



ASX ANNOUNCEMENT

(ASX: **NVX**)
27 May 2020

EQUITY RAISING TO COMMERCIALISE PUREGRAPHITE, DPMG AND RECAPITALISE BALANCE SHEET

- \$58.28 million (approximately) capital raising via a proposed institutional placement, accelerated non-renounceable rights issue and strategic placement to St Baker Energy Innovation Fund.
- Issue price of \$0.29 per new share:
 - a 56.1% discount to the last traded price of NOVONIX shares of \$0.66 on 25 May 2020; and
 - a 33.5% discount to the theoretical ex-rights price (TERP)¹.
- Funds raised will provide capex and working capital to fulfil an initial SAMSUNG supply contract, redeem all outstanding convertible notes and repay loans, facilitate development and commercialization of the DPMG technology for cathode and other million-mile battery innovations, offer costs, and provide general working capital.
- Successful raising will allow NOVONIX to increase production to 2,000 tonnes per annum and be debt free.²
- The successful transaction will simplify the NOVONIX capital structure through the redemption of Convertible Notes and repayment of loans, along with the cancellation of 50% of the Options currently on issue.

NOVONIX Limited (ASX: NVX) is pleased to announce a significant \$58.28 million capital raising, including a proposed institutional placement, a strategic placement and a rights issue to Australian and New Zealand NOVONIX shareholders, at an issue price of \$0.29 per new share.

¹ The theoretical ex-rights price (**TERP**) is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP includes the new Novonix shares issued under the Institutional Placement and Strategic Placement.

² Excluding trade debt incurred in the ordinary course of business



The capital raising will be conducted via:

- a proposed placement to institutional investors to raise approximately \$5.65 million using the Company's existing 15% capacity (**Institutional Placement**);
- a strategic placement, subject to shareholder approval, to St Baker Energy Innovation Fund (**SBIF**) to raise between \$14.72 million and \$19.45 million (depending upon the shares on issue following the Institutional Placement and Entitlement Offer) (**Strategic Placement**); and
- a 1 for 1 accelerated non-renounceable entitlement offer of fully paid ordinary shares in Novonix (**New Shares**) to raise approximately \$37.91 million (**Entitlement Offer**),

(together, the **Equity Raising**).

The Equity Raising is lead managed by Morgans Corporate Limited.

Net proceeds will fund expansion capex to scale proprietary anode material production from 500 to 2,000 tonnes per annum over 2020-2021 required to meet customer demand, provide working capital to fulfil an initial SAMSUNG order, facilitate development and commercialization of the DPMG technology for cathode and other million-mile battery innovations, redeem circa \$18.74 million of convertible notes, repay short term loans from directors and SBIF of \$6.76 million, and provide general working capital. NOVONIX anticipates that the expansion capex will, subject to prevailing market conditions, provide a basis for subsequent plant expansion to occur through debt funding.

As a key element of the Equity Raising, SBIF has agreed to subscribe via the Strategic Placement for that number of shares that will take its holding upon completion of the Equity Raising to 19.9%. The Strategic Placement of between \$14.72 million and \$19.45 million (depending upon the shares on issue following the Institutional Placement and Entitlement Offer) is subject to shareholder approval and the completion of the Institutional Placement and Entitlement Offer, and will result in all convertible notes held by SBIF being redeemed and SBIF holding a maximum of 19.9% of NOVONIX.

The offer price for the Equity Raising is \$0.29 per fully paid ordinary share (**Offer Price**), representing:

- a 56.1% discount to the last traded price of NOVONIX shares on 25 May 2020 of \$0.66; and
- a 33.5% discount to the theoretical ex-rights price (TERP) of \$0.436.

NOVONIX Directors, Andrew Liveris, Philip St Baker, Tony Bellas, Robert Natter, Greg Baynton and Rob Cooper, have committed to take up all or part of their entitlements under the Entitlement Offer (collectively a \$3.06 million commitment).

The Company will issue redemption notices in respect of all convertible notes on issue in the Company in accordance with the terms of the notes. The notes have a combined face value of \$16.4 million (excluding interest) and are intended to be redeemed from the proceeds of the Equity Raising.

The Company has also obtained the agreement of holders of 40.5 million options (half of those granted by NOVONIX) to have the options cancelled for no consideration.



NOVONIX's Chairman, Tony Bellas said that it was an exciting time for the Company as it transitions to commercial production of high performance anode materials for lithium ion batteries for electric vehicles (EVs) and energy storage systems (ESS).

"Funds raised will be applied primarily to scaling up our processing facility in Chattanooga Tennessee and the building of inventory to meet current sales contracts and potential future demand" Mr Bellas said.

"The Company is strategically placed as one of very few suppliers of high grade synthetic graphite outside of China and the only producer in North America. All of our precursor materials are currently sourced in North America, mitigating risk associated with supply chains that are reliant on supplies from Asia or other parts of the world."

"Importantly, the Company has established customer and collaborative relationships with Sanyo Electric Co., Ltd of Japan and Samsung SDI of South Korea, both major international manufacturers of lithium ion batteries for EVs and ESS. These mutually beneficial partnerships with Sanyo and Samsung have the potential to foster further leading edge improvements in lithium ion battery technology."

"Earlier this month, we announced a breakthrough low-cost manufacturing method that can be applied to the production of both anode and cathode materials for lithium-ion batteries called dry particle microgranulation (**DPMG**). DPMG is a method for synthesizing highly engineered particles through the consolidation of fine materials, that may otherwise be waste, into particles that can be tens of microns and suitable for use in lithium-ion batteries. This process can achieve 100% yield, where current methods have significant yield losses which increase the cost of manufacturing."

