

ASX: **EV1**

EVOLUTION
ENERGY MINERALS

SUSTAINABLE GRAPHITE FOR THE GLOBAL GREEN ECONOMY

November 2021



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Mineral Resources

The information in this Presentation that relates to in situ Mineral Resources for the Chilalo Project was announced on 29 January 2020. Evolution confirms that it is not aware of any new information or data that materially affects the information by Marvel Gold Limited (ASX:MVL) included in the announcement of 29 January 2020 and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Ore Reserves

The information in this Presentation that relates to the Ore Reserves at the Chilalo Project was announced information by Marvel Gold Limited (ASX:MVL) on 29 January 2020. Evolution confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 29 January 2020 (ASX:MVL) and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

Forecast Financial Information

The forecast financial information (and the production target on which such forecast financial information is based) in this Presentation was announced information by Marvel Gold Limited (ASX:MVL) on 29 January 2020. Evolution confirms that it is not aware of any new information or data that materially affects the forecast financial information included in the announcement of 29 January 2020 (ASX:MVL) and that all material assumptions underpinning the forecast financial information (and the production target on which such forecast financial information is based) in that announcement continue to apply and have not materially changed.

Acknowledgments

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CORPORATE OVERVIEW

CAPITAL STRUCTURE

EV1

ASX Code

\$10.5M

Cash at listing

\$32.4M

Market Cap (at \$0.20 per share)

161.9m

Shares on Issue

42.1M

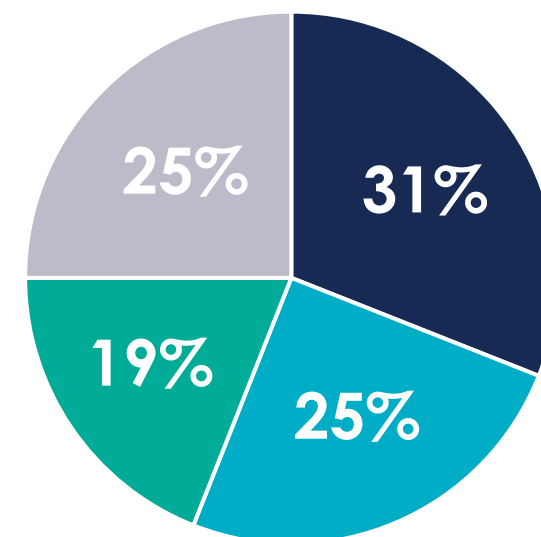
Unlisted Options (\$0.25 exercise)

\$21.9m

Enterprise Value

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EV1 SHAREHOLDERS



- Marvel Gold
- ARCH
- Top 20 (ex MVL/ARCH)
- Other shareholders

Shares tightly held with Top 20 owning 75%
57% of shares escrowed for at least 12 months

BOARD & MANAGEMENT

+40 years graphite market experience

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Board &
Management

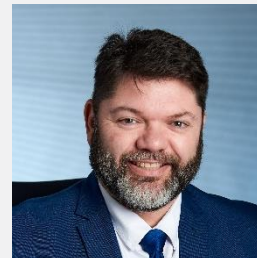


Trevor Benson

Executive Chairman

Trevor was the Executive Chairman and CEO for Tanzanian graphite company, Walkabout Resources Ltd and has 6 years' graphite market experience.

He has cross border experience including Africa, UK, Hong Kong, and China and has advised and listed numerous ASX listed companies.



Michael Bourguignon

Executive Director

Michael is a project management professional with extensive experience delivering projects in Australia & Africa. Michael was the Project Manager for the construction of Syrah Resources' Balama graphite project in Mozambique, for Glencore's 3.6Mtpa Mopani Copper Mine in Zambia, and General Manager of the Tiger Resources development team delivering the SX/EW Plant in the DRC.



Phil Hoskins

Non-Executive Director

Phil is the Executive responsible for the development of Chilalo since 2014. Seven years graphite market experience. Phil is currently the managing director of Marvel Gold Limited (ASX:MVL).

He has extensive finance and commercial experience from exploration through to operations, in Africa and Australia.



Amanda van Dyke

Non-Executive Director

Amanda has over 20 years' experience in commodity markets, having previously managed an UCITS Gold and Precious Metals Fund at South River Asset Management, as well as multi-asset and fixed income funds. During her career, she has raised over US\$500 million in debt and equity finance for mining companies. Amanda is currently the MD of the ARCH Sustainable Resources Fund.



Chris Whiteley

International Sales & Marketing Consultant

Chris is President of US-based Lone Star Tech Minerals LLC, a leading industrial minerals and graphite technical sales consulting firm. Chris has been actively involved in all aspects of graphite processing and product development for more than 25 years, including 7 years with leading industrial minerals company, IMERYS.

Graphite
Market
Advisory

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Sustainable graphite solutions for global green economy

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Chilalo Project (concentrate)

Fully permitted

Mining licence, environmental approvals

Unique graphite signature

- Globally significant flake size (58% > +80 mesh)
- Destined for high value applications

Multi-decade mine life potential

- High-grade resource with majority of strike undrilled

Proposed Downstream Business

Expandable graphite

- Evolution using proven technology

Micronised graphite

- Low value “fines” feedstock
- Evolution using proven technology

Downstream Opportunities

Feasibility Studies/Partnerships

- Expandable Graphite
- Micronised Graphite
- Graphite foil
- Low capex
- Evolution has access to proven technology

Battery materials studies

Restated DFS Outcomes²

Average Production	50ktpa
Coarse flake, clean concentrate	30ktpa
High-value advanced graphite products	20ktpa

US\$323M NPV⁸ post tax

34% IRR post tax

US\$73M avg. annual EBITDA

US\$1,595/t margin¹

A\$21M spent to date on project

Key themes for downstream business

Reduce CO₂ footprint
of supply chain

Upgrade close to source or customer

1. Average margin per tonne of production (i.e. includes concentrate plus advanced products)

2. Adjustments made as a result of the Chilalo Project Royalty

OUR STRATEGIC ESG PARTNER

ARCH Sustainable Resources Fund



CORNERSTONE INVESTOR

A\$8M committed to IPO

ROYALTY

Additional \$2 million cash from purchase of royalty

POSSIBLE FUTURE INVESTMENT

**US\$25M follow-up financial support
(including IPO and royalty investments)**

BEST PRACTICE SUSTAINABILITY

ESG-ARCH to guide Evolution

PROJECT FINANCING

Significant connections and experience in emerging markets

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"ARCH Emerging Markets Partners / ARCH SRF was created with a strict ESG focus to work in strategic partnership with investee companies supporting them financially, technically, on ESG and commercially to create investor value."

We view Chilalo as a world-class graphite asset and EV1 has assembled a team with considerable graphite marketing and project delivery experience. ARCH will drive best practice ESG standards as we look to help EV1 become the next major graphite and battery materials producer for international markets."



Amanda van Dyke
Managing Director, ARCH SRF

ESG AND SUSTAINABILITY

Evolution's commitment to sustainable graphite supply

Environment

- Pursuit of carbon neutrality for operations
- Committed to ISO 14001 (Environmental Management)
- ESIA compliant with IFC Performance Standards and Equator Principles
- Supporting the green energy transition and e-mobility

Social

- Significant social investment during feasibility study phases (refer Appendix 3)
- Local job creation – Chilalo to generate 230 direct jobs for potential multi-decade mine life
- Developing an ethical and sustainable supply chain
- EV1's Tanzanian team awarded 5 Presidential awards for excellence in CSR

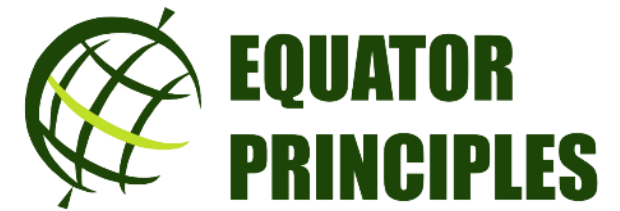
Governance

- ASX listed – committed to good governance principles ensuring accountability, transparency and regular reporting to shareholders
- Full product transparency and traceability including adherence to ISO 8001 (Quality)
- Strong business ethics and codes of conduct
- Board will establish a separate ESG Committee
- Board will voluntarily stand for re-election if material breach of Company's ESG policies

