

NOVONIX

ASX ANNOUNCEMENT

10 July 2017

QUARTERLY ACTIVITIES REPORT – JUNE 2017



HIGHLIGHTS

- COMPANY NAME CHANGE TO NOVONIX LIMITED (ASX: GRA) 10 JULY
- SIGNIFICANT BATTERY & ELECTRIC VEHICLE ANNOUNCEMENTS
- PUREgraphite JOINT VENTURE ESTABLISHED 1 APRIL IN USA
- NOVONIX ACQUISITION COMPLETED 1 JUNE IN CANADA
- PROSPECTIVE CUSTOMER MEETINGS IN JAPAN, CHINA AND USA
- NOVONIX & PUREgraphite ON SHOW IN SAN FRANCISCO 19 – 22 JUNE
- NOVONIX RELEASES LARGER 20A BATTERY TESTER
- PUREgraphite PLACES INITIAL ORDERS FOR PROCESSING EQUIPMENT

NOVONIX Limited (ASX: GRA) (“NOVONIX” or “the Company”) is pleased to provide the following Quarterly Activities Report for the June 2017 Quarter.

NAME CHANGE

The company has changed its name to NOVONIX Limited (ASX: GRA) to leverage the strong NOVONIX brand name in the battery industry where it is well known for manufacturing the world’s most accurate battery cell testing equipment and for providing outstanding quality and customer service. The name change also better reflects the composition and activities of the company post the 100% acquisition of NOVONIX in Canada and the establishment of the PUREgraphite joint venture with COULOMETRICS in the USA.



The name change was approved by shareholders on 10 July 2017.

BATTERY & ELECTRIC VEHICLE ANNOUNCEMENTS

There were a number of significant announcements relevant to the lithium-ion battery and electric vehicle markets during the quarter.

On 7 July 2017 TESLA CEO Elon Musk and South Australian Premier Jay Weatherill announced that TESLA will build the world's largest grid battery which will be 100MW and three times more powerful than any existing system.

On 6 July 2017. France's Ecology Minister Nicolas Hulot announced that France will end sales of petrol and diesel vehicles by 2040 as part of an ambitious plan to meet its targets under the Paris climate accord.

On 5 July 2017 Håkan Samuelsson, Volvo Cars president and chief executive announced that from 2019, all new Volvo cars will have electric or hybrid engines making Volvo the first of the major car companies to commit to phasing out the internal combustion engine and going all-electric.

Volvo's decision comes after German legislative bodies moved to ban petrol-powered cars from sale by 2030, providing a window into potential future regulations across the European Union.

On 28 April 2017 Volkswagen CEO Matthias Muller announced Volkswagen to be the auto manufacturer to take EVs from a niche market to mainstream. Volkswagen has announced it plans to build 2-3 million electric vehicles each year by 2025 and it will invest more than \$10 billion in electric cars up to 30 different models over the next five years.

OPERATIONS

A summary of operational activities for PUREgraphite, NOVONIX Battery Testing Services Inc., and the Mount Dromedary graphite project follows:

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1 April 2017 marked the official commencement of an exclusive joint venture between NOVONIX and COULOMETRICS, called PUREgraphite, to establish commercial production and sales of ultra-high purity and high-performance anode materials for lithium-ion batteries.

PUREgraphite is being led by Dr Edward Buiel (founder of COULOMETRICS) in the role of CEO and is leveraging the existing facilities, staff and capabilities of the COULOMETRICS organisation to enable rapid deployment of the business plan. This has enabled operations to commence immediately without the need to establish a team or premises.

A priority for PUREgraphite is to advance plant design and equipment selection for the initial targeted 1,000 tpa production capacity and to place equipment orders some with lead times up to six months.

This activity is advancing well, has involved assessment of international equipment supply options and many long lead time critical items of equipment have already been ordered.

