

ASX ANNOUNCEMENT

September Quarterly Activities Report

HIGHLIGHTS

- Strategic collaboration with BTR New Material Group Co. Ltd. (“BTR”), the world’s leading battery anode company
 - Cornerstone investment by BTR in Evolution to acquire a 9.9% interest subject to BTR due diligence and regulatory approvals (post quarter end, Evolution and BTR agreed to extend the date for satisfaction (or waiver) of conditions precedent to on or before 31 January 2024)
 - MOU for BTR and EV1 to collaborate on the manufacture of battery anode materials, with an initial focus on North America
 - Binding offtake agreement – Evolution to supply 100% of Chilalo fine flake graphite to BTR until proposed downstream facility commissioned (subject to the satisfaction of certain conditions precedent)
- BTR is the world’s leading battery anode producer with a market capitalisation of US\$3.4 billion
- The Company was granted a new Mining Licence covering the area of the previous Mining Licence at the Chilalo Project
- Continued progress with project financing process with initial reports received from independent technical consultants for financier’s due diligence
- The final assay results from a 5,440m, 44-hole reverse circulation drilling campaign intersected high-grade mineralisation outside the existing Mineral Resource, including:
 - 18m at 7.3% TGC from 18m
 - 12m at 7.9% TGC from 46m

Evolution Energy Minerals (“Evolution” or the “Company”) (ASX: EV1, FSE: P77) is pleased to report on the Company’s activities for the quarter ended 30 September 2023.

During the quarter, Evolution executed a strategic investment agreement (“**Investment Agreement**”), binding offtake agreement (“**Offtake Agreement**”) and an MOU for downstream collaboration with BTR (“**BTR Transactions**”), which is the world’s leading battery anode producer with a market capitalisation of US\$3.4 billion. The Company was also granted a new Mining Licence by the Government of Tanzania and received the final assay results from its reverse circulation (RC) drilling campaign at Chilalo.

Evolution Managing Director, Phil Hoskins, commented:

“The agreements with BTR provide further validation of the Chilalo project’s quality, including the significant value-added potential in processing Chilalo fine flake graphite to produce battery anodes. These transactions present an outstanding opportunity to accelerate Evolution’s transformation from graphite mine developer to a vertically integrated graphite company.”

STRATEGIC COLLABORATION WITH BTR¹

Investment Agreement

Under the Investment Agreement, subject to the satisfaction or waiver of certain conditions, (including BTR due diligence and regulatory approvals), BTR subscribes for 9.9% of Evolution at \$0.22 per share. On 30 October 2023, the Company reached agreement with BTR to extend the date for satisfaction (or waiver) of the conditions precedent for completion under the Investment Agreement to on or before 31 January 2024.²

The purpose of the extension was to ensure:

- That, notwithstanding BTR being well advanced with its due diligence, there is sufficient time for BTR to carry out its testwork on ore samples that BTR requested during its site visit in September, and which are yet to be delivered to BTR's facilities in China.
- Evolution shareholder approval of the BTR Investment is sought at the same time as shareholder approval is sought for the participation of ARCH Sustainable Resources Fund LP (**ARCH**) in the Tranche Two Placement,³ in order to maximise the value of BTR's investment, which represent a 9.9% interest in Evolution on a post-Tranche Two Placement basis.

MOU for downstream processing

The MOU covers a proposed downstream processing collaboration between BTR and Evolution to produce battery anode materials; and BTR's further participation in the financing of Chilalo and delivers a number of strategic benefits, including:

- Providing Evolution with an opportunity to partner with BTR and its leading natural graphite anode processing technology.
- BTR's existing relationships with leading global battery manufacturers will see it become the marketing agent for the sale of anode materials produced by the downstream collaboration entity.
- The parties will initially focus on an economic assessment of downstream processing options in North America but will also consider other jurisdictions outside of China.
- The parties will work together to execute a binding downstream agreement by 31 March 2024, with the structure to be guided by legal advice.

Offtake Agreement

Under the Offtake Agreement, Evolution sells 100% of its fine flake graphite from the Chilalo Project for three years (with an option to extend for an additional three years) to BTR. The Offtake Agreement is conditional on a binding agreement for downstream collaboration being executed prior to 31 March 2024, as well as product qualification and completion of the Investment Agreement.

