



NOVONIX LIMITED (ACN 157 690 830) INVESTOR PRESENTATION



Commercializing PUREgraphite & DPMG Technology
Placements and Entitlement Offer

29 MAY 2020



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Executive Summary

The Problem



- Demand for artificial (synthetic) graphite anode material is increasing exponentially due to electrical vehicle and renewables growth
- Currently all supply is coming from Asia, mostly China
- Long life batteries need high purity and high consistency anode material which is difficult to achieve with natural graphite

The Solution: NOVONIX (Right Products, Right Location, Right Time)



- 'Million-Mile' battery quest requires long-life high-performance anode cathode, & electrolyte
- We are the only US graphite anode supplier
- Our first commercial production line is now up and running
- We have signed agreements with the two largest battery makers in 2018 (Samsung SDI and SANYO) representing 40% of the 2018 market share
- Our graphite anode product outperforms current products available
- Our proprietary processes allow us to compete on cost
- All our feedstock is USA sourced, no feedstock or other dependency on China
- We have the right board and management team to capture the opportunity
- We provide cell testing and battery R&D for tier-1 battery makers & OEMs, allowing us to know what customers want and see where the market is headed
- We have exclusive manufacturing and R&D partnerships, including with Dalhousie University pioneering new materials, processes and valuable IP
- We own proprietary manufacturing process (DPMG) which has potential to eliminate waste and significantly lower the cost of both anode and cathode
- We make our own proprietary advanced electrolytes

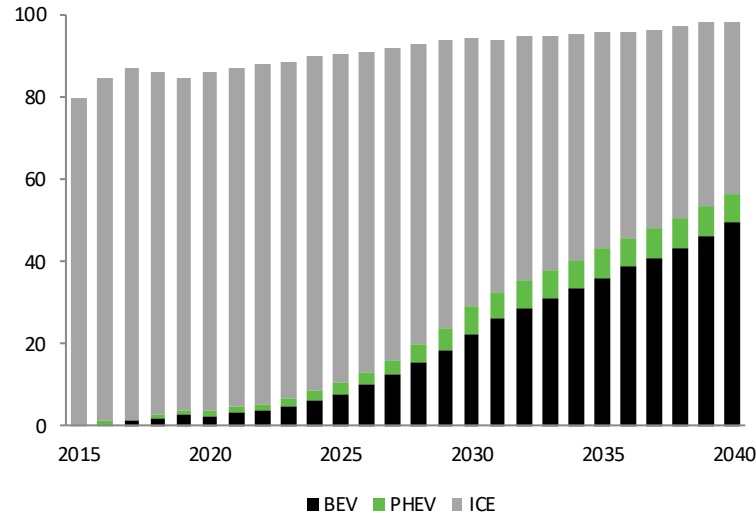
The Investment

- A\$23.5M for capex and working capital to achieve 2000tpa anode capacity
- At 2000tpa of anode we expect multi-year contracts, debt (up to 75%) and with free cash flow a healthy level of self-funded growth
- At scale, our EBIT & ROIC targets are: 20 – 30%
- 5yr target 25,000 tpy
- 10yr target 100,000 tpy
- A\$5M for development and commercialization of new technologies with primary focus on DPMG for cathode

Renewables and Green Energy Demand Driving Battery Materials Growth 10x by 2030

More Electric Vehicles

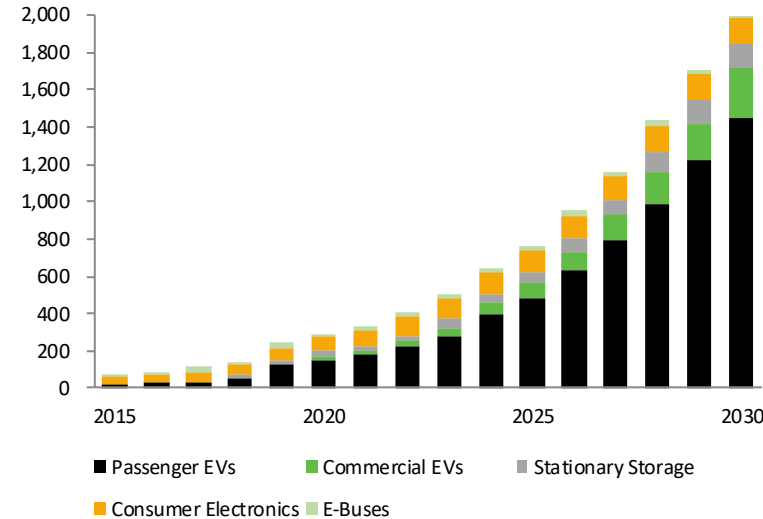
EV Sales, Millions



- Annual passenger EV sales to rise to 10 million per year in 2025, 28 million in 2028 and 56 million by 2040

More Batteries

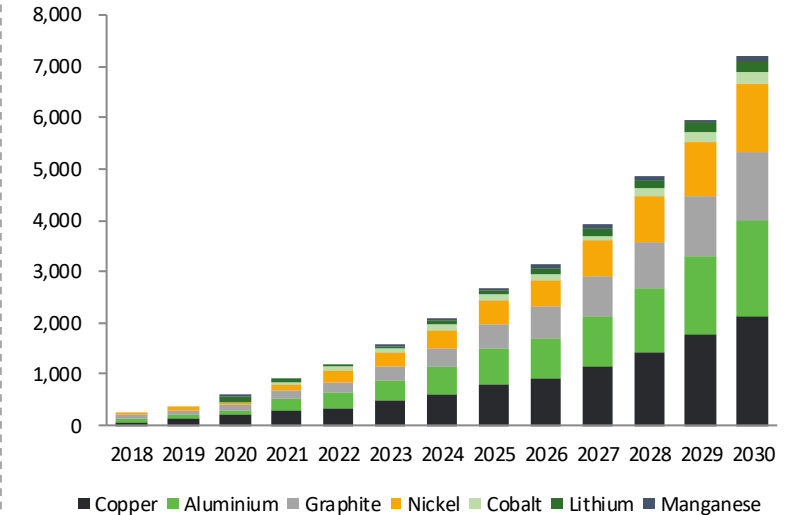
Annual Lithium-Ion Battery Demand, GWh



- To fill this demand for EV growth, there are 99 LIB megafactories in the pipeline with over 2,000 gigawatt hours (GWh) of capacity for 2028

More Battery Materials

Materials Demand, Thousand Metric Tons



- As a result, demand for our product, synthetic graphite is expected to grow >7x (115k tons to >700k tons)

Total addressable market of **synthetic graphite anode material** ~6BN USD in 2030 (700,000 tons at \$8/kg)¹

Source: Bloomberg NEF and Avicenne. Avicenne Energy 2019 price forecasts for artificial graphite anode and % split between artificial (synthetic) and natural graphite-based anode material.

Battery Growth is Happening in the US Now

Current US Gigafactory Pipeline

Battery Co.	Auto Co.	Investment	Capacity	Status	State
 LG Chem	 	\$300M	3 GWh	Operating	MI
		NA	35 GWh	Operating	NV
		\$1.7B	9.8 GWh	Operating 2022	GA
 LG Chem		\$2.3B	30 GWh	Announced Dec 2019	OH
		\$1.0B	10 GWh	Announced Jan 2020	GA

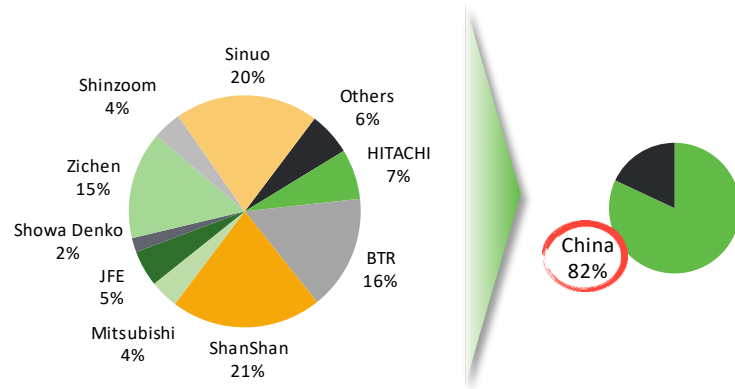
- The U.S. expects to have 130 GWh online by 2023
- Europe expects to have 198 GWh by 2023, and has signaled more than 400 GWh in the pipeline

Source: Company press releases and Avicenne Energy.

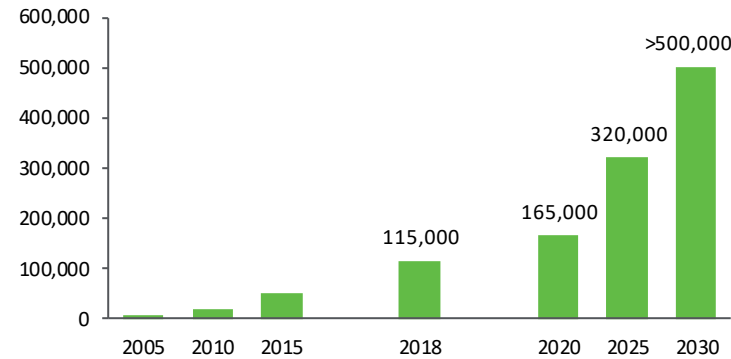
However, All Anode is Coming From Asia, Mostly China

Current Synthetic Graphite Anode Market Supply Snapshot

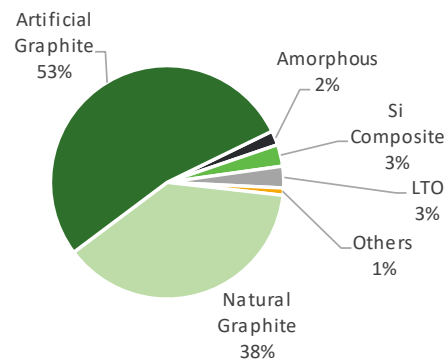
Synthetic Anode Market Share by Producer 2018



Synthetic Anode Market Demand (Tons)

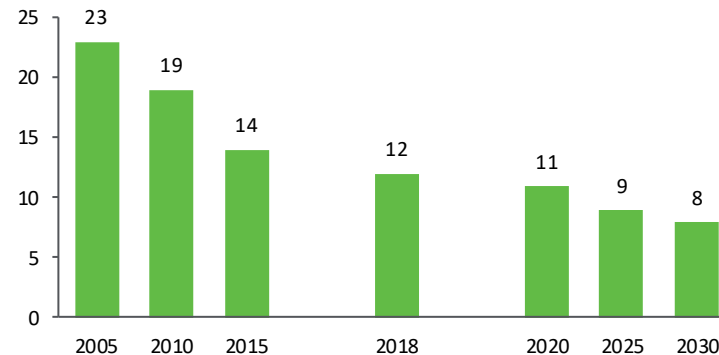


Anode Sales by Type 2018



Source: Avicenne Energy 2019.

