

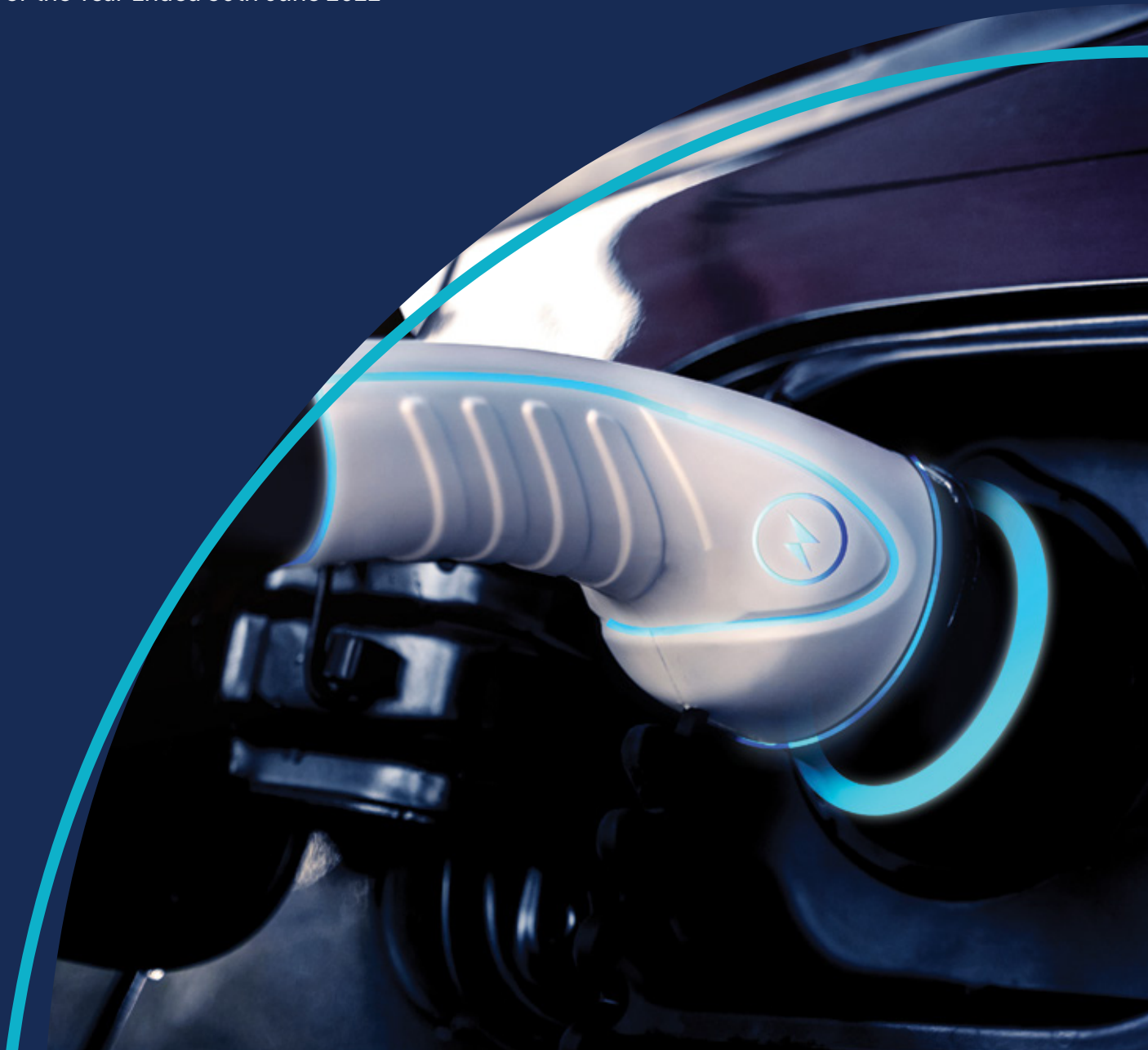
EVOLUTION
ENERGY MINERALS

ASX:EV1

2022 Annual Report

For the Year Ended 30th June 2022

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CORPORATE DIRECTORY

DIRECTORS

Mr Trevor Benson (Non-Executive Chairman)
Mr Phil Hoskins (Managing Director)
Mr Michael Bourguignon (Executive Director)
Ms Amanda van Dyke (Non-Executive Director)
Mr Henk Ludik (Non-Executive Director)

