

28 April 2023

ASX ANNOUNCEMENT

MARCH 2023 QUARTERLY ACTIVITIES REPORT

Evion makes rapid progress in three-pronged strategy to capitalise on strong outlook for graphite market

With demand and prices forecast to rise sharply on the back of the lithium battery industry, Evion advanced its strategy to establish a graphite mine and battery anode material plant; Plus, its expandable graphite JV is set for production in Q4

PROJECT HIGHLIGHTS

- During the Quarter, Evion made significant progress towards completing the Environmental & Social Impact Study (ESIA) program for its Maniry graphite mine in Madagascar; The ESIA will underpin final Mining Licence approvals.
- The Company expects to submit the ESIA Report with its submission to the Malagasy Government to attain the mining permits in the June 2023 quarter.
- In January 2023, Evion published its Scoping Study on its proposed Battery Anode Material (BAM) plant in Germany; The study found a plant could generate strong financial returns.
- Strong progress was made at Evion's Expandable Graphite JV site, confirming the Panthera Graphite project is on track for production in Q4, 2023.

CORPORATE HIGHLIGHTS

- Evion signed a Collaboration Agreement with Urbix Inc., (Urbix) to assess the viability of developing a BAM plant in Europe. The proposed BAM plant will process product from Evion's Maniry Graphite mine in Madagascar using Urbix's proprietary technology, positioning Evion to become a major contributor in the EV and alternative energy sectors.

- In February 2023, Evion Executives visited the site of the proposed JV operations in Pune, India. Meetings were held with the development architects and engineers and a final construction plan was established.
- As at 31 March 2023, the Company held cash reserves of \$2.07 million.
- Subsequent to quarter-end, the Company secured firm commitments for a placement to raise \$3.4m before costs. A total of 62,037,040 fully paid ordinary shares were issued as part of this placement on 13 April 2023. Following this placement, Evion has a strong cash reserves of over \$5m.

Evion Group NL (ASX: EVG) ("Evion" or the "Company") is pleased to report on what was a highly successful March quarter, during which the Company made significant progress in its strategy to become a major graphite supplier to the lithium battery industry.

PROJECT HIGHLIGHTS

Progress Update of Maniry Graphite Project in Madagascar

Post completion of the DFS, work has been progressing to complete the process of receiving final mining permits and approvals. Leading consultants were engaged to assist in the management of this process, and we expect this to be finished and ready for submission to the Malagasy Government, with our Definitive Feasibility Study ("DFS"), in the coming quarter.

Expectations that the graphite market will move into deficit this year, due to soaring demand from the lithium battery industry, has led to Evion receiving multiple requests for bulk samples of Maniry concentrate from leading users in Asia and Europe. Evion has also despatched 200 kilograms of high grade graphite to Urbix – Evion's proposed BAM development partner (refer to the section titled "Collaboration Agreement with Urbix").

Evion has already allocated up to 50% of the forecast Stage 1 production at Maniry for supply to its planned BAM plant in Europe and a further 10% for its Panthera Graphite project in India. Evion also aims to secure binding offtake contracts with third parties covering the majority of its remaining forecast production ahead of concluding the project financing.

In addition, several meetings and discussions were held between Evion's Managing Director and senior officials of the World Bank in Madagascar and the Malagasy Minister of Mines with positive outcomes – commitment from the World Bank to fast track short-term infrastructure spending for regional Madagascar and support from the Malagasy Minister of Mines on Evion's plans to provide employment and to invest substantially in the local community. Further meetings are scheduled in the short term to coincide with the time of submission of ESIA and mining permit applications.

Development of Joint Venture in India – Panthera Graphite Technologies ("PGT")

Activities during the quarter were focused on engineering and site works at the Kurkumbh Industrial Park, Pune. The Kurkumbh region is an advanced industrial location in India. The production site is within the Indian Special Economic Zone (SEC) which offers various economic, taxation and business concessions adding substantially to the project's valuation.

A series of meetings were held between the Panthera Graphite Board of Directors and the appointed project engineers and architects to optimise development and plan for production capacity increases over the short to medium-term. The Evion Executive team were on site for these meetings.

Long lead plant and equipment items have been secured in anticipation of the next few months' installation. The site development will include a 34% 'green zone' allowance in compliance with the local environmental regulation. A site safety plan, which satisfies the world-class industrial and mine operational standards, has been established. The final plant design has been finalised by the appointed engineers and architects.

During the quarter, the Panthera Graphite Board appointed experienced Industrial Engineer, Mr Ulhas Jagdhane, as the CEO for the project operations. Mr Jagdhane is based on site in Pune, India.