Synthetic Anode Price Forecast (US\$ per kg)



- Market is currently dominated by China
- No established manufacturers/suppliers of Li-ion battery artificial (synthetic) graphite anode material in North America or Europe
- Demand for synthetic graphite anode material is increasing due to EV demand for long life batteries and the subsequent need for high purity and high consistency anode which is difficult to achieve with natural graphite
- 2018 Synthetic sales: ~115,000 tons with average price of US\$12/kg
- Synthetic currently 53% of graphite sales, expected to be >60% in 2030
- Prices to decrease as manufacturers improve product designs and manufacturing methods

COVID-19 is Forcing Companies to Reconsider their Dependence on China...



There will be a 'massive' shuffling of supply chains globally after coronavirus shutdowns

PUBLISHED FRI, MAR 20 2020 • 2:45 AM EDT

".. companies do see an urgency to diversify and achieve a "China + 1, 2, (or) 3 supply chain strategy"

"We are in a completely different new era now and globalization as we've known it in the past is over."



WORLD NEWS MAY 4, 2020 / 3:09 PM / UPDATED 3 HOURS AGO

Trump administration pushing to rip global supply chains from China: officials



Economy / China Economy

Coronavirus: American Factory boss says pandemic will change China's role in global supply chain



BUSINESS

Japan aims to break supply chain dependence on China in light of COVID-19



Companies must move supply chains further from China

Virus shows Southeast Asian factories too dependent on imported production inputs

BY: ALICIA GARCIA-HERRERO DATE: FEBRUARY 28, 2020 TOPIC: GLOBAL ECONOMICS & GOVERNANCE



Global supply chain with less dependence on China to be positive outcome of Covid-19: Anand

Covid-19 and dependence on China's PV supply chain

The Asian Development Bank says developing countries in Asia and the Pacific should consider developing their own solar industry supply chains as the Covid-19 pandemic has exposed their over-reliance on China to carry through the energy transition.

MARCH 30, 2020 EMILIANO BELLINI



STREET SIGNS ASIA

SHARE f t i

Global supply chains will reduce dependency on China post-coronavirus: analyst



News analysis

Coronavirus: Japanese companies urged to cut supply chain reliance on China

Writer: Sui Japan Correspondent in Tokyo

PUBLISHED APR 16, 2020 5:00 AM SGT

...Including Companies in the Battery Materials Supply Chain



Coronavirus is bringing to light 'cracks in US infrastructure and supply chain'

S&P Global

Market Intelligence

Coronavirus highlights new logistics risk in battery supply chains



Fastmarkets

COMMENT: Covid-19 to accelerate EV battery supply chain reshuffle in China

The Covid-19 pandemic has rapidly hit global electric vehicle (EV) production and sales, and so the broadly anticipated reshuffle of China's EV battery supply chain is likely to speed up in 2020.

NS ENERGY

Supply chain bottleneck strangling scale-up of lithium-ion battery production for EVs

By Dan Robinson 04 Mar 2020



IEA calls for boost to lithium-ion battery, hydrogen technologies

Valentina Ruiz Leotaud | May 3, 2020 | 11:26 am Battery Metals Energy Lithium

The executive director of the International Energy Agency (IEA), Fatih Birol, said that the turmoil in the oil sector caused by the covid-19 pandemic gives governments the perfect opportunity to embrace green energy as a source of jobs that also serves climate goals.

Forbes

5,403 views | Mar 25, 2020, 08:52am EDT

Manufacturers Are Struggling To Supply Electric Vehicles With Batteries



MiningMaven

Coronavirus highlights critical need for diversity in the battery metals supply chain

Mark Sheridan – February 27, 2020

NOVONIX is the Only US Graphite Anode Supplier



NOVONIX Has Agreements with the Two Largest Battery Makers, These Manufacturers Represent 40% of the Global Li-ion Battery Market in 2018⁽¹⁾

SAMSUNG Supply Agreement and R&D Collaboration

- Initial supply of 500 tons of synthetic graphite anode material commencing 2020 (subject to SAMSUNG's required quality assurance processes)
- Working toward longer term supply agreement
- R&D collaboration agreement on new materials
- Conditional on supplier audit and QA



SANYO Commercial Collaboration

- Non-binding MOU to assess anode materials and supply for EV and ESS following positive test results in Japan



Source: (1) Avicenne Energy 2019.

Why Customers Buy NOVONIX Anode Material (1 of 2)

Key Customer Decision Drivers for Synthetic Graphite Anode Material

We Deliver the Performance Required

- Improved coulombic efficiency and cycle life compared to industry leading materials (including a Tesla Model S cell)

We are Competitive on Cost

- Re-engineered product and process
- Globally competitive energy input

We Guarantee Safety

We are the Green Alternative

- Low emission energy sources
- No chemical purification

We Manufacture in the USA

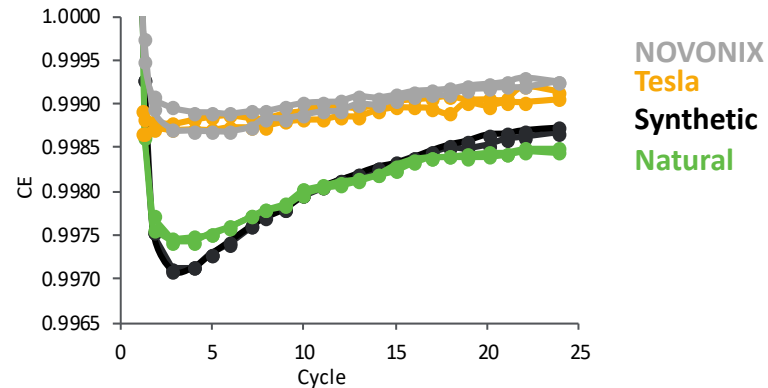
- Supply diversification

Performance Measures	Why Important	NOVONIX	Chinese Synthetic	Japanese Synthetic	Natural
Capacity (mAh/g)	Increases Battery Energy Density	350	340–350	350–355	350–360
1st Cycle Efficiency (%)	Increases Battery Energy Density	93	88	91	90
Cycle Life	Electric Vehicles and Energy Storage Systems require very long cycle life	V. High	Medium	High	Low
Cost	Need to lower \$/kWh of energy storage for EV and energy storage system markets	\$\$\$	\$\$	\$\$\$\$	\$\$
Safety / Purity / Quality	High safety and reliability are critical aspects for electric vehicle and energy storage system batteries	V. High	Medium	High	Low
Emissions and Chemicals	Batteries support sustainability, but the input materials must also be made in an environmentally friendly manner	V. Low	High	High	High

Why Customers Buy NOVONIX Anode Material (2 of 2)

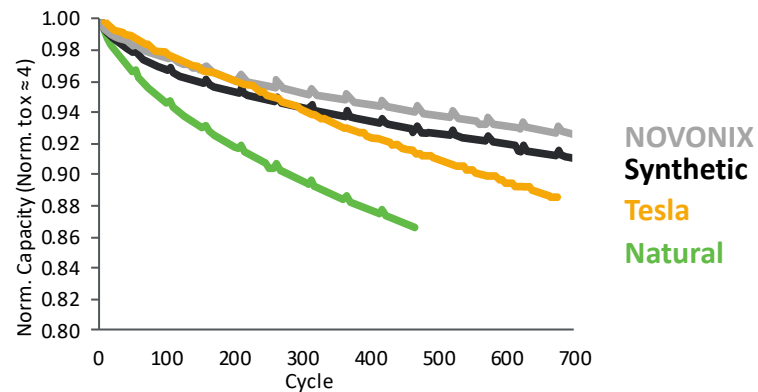
Our Synthetic Graphite Anode Material Clearly Beats Competitors in Head-to-Head Testing

Improved Coulombic Efficiency (CE)



- NOVONIX offers improved Coulombic Efficiency (CE) compared to industry leading materials (including a Tesla Model S cell)
- CE measures the electrochemical stability of the materials in the battery
- The higher the CE, the longer the battery life

Improved Capacity Retention



- NOVONIX offers improved capacity retention compared to industry leading materials (including a Tesla Model S cell) as expected from higher coulombic efficiency
- Better capacity retention means less range loss over time for an electric vehicle

The Quest for the Million-Mile Battery

Million-Mile Battery requires three critical elements:

Requirement

NOVONIX

Long-life Anodes

- PUREgraphite Anode – developed & scaling

Long-life Cathodes

- NOVONIX DPMG Cathode – under development

Long-life Electrolytes

- NOVONIX Electrolyte – demonstrated performance and IP being filed

NOVONIX has all three elements in-house

CAR NEWS

GM VS TESLA FOR THE MILLION-MILE BATTERY

22 MAY
2020



ALEX RAE

NEWS A day ago

General Motors' million-mile battery is 'almost there'

Tesla Battery Day update flags launch of million mile battery in China first

MAY 15, 2020 · 8 COMMENTS · 4 MINUTE READ · BRIDIE SCHMIDT

DPMG: New Manufacturing Method for Anode and Cathode

NOVONIX Dry Particle Microgranulation

Breakthrough

- On 15 May 2020, NOVONIX 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)