Upon establishment of a downstream processing facility pursuant to the MOU, the offtake agreement will be assigned to the entity conducting the downstream processing collaboration. Completion of the Offtake Agreement will mean that ~90% of Evolution's graphite is under offtake with leading customers, which supports project economics and is expected to enhance project financing proposals.

Due diligence

During the quarter, members of BTR's senior management and technical teams were hosted in Australia and Tanzania to progress the due diligence necessary for completion of the BTR Transactions.

¹ For further information on the strategic collaboration with BTR, see ASX announcement dated 16 August 2023.

² For further information on the Investment Agreement, see ASX announcements dated 16 August 2023 and 30 October 2023.

³ For further information on the Tranche Two Placement, see ASX announcement dated 9 October 2023.

PROJECT FINANCING PROCESS

Palaris Limited (“**Palaris**”), who was appointed as the Independent Technical Engineer, Prime Resources Pty Ltd (“**Prime**”) as Independent Environmental and Social Consultant and Fastmarkets as Independent Graphite Market Consultant, have delivered their interim reports to the Company during the quarter. The Company is working through these interim reports ahead of providing the full due diligence package of information during this quarter to those banks who have previously submitted expressions of interest in the project debt.

In May 2023, together with prospective financiers and members of Evolution’s Board and management team, both Palaris and Prime conducted a site visit and met Evolution’s in-country team.

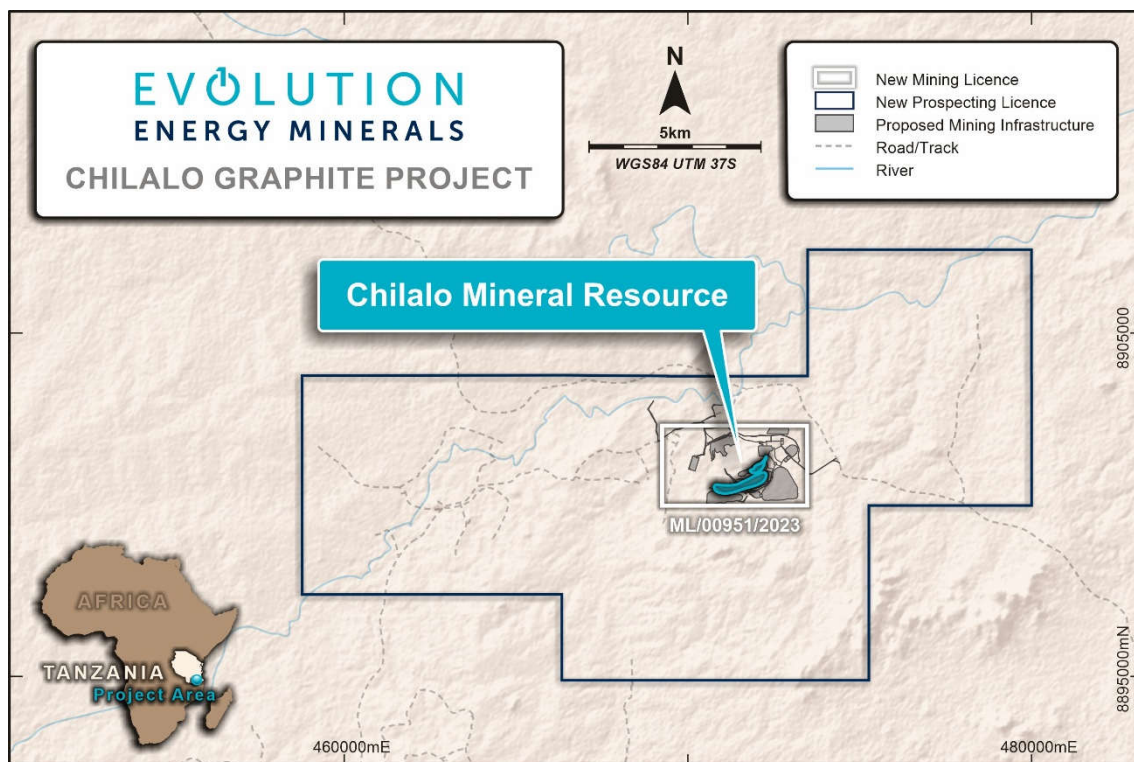
Work undertaken by Palaris included a due diligence review of all aspects of the updated Definitive Feasibility Study and Front-End Engineering Design and a project risk assessment. Prime carried out environmental and social due diligence against key standards and guidelines including the Equator Principles IV, IFC Performance Standards, World Bank Guidelines on environment, health and safety and UN Guiding Principles on Business and Human Rights.

