

Landmark agreements settled with the Government of Tanzania

Evolution Energy Minerals (Evolution or the Company) (ASX: EV1, FSE: P77) is pleased to announce that following a meeting with the Special Presidential Government Negotiating Team and review by the Attorney General, the Framework Agreement and Shareholders Agreement (together, the **Agreements**) for the ownership, development and management of the Company's Chilalo Graphite Project (**Chilalo**) are now in a form that has been agreed with the Tanzanian Government.

The Company now awaits notification of the formal public signing ceremony with respect to the Agreements, which, at this stage is expected to take place in March 2023.

Completion of the Agreements is a critically important step forward in the development of Chilalo.

HIGHLIGHTS

- **Agreements confirm the Tanzanian Government's 16% non-dilutable free carried interest shareholding and commitment to jointly develop Chilalo.**
- **A new joint venture company, Kudu Graphite Limited (Kudu), which has been established for the purpose of holding the Chilalo licences and permits and undertaking the development of Chilalo has been incorporated and will be owned as to 84% Evolution (indirectly) and 16% Tanzanian Government.**
- **The Agreements provide for a reissued 10-year term to the Mining Licence and reissued terms for all Prospecting Licences.**
- **A public signing ceremony before the President of Tanzania, Her Excellency Samia Suluhu Hassan, which at this stage is expected to be held in March 2023.**

Phil Hoskins, Evolution's Managing Director, commented: "Settling these Agreements with the Tanzanian Government is a critical step forward in the development of our Chilalo Project.

"Financiers require certainty around the operation of the Tanzanian Government's free carried interest and the completion of these Agreements provides that certainty. Together with the updated DFS, which is expected to be released in the coming weeks, we believe Evolution is well placed to advance the development of Chilalo.

"We have worked closely with the Tanzanian Government for an extended period of time and recognise that aligning with the Government and with the people of Tanzania is fundamental to unlocking the value of our Chilalo Project. We now look forward to partnering with the Tanzanian Government as we strive to establish a commercial scale graphite mine in south-east Tanzania for the benefit of all stakeholders."

The Agreements specify the key rights and obligations of the parties, as shareholders of Kudu, with respect to the ownership, development and management of Chilalo.

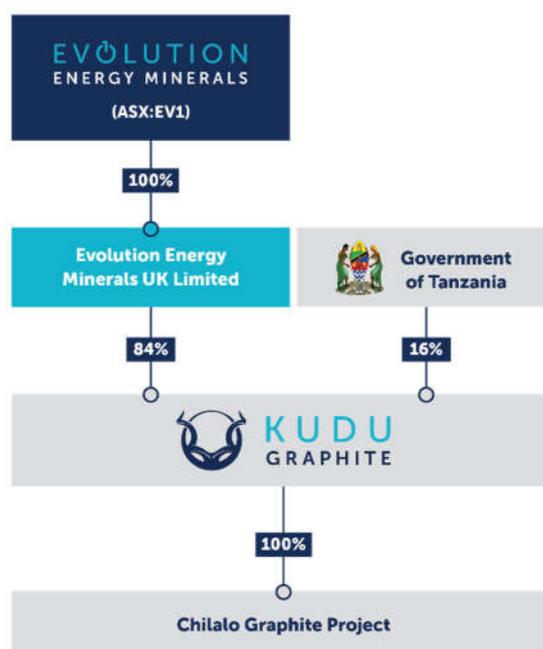
Under the Framework Agreement, the Tanzanian Government has agreed to facilitate the procurement of the rights, permits and approvals necessary for the establishment, development and operation of Chilalo, subject to Kudu's compliance with Tanzanian procedural and statutory requirements. Fiscal and taxation assumptions and arrangements reflect current Tanzanian legislation and regulatory requirements.

A summary of the key terms of the Agreements is shown in the table below.

Table 1. Framework Agreement and Shareholders Agreement – Summary of Key Terms

Key term of the Framework Agreement	Explanation of key term
Establishment of new joint venture company	A new joint venture company has been established, Kudu, that will hold the Chilalo licences and permits.
Ownership structure	Kudu is owned 84% by Evolution’s 100% UK subsidiary company, Evolution Energy Minerals UK Limited (EEMUK) and 16% by the Tanzanian Government, with a separate class of shares created with respect to the Tanzanian Government’s non-dilutable free carried interest.
Voting rights	Each share held by EEMUK and the Tanzanian Government is entitled to one vote.
Shareholder loans	Where shareholder loans are not interest bearing and are registered with the Bank of Tanzania, they are not subject to the Tanzanian Government free carried interest.
Banking arrangements	All proceeds from the sale of Chilalo product to be received in local and foreign currency accounts in Tanzania.
Mineral rights	The Chilalo mining licence and four surrounding prospecting licences to be surrendered and reissued to Kudu with reissued terms of 10 and nine years respectively.
Governing law	Tanzanian law.
Dispute resolution	International arbitration in accordance with UNCITRAL rules.
Debt finance	Evolution may pledge its shares in Kudu to support security requirements for third party financing.
Board composition	Initially comprised of five directors, of which three are appointed by Evolution and two are appointed by the Tanzanian Government.

The ownership structure for Chilalo is shown below.



Shareholders' Agreement

The Shareholders' Agreement outlines the relationship between the Company's wholly owned subsidiary, Evolution Energy Minerals UK Limited (**EEMUK**) and the Tanzanian Government, confirming the parties' shareholding in Kudu and the board structure. The board of Kudu will consist of three directors (including the chair) nominated by EEMUK and two directors nominated by the Tanzanian Government. The Shareholders Agreement also contains provisions customary for such an agreement, including those relating to:

- Board and shareholders' meetings;
- The operation and management of Kudu;
- Pre-emptive rights regarding any transfer of EEMUK's shareholding in Kudu; and
- Special matters that require the approval of the Tanzanian Government, including winding up of Kudu, amending Kudu's constitution and conducting business outside of pre-approved business plans.

Completion of the Agreements is a key milestone in the development of Chilalo. The Company now looks forward to working closely with the Tanzanian Government as it moves closer to developing Chilalo for the benefit of all stakeholders.

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

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ABOUT EVOLUTION (ASX:EV1)



Development ready
Chilalo Graphite Project in Tanzania



58% > 80 Mesh
World leading flake size = highest margins



Unique offtake and downstream collaboration
Extensive product qualifications with YXGC, global leader for EG and foil



Framework agreement
To provide Tanzanian government certainty



Sustainable battery anode strategy
Superior performance, environmentally friendly thermal purification



Carbon neutrality
Pursuing net zero carbon from day one

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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