Higher yield, lower cost and improved particle performance

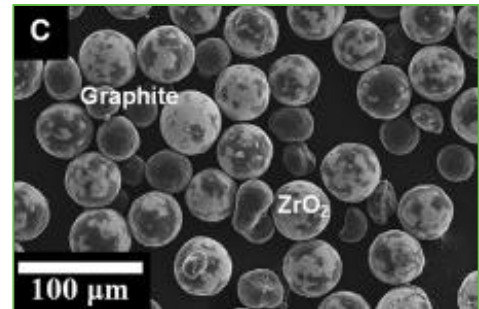
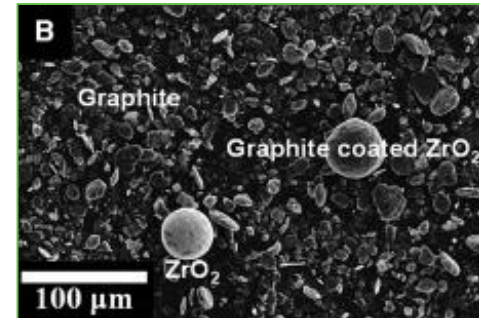
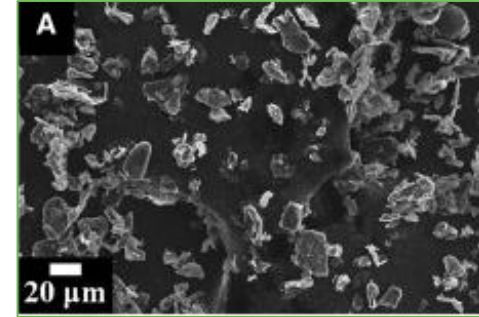
- DPMG is a method for synthesizing highly engineered particles through the consolidation of fine materials, that may otherwise be waste, into particles that can be tens of microns and suitable for use in lithium-ion batteries – with 100% yield - where current methods have significant yield losses which increase the cost of manufacturing
- DPMG enables the bulk synthesis and uses a dry process, resulting in no wastewater or materials, and lower cost
- Utilizes proven, scalable, readily-available, low-cost equipment

Commercial Opportunities

- Immediate opportunities to utilize DPMG in-house within the PUREgraphite anode business
- Unique cathode material synthesis supporting high performance cathode materials while decreasing the cost (e.g. NMC, NCA)
- In-house cathode manufacturing, partnering and licensing opportunities

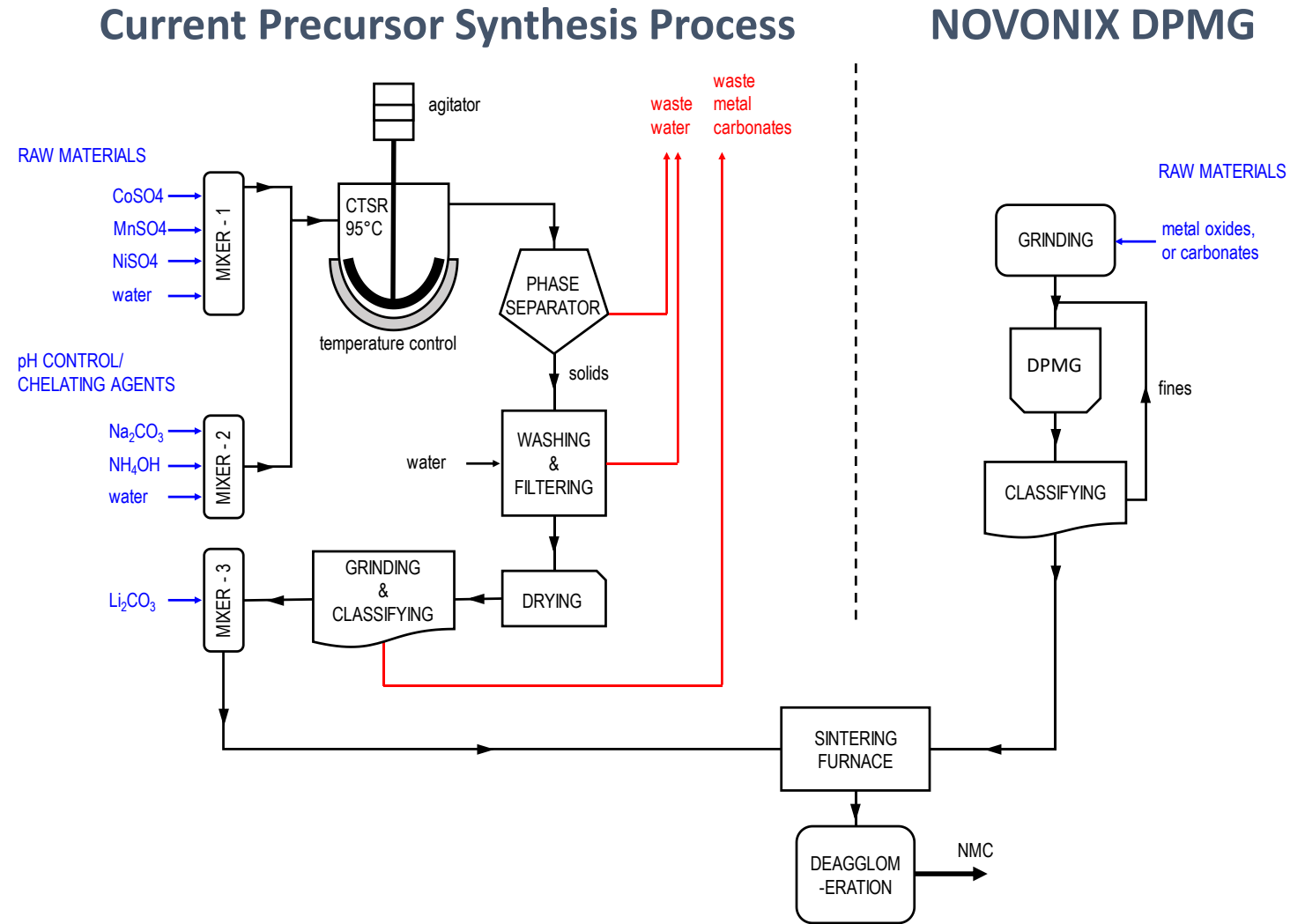
Intellectual Property 100%-Owned by NOVONIX

- Patent applications protecting the DPMG process have been filed by NOVONIX



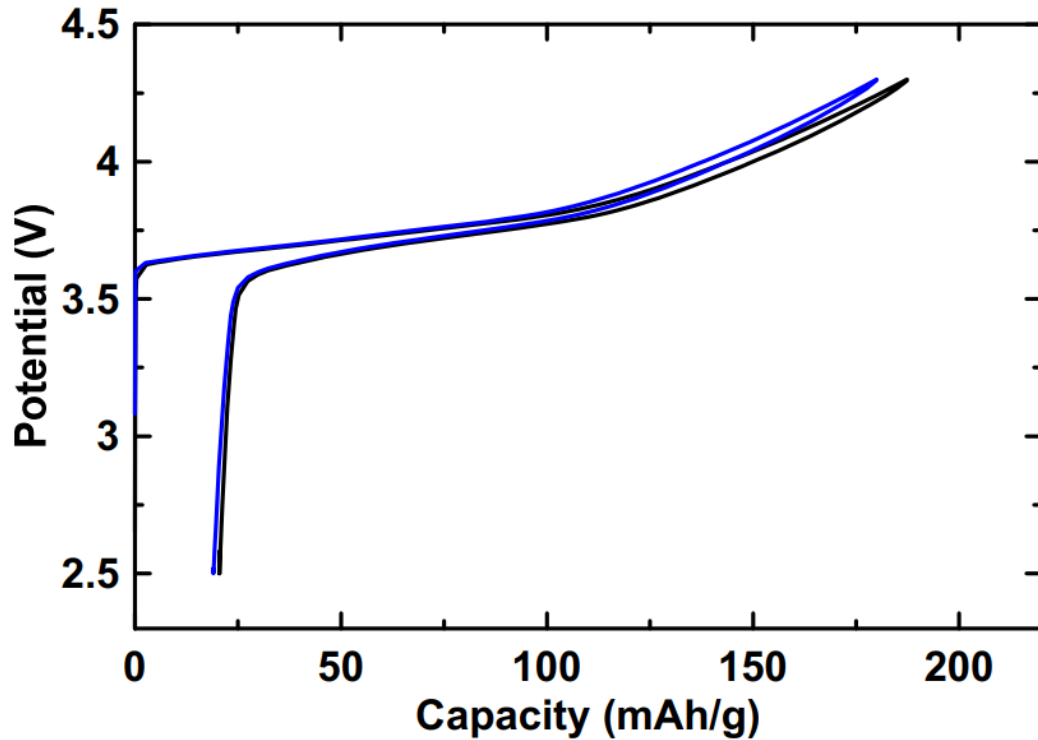
NOVONIX's DPMG Technology Offers Low Cost Cathode Synthesis

- Cathode materials represent about 30% of the cost of a battery cell
- Cathode material market is US\$7B, and growing 13% YOY
- Current precursor synthesis process (CSTR) is complex, wasteful and costly
- NOVONIX's DPMG involves dry synthesis of high nickel materials at a significantly lower cost