COMPANY SECRETARY

Stuart McKenzie

REGISTERED OFFICE

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West Perth WA 6005 Australia

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Level 14, 100 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Automic Group
Level 5, 191 St Georges Terrace, Perth WA 6000

T: 1300 288 664

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AUDITORS

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Level 9, Mia Yellagonga Tower 2
5 Spring Street, Perth, WA 6000

ASX CODE

Shares are listed on the Australian Securities
Exchange under stock code EV1.

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REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

FOR THE YEAR ENDING 30 JUNE 2022

Since completing its IPO and listing on the ASX on 16 November 2021, Evolution's activities have focused on advancing the Chilalo Project to a final investment decision (FID) and advancing downstream processing initiatives in parallel. This work has been undertaken while laying the platform for leading environmental, social and governance (ESG) performance, to underpin the Company's development activities

DEVELOPMENT OF THE CHILALO GRAPHITE PROJECT

An updated definitive feasibility study (DFS) is expected to be completed in October 2022. Front end engineering design (**FEED**) is to be finalised in October 2022 and will underpin the updated DFS. The FEED was undertaken by CPC Engineering, who was selected from a panel of engineering firms on the basis of their expertise and experience in graphite processing and successful commissioning of projects, most notably, Syrah Resources Limited's Balama Graphite Project in Mozambique.

During the period, the Company completed testwork which confirmed the dry stacking of tailings within the waste rock dump and as a result, a tailings storage facility (**TSF**) is not required. This outcome necessitates the inclusion of a water storage dam which would be significantly smaller and therefore expected to require a reduced capital expenditure than the original TSF. This materially reduces Chilalo's risk profile as tailings dams represent an environmental risk that have taken on greater significance in the wake of high-profile tailings dam failures in Brazil. The financial impact of removing the TSF is a reduction in upfront capital expenditure to build and line the TSF and a reduction in ongoing sustaining capital in constructing lifts to the TSF.

The Resettlement Action Plan (**RAP**) for the Chilalo Project was approved by the Government of Tanzania (**GOT**) in August 2022. GOT approval of the RAP is a key milestone that advances the Company closer to the construction of Chilalo. Successful completion of the RAP supports Evolution's efforts to secure project finance for the development of the Chilalo Project.

The RAP was completed in accordance with IFC Performance Standards on Social and Environmental Sustainability, which is generally a condition precedent to project finance. Approval of the RAP is a key element of the Company's social license to develop and operate the Chilalo Project.

All Project Affected Persons (**PAPs**) will be compensated appropriately and relocated to superior properties with enhanced amenities. The RAP includes a five-year livelihood restoration program that consists of several initiatives targeted at delivering sustainable benefits to the PAPs, including, conservation agriculture, tree nurseries, vegetable program, youth skills training program and a livelihood restoration centre.

FINANCING THE DEVELOPMENT OF THE CHILALO PROJECT

The Company appointed leading financial advisory group, Auramet International, to advise and secure project financing for Chilalo. Auramet is a leading financial advisor to the resources sector with significant experience in Africa and has completed numerous debt, equity and offtake agreements for companies operating in the mining industry.

Auramet is progressing discussions with financing groups including, but not limited to, Tanzanian banks, commercial banks, African and Australian institutions and Export Credit Agencies, several of which have commenced due diligence while certain conditions precedent, such as a framework agreement with the Government of Tanzania, are finalised.

The Company recognises that putting in place offtake agreements and finalising a framework agreement with the GOT are important pre-conditions to securing project finance.

The Company continues to advance the process to put in place a framework agreement and shareholders' agreement with respect to the arrangements for the GOT's free carried interest in Chilalo, with both agreements expected to be signed by the GOT early in the December Quarter.

