

ASX ANNOUNCEMENT

Chilalo Project Update

Highlights

- Mtwara port option firming up – potential material transport cost savings
- Power supply – Government upgrades increase likelihood of Chilalo accessing lower cost grid power
- New Roads – Tanzanian Government agency confirms plans to upgrade roads that service Chilalo
- Government meetings – Excellent meetings to discuss ways Government can streamline process
- Community – Completion of Resettlement Action Plan (RAP) compensation expected shortly

Evolution Energy Minerals Limited (Evolution or the Company) (ASX: EV1, FSE: P77) is pleased to update the market on progression activities for the Company's coarse flake Chilalo Graphite Project (Chilalo), located in Tanzania.

In recent months, whilst much of the Company's efforts have focused on project financing initiatives and the engagement with new strategic investor BTR New Material Group Co Ltd (BTR), development of the Chilalo Project has continued with key activities being progressed. The focus of activities for 2024 will be project optimisation to reduce costs, continuing to de-risk the project, execution of the RAP and operational planning to prepare for project execution (subject to financing).

Recent strides have been made in project financing and crucial developments spanning various aspects of the project. Reductions in logistics and power costs are expected from project optimisation studies and infrastructure developments within Tanzania.

Evolution's Managing Director, Phil Hoskins, commented:

"It has been a busy and progressive period for Evolution Energy Minerals, as we continue to progress activities for the Chilalo Graphite Project. In the current climate, the team are focused on lowering costs to enhance the already strong margins generated by the project. In turn, this will aid our project financing process."

"We continue to enjoy strong support from the Tanzanian Government with continued infrastructure enhancements expected to improve project economics and pro-active engagement with us on resolving any roadblocks to development."

In February 2024, Phil Hoskins, Evolution's Managing Director, participated in the Mining Indaba conference in Cape Town which allowed interaction with potential investors and financiers, particularly prominent international banks that Evolution has been collaborating with for several months.

Mr Hoskins and Acting Chief Operating Officer, John Nolan, travelled to Tanzania in late February 2024 to conduct meetings with senior officials of the Tanzanian Government, government agencies, and logistics groups. The primary aims were to prepare for critical 2024 activities and progress key initiatives aimed at lowering operating and capital costs at Chilalo, enhancing the overall economics of the Project.

The following outlines recent activities completed or underway to advance the Chilalo project.

Reduced Logistics costs – Mtwara Port shipping solution

The Mtwara Port, situated 240 kilometres from Chilalo, is a commercial deepwater port. Due to limited shipping activity, the 2023 DFS assumed that Chilalo concentrate would be transported by truck to the Dar es Salaam Port and then shipped to Evolution’s customers. The distance to the Dar es Salaam Port is approximately 638 kilometres, whereas the Mtwara Port is only 240 kilometres from Chilalo (see Figure 1) providing the opportunity to reduce costs and minimize the environmental footprint.



Figure 1: Reduced transport logistics via Mtwara Port

In February, Evolution executives met with the Mtwara Port Manager, who reported a notable increase in commercial shipping activity at the port. Discussions were also held with shipping companies operating transshipment vessels indicating that Chilalo’s shipping quantities would justify a regular container shipping route via Mtwara.

The Mtwara Port is envisaged to divert exports away from the Dar es Salaam port which is more congested. This may result in potential concessions being offered to exporters utilising Mtwara. Evolution is working with logistics companies and the port to obtain accurate cost estimates for road transport, storage and shipping.

Evolution is increasingly confident in its ability to utilise the Mtwara Port for shipping Chilalo concentrate. With a shorter trucking route and lower shipping costs compared to Dar es Salaam, significant reductions in shipping and road transport expenses are anticipated.

Power Supply

Power supply constitutes a significant portion of Chilalo's operating expenses, amounting to \$91 per tonne of concentrate (12 % of total operating costs). Discussions were conducted with TANESCO, the government-owned power supply company in Tanzania, who notified Evolution that the power supply from the gas-fired power station at Mtwara would be augmented by 20MW as of March 31, 2024, to improve power distribution for the southern grid.

Discussions with TANESCO have indicated that power transmission projects are expected to connect the southern electricity grid to the main Tanzanian national grid within 12 months. Nangurugai village (< 2 km from the process plant location) is already connected to grid power with Evolution's site offices running from grid power. Evolution will work with TANESCO to investigate connecting Chilalo to the grid.

Consequently, there is the opportunity for Chilalo to gain access to lower cost grid power.

Meetings with TARURA (Tanzania's rural road authority)

The planning phase for the road design from Ruangwa to Nangurugai is scheduled to span the next six months, followed by a three-month procurement period for materials. Subsequently, TARURA, the Tanzanian government agency overseeing road construction and maintenance, will commence road construction, expected to last an additional 12 months. Consequently, it is now projected that TARURA will complete the construction of the bitumen road by the end of 2025.

In the DFS, a capital cost of US\$1.5 million was allocated for Evolution to undertake the upgrade of the Ruangwa to Nangurugai road at its expense. With TARURA now assuming responsibility for this task, a reduction in the capital cost initially outlined in the DFS is anticipated.

Meetings with Government Officials

The Company held meetings with the Tanzanian Minister of Minerals during the recent visit. Since the signing of various Framework Agreements with mineral companies in 2022 and 2023, the Tanzanian Government has expressed concerns regarding the absence of new mining operations. The objective of the meeting with the Minister was to identify challenges facing the company and proposing solutions or ways in which the Tanzanian Government could assist. These challenges could be legal and regulatory, operational, infrastructure or general market factors. A written submission has been provided to the Minister subsequent to the meeting and the Company enjoys great support from the Tanzanian Government in working towards the financing and development of Chilalo.

Working with Local Communities

Evolution acknowledges that the success of Chilalo hinges on the support of its local communities, and it dedicates considerable time and resources to engaging with them. A crucial aspect of this engagement involves the implementation of the Resettlement Action Plan (**RAP**), which was agreed upon by the communities and approved by the Tanzanian Government in August 2022.

Currently, Evolution is actively involved in various facets of the RAP, including the design of replacement housing, executing livelihood restoration programs, and disbursing compensation payments to affected members of the local communities. The final round of compensation is scheduled for disbursement in March 2024, and efforts are underway to ensure that all necessary arrangements are in place to facilitate these payments as scheduled.

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.