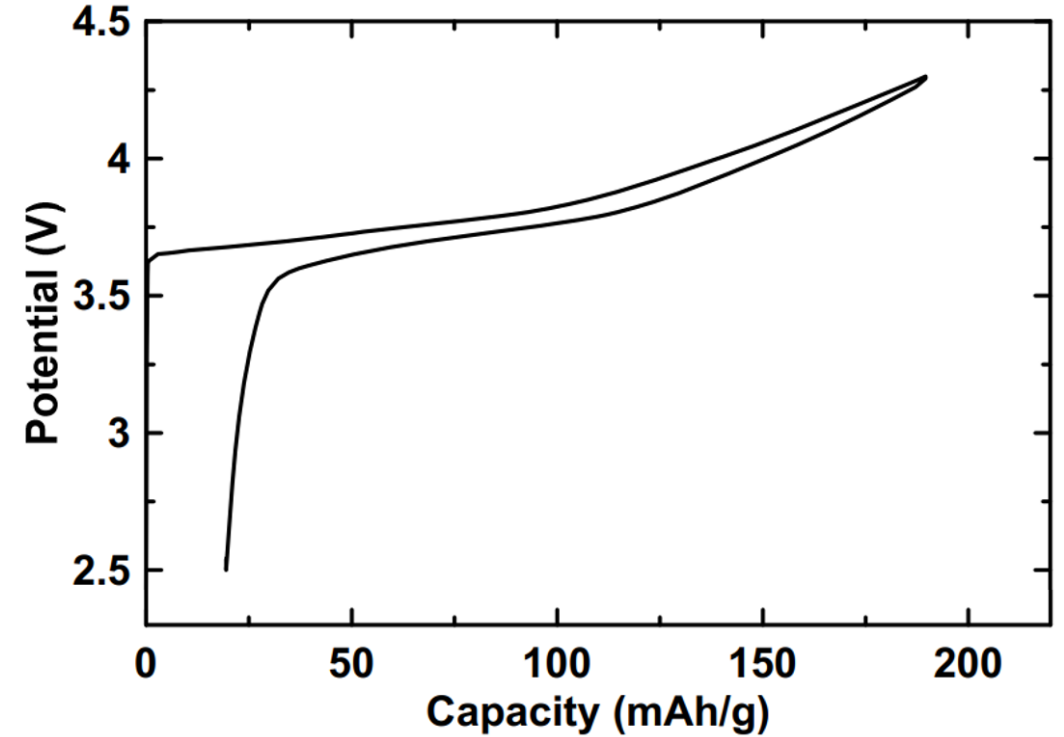


DPMG Performs Head-to-Head with Commercial Leaders

DPMG SC NMC622



Commercial SC NMC622

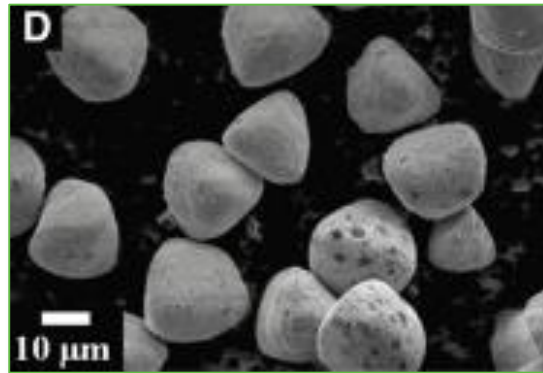
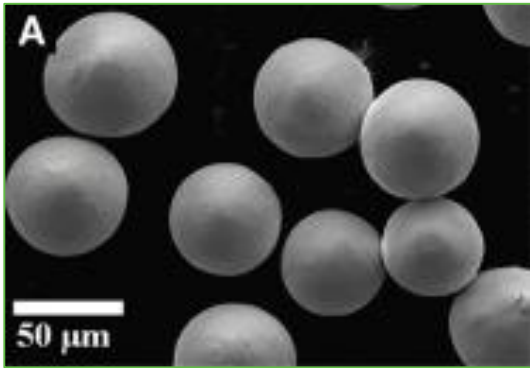


DPMG material shows the same capacity, first cycle efficiency and low polarization of commercial grade material

DPMG Commercialisation Plan

Work Currently Underway

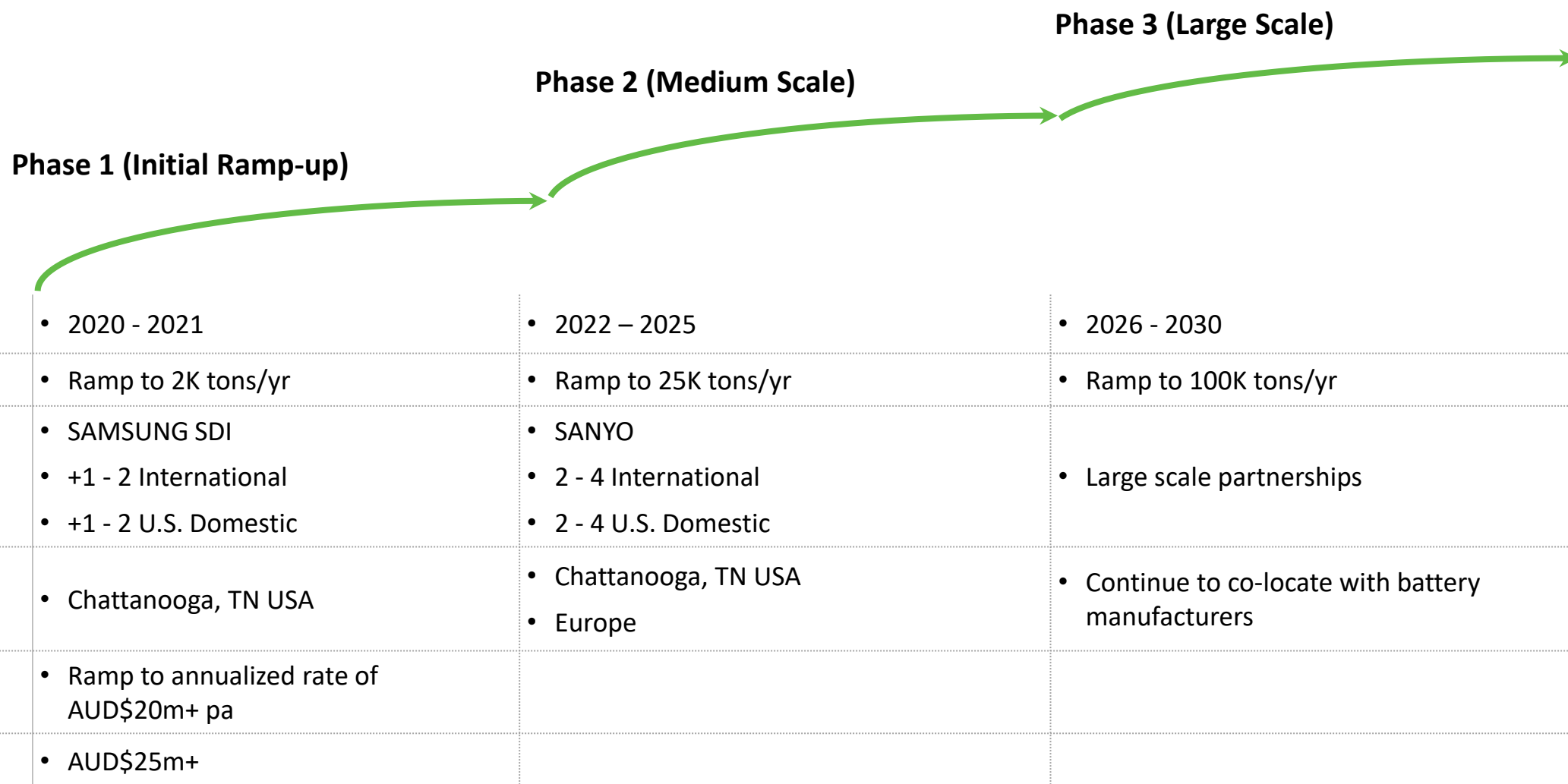
- Pilot scale demonstration
- Optimizing conditions for different particles:
 - High nickel and cobalt free materials, and
 - Coatings/dopants for performance improvement
- Continuing to file new patents on IP around DPMG inventions and findings



Next Steps

- A\$8.5 million of funding for commercialization
 - \$3.5 million for integration/deployment of DPMG technology into PUREgraphite driving higher yield, less waste, higher performance and higher margins
 - \$5 million for commercialization of DPMG technology to make high-performance long-life cathode materials including comprehensive testing at pilot scale and development of full-scale processing capability
- Includes collaboration with technology partners and customers and evaluation of commercialization options including licensing, partnering and greenfield development
- Includes other Million-Mile Battery initiatives, including electrolytes

Phased Growth Plan For PUREgraphite



(1) These are indicative targets for the business, are subject to significant risks and do not constitute a form of forecast or a form of guidance for the business.

PUREgraphite Phase 1 (Anode)

	2020 H1	2020 H2	2021 H1	2021 H2
Capacity	Ramp to 125tpa	Ramp to 250tpa	Ramp to 1,000tpa	Ramp to 2,000tpa
Production	50t	100t	300t	700t
Samsung SDI	Supply audit Initial 500t agreement	2021 supply agreement		2022-24 supply agreement
SANYO		Qualification complete	Supply audit	Supply agreement
Revenue	Build inventory for SAMSUNG	Start shipping in October		
Capex	AUD\$5m	AUD\$5m	AUD\$10m	TBD/Customer demand

- Previous investment has positioned NOVONIX for rapid growth by acquiring and investing in:
 - R&D technology and capability (AU\$10m) (BTS), and
 - Anode tech and customers (AU\$30m) (PUREgraphite)
- For Phase 1 success, management and board are highly involved to achieve 2 pillars of Phase 1's execution plan:
 - Extending Samsung SDI & commencing SANYO supply contracts
 - Scaling production

Note: These are indicative targets for the business, are subject to significant risks and do not constitute a form of forecast or a form of guidance for the business.

