

22 May 2017

ACQUISITION OF 100% OF NOVONIX

HIGHLIGHTS

- As part of its downstream integration strategy, to supply advanced battery materials, equipment and services to the global Lithium Ion Battery (LIB) market, on 2 March 2017, Graphitecorp announced the acquisition of two-thirds of NOVONIX, a leading battery testing equipment and services company in North America.
- Following further negotiations, Graphitecorp is pleased to announce that it has executed definitive agreements to acquire 100% of NOVONIX.
- The remaining one-third of NOVONIX provides full control and integration synergies and has been acquired from Contemporary Amporex Technologies Ltd (CATL). An ongoing supply agreement also remains in place with CATL.
- Earlier this month, NOVONIX launched its new 20-Amp HPC testing system and now is installing the first such unit in the facilities of a major global battery manufacturer.
- NOVONIX sales have been exceeding expectations during 2017 and cash in the business at the time of settlement is now expected to be CAD1.6M, ahead of the CAD1.0M figure anticipated at the time of signing in March.

Graphitecorp Limited (ASX: GRA) (“Graphitecorp” or “the Company”) is pleased to announce that, further to its acquisition of two-thirds of NOVONIX announced on 2 March 2017, the Company has negotiated and executed a binding agreement to acquire the remaining one-third of NOVONIX.

The new acquisition achieving 100% ownership of NOVONIX, together with the company’s PUREgraphite anode material production joint venture in the USA, has transformed the business into a supplier of advanced battery materials, equipment and services to the global LIB market.

As previously advised, NOVONIX sells its proprietary high precision battery testing equipment and services to customers including Panasonic, Apple, 3M, Microsoft, CATL, Bosch and Dyson, as well as US and Global EV and battery manufacturers.

Graphitecorp Managing Director, Philip St Baker said, “With 100% ownership, Graphitecorp will accelerate, integrate and expand the NOVONIX business and achieve closer and direct relationships with existing and new customers.

“The complete acquisition of NOVONIX provides greater control and integration and allows Graphitecorp to achieve the full synergies from NOVONIX’s battery testing systems, customer relationships, and the battery materials expertise of the NOVONIX team.”

“Importantly, access to the proprietary technologies and expertise of NOVONIX allows rapid acceleration of our R&D and materials development cycle, providing a significant competitive advantage for Graphitecorp”, Mr St Baker said.

Over the past two months, Graphitecorp has negotiated the acquisition of the remaining one-third of NOVONIX from strategic shareholder, Contemporary Amperex Technologies Ltd (CATL), with consideration payable to CATL on the same per share valuation metrics as for the previous two-thirds being acquired. The consideration payable to CATL was anticipated in recent capital raisings and will be funded from existing cash resources of Graphitecorp.

CATL has Lithium Ion Battery manufacturing facilities in China and offices in Sweden, Germany and France, and has plans to build an additional LIB factory in Europe. CATL has announced plans to grow its annual battery capacity six fold by 2020 to 50 gigawatt hours (exceeding the planned annual production of the Tesla Gigafactory).

Following settlement of the transaction, scheduled for 1 June 2017, NOVONIX and CATL will continue to work together via a supply agreement that remains in place with CATL.

As previously announced, NOVONIX was spun out of Dr Jeff Dahn's LIB research lab at Dalhousie University, which signed an exclusive five-year research partnership with Tesla in 2015 to develop longer-lasting lithium-ion batteries. In less than three years, NOVONIX has deployed more than 1,000 of its High Precision Coulometry battery testing units in 12 countries.

Earlier this month, NOVONIX launched its new 20 amp HPC testing system and is currently installing the first such unit within the facilities of a major global battery manufacturer.

The NOVONIX business is already cashflow positive and well-funded, with existing available working capital. With accelerating sales since announcement of the initial transaction in March 2017, NOVONIX is now anticipated to have CAD1.6M cash at the time of completion of the 100% acquisition in early June (up from an estimated CAD1.0M originally anticipated).

FOR FURTHER INFORMATION

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ABOUT GRAPHITECORP

Graphitecorp (ASX: GRA) is a leading alternate, competitive, secure and sustainable supplier of ultra-high-purity battery materials, equipment and services suitable for EV-standard Lithium Ion Batteries in the global market.

ABOUT NOVONIX

NOVONIX was spun-out of Dr. Jeff Dahn's Lithium Ion Battery research lab at Dalhousie University and established by Dr Chris Burns and Dr David Stevens. It has expertise in materials and cell testing, with a strong focus on the use of High Precision Coulometry (HPC) for lifetime evaluation of Lithium-Ion cells. NOVONIX manufactures the world's most accurate high-precision battery testing equipment and offers cell testing services on its in-house high precision chargers, and sells high precision charger systems along with materials testing services. In less than three years, NOVONIX has deployed more than 1,000 of its HPC testing units in 12 countries across the world.

For more information on NOVONIX please visit its website at <http://www.novonix.ca>

ABOUT PUREgraphite AND COULOMETRICS

Graphitecorp and Coulometrics have established a 50:50 joint venture company, PUREgraphite LLC (PUREgraphite), to produce ultra-high-purity anode materials in the USA for Lithium Ion Batteries primarily for EV and energy storage applications.

Founded in 2008 by Dr Edward Buiel, Coulometrics is a leading US-based battery materials and battery cell development and testing company. Dr Buiel graduated from Dalhousie University (Jeff Dahn Lab) in 1998 with a PhD in Physics specializing in "Development of Carbon Anode Materials for Lithium Ion Battery Applications". He is CEO of PUREgraphite.

Coulometrics owns its own toll coating and converting line and specializes in battery and capacitor testing of all types. It has strong capabilities in qualification testing, development of specification sheets and validation of energy storage materials and technology. Coulometrics also works with system designers to select, model and test the optimal energy storage system for their application. It has expertise in materials characterization and processing, including coin/pouch cell fabrication, mixing and electrode fabrication and converting (slitting, calandering).

For more information on Coulometrics please visit its website at <http://coulometrics.com>

For more information on PUREgraphite please visit its website at <http://puregraphite.com>

To view video footage of Dr Buiel and Dr Burns:

Dr Chris Burns (Novonix): <https://www.youtube.com/watch?v=UjEjv-uoiB4>

Dr Ed Buiel (PUREgraphite): <https://www.youtube.com/watch?v=6vKTixWMddQ>