NEW MINING AND PROSPECTING LICENCE EXTENDS TENURE AT CHILALO

During the quarter, the Government of Tanzania issued a new mining licence, ML/00951/2023 (“**New Mining Licence**”) with a refreshed term of ten years, with an opportunity to renew for an additional 10 years⁴. The Company also expects to shortly be issued a new Prospecting Licence (“**New Prospecting Licence**”), with a refreshed term of nine years, which is awaiting only signing by the executive secretary of the Mining Commission.

The New Mining Licence covers the area of the previous mining licence (ML 569/2017), and the New Prospecting Licence will cover the area of the previously held four prospecting licences (PL9929/2014, PL9946/2014, PL 11034/2017 and PL11050/2017) (shown in Figure 1).

Figure 1. Area of the New Mining Licence and Prospecting Licence



⁴ Under the Mining Act (revised edition 2019) (the "**Act**"), provided that the holder of a mining licence has complied with the provisions of the Act, a Mining Licence may be renewed for a further period of up to 10 years.

FINAL REVERSE CIRCULATION DRILLING RESULTS

In September, the Company reported the final assay results from its 5,440 metre, 44-hole RC drilling program, which identified high-grade mineralisation proximate to the existing Mineral Resource. Chilalo is currently host to a high-grade Mineral Resource of 20.1Mt at 9.9% TGC for 1,991Kt of contained graphite.⁵

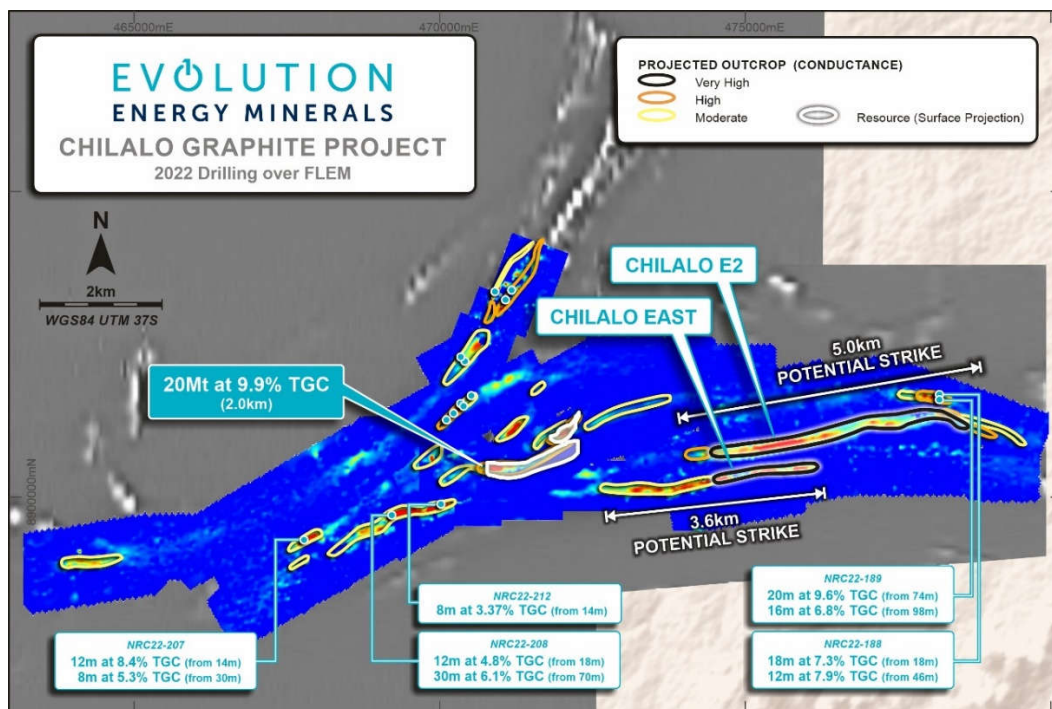
The results of the final five holes confirmed three new zones of high-grade graphite mineralisation (Figure 2).

