

ASX ANNOUNCEMENT

Extension of conditions precedent to binding offtake agreements

Highlights

- Chilalo offtake partners have re-committed by extending relevant conditions precedent in their offtake agreements.
- Evolution has binding offtake agreements, for both fines and coarse flake, covering 90% of planned production at Chilalo, which will support the project financing.
- Evolution is progressing a financing plan to allow a Decision to Mine to be made in Q1 2025.
- Evolution and BTR continue to work collaboratively to explore downstream opportunities, including the assessment of the potential for US anode production.

Evolution Energy Minerals Limited (Evolution or the Company) (ASX: EV1, FSE: P77) is pleased to announce the extension of outstanding conditions precedent with its binding offtake partners, BTR New Material Group Co. Ltd (BTR) and Yichang Xincheng Graphite Co. Ltd. (YXGC) in line with the Company's plan to make a Decision to Mine at Chilalo by Q1 2025.

In extending the conditions precedent, YXGC has effectively re-committed to purchasing 30,000 tonnes per annum of **coarse flake graphite** (comprising +100, +80, +50 and +32 mesh) from Chilalo for a minimum of three years¹. YXGC is the global leader in the manufacture of high-value expandable graphite and associated high-value graphite products, such as graphite foil.

BTR and Evolution have a binding offtake agreement for the sale of 100% of **fine flake graphite** production from Chilalo for a period of three years (with an option to extend for a further three years)². The offtake agreement is in place until the establishment of a downstream processing facility, at which time the offtake agreement will be assigned to the entity undertaking the downstream processing collaboration.

The binding offtake agreements with YXGC and BTR cover 90% of the planned production from Chilalo, providing surety of revenue for prospective financiers to Chilalo.

Evolution's Managing Director, Phil Hoskins, commented:

"One of the attractions of Evolution is the quality of our offtake partners, being global leaders in the value addition of both fines and coarse flake. BTR is the global #1 battery anode producer and YXGC is the global leader in expandable graphite and graphite foil production. Evolution is pleased with the continued support of our offtake partners which supports our financing activities by validating the product quality and providing certainty over revenue.

"Furthermore, BTR's recent investment into Evolution should provide even further validation of the quality of the Chilalo project overall, given BTR are experienced operators of their own graphite mine in Heilongjiang, China."

YXGC Offtake Agreement and Recent Activities

Evolution's obligation is to supply 30,000 tonnes of graphite concentrate that is coarser than +100 mesh, the breakdown being commercial in confidence. The market price of flake graphite concentrate under the Offtake Agreement is to be determined by the parties at least 30 days prior to the beginning of each quarter. The parties have agreed to extend the date by which finance is to be obtained and construction commenced to 30 June 2025. Whilst the YXGC offtake agreement represents 56% of Chilalo's planned production, it represents over 70% of forecast revenue given it covers the higher value coarse flake products.

YXGC is the world's largest expandable graphite and flexible graphite producer and supplier. YXGC recently undertook a capacity expansion of 10,000 tpa expandable graphite and 20 new graphite foil lines producing

¹ ASX Announcement 9 May 2022 – Binding offtake agreement for Chilalo coarse flake graphite

² ASX Announcement 16 August 2023 - Strategic collaboration with BTR, the #1 global battery anode company

12 ktpa. YXGC continues to run at full capacity which is a strong indicator of demand. YXGC products include expandable graphite (Figure 1), graphite foil (Figure 2), graphite yarn, graphite packing (Figure 3), and graphite fireproof board.

Figure 1. YXGC expandable graphite packed and loaded, ready for dispatch to the port



Figure 2. Rolled graphite foil produced by YXGC



Figure 3. Graphite packing for 5G station ground cable



More than 50% of YXGC's production is sold in international markets, mainly to South Korea, Japan, Europe and the US. YXGC's graphite foil is not only widely used by all the world leading electronic manufacturers but also used in producing graphite bipolar plates for hydrogen battery fuel cells. In addition to YXGC's graphite foil being in high demand, the graphite yarn and graphite packing produced by YXGC is also widely used as ground cable for 5G communication towers worldwide.

BTR Offtake Agreement and Recent Activities

Under the binding offtake agreement, Evolution agrees to sell, and BTR agrees to buy, 100% of the -100 mesh flake graphite concentrate from the Chilalo Graphite Project (**Product**) produced by Evolution. The parties anticipate that Evolution will produce approximately 20,000 tonnes of Product annually.

Evolution's vertical integration strategy is linked to partnering with global anode production leader, BTR. Since the downstream MOU was executed in August 2023, Evolution and BTR have undertaken a US site visit to advance site selection and taken advice on the corporate structures to achieve IRA compliance and position for Department of Energy funding. Anode testwork and product qualification is advancing using Chilalo's graphite.

Evolution and BTR are working collaboratively to explore downstream opportunities, including sounding out strategic partners to work together on a potential US anode production facility. To facilitate this ongoing assessment, the parties agreed to extend the date to reach binding downstream collaboration agreements to 31 March 2025, the same date that the Chilalo financing condition was extended to. During this period, both parties will advance economic assessments on the downstream opportunity to determine its potential contribution to shareholder value.

Financing Update

Following completion of the Definitive Feasibility Study (**DFS**) and signing the Framework and Shareholders Agreements with the Tanzanian Government during 2023, several independent specialists were appointed to undertake key streams of work on behalf of interested debt financiers, which include reputable project finance banks from Europe, South Africa and Tanzania (**Project Finance Banks**).

- **Palaris Limited (Palaris) - Independent Technical Engineer**
 - Palaris reviewed all aspects of the DFS and Front-End Engineering Design and undertook an overall project risk assessment.
- **Prime Resources Pty Ltd (Prime) - Independent Environmental and Social Consultant**
 - Environmental and social due diligence against key standards and guidelines that are applied by international financiers in assessing the financing of a minerals project.
- **Fastmarkets - Independent Graphite Market Consultant**
 - Preparation of a comprehensive report on the current and forecast state of the graphite market, supply and demand drivers and graphite prices.

Palaris, Prime and Fastmarkets have now all completed detailed reports that Evolution has worked through with its debt advisor, Auramet Capital Partners. The Company has recently engaged with representatives from the Project Finance Banks, as well as other financiers expressing interest in debt financing. These financiers are now reviewing the reports prepared by Palaris, Prime, and Fastmarkets in consideration of providing term sheets for debt financing.

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

For further information please contact:

Phil Hoskins

Managing Director

phoskins@ev1minerals.com.au

T: +61 8 9200 4960

Andrew Rowell

White Noise Communications

andrew@whitenoisecomms.com

T: +61 400 466 226

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.

EVOLUTION
ENERGY MINERALS

ASX:EV1
evolutionenergyminerals.com.au