"Proceeds of the Issue will also be applied to integrate DPMG for anode production at our PUREgraphite facility, and for the commercialization of DPMG for cathode manufacturing and other emerging commercial innovations."

Mr Bellas said that he also welcomed the St Baker Energy Innovation Fund, a successful investor within the energy and technology sectors, as a significant and strategic equity investor in NOVONIX.

"Led by energy entrepreneur Trevor St Baker, The St Baker Energy Innovation Fund is Australia's largest private energy innovation fund, with portfolio companies including TRITIUM, a global leader in fast-chargers for EVs, and Evie Networks, which is rolling-out a national ultra-fast EV charging network around Australia". During November 2019, ERM Power Limited, also founded by Trevor St Baker, was acquired by Shell Energy Australia for \$617 million," Mr Bellas said.

Institutional Placement

The proposed Institutional Placement is to be made using NOVONIX's 15% placement capacity (approx. 19.5 million shares) under ASX Listing Rule 7.1 and shareholder approval will not be sought.

Subject to securing places, the issue is intended to occur in accordance with the below timetable and after the record date for the Entitlement Offer, and places will not be entitled to participate in the Entitlement Offer.



Entitlement Offer

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 New Share for every 1 existing share held at 7.00pm (Sydney time) on 29 May 2020 (**Record Date**), or approximately 130,721,435 New Shares at the Offer Price (**Entitlements**).

The Entitlement Offer includes an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**).

Under the Institutional Entitlement Offer, eligible institutional shareholders will from today, 27 May 2020, be invited to participate. Eligible institutional shareholders can choose to take up all, part or none of their Entitlements. Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer on 28 May 2020 and entitlements that would otherwise have been offered to ineligible institutional shareholders will be sold through an institutional shortfall bookbuild at the Offer Price during the trading halt.

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on 3 June 2020 and close at 5.00pm (Sydney time) on 18 June 2020.

NOVONIX will notify shareholders as to whether they are eligible to participate in the Retail Entitlement Offer. An information booklet will be lodged with ASX on 29 May 2020 and sent to eligible retail shareholders on or about 3 June 2020. The booklet will include a personalised entitlement and acceptance form, which will provide further details of how to participate in the Retail Entitlement Offer.

Eligible Shareholders will have the opportunity to apply for additional New Shares in addition to their Entitlement (with the allocation of shortfall shares to be at the Lead Manager's discretion in consultation with NOVONIX).

The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value for those Entitlements that they do not take up. Shareholders residing outside Australia or New Zealand will not receive any value for the Entitlements they would have received had they been eligible.

Shares issued under the Institutional Placement and Strategic Placement will not participate in the Entitlement Offer.

Strategic Placement

SBIF has agreed, subject to Shareholder approval of the Company, to subscribe for that number of Shares that will take their holding upon completion of the Equity Raising to 19.9% at an issue price of \$0.29 per Share.

SBIF currently holds 1,085,782 Shares in the Company and intends to fully participate in its entitlements under the Entitlement Offer. Following the Entitlement Offer, the Institutional Placement and the Strategic Placement, SBIF will hold 19.9% of the share capital of the Company after the completion of the Equity Raising.



The issue of shares under the Strategic Placement is subject to shareholder approval (to be sought at a shareholders meeting scheduled to be held in or about early July 2020).

Proposed Timetable

NOVONIX expects that the Equity Raising will be conducted according to the following timetable:

Event	Time and Date *
Announcement of the Equity Raising	Before 12:00 noon on 27 May 2020
Institutional Placement Institutional Entitlement Offer	27 - 28 May 2020
Announcement results of Institutional Placement and Institutional Entitlement Offer Trading of NOVONIX shares resumes Record Date for Entitlement Offer (7.00pm)	29 May 2020
Information booklet and entitlement and acceptance form and notice of meeting to approve Strategic Placement dispatched Retail Entitlement Offer opens	3 June 2020
Issue of New Shares under the Institutional Placement and the Institutional Entitlement Offer	5 June 2020
Closing date for acceptances under Retail Entitlement Offer (5.00pm)	18 June 2020
Announcement of results of Retail Entitlement Offer	23 June 2020
Issue of New Shares issued under the Retail Entitlement Offer	25 June 2020
Normal ASX trading for New Shares issued under the Retail Entitlement Offer commences Dispatch of holding statements for New Shares issued under the Retail Entitlement Offer	26 June 2020
Shareholder meeting to approve Strategic Placement Allotment of shares under the Strategic Placement	Early July 2020

*All times are Sydney time.



This timetable is indicative only and subject to change. The board of directors of NOVONIX may vary these dates, in consultation with the Lead Manager, subject to the ASX Listing Rules. Any extension of the closing date for acceptances under the Retail Entitlement Offer will delay the anticipated date for issue of the New Shares.

The board of directors of NOVONIX reserves the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant application monies (without interest) will be returned in full to applicants. There is no guarantee that the Board will secure the Institutional Placement.

This announcement has been authorised for release to the ASX by the Chairman, Tony Bellas, on behalf of the Board.

If you have any queries in relation to this announcement, please contact Greg Baynton, Executive Director at greg@novonixgroup.com or +61 414 970 566.

ABOUT NOVONIX

NOVONIX LIMITED (ASX: NVX) is an integrated developer and supplier of high-performance materials, equipment and services for the global lithium-ion battery industry with operations in the USA and Canada and sales in more than 14 countries.

NOVONIX's mission is to support the global deployment of Lithium Ion Battery technologies for a cleaner energy future.