



**ASX ANNOUNCEMENT**  
(ASX: **NVX**)

21 November 2019

### **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING**

The last financial year saw the company achieve several important milestones.

In the second half of the year, we moved to 100 percent ownership of the PUREgraphite operation in Chattanooga Tennessee with the purchase of the 50 percent interest that had been held by our JV partner.

As well, PUREgraphite relocated operations from the pilot scale facility to a larger facility in Chattanooga suitable for commercial operations and with significant additional space for expansion over the coming years. Procurement and construction of our first commercial plant has been a primary activity during the year. The plant installation is near completed with commissioning of the system underway.

To support these operations, the company recruited more specialist personnel with experience and expertise in materials processing involving management of extreme temperature furnaces and specialist milling, shaping and coating of anode materials.

At this time, we are on track to be able to produce up to 500 tonnes per annum of advanced anode material and have a pathway to again double that capacity through modular plant increments.

The strategic significance of these initiatives is that Novonix, through its PUREgraphite operation, is one of a small number of companies capable of producing high performance advanced anode materials for the rechargeable battery market.

At the Novonix Battery Testing Services operation in Halifax, we diversified into consulting services to support rechargeable battery manufacturers and rechargeable battery users in North America, Europe and East Asia. This augments the manufacturing and sale of our high technology battery testing equipment.

Integral to the Halifax operation is our small scale battery manufacturing line that allows us to manufacture and test prototype batteries for our customers and also test our own prototype batteries in a much shorter R&D cycle than our competitors.

We continue to work on our electrolyte development capability at the facility in Halifax and have further developed our world-first, non-destructive high-precision battery testing equipment.

Importantly, a number of the world's major manufacturers of lithium ion rechargeable batteries for the electric vehicle (EV) and energy storage systems (ESS) markets are now in advanced testing of our anode materials. More recently, we commenced advanced discussions with some



of these companies for the potential to supply their manufacturing operations, particularly those in North America.

In relation to our graphite mining project at Mt Dromedary north of Cloncurry in North West Queensland, the company recognised an impairment loss of \$10,667,897 in the accounts for the year to 30 June.

The development of the Mt Dromedary graphite mine will not occur in the short to medium term given the tonnage of natural graphite required by the PUREgraphite business is unlikely to be sufficient to warrant the development of the mine in that timeframe. As well, a significant portion of graphite used by PUREgraphite will be synthetic graphite, and the natural graphite required at this time can be more effectively sourced from other natural graphite producers.

The Mt Dromedary asset remains a strategic asset for the Group, however, the Directors determined that it is appropriate for the carrying value of the asset to reflect the exploration and evaluation expenditure incurred since acquisition, and to write off all the acquisition related costs which relate to the minority interest acquired by the Group on 29 August 2016 in return for shares in the Company (that is, scrip-based consideration).

As I have stated on previous occasions, our strategic priority right now is to develop the most advanced, highest performing and lowest cost anode materials available in the market.

Growth in the market for electric vehicles (EVs) and for energy storage for households and electricity grids is steadily gaining momentum.

Our key goal remains unchanged - to become a supplier of choice of advanced anode materials and other battery chemistries for this exponentially growing industry.

In terms of the negotiations with potential customers, they are progressing very well, although we have been constrained on the form of the arrangements we enter with them to avoid the conflict created by customer confidentiality requirements and the continuous disclosure requirements of the ASX.

The Board and management of Novonix remain committed to harnessing the potential of those markets to create value for our shareholders while delivering innovative sustainable energy storage solutions that meet the needs of consumers and benefit the environment.

I now hand over to Philip St Baker, the Managing Director, to provide you with more detail about our operations over the past year and about our future initiatives.

**ENDS**

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