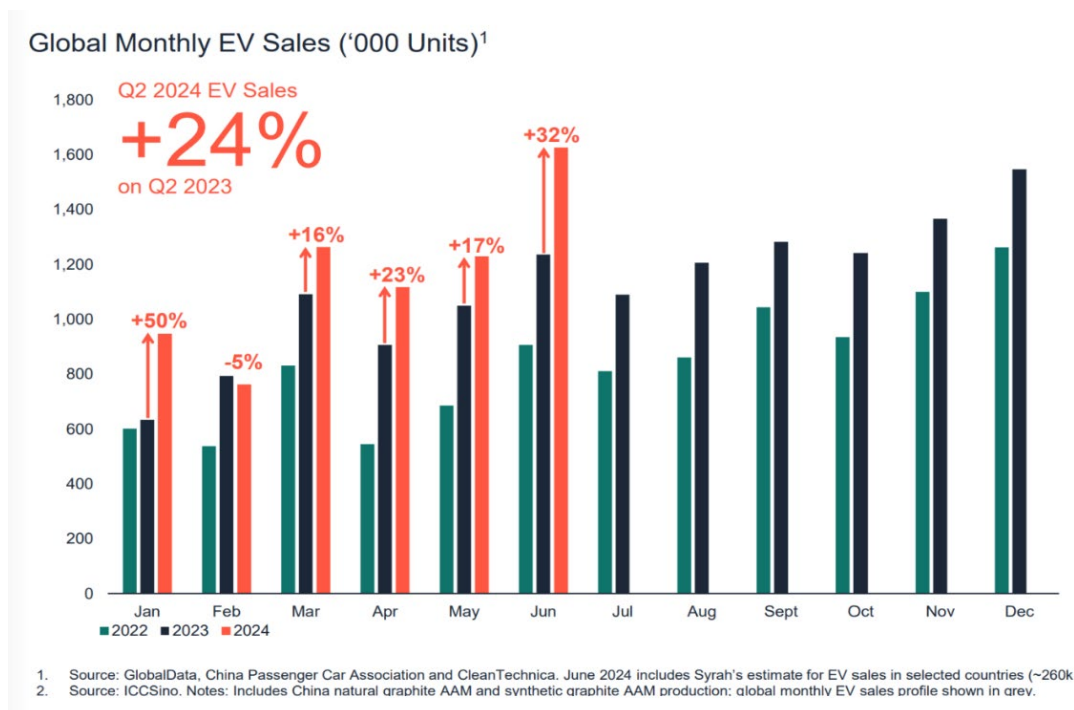


Figure 5 – EV global sales still expanding (source: - Proactive Investors)

Future Plans

The Board of Evion is delighted with our progress in India and the potential for future growth in our JV.

Our operations in Madagascar continue to develop with extensive community and government liaison currently underway as we work toward concluding our Community Development Plan (including our Relocation Action Plan) and Environmental Plan as part of the process to achieve our construction and mining permits in the short to medium term.

We continue to advance discussions around our battery anode material plans and are currently liaising with the European Union grants division in relation to our recent application for grant and development support for our Maniry project in Madagascar².

The success in developing our first down stream processing business is an important milestone to Evion becoming a key global player in the rapidly growing graphite industry.

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

Contact

David Round

Managing Director

Evion Group NL

0411 160 445

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

Forward Looking Statement

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.

Some of the assumptions outlined in this announcement relate to detail included and announced in the Company's market release of 21 July 2022 relating to the Feasibility Study for the PGT Project ("Downstream Graphite Processing JV set to Commence in India") and this announcement should be read in conjunction with this report.