

Chilalo Financing Update

HIGHLIGHTS

- The funding process for the development of the Chilalo Graphite Project continues to advance.
- Evolution has received non-binding expressions of interest from European, African and Tanzanian banks to fund the development of Chilalo.
- An Independent Technical Engineer and Independent Environmental and Social Consultant have been appointed on behalf of potential financiers, with a site visit held this week.
- Discussions are also under way with multi-lateral institutions, investment funds (including ESG funds), private equity groups and strategic investors to support the overall financing initiative.
- Evolution's fine flake product, earmarked for downstream processing into coated spherical purified graphite, remains intentionally uncontracted to offtake agreements providing strategic leverage for funding negotiations.
- Evolution's recently updated Definitive Feasibility Study for Chilalo, estimated a post-tax NPV₈ of US\$338 million and IRR of 32%, with average graphite concentrate production of 52ktpa over a 17-year mine life.

Evolution Energy Minerals (Evolution or the Company) (ASX: EV1, FSE: P77) is pleased to provide an update on the varied initiatives to advance project funding for the development of its Chilalo Graphite Project (Chilalo or Project) in Tanzania.

In April 2023, the Company executed a Framework Agreement and Shareholders' Agreement (**Government Agreements**) with the Government of Tanzania that set out the fiscal, operating and ownership parameters for Chilalo and released an updated Definitive Feasibility Study (**Updated DFS**), which confirmed that Chilalo was an outstanding high-margin, development ready project with strong financial outcomes.¹

Completion of the Government Agreements and the Updated DFS, provides Evolution with a strong basis from which to progress its financing initiatives.

Independent Technical Engineer and Independent Environmental and Social Consultant

Engagement to date with major European, African and Tanzanian banks has seen the Company receive non-binding expressions of interest to provide debt finance for the development of Chilalo.

Evolution is pleased with this engagement and encouraged by the appointment of Palaris Limited (**Palaris**) as Independent Technical Engineer and Prime Resources Pty Ltd (**Prime**) as Independent Environmental and Social Consultant, on behalf of financiers.

Both Palaris and Prime conducted a site visit this week, with reports expected to be available in the September quarter. The site visit was also attended by prospective financiers, local government officials, community leaders and members of Evolution's Board and management team.

Work undertaken by Palaris will include a due diligence review of all aspects of the Updated DFS and Front-End Engineering Design and a project risk assessment. Prime will carry 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.

¹ ASX announcement 20 March 2023.

Phil Hoskins, Evolution’s Managing Director, commented: “We have achieved a number of important milestones recently with the publication of the Updated DFS and the execution of key agreements with the Tanzanian Government, both of which are key requirements of potential financiers.

“We are pleased that potential financiers have appointed an Independent Technical Engineer as they advance their due diligence on the financing of Chilalo, with commercial bank debt one of several funding sources we are considering.”

Evolution is also continuing discussions with a number of other financial institutions, including global export credit agencies and investment funds to ensure that the most suitable funding mix for the development of Chilalo is secured. Evolution continues to be advised by Auramet International LLC (**Auramet**) who has considerable experience in advising on the debt financing packages of African resources projects.

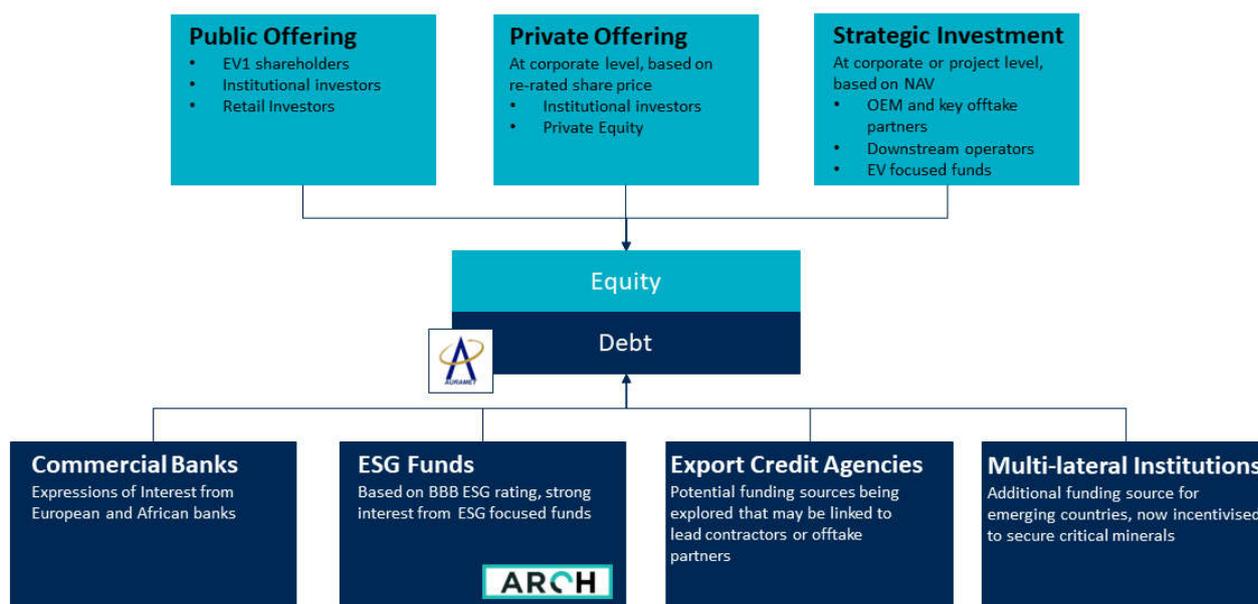
Financing Strategy

The Company is considering various options for the financing of Chilalo. In addition to traditional debt/equity financing at the corporate level outlined above, discussions are being held with multi-lateral institutions, investment funds (including ESG funds), private equity groups and strategic investors. The Company may also consider a project level sell-down (at a premium to market valuation) for parties that offer a strategic benefit to either the mine or downstream processing opportunities. These varied funding alternatives are shown in Figure 1.

The Company currently has offtake arrangements in place for the sale of coarse flake material, which is used in expandable graphite products. Evolution’s fine flake graphite concentrate, which testwork has shown to be suitable for battery anode applications², is currently uncontracted to offtake agreements, thereby providing the Company with strategic leverage in funding discussions.

The expressions of interest received by the Company to date for financing the development of Chilalo are indicative, non-binding and subject to completion of formal financing documentation, satisfactory due diligence and other standard debt financing terms, including satisfactory market conditions and relevant internal approvals.

Figure 1. Chilalo Financing Strategy



This announcement has been approved for release by the Evolution board of directors.

² For further information, see ASX announcements 12 July 2022, 18 July 2022 and 21 July 2022.

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Reference to Previous ASX Announcements

In relation to the results of the Updated DFS announced on 20 March 2023, the Company confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed. The results reported in the Updated DFS are reported on a 100% ownership basis. On completion of the Framework Agreement with the Government of Tanzania, the Company holds an 84% interest in the Chilalo Project, the remaining 16% interest being held by the Government of Tanzania.

ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



Robust DFS

High-margin, low capex



Framework agreement finalised

Provides Tanzanian government certainty



Binding offtake

With global leader for expandable graphite and foil



Battery suitability

Premium quality CSPG produced from fines



Vertically integrated strategy

Downstream processing in US using 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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