NOVONIX's Funding Plan to "Self-Funded Growth"

Scale to Self-Funded Growth Capacity (AUD\$25m)

- A\$15m CAPEX to scale anode production capacity from 500 to 2,000 tpa over 2020-2021
- A\$3.5m CAPEX for deployment of DPMG technology to PUREgraphite
- A\$5m working capital to fulfil initial SAMSUNG order, other contracts and supplies
- A\$5m for commercialization of DPMG technology to make high-performance long-life cathode materials including comprehensive testing at pilot scale and development of full-scale processing capability
- Includes collaboration with technology partners and customers and evaluation of commercialization options including licensing, partnering and greenfield development
- Includes other Million-Mile Battery initiatives, including electrolytes

CAPEX Requirements

Electrical and auxiliary infrastructure plant and equipment

- Medium and high-power electrical distribution for energy intensive processing plant and equipment and large-scale auxiliary cooling systems and emergency power and water back-up systems and associated plant and equipment

Particle coatings and thermal treatments plant and equipment

- High temperature precision furnace, gas and emission control systems and associated materials handling plant and equipment

Particle blending, sizing, shaping & DPMG plant and equipment

- Sizing, shaping, DPMG, classifying, blending and materials handling plant and equipment

Product blending and finishing plant and equipment

- Classifying, blending, materials handling, packaging and labeling plant and equipment

Laboratory testing plant and equipment

- Comprehensive materials laboratory with capacity to support commercial operations and associated quality assurance processes throughout the production process

Board of Directors



Tony Bellas
Chairman



Philip St Baker
Managing Director



Greg Baynton
Executive Director



Admiral Robert J. Natter
Non-Executive Director



Andrew N. Liveris AO
Non-Executive Director



Robert Cooper
Non-Executive Director

Leadership
Experience



Management



Dr Chris Burns
Group Chief Operating Officer
CEO of PUREgraphite/CEO of BTS



Nick Liveris
Group VP Business Development
CFO of PUREgraphite/CFO of BTS



Dr David Stevens
Group Chief Technical Officer
General Manager BTS



Philip St Baker
Group Managing Director



Greg Baynton
Group Executive Director



Suzanne Yeates
Group CFO and Co Secretary

- 6 full-time staffed PhDs
- Exclusive partnership with Professor Mark Obrovac (including lab 10+ graduate students) at Dalhousie University - commercialisation by NOVONIX

Technical
Experience

BHP



Global Tier 1 Customer Base

Customer Overview

- Customers represented globally across key battery industries, including
 - Auto OEMs
 - Battery manufacturers
 - Consumer electronics
 - Medical device
 - Battery laboratories
- Several major auto OEMs and consumer electronic customers not disclosed for confidentiality reasons





Placements and Entitlement Offer

Equity Raising Overview

Offer Size and Structure	• Placement to raise approximately \$5.6 million through the issue of approximately 19.4 million new shares (“Placement”) and a fully underwritten 1 for 1 accelerated pro-rata non-renounceable entitlement offer to existing shareholders to raise approximately \$37.9 million (“Entitlement Offer”) • A Strategic Placement, subject to shareholder approval, to the St Baker Innovation Fund and Director-related parties to raise between \$14.72 million and \$19.45 million through the issue of up to approximately 67 million new shares
Offer Pricing	The Offer price of \$0.29 per New Share represents a: • 33.5% discount to TERP; and • 56.1% discount to the closing price of \$0.66 on 25 May 2020
Offer Rationale	• The proceeds from the capital raising will be applied principally to recapitalise the balance sheet, commercialise PUREgraphite, provide working capital to fulfil an initial SAMSUNG order, and integrate DPMG in PUREgraphite and pursue cathode applications.
Use of Proceeds	• A\$25.5 million to redeem all convertible loan notes and repay all strategic investor and director loans • A\$23.5M for capex and working capital to achieve 2000tpa anode capacity with DPMG deployment and self-funding capacity • A\$5 million for commercialization of DPMG technology for cathode and other million-mile innovations (incl. electrolytes) • The remainder will be used for capital raising fees and expenses, and general working capital
Expected Timing	• Placement and Entitlement Offer announced on Wednesday, 27 May 2020 • Entitlement Offer to open on Wednesday, 3 May 2020 and close on Thursday, 17 June 2020
Ranking	• New shares issued will rank equally with existing NOVONIX shares

Equity Raising Timetable*

Activity	Date
Announcement of Equity Raising and enter trading halt	Tuesday 26 May 2020
Placement and Accelerated Non-Renounceable Entitlement Offer opens	Tuesday 26 May 2020
Placement and Accelerated Non-Renounceable Entitlement Offer closes	Wednesday 27 May 2020
Announcement of completion of Placement and Accelerated Non-Renounceable Entitlement offer, trading halt lifted, existing shares recommence trading	Friday, 29 May 2020
Record Date Entitlement Offer (7pm AEST)	
Retail Entitlement Offer information booklet and entitlement and acceptance form despatched	Wednesday, 3 June 2020
Retail Entitlement Offer opens	
Settlement of Accelerated Entitlement Offer and Placement	Thursday, 4 June 2020
Allotment of New Shares issued under the Accelerated Entitlement Offer and Placement	Friday, 5 June 2020
Trading commences on a normal basis for New Shares issued under the Placement and Accelerated Entitlement Offer	Tuesday 9 June 2020
Retail Entitlement Offer closes (5pm AEST)	Thursday, 18 June 2020
Announcement of results of Retail Entitlement Offer and notification of any shortfall	Tuesday, 23 June 2020
Allotment and issue of New Shares under the Retail Entitlement Offer	Thursday, 25 June 2020
Despatch of holding statements for New Shares issued under the Retail Entitlement Offer	
Quotation of shares issued under the Retail Entitlement Offer and trading commences on a normal basis	Friday 26 June 2020
Shareholder meeting to approve Strategic Placement	30 June 2020
Completion of Strategic Placement	

*Timetable subject to change without notice.

Re-setting of the Capital Structure

Performance Based Options	• Reduced from 36.25 million to 30.75 million
Non-Performance Based Options	• Reduced from 44.75 million to 9.75 million
Convertible Notes	• Redeemed Eliminating \$18.8 million of Debt
Strategic Investor and Director Loans	• Repayment of Strategic Investor Loan of ~\$3.5 million via conditional placement • Repayment of all Director Loans of ~\$3.2 million via entitlement take-up

Effects of the Equity Raising - Capital Structure

Ordinary Shares

Items	Minimum subscription under Strategic Placement		Maximum subscription under Strategic Placement	
	Number of Shares	Percentage	Number of Shares	Percentage
Existing Shares on issue as at 25 May 2020	130,721,435	39.41	130,721,435	37.56
New Shares issued under the Institutional Placement	19,495,469	5.88	19,495,469	5.60
Approximate New Shares issued under Entitlement Offer	130,721,435	39.41	130,721,435	37.56
Approximate New Shares issued under the Strategic Placement*	50,755,077	15.30	67,085,100	19.28
Approximate total number of Shares following Equity Raising	331,693,416	100.00	348,023,439	100.00

*Strategic Placement will be up to approximately 67,085,100 shares less any Retail Entitlement Offer shortfall shares issued to the St Baker Innovation Fund through General Sub-Underwriting.

Effects of the Equity Raising - Pro Forma Balance Sheet

\$AUD	1	2	3	4	5		6	Total	
	31 December 2019 (incl. SPP and placement)	Option cancellation	Note redemption	Placement and rights issue	SBEIF strategic placement		Director loans		
					Minimum	Maximum		Minimum	Maximum
ASSETS									
Current assets									
Cash and cash equivalents	1,851,082	-	(7,555,343)	37,938,767	3,400,000	8,135,707	2,798,960	38,433,466	43,169,173
Trade and other receivables	1,416,566	-	-	-	-	-	-	1,416,566	1,416,566
Inventory	828,964	-	-	-	-	-	-	828,964	828,964
Total current assets	4,096,612	-	(7,555,343)	37,938,767	3,400,000	8,135,707	2,798,960	40,678,996	45,414,703
Non-current assets									
Property, plant and equipment	7,588,332	-	-	-	-	-	-	7,588,332	7,588,332
Exploration and evaluation assets	2,918,757	-	-	-	-	-	-	2,918,757	2,918,757
Right-of-use assets	2,898,392	-	-	-	-	-	-	2,898,392	2,898,392
Intangible assets	18,140,364	-	-	-	-	-	-	18,140,364	18,140,364
Other assets	8,643	-	-	-	-	-	-	8,643	8,643
Total non-current assets	31,554,488	-	-	-	-	-	-	31,554,488	31,554,488
Total assets	35,651,100	-	(7,555,343)	37,938,767	3,400,000	8,135,707	2,798,960	72,233,484	76,969,191
LIABILITIES									
Current liabilities									
Trade and other payables	435,975	-	-	-	-	-	-	435,975	435,975
Contract liabilities	14,597	-	-	-	-	-	-	14,597	14,597
Lease liabilities	131,976	-	-	-	-	-	-	131,976	131,976
Borrowings	6,472,992	-	(5,917,055)	-	-	-	(351,063)	204,874	204,874
Total current liabilities	7,055,540	-	(5,917,055)	-	-	-	(351,063)	787,422	787,422
Non-current liabilities									
Lease liabilities	2,795,054	-	-	-	-	-	-	2,795,054	2,795,054
Borrowings	11,533,428	-	(807,369)	-	(8,687,546)	(8,687,546)	-	2,038,513	2,038,513
Total non-current liabilities	14,328,482	-	(807,369)	-	(8,687,546)	(8,687,546)	-	4,833,567	4,833,567
Total liabilities	21,384,022	-	(6,724,424)	-	(8,687,546)	(8,687,546)	(351,063)	5,620,989	5,620,989
Net assets	14,267,078	-	(830,919)	37,938,767	12,087,546	16,823,253	3,150,023	66,612,495	71,348,202
EQUITY									
Contributed equity	39,454,429	-	-	37,938,767	14,718,972	19,454,679	3,226,980	95,339,148	100,074,855
Reserves	25,674,980	1,636,570	-	-	-	-	-	27,311,550	27,311,550
Accumulated losses	(50,862,331)	(1,636,570)	(830,919)	-	(2,631,426)	(2,631,426)	(76,957)	(56,038,203)	(56,038,203)
Total equity	14,267,078	-	(830,919)	37,938,767	12,087,546	16,823,253	3,150,023	66,612,495	71,348,202

1. Reviewed 31/12/19 balance sheet adjusted for the Share Purchase Plan and placement that completed in January 2020 raising \$1,291,024 net of costs.
2. Acceleration of the share-based payment expense associated with Director and Management options cancelled.
3. Redemption of loan notes.
4. Placement of 19,495,469 shares to institutional investors and 1 for 1 rights issue to issue 130,721,435 shares, less costs of the capital raising estimated at \$2.4m, less \$2.8m of Director loan funds that will be used to take up Director entitlements under the rights issue.
5. Strategic placement of between 50,755,077 (minimum) and 67,085,100 shares (maximum) settled through the redemption of loan notes, conversion of short-term loan of \$3.4m and additional placement of \$4.7m.
6. Additional director loan funds of \$2,798,960 have been drawn down since 31/12/19. The principle and interest components of the loans will be settled in shares.