Highest levels of compliance as to:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Community Health, Safety & Security • Stakeholder Engagement & Disclosure • Implementation & Management of Tailings Facilities • Labour and Working Conditions • Resource Efficiency & Pollution Prevention • Anti Slavery & Corruption | <ul style="list-style-type: none"> • Water Conservation & Waste control • Biodiversity Conservation & Sustainable Management of Living Natural Resources • Resettlement of Affected Population • Human Rights & cultural heritage • Mine Closure Plan |
|--|--|

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Creating Markets, Creating Opportunities

CHILALO PROJECT

Coarse flake graphite for high-value applications

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Fully permitted for construction

Granted Mining Licence and Environmental Approvals

Robust, deliverable DFS

A\$21M spent to date

Globally significant product quality

Flake size + performance in value-added applications

Value-added margins through vertical integration

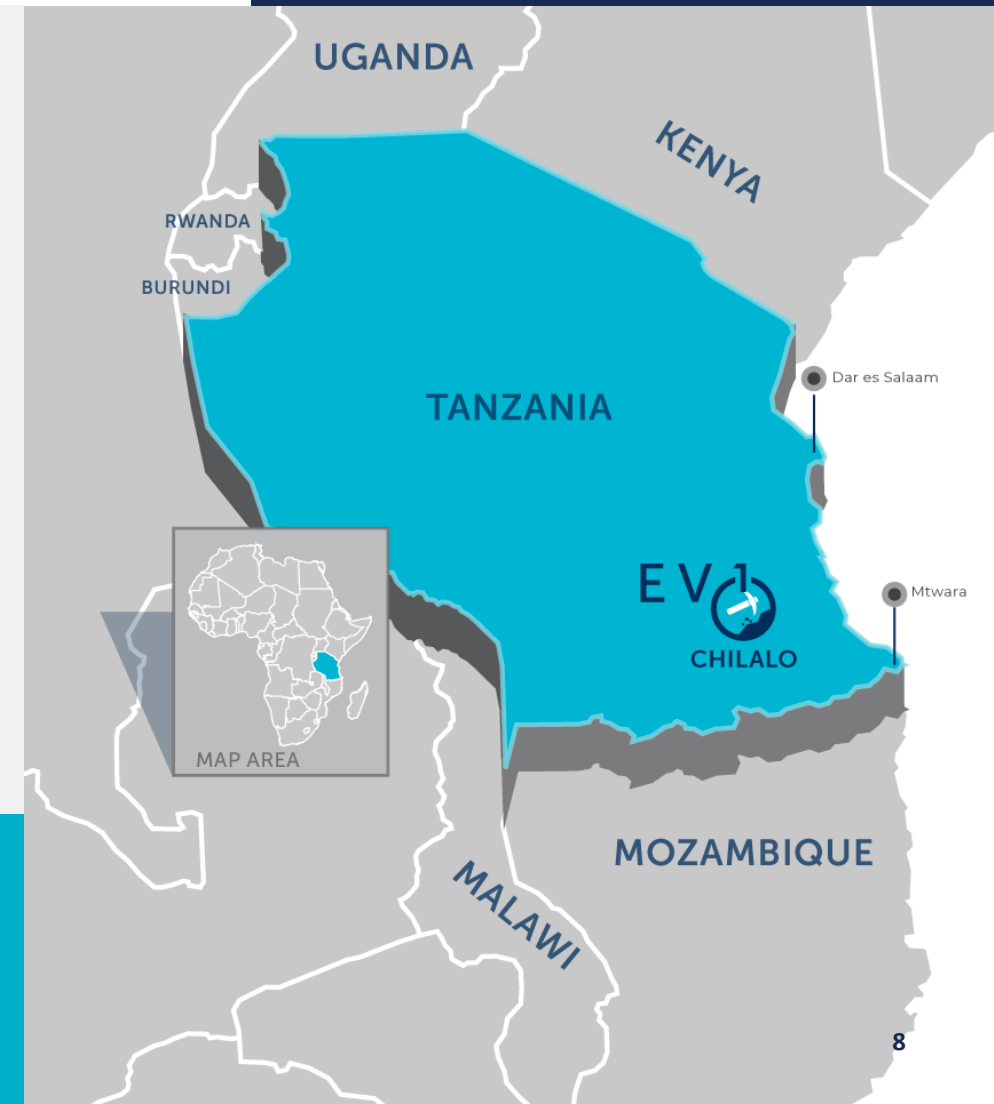
Market IP & customer relationships create significant value-add opportunity

Multi-decade mine life potential

18-year DFS, majority of strike remains undrilled

Flake Size Price Premium				Evolution Product Flake Size	
10% +32	21% +50 mesh	27% +80 mesh	6% +100	36% -100 mesh	
58% +80 mesh					

1. Graphex ASX Announcement – 29 January 2020 “DFS confirms Chilalo as high-margin graphite project.”

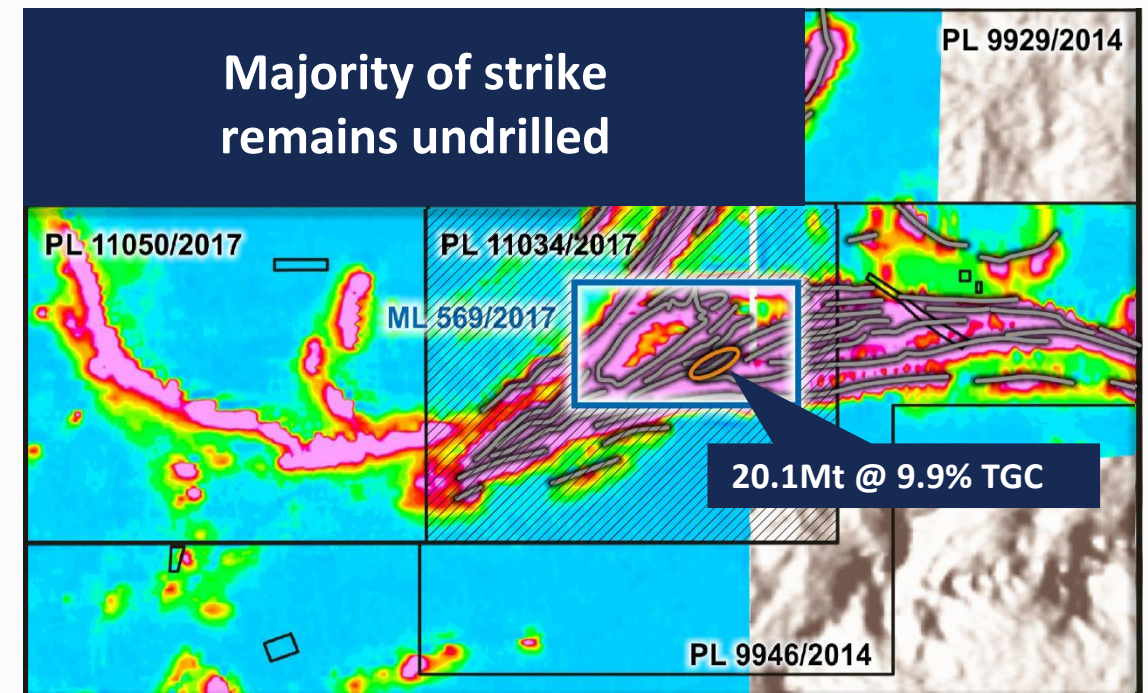


LARGE, HIGH-GRADE RESOURCE

Potential for multi-decade mine life

EVOLUTION PLANS TO DEFINE ADDITIONAL NEAR-SURFACE DEPOSITS TO GROW THE RESOURCE/RESERVE

DOMAIN	CLASSIFICATION	TONNES (MT)	TGC%	CONTAINED GRAPHITE (KT)
High-grade zone	Probable Reserve	9.2	9.9	878
Total ore reserves	Probable Reserve	9.2	9.9	878
High-grade zone	Indicated	10.3	10.5	1,082
High-grade zone	Inferred	9.8	9.3	908
Total high-grade resource	Indicated & Inferred	20.1	9.9	1,991
Low-grade zone	Inferred	47.3	3.5	1,677
Total resource	Indicated & Inferred	67.3	5.4	3,667