PUREgraphite is focused on producing what we hope will be the highest performance anode materials in the world aimed at meeting the most demanding lithium-ion battery applications which includes electric vehicle applications. Electric vehicle applications demand a much higher performance lithium-ion battery than consumer electronics which have significantly lower demands and implications for battery performance and longevity.

PUREgraphite's ultra-high purity high-performance anode materials are a complex formulation of modified artificial and natural graphite precursor materials combined with other additives/compounds.

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PUREgraphite has made considerable progress in assessing natural and artificial graphite supply options from around the world leveraging the extensive global knowledge of sources within the COULOMETRICS organisation.

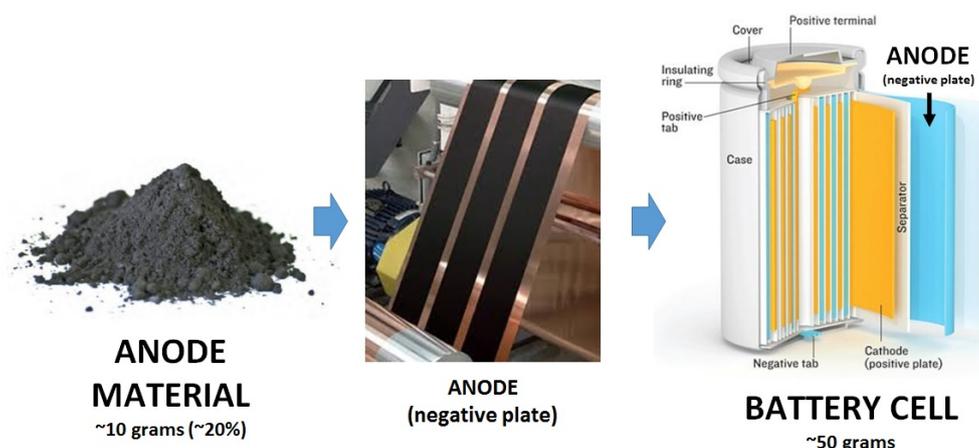
Full scale battery cell testing and benchmarking of our anode materials is another key work stream of PUREgraphite. The results of these test and benchmark programs will be critical in marketing our anode materials to customers and fast tracking where possible customer product qualification processes.

PUREgraphite was on show for the first time at the Advanced Automotive Battery Conference (aabc) in San Francisco in June which is a premier automotive battery event in the world attended by most of the large automakers, EV battery makers and battery component suppliers from around the world. Our PUREgraphite CEO, Dr Edward Buiel, presented at the conference sharing hard data and information on the importance of graphite anode materials in determining the performance and life of an EV battery and information on our PUREgraphite anode materials supply business.

During the quarter meetings were held in the USA, China and Japan to update prospective customers on the joining of forces between ourselves and COULOMETRICS and the formation of the PUREgraphite joint venture in the USA, along with our plans to establish commercial production capacity this fiscal year.

PUREgraphite is maintaining its target of having commercial scale production by the end of the calendar year and ramping up to 1,000 tpa by the end of the fiscal year.

Running in parallel with establishing this initial production capacity PUREgraphite will be assessing scale up options for the business up to 100,000 tpa capacity and aims to have scale up plans in place also by the end of the fiscal year.



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Battery Testing Services Inc.

The 100% acquisition of NOVONIX in Canada was completed 1 June 2017.

Co-founders Dr Chris Burns and Dr David Stevens have entered into executive employment contracts with the parent company and have taken part of their compensation in the form of shares in the parent company and as such will continue to lead the NOVONIX business out of North America as CEO and CTO as before.

With 100% ownership, we have moved immediately to accelerate, integrate and expand the NOVONIX business and to leverage the extensive battery-materials expertise of the NOVONIX team, especially Dr Chris Burns and Dr David Stevens to assist with the PUREgraphite anode material joint venture and emerging opportunities.

In the last quarter to 30 June NOVONIX Battery Testing Services Inc., has experienced continued strong demand for its equipment and services with many new customers placing orders and existing customers expanding their use of NOVONIX equipment.