Risk Factors

- **Supplier risks associated with materials supply contracts including requirements to meet supply specifications and other customer requirements** - On 9 December 2019 the Company announced a supply and R&D collaboration agreement with Samsung SDI, an international manufacturer of lithium-ion batteries. Delivery of the initial 500 tons of PUREgraphite anode material under the agreement is conditional upon meeting Samsung's quality assurance and supply processes, and battery market conditions (at Samsung SDI's discretion). Further deliveries may be made, subject to the Company's supply performance, market conditions, agreement on price and quantities, and Samsung SDI's overall requirements.

There is a risk that the Company cannot meet Samsung SDI's requirements or that for some other reasons (such as market demand or pricing) Samsung SDI does not purchase PUREgraphite anode material from the Company, or that the price offered by Samsung SDI is not profitable for the Company.

The Company's agreement with Sanyo is a non-binding MOU to share technology. There is no guarantee that this may result in a binding sales agreement.

Furthermore, the Company's aspiration is to enter into supply contracts with other customers by 2022. Doing is subject to significant risks, many of which are outside the Company's control. For example, competition from alternative suppliers, technological innovation that may displace lithium iron batteries or anode materials used in lithium iron batteries, and competitive pricing and margins.
- **Exchange rate risks** - Contracts for supply of anode materials are likely to be in \$US. Exchange rate movements may impact on the rate to which earnings convert to Australian dollars.
- **Operational risks associated with advanced materials manufacturing and scaling from small scale to large scale** - The Company is currently building a 500 ton per annum processing plant. There is a risk that the cost and time estimates for the development may not be met, or that there may be delays and unforeseen costs in completing the plant and commencing production. As well, there is a risk that the plant may fail to perform to expectations, resulting in lower rates of production and/or product failing to meet customer specifications.
- **Financial risks** - As disclosed in the Company's 31 December 2019 half yearly report, the Company achieved a net loss before income tax of \$7,033,673 and net operating cash outflows of \$3,033,542 for the half year ended 31 December 2019. The Company's ability to continue as a going concern is depending upon meeting its cash flow forecasts, raising capital as and when required and successfully and profitably growing its battery materials, consulting and technology business. There are considerable financial risks in this.
- **Relevant Approvals** - There is a risk that relevant approvals may not be received for the STBEIF sub-underwriting and Strategic Placement, which would have consequences for funding the Company's expansion plans and the use of funds outlined. An adverse outcome would mean that the Company may need to seek funds elsewhere, use other instruments to raise funds, or scale-down its plans and not meet its business objectives.

Risk Factors (continued)

- **Typical competition risks associated with the battery materials market** - The battery materials market consists of a large number of small suppliers (such as the Company) and a small number of large dominating buyers. The Company faces the risk that one or more of its competitors, or a new entrant to the market, will increase its competitive position through aggressive marketing campaigns, product innovation, price discounting, acquisitions or through advances in technology.
- **Competitors gaining unauthorized access to NONONIX's proprietary production processes and associated intellectual property (IP)** - The Company has developed proprietary production processes and associated IP. The Company protects its processes and IP in a number of ways but there is a risk that competitors may acquire knowledge of these proprietary processes and IP, and undermine what NOVONIX regards as key factors underpinning any competitive advantage it has in the market.
- **Trading and liquidity risks** - Trading in the Company's Shares is relatively illiquid, with an average of 66,405 shares traded each day over the last 12 months. Illiquidity may increase the volatility of the market price of Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders pay for their Shares under the entitlement issue.
- **Overall market risk including supply and demand** - The Company's operations may be affected by global graphite prices, graphite supply and demand, and economic and geopolitical events that may affect international trade and demand.
- **COVID -19** - Potential for further disruption to workplaces that may be consequent upon to further restrictions placed on businesses and individuals and potential further disruption of markets and logistical supply chains. Any further COVID-19 or other pathogenic outbreaks have the potential to risk the wellbeing and health of staff.
- **Changes in international trade policy** - There is potential for international trade policies and geopolitical events to affect the company's trading and supply chains as a result of direct or unintended consequences.

These risks are associated with an investment in Shares but are not an exhaustive list. In addition and as with an investment in any ASX listed company, the future prospects, operating and financial performance of the Company and the value of its Shares may be affected by a variety of factors, including changes in investor sentiment and overall performance or the Australian and overseas securities markets, and changes in general business, industry cycles and economic conditions.

Foreign Selling Restrictions

This document does not constitute an offer of new ordinary shares New Shares in NOVONIX Limited (**Company** or **NOVONIX**) in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Australia

The information in this document has been prepared on the basis that all offers of New Shares will be made to Australian resident investors to whom an offer of shares may lawfully be made without disclosure under Part 6 D 2 of the Corporations Act 2001 Cth (**Corporations Act**). This document is not a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act and has not been, and will not be, lodged with the Australian Securities and Investments Commission (**ASIC**). Neither ASIC nor ASX takes any responsibility for the contents of this document. Accordingly, this document may not contain all information which a prospective investor may require to make a decision about whether to subscribe for New Shares and it does not contain all of the information which would otherwise be required by Australian law to be disclosed in a prospectus, product disclosure statement or any other form of disclosure document regulated by the Corporations Act. This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to the offer of New Shares or any other transaction in relation to NOVONIX shares, you should assess whether that transaction is appropriate in light of your own financial circumstances or seek professional advice.

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This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (**FMC Act**). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of NOVONIX with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than under the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.



Appendix 1: Fundraising Background

Historical Strategic Investment

Three Years of Strategic Investment (AU\$40m) - Complete

Acquisition and investment in R&D technology and capability (AU\$10m) (BTS)

- Acquisition of NOVONIX in 2017 & recruitment of Chris Burns (Ph.D.) & David Stevens (Ph.D.)
- People and a brand known for designing and building the worlds most accurate battery cell testing technology providing competitive advantage to tier 1 Co's
- Leverage of talent to expand operations to include comprehensive battery materials R&D program in partnership with Dalhousie University and expanded battery testing, design and prototyping services to external companies
- Global tier 1 customer base, sales in 15 countries, forecast revenue >\$4m in FY2020

Acquisition and investment in anode tech and customers (AU\$30m) (PUREgraphite)

- Acquisition of lab scale anode technology outperforming best in class enabled (accelerated) by NOVONIX R&D cell testing technology in 2017
- Investment in taking IP from lab to full scale commercial qualified product 2017 - 2019
- First supply agreement SAMSUNG SDI and commercial collaboration with SANYO in 2020

Strategic Investor: St Baker Innovation Fund



Investing in the electrification of transport



Better
EV Batteries



Better
EV Chargers



Better
EV Charger Networks

The St Baker Energy Innovation Fund invested \$10 million (in form of convertible notes) in January 2019 to enable NOVONIX to acquire a controlling interest in the PUREgraphite and \$3.4 million (via loan) in March 2020 to support SAMSUNG SDI contract

Note: The St Baker Energy Innovation Fund is a related party to Philip St Baker.



May 2020

ASX: NVX



Appendix 2: Company Background

Company Overview



- Founded in 2012 as Graphitecorp and listed on ASX in 2015
- Company founded to develop a graphite mine (project on hold)
- Name changed to NOVONIX in 2017



- Founded in 2013 and acquired in 2017
- Technology accelerates R&D from years to weeks
- Battery material R&D partnership with Dalhousie University
- Battery testing, design, and prototyping services
- Sales to battery and OEM multinationals in 15 countries
- Owner of DPMG manufacturing technology (anode and cathode)



- JV founded in 2017, fully acquired 2019
- US-made premium high capacity long-life synthetic graphite anode
- Conditional sales agreement with Samsung SDI (Korea) December 2019
- Non-binding MOU agreement with SANYO (Japan) January 2020
- Commercial production commencing 1Q20

NOVONIX Advantage

How We Broke into the Market

We know what customers want and where the market is headed

- We perform high precision and specialized cell testing services for tier-1 automakers, consumer electronics OEMs, battery manufacturers and materials companies
- We have a long-term battery materials R&D partnership with the world-renowned Dalhousie University generating a steady stream of promising inventions

We iterate on product development quickly

- Our proprietary high precision and specialized cell testing technology allow us to accelerate R&D from months to weeks and to perform analysis that is not available to other companies