Tenement PL 11034/2017 cancelled. Pending reinstatement

Increased resource = Increased mine life & NPV

DFS ECONOMIC OUTCOMES

Strong economics to a bankable standard^{1,2,3}

Physicals	Unit	Life of mine
Mine life	years	18
Total plant feed	Mt	8.9
Annual plant feed	ktpa	500
Average head grade	%TGC	10.1%
Average graphite concentrate production	ktpa	50
Steady state expandable graphite sales	ktpa	12
Steady state micronised graphite sales	ktpa	8
Project Financials	Unit	Life of mine
NPV (Post-tax)	US\$M	323
IRR (Post-tax)	%	34%
Post-tax payback period	years	3.4
Capex - Pre-production	US\$M	87.4
Average annual EBITDA	US\$M	73

1. Graphex ASX Announcement – 29 January 2020 “DFS confirms Chilalo as high-margin graphite project.” Financial outcomes restated per Evolution prospectus
2. Adjustments made as a result of the Chilalo Project Royalty
3. Please refer to Section 3 and Appendix 4 in the Prospectus

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Testwork & Downstream Partners



sinoma

PRODUCT QUALITY: OUR FLAKE SIZE ADVANTAGE

Chilalo coarse flake destined for high-value applications

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**Globally significant
flake size**
(58% > +80 mesh)



DFS-level testwork
cross-checked by two
separate labs



**Pilot plant scale-up
testwork
completed**



Unique Chilalo signature
confirmed suitability for targeted
high-value applications

Mesh	Mass Dist. %	Grade ²	Price (US\$/t) ¹	Markets (Concentrate)	Markets (Downstream Feedstock)
+32 Mesh	10.5	95-97	\$3,017	Expandable graphite precursor flake (foils, fire retardants) Drilling fluids, engineered products, traditional	Expandable graphite (foils, fire retardants) Expanded graphite (alkaline batteries)
+50 Mesh	20.6	95-97	\$2,242		
+80 Mesh	26.9	95-97	\$1,270		
+100 Mesh	6.3	95-97	\$969		
-100 Mesh	35.8	95-97	\$747	Micronised & battery graphite precursor, traditional	Micronised graphite

1. Pricing per Graphex DFS (29 January 2020) No material change in pricing since the DFS

2. Evolution Energy Minerals is targeting 2 base range purities (95% LOI and 97% LOI). It will seek to qualify a market-first 99% LOI once base range purities established.

PRODUCT QUALITY IS KEY

Chilalo +99% “green graphite” – the future for purification?

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- 1 ESG focus
- 2 Unique graphite signature capable of producing +99% LOI through flotation¹
- 3 Removes harmful chemicals and intense energy required for purification

1. Graphex ASX Announcement – 7 December 2016 “Basic flotation achieves 99.4% purity for Chilalo graphite concentrate”

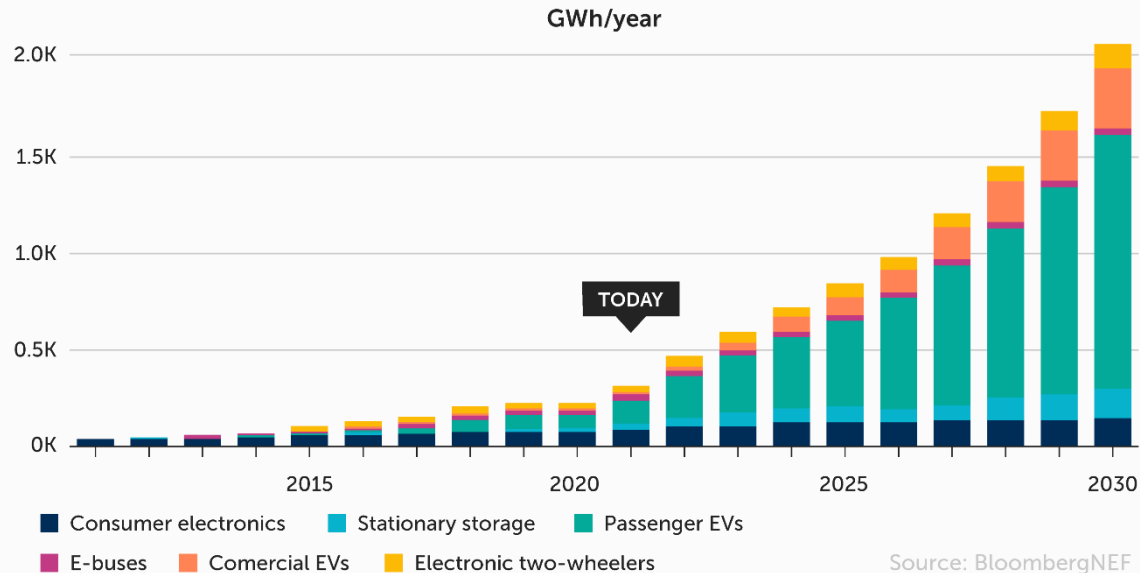
GRAPHITE INDUSTRY OVERVIEW

Supplying traceable strategic critical minerals into the USA, EU and Japan

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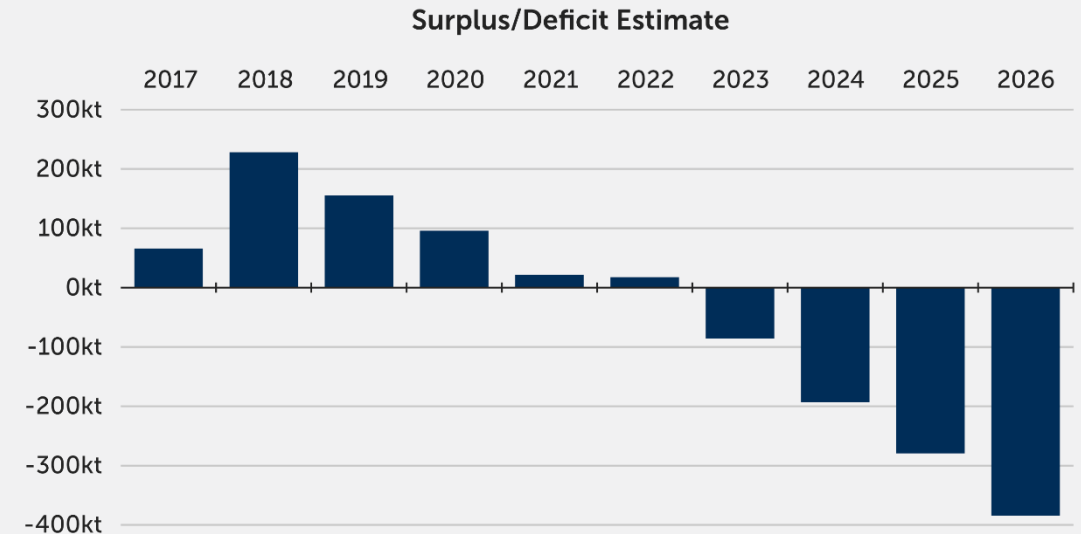
Evolution of demand

- Exponential growth in Li-ion battery industry (see below)
- Increasing demand for fire protection materials and graphite foil in electronics
- Refractory use in steel production:
 - Near-term – COVID infrastructure stimulus
 - Long-term – Infrastructure needs from the urbanisation of Asia & Africa



Evolution of supply – supply shortage & diversification

- Potential graphite supply shortage by 2023 (see below)
- ~70% historically supplied by China (fine flake)
- Global diversification of supply chains away from China
- ESG increasingly important to graphite customers
- Chilalo can produce +99% “green graphite” without chemical intervention – green solution