Evolution has 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 located in Tanzania for the first three years of operation (**Offtake Agreement**). YXGC is a global leader in the manufacture of graphite products, supplying to customers in Europe, North America, and Asia for over 20 years. Using coarse flake graphite, YXGC applies its in-house, proprietary technology to manufacture a range of high-value graphite products, including expandable graphite, fire-retardant materials, foils, sheets, gaskets, and tape that are used in a wide range of industries.



REVIEW OF OPERATIONS FOR THE YEAR ENDING 30 JUNE 2022

Evolution and YXGC have worked closely together over a long period of time, with Chilalo's graphite having been the subject of extensive product qualification with YXGC since 2015. The product qualification work undertaken with YXGC has demonstrated that Chilalo produces a premium quality coarse flake concentrate, which is suitable for the production of graphite foils, fire retardants and other high-value products such as bi-polar plates used in green hydrogen batteries. YXGC is pioneering the use of graphite foil in green hydrogen batteries and Chilalo's coarse flake graphite provides ideal feedstock for these products.

DOWNSTREAM PROCESSING STRATEGY – BATTERY ANODE MATERIALS

Evolution is developing a sustainable battery anode materials strategy as part of its objective to become a vertically integrated producer of high-value graphite products using graphite concentrate from its Chilalo Project.

The Company aims to maintain a chain of custody from mine site to coated battery anode materials for direct supply to battery manufacturers, which will provide a level of traceability that allows battery manufacturers to easily assess the sustainability of their supply chain.

During the period Evolution undertook a commercial verification program in partnership with an established US manufacturer of battery graphite products to evaluate the amenability of Chilalo fine flake graphite to producing coated spherical graphite using thermal purification and proprietary coating technologies. The verification program has been undertaken in five discrete stages, with particularly encouraging results.

The first stage of testwork involved an elemental impurity analysis that confirmed extremely low levels of impurities which indicate suitability for advanced battery materials and nuclear applications. In particular, the concentration of molybdenum confirmed the suitability of Chilalo fine flake graphite for advanced battery systems including lithium-ion, lithium primary and alkaline battery platforms and the low levels of Boron indicate that Chilalo flake graphite will meet the standard required for use in nuclear applications. With low molybdenum purified graphite selling for \$8,000-\$18,000 per tonne and qualified graphite selling for \$30,000 per tonne, these represent lucrative opportunities for Evolution.

The second stage of testwork entailed applying thermal purification, which achieved industry-leading purity levels of 99.9995 wt.% C and confirmed that purified Chilalo graphite is a premium precursor material to producing spherical graphite for battery anode application. Thermal purification, particularly if powered by renewable energy sources, would substantially minimise the environmental footprint of the battery anode supply chain.

The third stage of the testwork took the 99.9995% wt. C thermally purified graphite and undertook a process of shaping and milling (spheroidisation). Testwork aimed at the production of uncoated and coated spherical graphite from thermally purified graphite from Chilalo demonstrated outstanding spheroidisation and electrochemical performance, achieving yields of 64% (traditional processing generates yields of ~40%).

In the fourth stage of testwork, the uncoated and coated spherical graphites were tested in a cell design engineered for long-term cycling – the theoretical capacity of graphite is 372 mAh/g, which is generally considered to be impossible to achieve without specialised testing. The results showed that uncoated and coated spherical graphite delivered and maintained a near-theoretical electrochemical performance at a reversible capacity level of 368 mAh/g. In addition, super-premium battery applications require irreversible capacity loss below 7%, which at 6.95%, Chilalo's surface coated spheroidal graphite achieves. The super-premium class of active anode materials sells for US\$18,000 to \$22,000 per tonne.

The final stage of testwork entailed testing the non-spherical by-product derived from the Company's process of making spherical graphite for anodes in lithium-ion batteries. The results demonstrated that the finely-sized, ultra-high-purity non-spherical by-product is highly suited for use in conductivity enhancement additives and coatings which provide high-value market opportunities for the non-spherical by-product material.