Evion announced on 27 March 2023 that the project has secured US\$2.1 million financing from an Indian based bank. The funding ensures that the project is fully funded to production, with repayments starting at the commencement of production. With the debt funding, our JV will qualify for very favourable power and other concessions as part of the SEC incentives.

The following are the key short-term goals of the Panthera Graphite project:

| Period | Milestone to achieve |
|----------|--|
| Q2, 2023 | <ul style="list-style-type: none"> • Conclude licensing and permit requirements in Pune • Completion of site preparation and remediation of existing infrastructure • Conclude purchase of all equipment and plant requirements |
| Q3, 2023 | <ul style="list-style-type: none"> • Progress to conclude building and infrastructure development • Installation of plant and equipment items and commissioning |
| Q4, 2023 | <ul style="list-style-type: none"> • Commencement of production and export activities |



Figure 1 – Our JV development site located in Kurkumbh, India

CORPORATE HIGHLIGHTS

Collaboration Agreement with Urbix – Battery Anode Material (BAM) Production Centre

During the Quarter, Evion announced that it had signed a Collaborative Agreement (“the Agreement”) with Urbix Inc. – a company in the USA which is positioned to become one of the world’s largest producers of advanced, green battery anode material for the rapidly expanding EV battery market.

The proposed BAM plant, together with the supply agreement, perfectly places Evion to become a major contributor in the EV and alternative green energy sectors. The partnership with Urbix can be elevated to include formation of a joint venture company with both parties be majority owners to construct and operate the BAM plant.

Key details of the Agreement included: –

- Both parties to the Agreement will seek to collaborate for site identification, general feasibility and costing for a BAM plant to be constructed in Europe.
- A Preliminary Feasibility Study will be conducted with a view to moving to a more mature project phase for commercial construction and operation of a proposed BAM plant.
- Subject to the positive outcome from the Preliminary Feasibility Study, the parties may form a joint venture company for the construction and operation of the BAM plant. It is proposed that the parties would jointly own the BAM Plant on a 50/50 basis.
- The BAM plant will process graphite products from Maniry graphite project using Urbix’s proprietary technology for the production of Coated Spheroidized Purified Graphite (CSPG). A royalty fee may be payable by the joint venture company to Urbix for their proprietary process.

At the time of this market release, Evion Managing Director Tom Revy said:

“We are delighted to extend our relationship with Urbix into the rapidly growing market for advanced battery anode material.

Processing graphite from our Maniry project into BAM is a major growth opportunity for Evion given the pivotal role BAM plays in the production of lithium batteries and the EV industry.

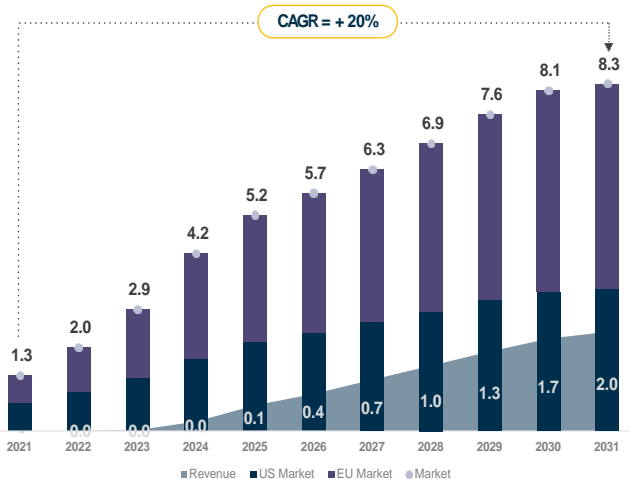
Urbix is a highly experienced and well-regarded player in the BAM industry. Evion could not hope for a better partner as it looks to establish itself in this growth industry.”

At the time of this market release, Urbix Chairman and CEO, Nico Cuevas said:

“This Agreement marks a significant milestone in our mission to help power the future of electric mobility. The Urbix and Evion partnership is an exciting step forward in our shared goal of developing a plant in Europe to supply the EV sector with sustainable, high-quality battery grade anode material. This expanding partnership will leverage the expertise of both companies to establish a sustainable supply chain for an essential component in the manufacturing of electric vehicles. We are elated to be working with Evion, and eager to accomplish the possibilities that can be achieved as we work together”.

URBIX Targets ~30% of US & European Market by 2031

Total Addressable U.S. & European LiB Grade Graphite
Billions of USD



With its superior product attributes and competitive pricing, URBIX aims to capture at least 30% of US and European market demand.