EV Market forecast to drive +700% growth in natural graphite demand by 2025

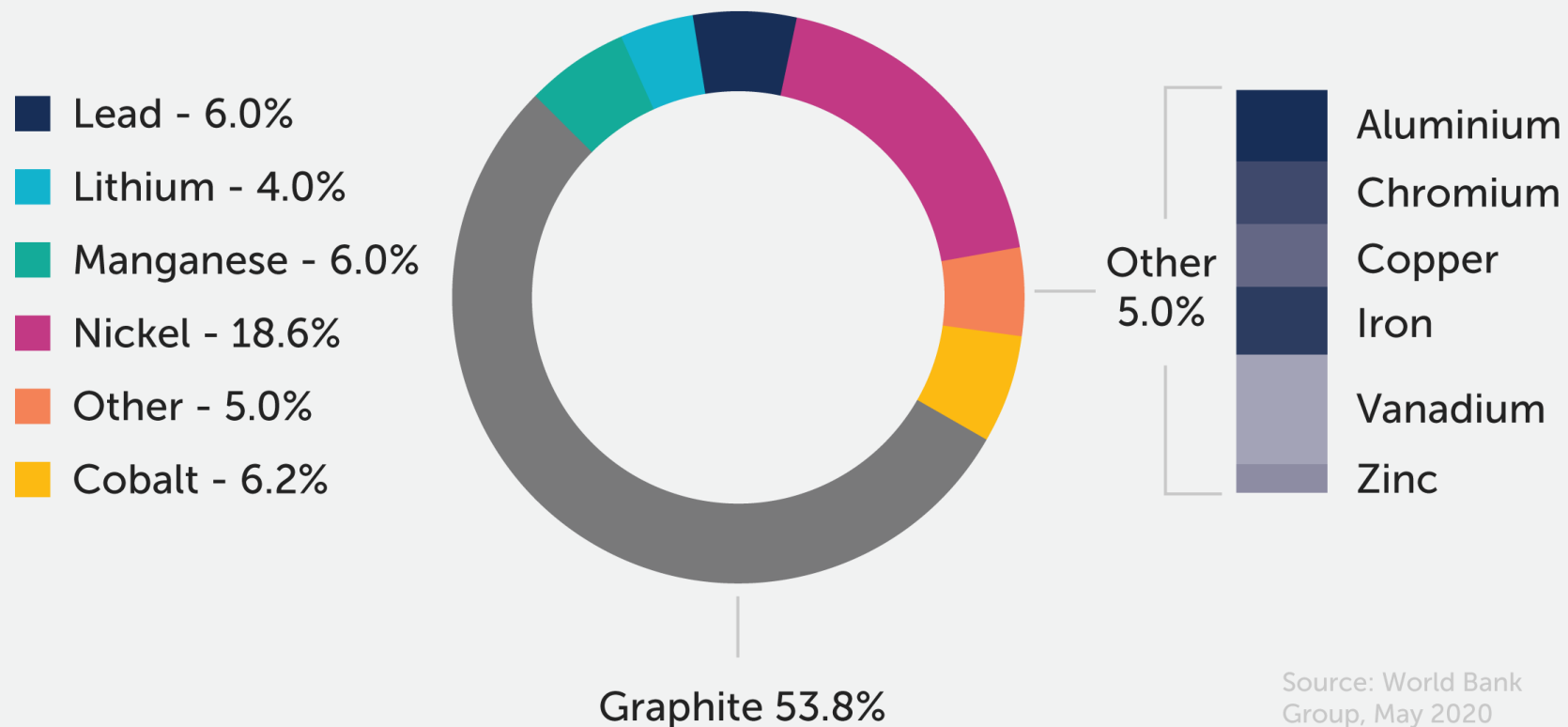
Roskill

UNPRECEDENTED BATTERY MARKET OPPORTUNITY

Transition to a global green economy is already underway

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Graphite forecast to dominate battery mineral demand to 2050



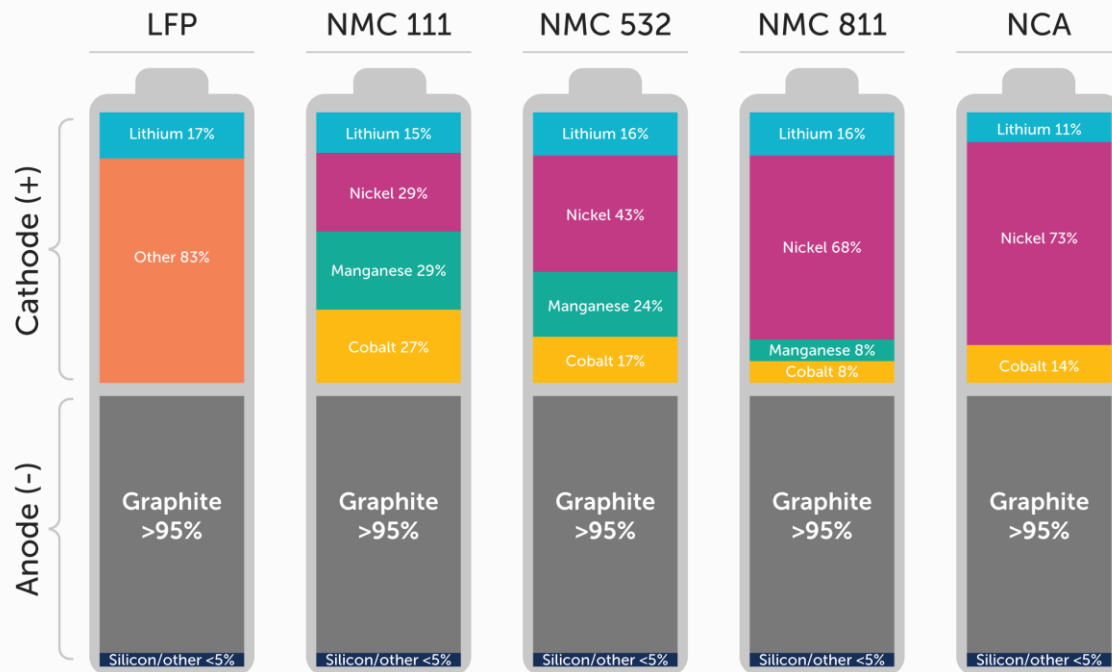
Source: World Bank Group, May 2020

GRAPHITE – KEY TO A GREEN FUTURE

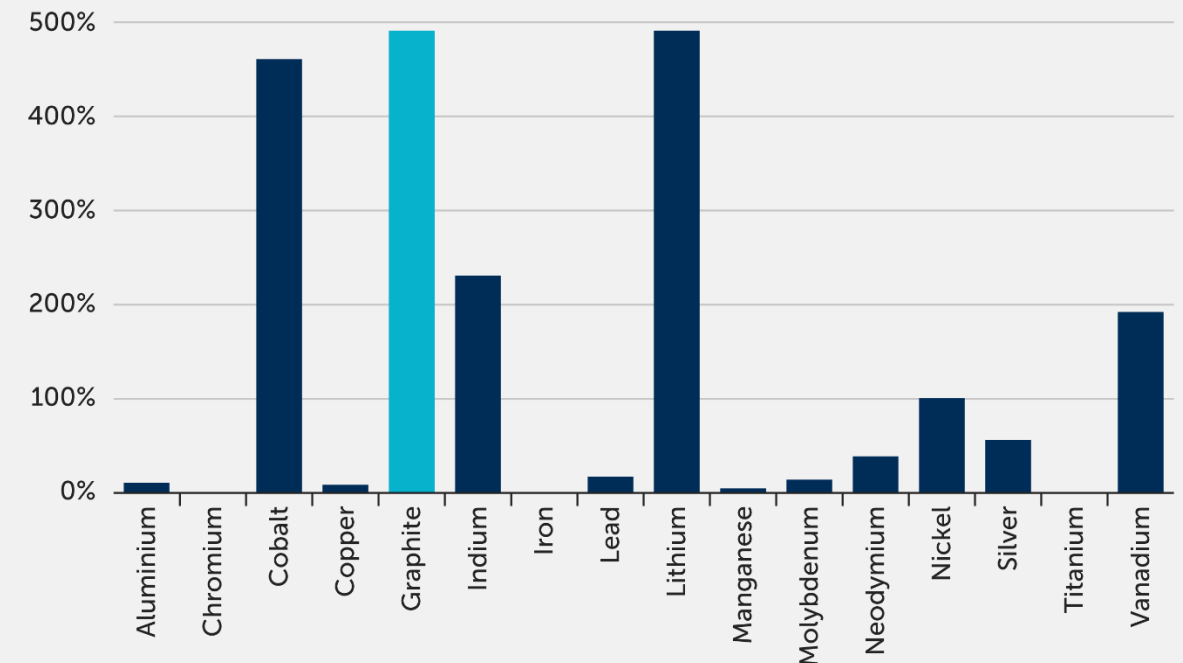
Graphite underpins countless applications for renewable energies and cleantech

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Graphite is the dominant material across all commercial battery technologies



2050 projected annual demand from energy technologies as % of 2018 production



Sources: US Geological Survey & World Bank - Minerals for climate action: The Mineral Intensity of the Clean Energy Transition, accessed 25 Jun 2020

Beyond EV's

Source: US Energy Information Administration

As the world transfers from hydrocarbons to renewables, significant battery metals demand is required to capture power from solar, wind, geothermal & hydro to power homes and commercial sites. Only 28% of the world's energy is consumed by transport."