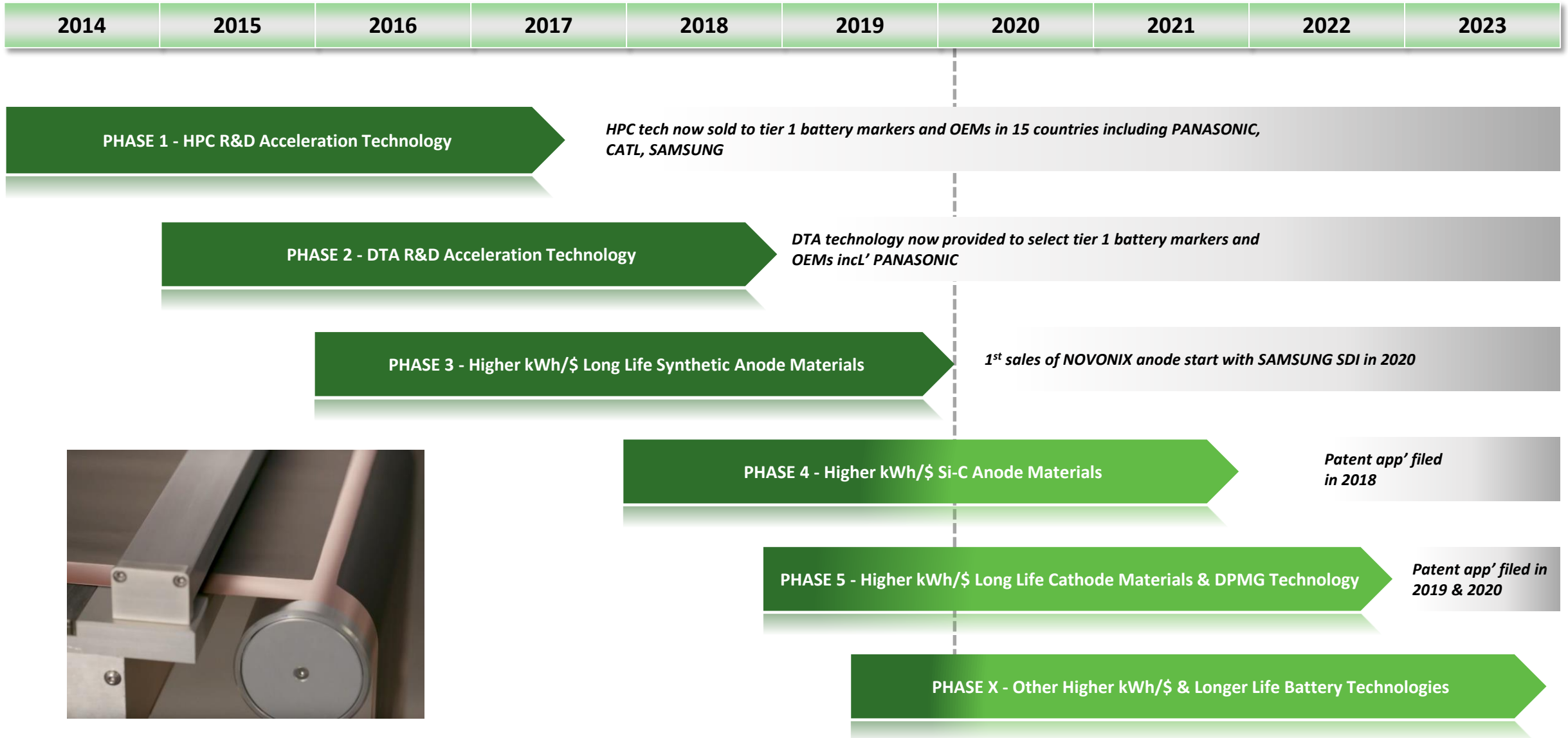
A trusted company with trusted leadership

- Tier 1 battery makers and OEMs trust us to provide the most accurate cell testing technology and services in the world and board and management have the personal trust within the global business community

Continuous innovation, with a low-cost approach

- Owner of DPMG manufacturing technology, anode, cathode and electrolyte IP, ongoing development/ improvements

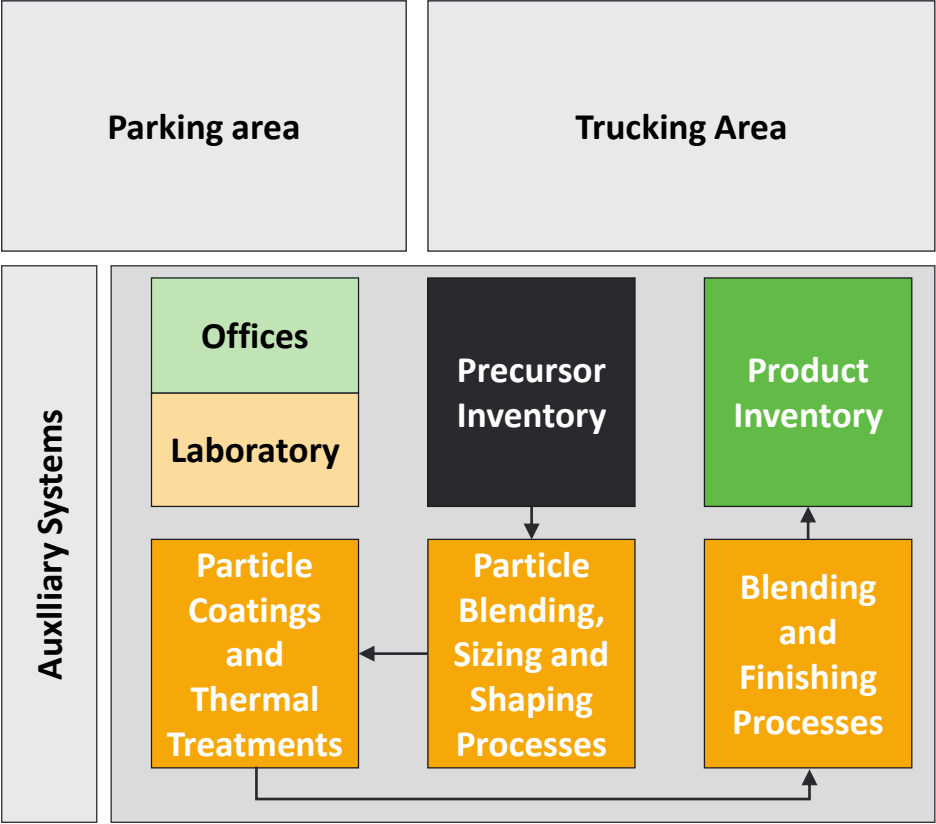
Group Technology Roadmap – The Million-Mile Battery



PUREgraphite Facility Photos



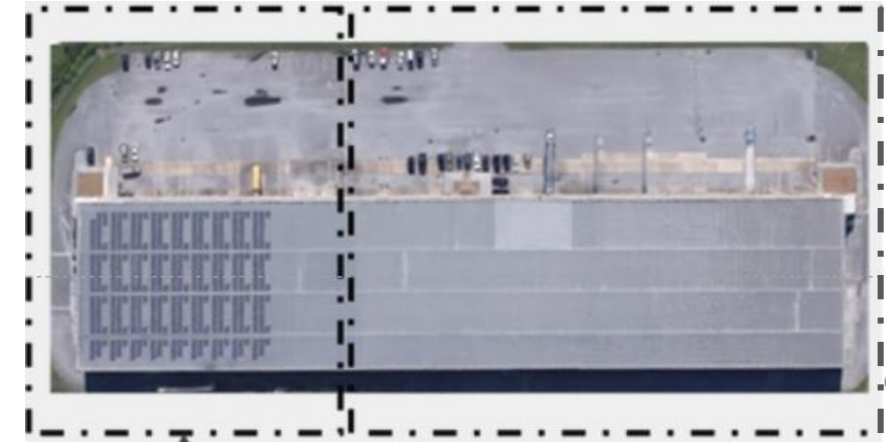
PUREgraphite Facility Layout



General Layout of Facilities

Current Facility
Occupied 40,000 SF

Expansion Area
Optioned - 80,000 SF



Aerial Photo

Graphite Anode Material Very Different Graphite Concentrate

Answer to a Common Question about Our PUREgraphite Business

Question: Difference between a natural graphite concentrate and PUREgraphite anode?

Answer: PUREgraphite anode is a more refined product than graphite concentrate.

- Natural graphite concentrate is not ready to go into a lithium-ion or an alkaline battery
- Natural graphite concentrate has many uses and one is as a precursor material that can be converted into a “Battery Ready” material via a series of complex steps
- The value of “Battery Ready” natural graphite based anode material is typically 5 to 10 times higher than natural graphite concentrate from a mine
- “Battery Ready” anode material is also made from artificial (synthetic) graphite which is made from materials such as coal or petroleum coke
- **The value of “Battery Ready” synthetic (artificial) graphite anode material is 10 to 20 times higher than natural graphite**
- PUREgraphite is a “Battery Ready” anode material manufacturer and has capability to manufacture synthetic, natural and blended battery anode products
- The name “PUREgraphite” is a brand name for our graphite based battery materials and reflects the ultra high purity of our material being 99.999%+ pure. By comparison natural graphite concentrate from a mine averages around 95% purity

Self-funding R&D Business

R&D Technologies and Services Now Funding Our Technology Incubator

- Battery R&D services rapidly growing from \$200k in FY2019 to >\$2m in FY2020
- Sales and services from HPC and DTA testing tech forecast >\$2m in FY2020
- Above funds NOVONIX's battery technology development program (incubator) including Dalhousie University partnership collectively delivering a steady stream of inventions including new anode and cathode materials, electrolytes and manufacturing methods



Winner of Innovation Award

17th Annual Discovery Awards

- In November NOVONIX was named the winner of the Award for Innovation at the 17th Annual Discovery Awards in Halifax, Canada
- The Discovery Awards is Atlantic Canada's most prestigious science award
- NOVONIX received the Innovation award for its work in the field of lithium-ion battery testing and development