NOVONIX Battery Testing Services Inc., achieved sales and shipping on pace with projected growth targets for the business for this year.

During the quarter NOVONIX Battery Testing Services Inc., released the larger 20A HPC Testing Equipment for sale and installed the first units with a major battery maker in Asia and R&D facility in California. NOVONIX Battery Testing Services Inc. has now entered full production of the 20A systems to have readily available for customers who have already expressed interest in the equipment from discussions or from being an existing customer of the lower power equipment.

NOVONIX Battery Testing Services Inc., also showcased their technology, equipment and services at the Advanced Automotive Battery Conference (aabc) in San Francisco in June.

NOVONIX Battery Testing Services Inc., will be moving to larger premises before the end of the calendar year to accommodate the larger sales volumes and the



expansion of the business activities into battery materials development.

MOUNT DROMEDARY

graphitePROJECT

During the quarter, the company received a request for further information from the Queensland Department of Environment and Heritage Protection in relation to the environmental authority application for the Mount Dromedary Graphite Project.

The company is undertaking further work to satisfy the request for further information including the installation of additional base line water monitoring bores and provision of more engineering data and information relating to our waste rock, tailings and environmental management plans. It is expected that these environmental authority work streams will add another three to four months to the approval process and we are working toward completion by the end of 2017 subject to any unknown issue arising between now and then.

With the PUREgraphite joint venture in the USA moving forward immediately with sourcing artificial and natural graphite concentrates from world markets, the Mount Dromedary Graphite Project is now off the critical path for the NOVONIX business. Despite this, we will be advancing the project approvals as quickly as possible such that the asset can be leveraged commercially and strategically in the future as early as possible.

Land valuations have been completed and meetings have taken place with native title and land owner stakeholders and we are working through appropriate access and compensation agreements with all parties.

Optimisation of the metallurgical flowsheet continues in Brazil with the program being modified to trial a wider range of equipment now available for testing. A five-ton pilot processing program will be undertaken in the next quarter.

A small sample of concentrate has been produced in Brazil and has been shipped to our battery materials development facility in the USA where it is being milled, purified, coated, blended, formed into slurry and manufactured into a lithium-ion battery anode, assembled into a standard full cylindrical battery cell and performance tested. The full test program is expected to take three months.

There was no change to tenement list in the quarter.



SIGNIFICANT ASX ANNOUNCEMENTS

The following significant announcements were lodged with ASX during the Quarter:

- Notice of General Meeting / Proxy Form | 8 June 2017
- Proposed Change of Company Name | 8 June 2017
- Completion of Acquisition of 100% of Novonix | 2 June 2017
- GRA to acquire 100% of Novonix | 22 May 2017
- Quarterly Cash Flow Report | 28 Apr 2017
- Quarterly Activities Report | 28 Apr 2017
- Cleansing Notice Loan Notes | 18 Apr 2017
- Presentation to General Meeting of Shareholders | 7 Apr 2017
- Results of General Meeting of Shareholders | 7 Apr 2017

ABOUT NOVONIX

NOVONIX Limited (ASX: GRA) (formerly Graphitecorp Limited) is a developer and supplier of high performance materials, equipment and services for the global lithium-ion battery industry and has sales in over a dozen countries.

100%-owned subsidiary, NOVONIX Battery Testing Services Inc., is headquartered in North America and develops and sells the most accurate battery cell test equipment in the world now used by leading battery makers and researchers and equipment manufacturers including PANASONIC, CATL, BOSCH, Dyson, 3M, Alcatel-Lucent, DALHOUSIE University, Pacific Northwest National Laboratory, Helmholtz Institute and many other well-known organisations that can't be named for confidentiality reasons.

NOVONIX, via our PUREgraphite joint venture with COULOMETRICS, develops and manufactures ultra-high purity high performance battery anode materials in the USA. PUREgraphite anode materials are aimed at meeting the most demanding lithium-ion battery applications which include electric vehicle applications.

FOR FURTHER INFORMATION

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