REGULATION DRIVING DEMAND

EU initiatives leading the way & forcing a change

In December 2020, the European Commission announced the EU taxonomy for sustainable activities which included a number of new measures and initiatives driving a shift in supply chain standards and disclosure.

Key Initiatives



Responsible sourcing. New mandatory procedures to ensure sustainable and ethical sourcing of raw materials such as graphite.



CO₂ footprint: All batteries sold in Europe must declare their carbon footprint. Batteries with the highest carbon footprint will be banned in Europe.



Traceability: All raw materials used in batteries to be produced according to OECD recognized guidelines for sustainable sourcing. Thanks to blockchain technology, each battery will have a digital passport tracking all components upstream

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Supported by



International Raw Materials Association



EU list of Critical Raw Materials & European Raw Materials Alliance



EIB new energy lending policy supporting projects relating to the supply of critical raw materials



European Battery Alliance

EXPANDABLE GRAPHITE STRATEGY

Toll-treating Chilalo coarse flake into high-value products

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MICRONISED GRAPHITE STRATEGY

Enhancing margins on low-value fine flake

Deliverable strategy with vendor test work completed

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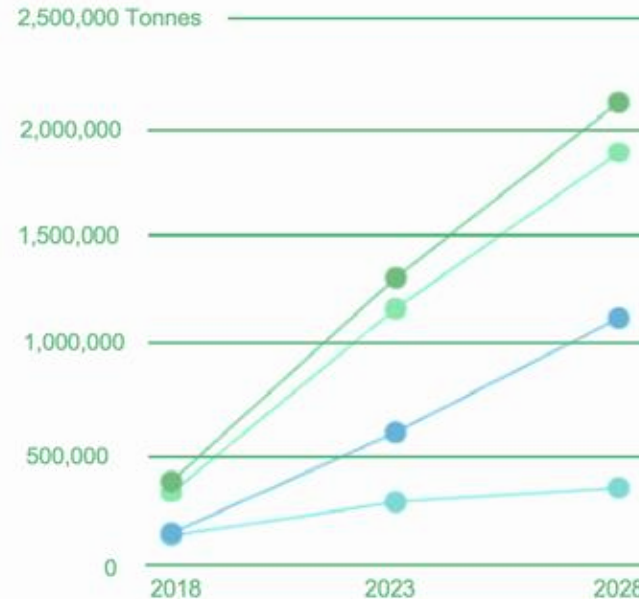
BATTERY MATERIAL STUDIES

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- Evolution is in advanced discussions with battery anode technology partners
- Potential to fast-track entry into battery anode market

"Our cells should be called Nickel-Graphite, because primarily the cathode is nickel and the anode side is graphite with silicon oxide... [there's] a little bit of lithium in there, but it's like the salt on the salad."

Tesla CEO Elon Musk



Source: Benchmark Minerals

Graphite anode in batteries

2018: 170,000 tonnes 2028: 2.05M tonnes

Lithium in batteries

2018: 150,000 tonnes 2028: 1.89M tonnes

Nickel in batteries

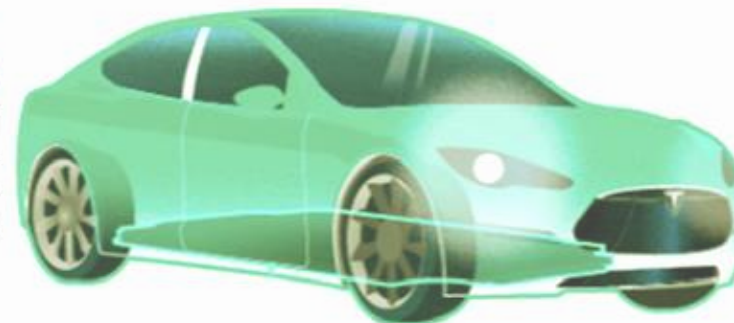
2018: 82,000 tonnes 2028: 1.09M tonnes

Cobalt in batteries

2018: 58,000 tonnes 2028: 320,000 tonnes

The costs of these materials is the largest factor in battery technology and will determine whether battery supply chains success or fail.

79%
of the cost of
producing a lithium-
ion battery is the raw
materials



25%
of the cost of
manufacturing a
Tesla Model 3 is
the raw materials
of the battery

Source: Benchmark Mineral Intelligence

DIFFERENTIATION

Not all graphite is the same



1

PROVEN GRAPHITE PRODUCTS

Testwork successfully completed and ongoing
Suitability proven for high value applications
99% purity product
Predominantly large flake/high value

2

PRODUCTION OF “GREEN GRAPHITE”

Traceability to Western customers
Highest standards of ESG
Aiming towards carbon neutrality
Endorsed by major sustainable resource fund

3

DOWNSTREAM BUSINESS MODEL

Advanced strategies in expandable and micronized graphite
Suitability of products confirmed

4

EXPERIENCED TEAM

Board and management with extensive graphite experience
Experience in Africa and Tanzania
Graphite marketing experience

INVESTMENT HIGHLIGHTS

Entry level opportunity into high-quality, advanced asset & strategy

➤ CONSTRUCTION READY
Approvals and permits in place

➤ COMMITMENT TO SUSTAINABILITY
ESG best practice and CO₂ reduction

➤ GENERATIONAL TWO-WAY MARKET TRANSITION
Transition to e-mobility (demand)
& sustainably sourced materials (supply)