Figure 2- Urbix Targets ~30% of US & European Market by 2031

Securing placement of A\$3.4 million

On 3 April 2023, Evion announced that it had successfully secured firm commitment for a \$3.4 million fund raising with plans to issue 62,962,966 new shares at an issue price of \$0.054 per share. Of this total, 62,037,040 fully paid ordinary shares were issued on 6 April 2023.

Part of the terms of the Placement will see Evion undertake the issue of the following (subject to shareholder approval):

- 31,481,483 new listed options to subscribers, with an exercise price of \$0.075 and a 12-month expiry period; and
- 17,500,000 new unlisted options to the brokers, with an exercise price of \$0.125 and a 3-year expiry period.

The funds raised from this placement will, together with current cash balance, be used for the completion of the ESIA and associated mining permit and licence applications, further resource development and growth of the Maniry Graphite project, pre-feasibility costs associated with the proposed BAM plant in Europe and general working capital requirements.

COVID-19 Response

The health and well-being of Evion employees remains of the utmost importance to the Company. Accordingly, COVID-19 procedures for travel to and from sites in Madagascar and in India and for site-based activities have been implemented to maintain social distancing. All strict COVID protocols, which were put in place during the previous quarter, continue to be maintained and have allowed the Company to progress its planned activities as scheduled.

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: -

- ✓ Progress to conclusion of our ESIA and final approval applications for Mining Licenses in the next quarter
- ✓ Provide details to the market concerning our proposed Binding Offtakes and Funding plans – designed to underpin the short-term development of Maniry
- ✓ Updates on the activities in connection with the Collaboration Agreement with Urbix
- ✓ Further updates on our JV Company in India with details relating to the progress of development of the activities as mentioned above
- ✓ Appointment of additional key management personnel to further support the growth and development of the Company's various projects.

Lapse of Unlisted Options

On 30 March 2023, 4,000,000 unlisted options (ex price of 17.5c expired).

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 – \$210,000. This includes payments of directors and management remuneration for services to the economic entity – \$210,000.
- 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.

Contacts

Tom Revy

Managing Director

Evion Group NL

0411 475 376

David Round

Finance Director

Evion Group NL

0411 160 445

Paul Armstrong

Investor and Media Relations

Read Corporate

+61 8 9388 1474

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 at Quarter ended 31 March 2023 (ASX Listing Rule 5.3.3) | | | |
|--|--------------------|------------|----------|
| Australia | | | |
| Tenement ID | Location | State | Interest |
| E70/4824 | Yanmah, Donnelly | WA | 100% |
| E70/4825 | Manjimup, Donnelly | WA | 100% |
| | | | |
| International | | | |
| Tenement ID | Location | Country | Interest |
| PR25605 | Maniry | Madagascar | 100% |
| PR25606 | Maniry | Madagascar | 100% |
| PR3432 | Maniry | Madagascar | 100% |
| PR39750 | Maniry | Madagascar | 100% |
| PR39751 | Maniry | Madagascar | 100% |
| PE5394 | Maniry | Madagascar | 100% |
| PE5391 | Ianapera | Madagascar | 100% |
| PE5392 | Ianapera | Madagascar | 100% |
| PE5393 | Ianapera | Madagascar | 100% |
| PE25093 | Ianapera | Madagascar | 100% |
| PE25094 | Ianapera | Madagascar | 100% |

- 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 2023

| 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 | (108) | (354) |
| | (b) development | (358) | (1,688) |
| | (c) production | - | - |
| | (d) staff costs | (398) | (1,065) |
| | (e) administration and corporate costs | (88) | (695) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 5 | 15 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | 622 | 622 |
| 1.8 | Other (cost recovered/royalties) | 4 | 92 |
| 1.9 | Net cash from / (used in) operating activities | (321) | (3,073) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | (3) |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | (706) |
| | (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 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 | - | (709) |

| | | | |
|-----------|---|---|-----------|
| 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 | - | - |
| 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) | - | 16 |
| 3.10 | Net cash from / (used in) financing activities | - | 16 |

| | | | |
|-----------|--|-------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,366 | 5,809 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (321) | (3,073) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | (709) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 16 |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 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 | 23 | 25 |
| 4.6 | Cash and cash equivalents at end of period | 2,068 | 2,068 |

| 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 | 2,068 | 2,366 |
| 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) | 2,068 | 2,366 |

| 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 | 210 |
| 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) | (321) |
| 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) | (321) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 2,068 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 2,068 |
| 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: Note the Company completed a capital raising in April 2023 as outlined within our Activities Report | | |
| 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: 28 April 2023

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.