Significant intercepts included:⁶

- **Hole NRC 22-188**
 - 18m at 7.3% TGC from 18m; and
 - 12m at 7.9% TGC from 46m.
- **Hole NRC 22-189**
 - 20m at 9.6% TGC from 74m; and
 - 16m at 6.5% TGC from 98m.
- **Hole NRC22-207**
 - 12m at 8.4% TGC from 14m; and
 - 8m at 5.3% TGC from 30m.
- **Hole NRC22-208**
 - 12m at 4.8% TGC from 14m; and
 - 30m at 6.1% TGC from 70m.
- **NRC22-212**
 - 8m at 3.4% TGC from 14m

Together with the discoveries at Chilalo East and Chilalo E2 which remain open with significant strike potential, these results demonstrate the scope to materially grow the Chilalo mineral resource and thereby potentially enable a production expansion, extension to mine life and reduction in mining costs.

Figure 2. Reverse circulation drilling results



⁵ See the Prospectus lodged with ASX on 12 November 2021.

⁶ See ASX announcement dated 28 September 2023.

CORPORATE

Cash

At 30 September 2023, the Company had cash of \$1.5 million.

Post quarter end, the Company completed a placement to raise A\$4.6 million (before costs) via a fully committed two-tranche placement of approximately 32.9 million fully paid ordinary shares (“**New Shares**”) to institutional, sophisticated and professional investors at a price of \$0.14 per New Share (the “**Placement**”).

Tranche One of the Placement, which entailed the issue of 24,737,744 New Shares was completed on 18 October 2023. Tranche Two of the Placement, which comprises the issue of 8,119,399 New Shares at \$0.14 per New Share to ARCH, is subject to and conditional upon receipt of approval of the Company’s shareholders at an extraordinary general meeting expected to be held in early January 2024.⁷

Board changes

During the quarter, Mr Mike Spreadborough, Mr Stephen Dennis and Mr Cameron Dowling were appointed as Non-Executive Directors of the Company.

- Mr Spreadborough was appointed to broaden the Board’s capability to support the Company’s strategy of vertical integration.
- Mr Dennis was appointed by Marvel Gold Limited who exercised its right to appoint a director under the Share Exchange Agreement between Marvel and the Company in connection with the IPO and ASX listing of Evolution.
- Mr Dowling replaced Ms Amanda van Dyke as the director nominated by the Company’s largest shareholder, ARCH.

INFORMATION REQUIRED UNDER ASX LISTING RULES

Information required under Listing Rules 5.3.1 and 5.3.2

Evaluation and exploration expenditure during the Quarter amounted to \$1.0 million. During the quarter, there were no mining production and development activities.

Information required under Listing Rule 5.3.3 – tenement information

The Company’s tenement interests as at 30 September 2023 are shown below.

Licence	Project	Location	Beneficial Interest at start of quarter ¹	Beneficial Interest at end of quarter ¹
ML/00951/2023 – Chilalo	Chilalo	Tanzania	84%	84%
PL/25161/2023 ²	Chilalo	Tanzania	84%	84%

1. The remaining 16% is held by the Government of Tanzania as an undiluted, free-carried interest in Kudu.
2. Awaiting formal sign off by the executive secretary of the Mining Commission.

Information required under Listing Rule 5.3.4

In accordance with ASX Listing Rule 5.3.4, the Company provides the following information. The Use of Funds table below is a statement of the Company’s intentions at that point in time. Investors should note that the allocation of funds set out in the table may change depending on a number of factors, including the results of

⁷ For further information on the Placement, see ASX announcement dated 9 October 2023.

exploration, outcomes of studies and development activities, regulatory developments and market and general economic conditions.