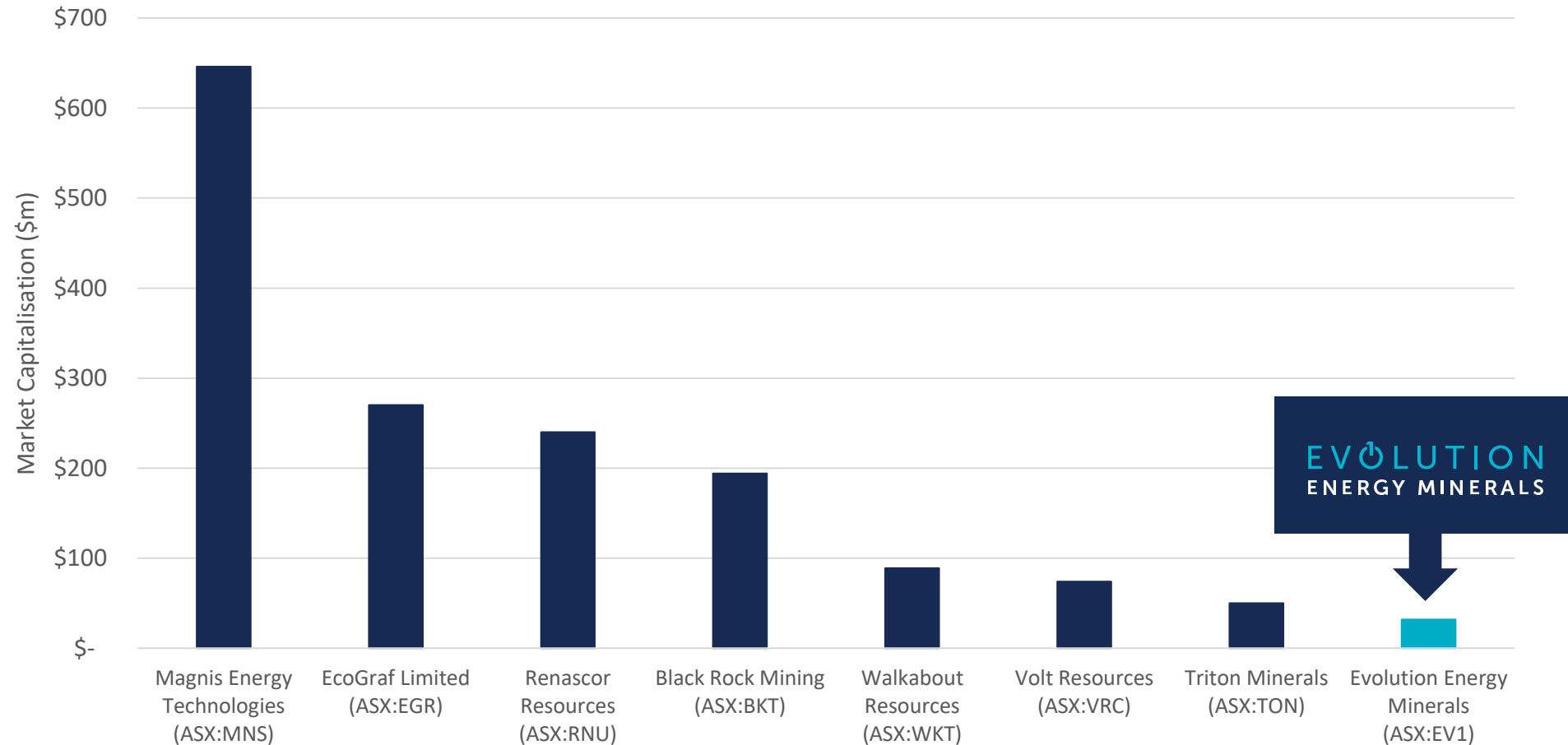
➤ HIGH-VALUE PRODUCTS, STRONG MARGINS
Destined for value-added products and high-value applications

	2021	2022	2023	2024
Complete IPO				
FEED / Further Downstream Studies				
Continued product qualifications / MOUs				
Final Investment Decision/Funding				
Construction				
Commissioning/Operations/Production				

GRAPHITE PEER COMPARISON

Significant discount to graphite peers

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APPENDICES

APPENDIX 1: CHILALO'S SOCIAL IMPACT



APPENDIX 2

Detailed graphite peer comparison analysis and references

Company Name	Evolution Energy Minerals	Magnis	EcoGraf	Renascor	Walkabout	Black Rock	Volt	Triton
Ticker	EV1	MNS	EGR	RNU	WKT	BKT	VRC	TON
Market Cap (A\$M) 11/11/2021	32*	646	270	240	89	194	74	50
Mineral Resource (Mt)	20	174	31	87	42	212	461	46
Mineral Resource Grade (TGC%)	9.9%	5.4%	9.9%	7.5%	10.8%	7.8%	4.9%	6.6%
Mineral Resource (Mt contained graphite)	1.9	9.3	3.0	6.5	4.5	16.6	22.6	3.4
Ore Reserve (Mt)	9.2	76	12	45	6.0	70	127	25
Reserve Grade (TGC%)	9.9%	4.8%	8.3%	7.9%	17.9%	8.5%	4.4%	6.2%
Reserve (Mt contained graphite)	0.9	3.6	0.9	3.5	1.0	6.0	5.6	1.5
Planned Mine Life (yrs)	18	15	18	40	24	16	22	27
Stage of graphite development	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted	DFS + fully permitted
Project	Chilalo	Nachu	Epanko	Siviour	Lindi	Mahenge	Bunyu	Ancuabe
Country	Tanzania	Tanzania	Tanzania	Australia	Tanzania	Tanzania	Tanzania	Mozambique
Downstream graphite business	Expandable and micronised graphite DFS	JV ownership of 2 planned battery plants	Battery Anode Materials DFS	Battery Anode Material Studies progressing	N/A	N/A	N/A	N/A
Source	Internal	Website	ASX announcement - 31 July 2017	ASX announcement 4/3/21 and 11/11/19	Website	Website	Website	Presentation - 22 June 2020

* Estimated market capitalization at IPO price

1. Source (unless otherwise stated): Various announcements.

APPENDIX 3: ESTABLISHED TANZANIAN CAPABILITY & COMMUNITY SUPPORT

Social license to operate

Tanzanian subsidiary has operated in the region for 15 years
Experienced country manager (ex-senior government official)

5 presidential awards for corporate & social responsibility:

Namungo Football Club and Majaliwa Stadium

Provided funding towards the construction of a modern football stadium to support the local football club

Narungombe Secondary School

Provided cement for the construction of a science laboratory

Liuguru Secondary School

Provided cement for the construction of a science laboratory

Kassam Majaliwa Secondary School

Provided cement for the construction of classrooms

Nanguragai Primary School

Provided funding towards the construction products

Sound relationships
with key local stakeholders

Prime Minister

Member for Ruangwa is the Prime Minister of Tanzania – open dialogue is maintained between Evolution and the office of the PM

District Government - District Commissioner, District Executive Director & District Administrative Secretary
Supportive of project and regularly advocate to the national government on the benefits of Chilalo

Village Leaders

Well established relationships with village leaders ensures no community unrest, eg. There were no issues in obtaining community approval of the updated Relocation Action Plan



APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Limited history	The Company was only recently incorporated (15 March 2021) and has no operating history and limited historical financial performance. The licenses are at various stages of exploration, and Shareholders should understand that mineral exploration and development are high-risk undertakings. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or development of the Chilalo Project. Until the Company is able to realise value from the Chilalo Project, it is likely to incur ongoing operating losses. There can be no certainty that the Company will achieve or sustain profitability or positive cash flow from its operating activities.
Requirements for additional capital	The Company's capital requirements depend on numerous factors. To develop the Chilalo Project, the Company will require further financing in addition to amounts raised pursuant to this Prospectus. There can be no assurance as to the levels of future borrowings or further capital raisings that will be required to meet the aims of the Company in developing the Chilalo Project or otherwise for the Company to undertake its business. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or adapt the scope of the development of the Chilalo Project. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.
Conditionality of Offer	The obligation of the Company to issue Shares under this Prospectus is conditional on certain matters, as set out in Section 2.5. If the conditions are not satisfied, the Company will not proceed with the Offer. Failure to complete the Offer will have a material adverse effect on the Company's financial position.
Emerging markets	The Company's main assets will be located in Tanzania. When conducting operations on foreign assets in emerging markets such as Tanzania, ASX listed entities may face a number of additional risks that companies with operations wholly within Australia may not face. For example, the ability to implement effective internal control and risk management systems and good corporate governance principles, having regard to the separation of executive management and the Board from the location of the Chilalo Project and the need to rely on consultants and professional advisors in those jurisdictions. The impact of COVID-related travel restrictions also limits the ease of movement between Australia and Tanzania.