**VIDEO
LINK**



Appendix 3: Market Background

More European Gigafactories Coming

More than 400 GWh pa LIB Cell Production Capacity Signaled

Salzgitter 2024

16 GWh, later 24 GWh



Erfurt 2022

14 GWh, later 100 GWh



Sunderland, 2010

2.5 GWh



Willstaät, 2020

1 GWh



Germany and France, 2022

16 GWh, later 64 GWh



Germany, 2023

20 GWh, later 24 GWh



Germany, 202X

4 GWh, later 8 GWh



Mo I Rana, 2023

Ramp up to 32 GWh



Skelleftea, 2021

32 GWh, later 40 GWh



Brandenburg, 2021

Ramp up to 8-12 GWh



Bitterfeld, 2022

10 GWh



Wroclaw, 2018

6 GWh, later 70 GWh



Komarom 1+2, 2020

7.5 GWh, later 23.5 GWh



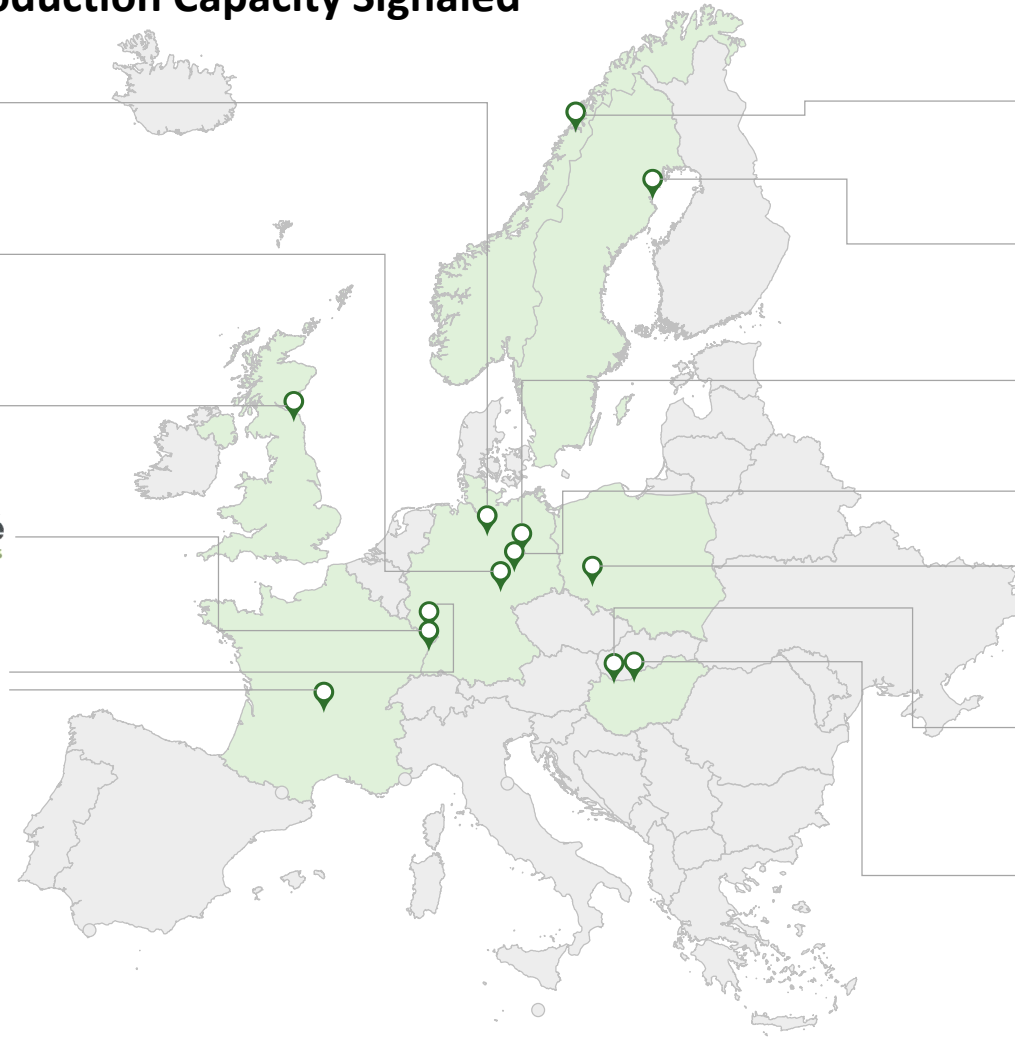
Göd, 2018

3 GWh, later 15 GWh



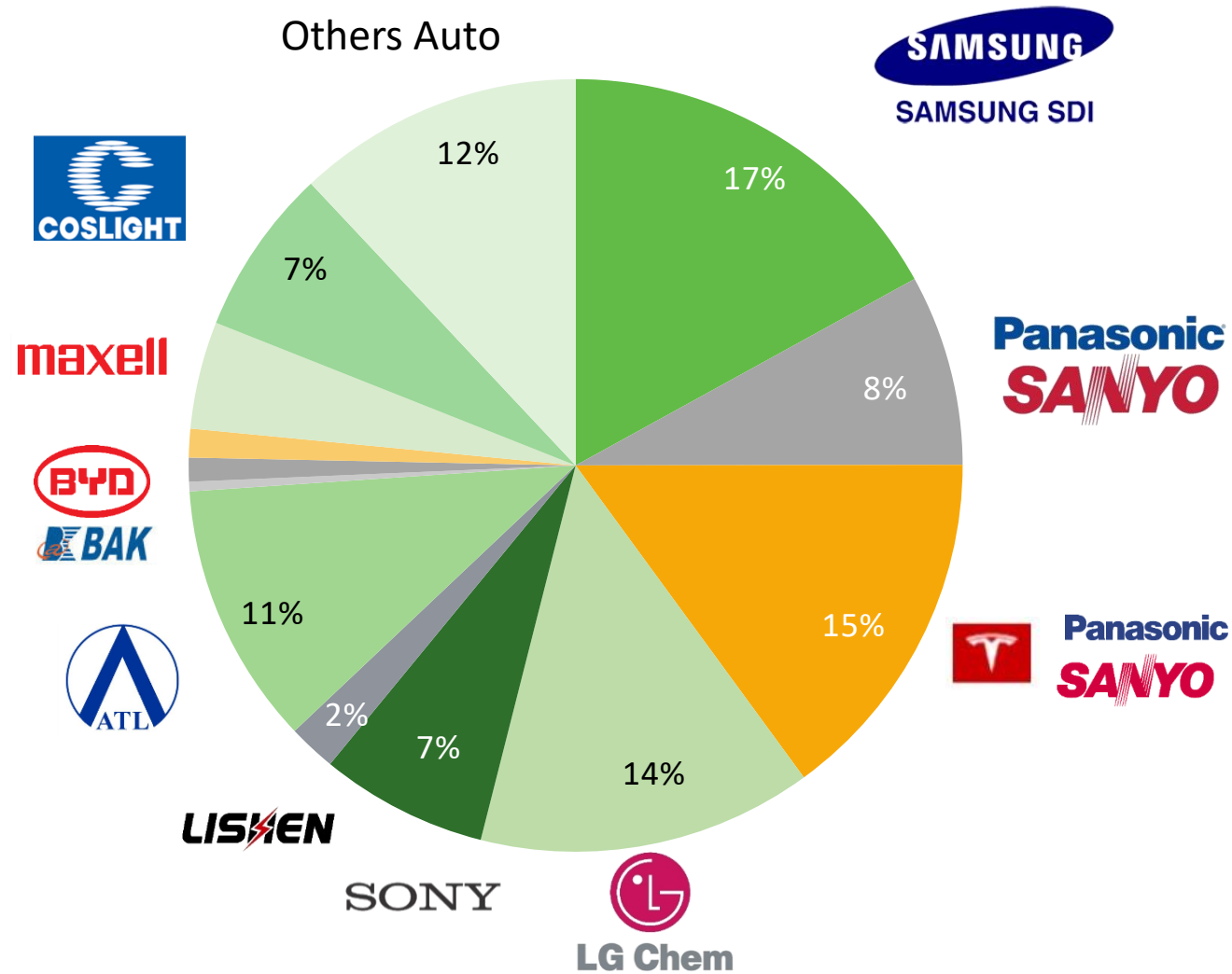
Europe, 202X

Capacity unknown



Source: (Bloomberg New Energy Finance (BNEF)); Roland Zenn, January 2020.

2018 Global Li-ion Battery Market⁽¹⁾



NOVONIX has agreements (conditional and non-binding respectively) with the two largest battery makers representing 40% of the global Li-ion battery market in 2018 ⁽¹⁾

Source: (1) Avicenne Energy 2019.

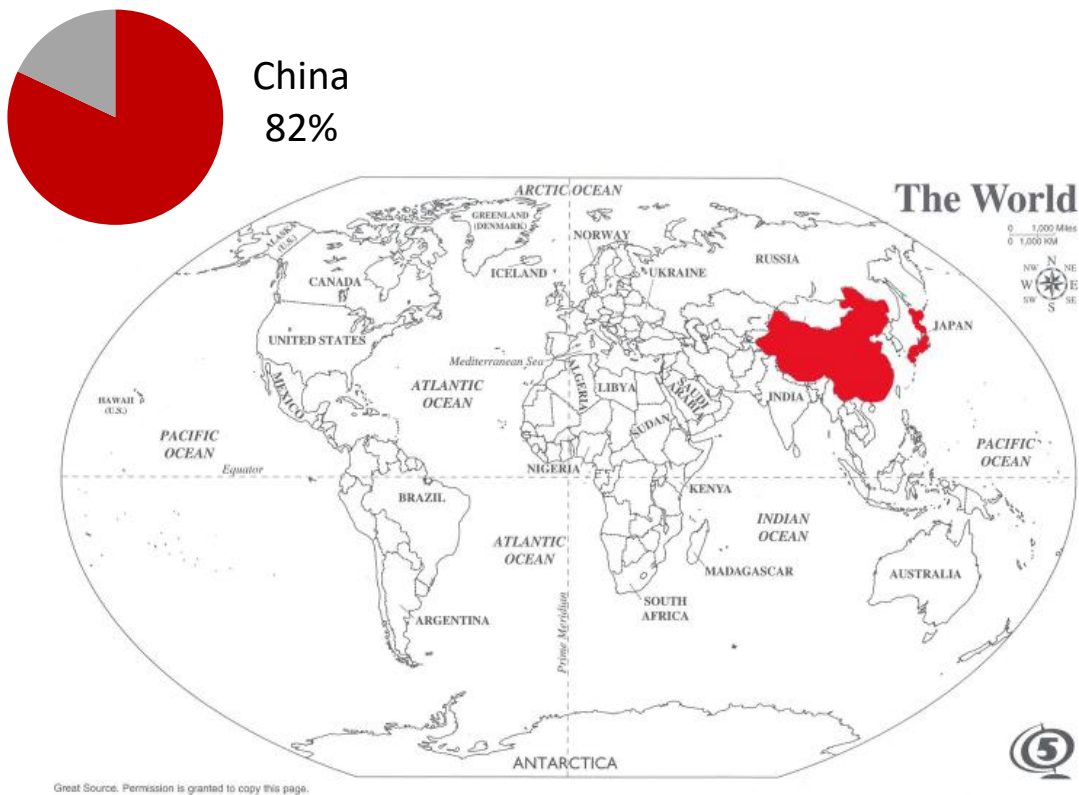
NOVONIX

May 2020

ASX: NVX

USA and Europe Require +160,000 tpa of Synthetic Anode Material by 2023

100% Has Come from Asia, Mostly China in the Past



Where Will it Come from in the Future?



NOVONIX is the first company outside Asia (based in the USA) with an anode product qualified and agreements in place with the two largest battery makers (conditional and non-binding respectively)

Source: Avicenne Energy 2019; Based on NOVONIX’s internal market research and NOVONIX’s Samsung Agreement announced 9 December 2019.

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