Proposed Use of Funds	Prospectus use of funds (estimate) (\$)	Actual use of funds (16/11/21 to 30/9/2023) (\$)	Variance (\$)	Footnote
Lender Debt Repayment	9,500,000	9,500,000	-	1
Marvel Cash Consideration	2,000,000	2,000,000	-	1
Offer associated costs	2,114,744	2,282,631	(167,887)	2
Exploration & Tenement Costs	1,500,000	2,545,048	(1,045,048)	3
DFS Optimisation	1,000,000	3,569,247	(2,569,247)	4
Downstream Studies/opportunities	2,500,000	1,069,008	1,430,992	5
Graphite product qualification	450,000	2,774,950	(2,324,950)	6
ESG Compliance	400,000	4,832,129	(4,432,129)	7
Early works	1,100,000	-	1,100,000	8
Working Capital*	3,435,256	7,004,172	(3,568,916)	9
Total	24,000,000	35,577,185	(11,577,185)	

* Working Capital includes \$2m raised from grant of Chilalo Project Royalty

1. N/A – Immaterial variation
2. Legal and advisory costs. Variance not significant.
3. Undertook a more expansive drilling program to test a larger number of near mine targets.
4. Additional study work associated with the dry stacking of tailings (eliminating a significant ESG risk and reducing capex) and mine optimisation (resulting in lower p/t cost of mining).
5. Testwork on the suitability of Chilalo graphite to battery anode and other value-added applications has been undertaken. The Company has plans to advance downstream feasibility studies in 2024 via its agreement with BTR.
6. Product qualifications continuing with two binding offtake agreements signed.
7. The Company has undertaken an extensive Resettlement Action Plan and environmental studies are ongoing. Part of the additional cost includes \$0.85 million already paid to Project Affected Persons as part of the RAP execution.
8. Early works will commence after project financing has been secured.
9. Working capital will continue to be incurred.

Information required under Listing Rule 5.3.5

During the Quarter, the Company made payments to related parties of \$212,000, all of which comprised payments to Evolution directors (two executive directors and two non-executive directors) in accordance with the applicable terms of engagement.

Reference to Previous ASX Announcements

The Chilalo Mineral Resource estimate was first reported by Evolution in the Company's prospectus dated 28 September 2021 as supplemented by a supplementary prospectus dated 6 October 2021 that was lodged with

ASX on 12 November 2021. Evolution confirms that it is not aware of any new information or data that materially affects that information and that all material assumptions and technical parameters underpinning that information continue to apply and have not materially changed.

In relation to other previously announced information included in this September Quarterly Activities Report, the dates of which are referenced, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements.

This announcement has been approved for release by Evolution's Board of Directors.

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ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



Chilalo Project

High margin, low capex



BTR strategic partnership

Transformational offtake, funding and downstream collaboration



Battery suitability

Premium quality CSPG produced from fines



Vertically integrated strategy

Accelerated and de-risked partnership model with proven technology

Evolution's vision is to become a vertically integrated company that will only supply sustainably sourced graphite products and battery materials.

This will be achieved by combining our unique graphite source with industry-leading technology partners, working closely with customers and producing diversified downstream products in both Tanzania and strategically located manufacturing hubs around the world. Evolution is committed to being global leaders in ESG and ensuring its operations support the push for decarbonisation and the global green economy.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Evolution Energy Minerals Limited

ABN

53 648 703 548

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(1,015)	(1,015)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(576)	(576)
	(e) administration and corporate costs	(436)	(436)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (graphite marketing, financing and downstream)	(761)	(761)
1.9	Net cash from / (used in) operating activities	(2,788)	(2,788)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(14)	(14)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (sale of royalty over the Chilalo project)	-	-
2.6	Net cash from / (used in) investing activities	(14)	(14)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (IPO transaction costs)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,442	4,442
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,788)	(2,788)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14)	(14)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(121)	(121)
4.6	Cash and cash equivalents at end of period	1,519	1,519

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,519	1,519
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,519	1,519

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	212 ¹
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

¹ Fees, salaries and superannuation paid to directors.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(2,787)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,787)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,519
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,519
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	0.6
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Yes – The company is continuing to progress Chilalo's project financing and advancing the downstream collaboration with BTR.	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes – On 9 October 2023 the Company announced the completion of a capital raising to raise \$4.6 million before costs. Furthermore, the conditions to the placement to BTR must be satisfied (or waived) on or before 31 January 2024, which, if satisfied or waived, would raise an additional \$5.4M.	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes - given the responses to 8.8.1 and 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.