APPENDIX 4: KEY RISKS

COMPANY RISKS	DESCRIPTION
Major Shareholders	Upon completion of the Offer: - Marvel Gold will hold a relevant interest in 50,000,000 Shares of the Company (comprising approximately 31% of the Shares on issue); and - ARCH will hold a relevant interest in 40,000,000 Shares of the Company (comprising 25% of the Shares on issue). Accordingly, each of Marvel Gold and ARCH could have a significant influence on the Company and their respective interests may not be aligned with other Shareholders' interests. In addition, ARCH has certain rights under the Investment Deed, as summarised in Section 9.2.
Restricted securities reducing liquidity	Subject to the Company being admitted to the Official List, certain Shares on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. Additionally, the Shares held by the Cornerstone Investors will be held in escrow for up to 12 months pursuant to the Voluntary Escrow Deed (see Section 9.2 for more information). During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner or at the desired value. The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.
Uninsurable risks	The Company's business is subject to a number of risks and hazards generally, including without limitation, adverse environmental conditions, industrial accidents, labour disputes, civil unrest and political instability, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development, monetary losses and possible legal liability. The Company will maintain insurance coverage that is substantially consistent with mining industry practice. However, there is no guarantee that such insurance or any future necessary coverage will be available to the Company at economically viable premiums (if at all) or that, in the event of a claim, the level of insurance carried by the Company now or in the future will be adequate, or that a liability or other claim would not materially and adversely affect the Company's business.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Tenure, access and grant of applications

Title and rights to mining and exploration tenements in Tanzania are governed by Tanzanian legislation and are subject to the holder complying with the terms and conditions applicable to those tenements. There is a risk that if the holder does not comply with the terms and conditions applicable to a particular tenement, it may lose its rights to that tenement. In particular, all the mining and exploration tenements in Tanzania which the Company, through its subsidiary Ngwena Tanzania, has or may, upon grant, have an interest in, will be subject to expenditure and work commitments. If sufficient exploration activities have not been carried out on a tenement to meet the relevant Tanzanian reporting standards, the tenement may be terminated and the Company may suffer damage through loss of opportunity to develop any mineral resources on that tenement.

Further, all of the tenements in which the Company has, or will have, an interest may be subject to applications for renewal or extension from time to time. The renewal or extension of the term of each tenement is subject to the applicable legislation. Renewal conditions may be imposed and such conditions may include increased expenditure and work commitments. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no guarantee that current or future tenements and/or applications for new tenements and/or applications for renewal of existing tenements will be approved. If a tenement is not renewed for any reason, the Company may suffer damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

It is Evolution's intention to satisfy the conditions that apply to the tenements. However, there are no guarantees that, in the future, the minimum expenditure and other conditions that apply to the tenements will be satisfied. If the conditions that apply to a tenement are not satisfied, Evolution may be subject to penalties or forfeiture applications. Any of these events could have a materially adverse effect on Evolution's prospects and the value of its assets.

Refer to the Lawyer's Report in Appendix 2 for further details, as well as the overview of the Tanzanian mining regime in Section 3.11.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Occupier's consent

The title to tenements held by the Company may also be affected by the provisions of law which provide for the protection of lawful occupiers of the area. According to section 95(1)(b) of the Mining Act, no holder of a mineral right shall exercise any of its rights conferred by its licence over an area of land which is the site of, or which is within 200 metres of any inhabited, occupied or temporarily unoccupied house or building without prior consultation with the relevant local Government authority, including the village council and thereafter the written consent of the lawful occupier.

Therefore, where a mineral right granted to an applicant is over an area of land inhabited by lawful occupiers then the Company as holder of such a mineral right is required to obtain the lawful occupier's written consent, following necessary consultation, prior to exercising any of the rights conferred under its mineral right. Failure to obtain the lawful occupier's prior written consent would not invalidate the licence holder's mineral right but the lawful occupier may make a claim against the licence holder.

Exploration

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company, being able to maintain title to the mining licence and the mineral exploration licences comprising the Chilalo Project and obtaining all required approvals for their contemplated activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Chilalo Project, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Chilalo Project.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Environmental and other regulatory risks

Environmental laws in Tanzania are strict. Every activity from exploration through to development and mining require compliance with the regulations for environmental protections by virtue of section 81 of the Environmental Management Act, 2004. Under section 81, an Environmental Impact Assessment Report is a mandatory requirement and the outcome of the assessment may be negative. It is expected that the Company's activities will have an impact on the environment, particularly at the time of advanced exploration and any mine development.

It is in the interest of the Company to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws, in order to minimise damage to the environment and risk of liability which includes personal criminal liability under section 98 of the Environmental Management Act. In a normal situation it is expected that despite diligently observing in all material respects applicable environmental laws and regulations, there are certain risks inherent to the Company's activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to environmental liability.

The Company and/or its subsidiaries will require other various governmental approvals and permits in Tanzania from time to time in connection with various aspects of its activities. To the extent such approvals or permits are required and not obtained, or are delayed, the Company may experience delays affecting its scheduled project development.

Environmental laws are dynamic and can change over time. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future. Additional laws or regulations may materially increase the Company's cost of doing business or affect its operations. The cost and complexity of complying with any additional environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation in Tanzania, if any, will not materially and adversely affect the Company's business, prospects, financial condition and results of operations.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Operations

The operations of the Company may be affected by various operational risks and hazards, including:

- inability to develop the Company's assets into an economic business;
- failure to locate or identify mineral deposits, over estimation of reserves;
- failure to achieve predicted grades in exploration and mining;
- failure to completely test the deposit, with the result that the Company does not completely understand the metallurgy of a deposit, which may affect extraction costs;
- technical difficulties encountered in exploration and mining;
- inappropriate design of mining plant, difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- adverse weather conditions;
- industrial and environmental accidents and industrial disputes; and
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and failure to obtain necessary consents and approvals.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and potential legal liability. While the Company intends to maintain insurance with coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover such claims.

The exploration and operational costs of the Company will be based on certain assumptions with respect to the method and timing of exploration and the nature of the operating activity. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

There can be no assurance that any exploration tenement, or any other mining tenements acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The development timeframe for a project is dependent in part on obtaining various approvals and permits. The time it requires to obtain such approvals is in many cases not certain. To the extent that these approvals, permits and licences are issued at the discretion of the relevant regulatory authorities, there is no certainty that the Company will be able to obtain the grant of these approvals within any proposed timeframe, or at all.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Logistics and infrastructure	The Chilalo Project in Tanzania is subject to logistical risk of a long supply line should there be a requirement to import materials and equipment from outside the continent of Africa. The Chilalo Project is located in a remote area of south-eastern Tanzania where there are some infrastructure deficiencies. While the Company has access to the Mtwara port, which is 220km by road from the Chilalo Project, and the nearby Nachingwea airport is suitable for the transport of people and consumables, the Company will need to establish reliable road transport and sources of power and water in order for mining operations to be viable, none of which can be assured. Owing to a shortage of skilled local personnel, the Company will engage expatriate workers to perform certain functions in Tanzania. In order to develop the Chilalo Project, the Company will need to establish the facilities and material necessary to support operations in the remote location in which it is situated. The lack of availability of such resources may adversely affect mining feasibility and may, in any event, require the Company to arrange significant financing, locate adequate supplies and obtain necessary approvals from national regional governments, none of which can be assured.
Reputational risk	The Company's operations are dependent on positive relationships with a small number of organizations (including the government of Tanzania). Damage to the Company's reputation within Tanzania due to the actual or perceived occurrence of any number of events could negatively impact the Company. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence, and the impediment of the Company's overall ability to advance the Chilalo Project, thereby having a material adverse impact on financial performance, cash flows and growth prospects.
Tax risk	The Company has obtained advice regarding the taxation consequences of the Offer, including in respect of the potential for an indirect disposal tax to be applied to a change of control in Ngwena Tanzania under the Tanzanian Income Tax Act 2004. The Directors have formed the view that the completion of the Offer will not trigger a change of control in Ngwena Tanzania or any other material adverse taxation consequences. However, there is a risk that the Tanzanian taxation authorities take an alternative view to the Board and seek to impose taxes on the Company and/or the Evolution Group.

APPENDIX 4: KEY RISKS

COMPANY RISKS

DESCRIPTION

Future indirect disposal tax risk

The Tanzanian Income Tax Act 2004 contains indirect disposal tax provisions which apply where there is a change of more than 50% in the underlying ownership of a Tanzanian entity compared to the ownership in that entity over the past 3 years. Generally, Tanzanian tax authorities have not historically sought to impose change of control taxes as a consequence of the trading of holding company shares listed on a stock exchange. Nevertheless, this prospect, together with the prospect that any potential takeover bidder for the Company in the future may potentially offer a discounted offer price by reason of the potential application of this tax, could result in a discount to the trading price of Shares on ASX.

INDUSTRY SPECIFIC RISKS

Commodity prices and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of graphite products exposes the potential income of the Company to commodity price and exchange rate risks.

