

ASX ANNOUNCEMENT

Evolution appoints Auramet International for Chilalo project financing

Evolution Energy Minerals ("Evolution" or the "Company") (ASX: EV1, FSE: P77) is pleased to announce that it has appointed leading financial advisory group, Auramet International, to advise and secure project financing for the Chilalo Graphite Project in Tanzania.

HIGHLIGHTS

- Experienced global financial advisor, Auramet International, appointed to advise and secure an optimal financing solution for the Chilalo Graphite Project in Tanzania.
- Auramet has significant experience in advising and sourcing debt, streaming and/or equity finance for African resources projects.
- Appointment follows significant informal discussions with representatives of Auramet over a number of years.
- The Company will work with Auramet to determine the optimal mix of debt and equity financing for Chilalo.
- The key milestones to secure project finance are as follows:
 - Execution of binding offtake agreements (the cornerstone binding offtake agreement for Chilalo's coarse flake graphite was concluded earlier this month);
 - Finalising a framework agreement with the Tanzanian government delivering legal and fiscal certainty (expected in the coming months); and
 - Completion of an Updated DFS (expected by September 2022).

The appointment of Auramet allows the Company to initiate dialogue with a number of potential financiers whilst the conditions precedent are being finalised and allows due diligence to commence. Auramet will begin discussions with financing groups including, but not limited to, Tanzanian banks, commercial banks, African and Australian institutions and Export Credit Agencies.

Evolution's Managing Director, Phil Hoskins, commented: "Auramet is a leading financial advisor to the resources sector with significant experience in Africa. They have completed numerous debt, equity and offtake agreements for companies operating in the mining industry.

"This appointment is an important stage for the Company as we seek to execute the material project milestones and move to construction as soon as possible."

Mark Tyler of Auramet International commented: "I have followed the progress of the Chilalo project over the past seven years and view it as one of the most attractive graphite opportunities globally. Auramet is confident of securing an attractive project financing solution for a number of reasons. The Chilalo deposit is high grade and exhibits large flake size, and management has committed to a tailored marketing solution with an emphasis on product qualification and customer relationships into diverse market applications.

"More recently, the addition of Michael Bourguignon provides Evolution with unique experience in constructing and commissioning a large African graphite project, whilst the presence of the ARCH Sustainable Resources Fund provides financiers with confidence in the availability of equity funding and the ESG credentials of the company."

The Company is working on the major milestones required to reach a final investment decision in Q4 2022, including binding offtake agreements, a framework agreement with the Government of Tanzania ("**GOT**") and an updated DFS. Progress towards these milestones is set out below.

Binding offtake agreements

Evolution recently signed a binding offtake agreement with Yichang Xincheng Graphite Co Ltd ("**YXGC**") for the sale of 30,000 tpa of coarse flake graphite from its Chilalo Graphite Project for the first three years of operation ("**Offtake Agreement**").¹ YXGC is the leading global producer of high value expandable graphite and graphite foil for the electronics industry.

The Offtake Agreement is expected to support the Company's financing activities, with offtake arrangements a condition precedent for project financiers.

Execution of the Offtake Agreement follows a strategically significant Memorandum of Understanding with YXGC that also set out the parties' intentions to form a joint venture for the feasibility, construction and operation of a downstream manufacturing facility in Europe, utilising YXGC's technology to produce expandable graphite, graphite foil and other high-value graphite products.²

Framework agreement with Tanzanian Government

The process to put in place a framework agreement with respect to the arrangements for the GOT's free carried interest in the Project is progressing. A draft framework agreement and draft shareholders' agreement are currently under review by the GOT and constructive dialogue with the GOT is continuing.

The Company recognises that project financiers will require certainty around the operation of the GOT free carried interest, and completion of the framework agreement and shareholders' agreement is therefore of the highest priority in moving to a construction decision.

Updated DFS

A Definitive Feasibility Study on Chilalo in 2020³ delivered excellent economic returns. The DFS forecast a post-tax NPV₈ of US\$323 million and post-tax IRR of 34% on a capital cost of US\$87.4 million (including 10% contingency and pre-strip).

The Company is currently completing an optimisation of the DFS focused on:

- Reducing mining costs and bringing forward revenue from a revised mining schedule;
- Lowering both operating costs and Chilalo's carbon footprint with the implementation of a hybrid solar/diesel power station; and
- Investigation of dry stacking of tailings, which has the capacity to reduce capital costs and eliminate a critical ESG risk factor.

Following an extensive tender process, the Company expects to engage an engineer later this month to conduct the Front End Engineering Design, which among other things, will deliver an updated capital cost estimate.

The Company looks forward to providing updates on these key financing milestones over the coming months as it moves towards a final investment decision by Q4 2022.

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

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

² ASX announcement 2 May 2022 – MOU for offtake and high-value downstream collaboration.

³ ASX Announcement 29 January 2020 (Graphex) – DFS confirms Chilalo as high margin graphite project.

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ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



58% > 80 Mesh

World leading flake size = highest margins



Extensive product qualifications

Will result in quality offtakes and technology partnerships



Framework agreement

To provide Tanzanian government certainty



FID by H2 2022

Strategic ESG fund cornerstone support



Sustainable battery anodes

Non-HF, thermal purification program completed Q3



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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