

19 October 2023

ASX ANNOUNCEMENT

SEPTEMBER 2023 QUARTERLY ACTIVITIES REPORT

Evion's development continues with expandable graphite operations in India poised to commence

PROJECT HIGHLIGHTS

- Construction of the Panthera Graphite Technologies ("PGT") JV expandable graphite plant in India has advanced well and is on track for commissioning in November 2023. Extensive infrastructure is now in place and majority of equipment has been ordered and is ready for installation. All CAPEX has been fully funded.
- Supplies of graphite concentrate for PGT's plant are currently finalised, with an initial 500t to be ordered for initial production of expandable graphite.
- The PGT JV is on target achieving first year's sales of US\$7 million with capacity to increase revenue from years two and three.
- During the Quarter, Evion submitted the Maniry Graphite Project's Environmental & Social Impact Assessment ("ESIA") to One National pour l'Environnement ("ONE") for approval.
- Approval from ONE is a key launch pad to Evion receiving approval to commence production – this will see Evion become a global player in the production of graphite and downstream products suitable for the booming EV and alternative energy markets.
- Work continued in the quarter on project design refinement with CPC Engineers engaged to further improve initial DFS capital designs.

CORPORATE HIGHLIGHTS

- In September 2023, the Evion Executive team participated in the Africa Down Under Conference held in Perth and hosted officials from Madagascar at this event.
- Following a recent review, Digbee ESG reaffirmed their previous Strong Environmental and Social Governance rating of BB for Evion – the outstanding result reflects Evion's commitment to the highest ESG standards at both the corporate level and at its Maniry Graphite Project in Madagascar
- Evion Executives continue discussions with a number of OEM's and battery manufacturers in relation to future offtake and funding plans.

- As at 30 September 2023, the Company held strong cash reserves of \$3.57m – sufficient funds to meet all immediate development and growth plans.

Evion Group NL (ASX: EVG) (“Evion” or the “Company”) is pleased to present shareholders an overview of key achievements and milestones achieved during September quarter.

PROJECT HIGHLIGHTS

Maniry Graphite Project in Madagascar

During the Quarter, the Company submitted the Environmental & Social Impact Assessment (“ESIA”) to Office National pour l’Environnement (“ONE”) for approval. On completion of the official evaluation of the ONE assessment (including public consultation), Evion will be provided with a global environmental permit subject to conditions established by ONE, a key license which will pave the way for construction to start.

Resolve Consulting, an independent consulting firm, assisted with the completion of the ESIA. Evion is committed to developing the Maniry Graphite Project in compliance with all of the best-practice guidelines outlined within the IFC Performance Standards on environmental and social sustainability. These are specified and commitments made in the ESIA.

Key meetings were also held with the Ministry of Mines and Strategic Resources, as well the new World Bank Country Manager Mr Atou Seck. Mr Seck was provided with an introduction to the Maniry Project and its potential social and financial importance to the southern area of Madagascar.



Mr Tom Revy (Evion) and Mr Atou Seck (World Bank) in Madagascar

Community and social engagement

The Company continues to hold formal meetings and discussions with the local community around Maniry and seek feedback from stakeholders. Recent country visits were undertaken by Evion's MD, Tom Revy, with Mr Revy holding a number of highly productive meetings with Madagascan Government Officials and community leaders.

As part of the Company's commitment to helping with local development, we have previously funded the construction of a new, local primary school located in Maniry. The school can accommodate 100 students and has been well received by the community. All ongoing costs, including salaries for teachers, furniture and fixtures and maintenance of the school, will be funded as part of Evion's community grant and development scheme.

Evion also assisted in the construction of a new specialist medical facility in the Ampanihy region, providing free of charge medical care to the local population. The Company continues to provide regular food parcels to local villages in Madagascar and ongoing support and upskilling and training to the local villagers.

Location of the Maniry Graphite Project in Madagascar



JV with Metachem, India – Panthera Graphite Technologies Pvt Ltd

Construction advances in preparation for production in the coming quarter

During the Quarter, major milestones have been achieved and the project is on track for production in the December 2023 quarter.

- An extensive team of engineers and construction personnel are on site completing civil works and prefabrication of 4,000 sqm of buildings and the installation of production equipment, due to be completed ahead of an immediate ramp up plan.
- To-date, no lost-time injuries has been reported.
- Civil earthworks for key support infrastructure are advancing progressively.
- Long lead items were ordered from reputable companies in India and delivery of these items to the site is on schedule.
- PGT has seconded experienced personnel from Metachem to assist with commissioning of the processing facility in November 2023.
- Prior to the commencement of construction, the main processing facility structure was increased to accommodate the expansion of production in the short-term. This new structure will lower the capital cost and reduce disruption during expansion which is expected to occur in the second year of production.

The Evion Executives team are due to visit the Indian operations for commissioning planning and pre-production meetings over the forthcoming weeks ahead of operations later in the year.

Supplies and sales of expandable graphite

Supply of graphite concentrate to the processing plant is being finalised, with an initial 500t to be delivered in the first quarter of production. Currently, PGT has detailed discussions with buyers on pricing and other commercial terms which has been positive.