Changes in the market price of mineral commodities have historically fluctuated widely, and will affect the profitability of the Company's operations and its financial condition in the future, if and when the Company enters production. The Company's revenues, long term profitability and viability will depend on the price of the graphite that is produced from the Chilalo Project. The market price of graphite is set in the world market and is affected by numerous industry factors beyond the Company's control including demand, expectations with respect to the rate of inflation, interest rates, currency exchange rates, and industrial products containing metals, graphite production levels, inventories, cost of substitutes, changes in global or regional investment or consumption patterns, sales by central banks and other holders, speculators and processors of graphite and other metals in response to any of the above factors, and global and regional political and economic factors.

Unlike the majority of base and precious metals, there is no designated exchange or index for graphite pricing. As a result, there is a lack of market transparency associated with the price of graphite.

A decline in the market price of flake graphite products below the Company's production costs for any sustained period would have a material adverse impact on the profit, cash flow and results of the operations of the Chilalo Project and anticipated future operations. Such a decline could also have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future mineral projects.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

APPENDIX 4: KEY RISKS

INDUSTRY RISKS

DESCRIPTION

Exploration costs	The exploration costs of the Company as summarised in Section 2.6 and 3.6 are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the Company's viability.
Resource and reserves and exploration targets	The Company has identified a number of exploration targets based on geological interpretations and geophysical data, geochemical sampling and limited historical drilling. However, there is insufficient data to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted. Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.
Mine development	Possible future development of mining operations at the Chilalo Project is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production on any of the Chilalo Project, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the Company. No assurance can be given that the Company will achieve commercial viability through the development of the Chilalo Project. The risks associated with the development of a mine will be considered in full should the Chilalo Project reach that stage and will be managed with ongoing consideration of stakeholder interests.

APPENDIX 4: KEY RISKS

INDUSTRY RISKS

DESCRIPTION

Equipment and availability

The Company's ability to undertake mining and exploration activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

Risks associated with changes in legislation

Changes to mineral exploration or investment policies and legislation or a shift in political attitude within the jurisdiction in which the Company operates may adversely affect the Company's proposed operations and profitability. Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance. The Company is governed by a series of national laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for the Company. The legal and political conditions in Tanzania and any changes thereto are outside the control of the Company.

The introduction of new legislation or amendments to existing legislation by the national government, developments in existing common law, or the interpretation of the legal requirements which govern the Company's operations or contractual obligations, could adversely affect the assets, operations and, ultimately, the financial performance of the Company and the value of its securities. In addition, there is a commercial risk that legal action may be taken against or by the Company in relation to commercial matters.

The evolution and interpretation of Tanzanian legislation is uncertain and may impose restrictions on the Company.

The Company's business is subject to various levels of government controls and regulations which are revised from time to time. The Company is unable to predict what legislation may be proposed that might affect its business or when any such proposals, if enacted, might become effective. Such changes could require increased capital and operating expenditures and could prevent or delay certain operations by the Company. To the extent the Company is unable to comply with any such legislation, whether in the future or past, the Company may be unable to continue to successfully operate.

APPENDIX 4: KEY RISKS

INDUSTRY RISKS DESCRIPTION

Sovereign risk – Tanzania

The Chilalo Project is located in Tanzania and is subject to the risks associated with operating in foreign countries. There are risks attached to exploration and mining operations in a developing country like Tanzania which are not necessarily present in a developed country like Australia. These risks vary may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of (or the interpretation of) law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality.

Any future material adverse changes in government policies or legislation in Tanzania that affect foreign ownership, exploration, development or activities of companies involved in mining exploration and production, may affect the viability and profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on exploration, development, mining production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, local economic empowerment or similar policies, employment, contractor selection and mine safety. Operations may also be affected by failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors creates uncertainties that cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Tanzania's legal system is less developed than more established countries and this could result in the following risks:

- political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation or in an ownership dispute;
- a higher degree of discretion held by various government officials or agencies;
- the lack of political or administrative guidance on implementing applicable rules and regulations, particularly in relation to taxation and property rights;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- relative inexperience of the judiciary and court in matters affecting the Company.

The commitment from local business people, government officials and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that legal arrangements with the Company will not be adversely affected by the actions of the government authorities or others. As such, the effectiveness and enforcement of any such arrangements cannot be assured.

In Tanzania, the State retains ownership of the minerals and consequently retains control of the exploration and production of mineral resources.

Accordingly, these operations may be materially affected by the government through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges.

There can be no guarantee that the Company will be able to generate a positive return for its Shareholders if an event occurs in Tanzania which materially adversely affects the value of the Chilalo Project.

APPENDIX 4: KEY RISKS

GENERAL RISKS	DESCRIPTION
Economic	General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.
COVID-19 risk	The global economic outlook is facing continuing uncertainty due to the current COVID-19 pandemic, which has been having, and will likely continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates. The likelihood and severity of any potential impacts are however very difficult to predict. The ongoing COVID-19 pandemic and any other possible future outbreaks of viruses may have a significant adverse effect on the Company. The spread of such diseases amongst the Company's management, employees, contractors, suppliers and logistic networks, as well as any quarantine and isolation requirements, may reduce the Company's ability to operate and have detrimental financial implications.
Climate change risk	There has been increasing concern by the public and regulators globally on climate change issues. As a resources company, Evolution is exposed to physical risks associated with climate change. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect the Company's operating and financial performance.
Competition risk	There is a risk that the Company will not be able to compete profitably in supplying graphite products. The potential exists for the nature and extent of the competition to change, which may impact the viability of the Company's projects or future operations. The graphite industry is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Chilalo Project.

APPENDIX 4: KEY RISKS

GENERAL RISKS

DESCRIPTION

Occupational health and safety risk

Mining activities have inherent risks and hazards. The Company is committed to providing a safe and healthy workplace and environment for its personnel, contractors and visitors. The Company will provide appropriate instructions, equipment, preventative measures, first aid information, medical facilities and training to all stakeholders through its occupational health and safety management systems. While the Company's current parent company has a strong record in achieving high quality safety performance at its sites and the Company intends to implement the same systems, a serious site safety incident may expose the Company to significant penalties and the Company may be liable for compensation to the injured personnel. These liabilities may not be covered by the Company's insurance policies (when in place) or, if they are covered, may exceed the Company's policy limits or be subject to significant deductibles. Also, any claim under the Company's insurance policies (when in place) could increase the Company's future costs of insurance. Accordingly, any liabilities for workplace accidents could have a material adverse impact on the Company's liquidity and financial results.

It is not possible to anticipate the effect on the Company's business from any changes to workplace occupational health and safety legislation. Changes to this legislation may have an adverse impact on the financial performance and/or financial position of the Company.

Currently no market for Shares

There is currently no public market for the Shares, the price of the Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or continue after the Offer.

The price at which the Shares trade on ASX after listing may be higher or lower than the Offer Price and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the 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 above or below the price that Shareholders paid.

APPENDIX 4: KEY RISKS

GENERAL RISKS

DESCRIPTION

Market conditions	Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as: • general economic outlook; • introduction of tax reform or other new legislation; • interest rates and inflation rates; • changes in investor sentiment toward particular market sectors; • the demand for, and supply of, capital; and • terrorism or other hostilities. The market price of securities can fall and rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company. Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.
Taxation	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally. To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.
Reliance on key personnel	The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of the Directors or employees ceases their involvement with the Company.

APPENDIX 4: KEY RISKS

GENERAL RISKS

DESCRIPTION

Agents and contractors	The Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.
Counterparty risk	The Company will likely enter into a number of commercial agreements with third parties. There is a risk that the counterparties may not meet their obligations under those agreements. The ability of the Company to achieve its stated objectives will depend on the performance by the counterparties, with whom the Company has contracted, or will contract with, of their obligations under the relevant agreements. If any party defaults in the performance of its obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.
Force majeure	The Chilalo Project now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
Litigation risks	The Company is exposed to possible litigation risks including tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position.
Regulatory risks	The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Obtaining necessary permits can be a time-consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the tenements.

APPENDIX 4: KEY RISKS

GENERAL RISKS

DESCRIPTION

Accounting standards

Australian Accounting Standards (AAS) are adopted by the Australian Accounting Standards Board (AASB) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

Investment highly speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares.

Therefore, the New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

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