PGT expects to achieve sale price at or above those assumed in the Scoping Study (*refer to ASX market release dated 21 July 2022*). Gross revenue is expected to be US\$7 million in the first year of operation and with the expansion of production in the subsequent year, it is expected to grow significantly.

The JV is currently undergoing a range of products tests to meet the specific requirements of its European based buyers. The JV has commitments from buyers to acquire all its initial production and this provides security to the JV's financial performance.

CORPORATE HIGHLIGHTS

Update to ESG Reporting – Positive feedback from Digbee ESG, UK

Evion is pleased to announce that an independent panel of globally recognised Environmental, Social and Governance (ESG) experts from Digbee ESG has awarded the Company an annual overall ESG rating of BB. According to Digbee, the corporate score of BB, is an improvement since 2022 given the move from Exploration to Development question framework.

This high rating demonstrates Evion's commitment to ESG integration, reporting transparency and continuous improvement and reflects positively on the approach and work undertaken on the recently completed Maniry Graphite Project DFS.

The Digbee platform offers companies a future-looking set of globally aligned ESG frameworks to map out ESG risks and opportunities. In assessing ESG credentials, Digbee commented on the experienced Board and Senior Leadership team in place, including the robust, small team based in Madagascar supported by a number of competent global and local consultants and specialists in various areas. According to Digbee, "the company has a robust foundation and culture for ESG with continued improvements expected in future years"

Evion Managing Director Tom Revy said: *"This strong ESG assessment reflects our commitment to implementing the highest standards across our Company and its operations."*

We have undertaken a host of initiatives in the communities in which we operate, including the construction of a medical clinic and new school, funding for teaching staff and the ongoing provision of food. This is part of our policy to ensure all stakeholders benefit from the Maniry project even at this pre-construction stage.

Specialised independent companies are providing expertise and insights in various technical fields, and currently undertaking ESG related studies which will be used as input for social and environmental measures that can be incorporated into the early stages of the project.

Maniry will produce much-needed graphite for use in lithium batteries, meaning it will play an important role in the global transition to clean energy, while providing employment and training opportunities in Madagascar".

Digbee's Founder and Director, Jamie Strauss commented: *"Evion has progressed its project significantly in the last year and as such now discloses its Environmental, Social and Governance to a higher requirement through the Digbee Development framework. The company has progressed many areas of opportunity, all of which will help reduce risk and support the management's goal of community support for the project. Madagascar updated its mining code within the last year and has initiated a new mining strategy "Sustainable management of natural resources in Madagascar" with which Evion is working to ensure it fully aligns."*

Ongoing Offtake and Funding Plans

Members of the Evion Executive team recently met with a number of OEM's and Battery Manufacturers in Tokyo and these and other discussions have continued. Evion is working toward securing binding offtake agreements that provide a solid commercial return to the group and we are confident of achieving this in the short term as the demand for battery grade graphite continues to expand.

Battery Anode Material ("BAM") Production Plan

Evion previously conducted a series of test work trials with Dorfner Anzaplan, Germany with the results demonstrating that graphite from Maniry is highly suitable in the use of making battery anode material.

The work and results from Dorfner contributed to the Company's completed Scoping Study which demonstrated the viability of developing a BAM Plant in Europe (see ASX release dated 17

January 2023). The Scoping Study was prepared by Wave International with the ongoing assistance of Dorfner Anzaplan.

Evion plans to incorporate clean technology and production methods available under the current Collaborative Agreement with Urbix into an update to the Scoping Study. This will result in an advanced Pre-Feasibility Study ("PFS") with the parameters and final scope of the study currently being finalised. A large batch sample is currently being tested in the USA that will generate key results to complete the BAM PFS.

The PFS will complement the Scoping Study which demonstrated a compelling commercial case for BAM production in Europe. During the Quarter, Evion Executives team continued plans relating to its potential BAM plant development in Europe.

Investor Relations

The Company participated in the Africa Down Under Conference ("Conference") from 6 to 8 September 2023. The Company had a booth and presented the corporate presentation (refer ASX release 7 September 2023). The Company MD communicated the corporate presentation at the Conference. There was significant interest in the Company's projects portfolio.

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: -

- ✓ Further updates on our JV Company in India with details relating to the progress of plant construction and preparation of the commissioning activities.
- ✓ Progress towards concluding and obtaining construction approval for the Maniry Project;
- ✓ 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 and the BAM PFS;

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 – \$211,000. This includes payments of directors and management remuneration for services to the economic entity – \$211,000.
- 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.

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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 30 September 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")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(165)	(165)
	(b) development	(93)	(93)
	(c) production	-	-
	(d) staff costs	(283)	(283)
	(e) administration and corporate costs	(264)	(264)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	60	60
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (cost recovered/royalties)	25	25
1.9	Net cash from / (used in) operating activities	(722)	(722)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(1)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(1)	(1)

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	(14)	(14)
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)	-	-
3.10	Net cash from / (used in) financing activities	(14)	(14)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,303	4,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(722)	(722)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(14)	(14)

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	6	6
4.6	Cash and cash equivalents at end of period	3,572	3,572

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	3,572	4,303
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)	3,572	4,303

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	211
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)	(722)
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)	(722)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,572
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,572
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5
<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:	
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: 19 October 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.