DOWNSTREAM PROCESSING STRATEGY – COARSE FLAKE GRAPHITE

Pursuant to an MOU that preceded the offtake agreement with YXGC, Evolution and YXGC intend 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 from Chilalo's coarse flake graphite. The collaboration with YXGC is central to the Company's strategy to position itself as a vertically integrated graphite company that combines the production of flake graphite concentrate with the manufacture of high-value graphite products such as expandable graphite and graphite foil at a European-based facility.

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DIRECTORS' **REPORT**

DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2022

BASIS OF PREPARATION

Your Directors present their report on the consolidated entity (referred to hereafter as the **Group**) comprising Evolution Energy Minerals Limited (**Evolution** or the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2022 and the auditor's report. Evolution is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS AND COMPANY SECRETARY

The following persons were directors of Evolution (Directors) during the year ended 30 June 2022 and up to the date of this report:

- Mr Trevor Benson (Non-Executive Chairman) (Appointed 1 April 2021)
- Mr Phil Hoskins (Managing Director) (Appointed 15 March 2021)
- Mr Michael Bourguignon (Executive Director) (Appointed 19 July 2021)
- Ms Amanda van Dyke (Non-Executive Director) (Appointed 24 September 2021)
- Mr Henk Ludik (Non-Executive Director) (Appointed 2 June 2022)

The Company Secretary is Mr Stuart McKenzie. Mr McKenzie was appointed to the position of Company Secretary on 15 March 2021.

Directors were in office for the entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

During the period, the principal continuing activities of the Group related to the acquisition, exploration and development of the Company's Chilalo Graphite Project in southern Tanzania (Chilalo Project).

DIVIDENDS

During the period, no dividends were declared or paid.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS – ACQUISITION OF CHILALO GRAPHITE PROJECT AND INITIAL PUBLIC OFFERING

Evolution was incorporated on 15 March 2021. Following the completion of the acquisition of the Chilalo Project from Marvel Gold Limited (Marvel) and an initial public offering (**IPO**), Evolution was admitted to the official list of the ASX on 12 November 2021 and its shares commenced trading on the ASX on 16 November 2021.

Pursuant to the acquisition of the Chilalo Project and the IPO, the Company acquired subsidiaries Evolution Energy Minerals UK Limited (**EEMUK**) and Ngwena Tanzania Limited (**NTL**), both of which were subsidiaries, and under the common control, of Marvel.

Under the relevant agreements between Marvel and Evolution, the Company acquired control of EEMUK and NTL on 20 September 2021.

Evolution's listing on the ASX resulted from an IPO and capital raising of \$22 million. The IPO comprised:

- The issue of 110,000,000 Evolution shares at \$0.20 per shares to raise \$22 million (before costs) under:
 - a general offer of 70 million shares to raise \$14 million;
 - a priority offer 10 million shares to raise \$2 million to existing Marvel shareholders;
 - a cornerstone offer of 40 million shares to ARCH Sustainable Resources Fund (ARCH SRF) to raise \$8 million; and
- the issue of 1,875,000 Shares to the Company's marketing advisor for no consideration.
- The issue of 42.1 million options to ARCH SRF, directors and key management personnel and the joint lead managers to the IPO.



DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

In accordance with Australian Accounting Standards, the acquisition does not meet the definition of a business combination as Evolution was established for the sole purpose of facilitating the listing process and to acquire EEMUK and NTL by way of a common control transaction. Consequently, this report presents:

- The results of EEMUK and NTL for the period from 1 July 2020 to 30 June 2021 as comparative information;
- The results of the consolidated Group for the period from 1 July 2021 to 30 June 2022;
- The consolidated position of EEMUK and NTL as at 30 June 2021 as comparative information; and
- The consolidated Group position as at 30 June 2022.
- The comparative financial information included in the Company's financial statements is that of EEMUK and NTL, not the Company. Further information on the common control transaction is detailed in note 29(r) and note 8.

EVENTS SINCE THE END OF THE FINANCIAL PERIOD

Subsequent to period end:

- The Company announced a placement to be completed in two tranches:
 - Tranche one – the issue of 24,281,250 new shares to institutional, sophisticated and professional investors at \$0.32 per share, raising approximately \$7.77 million (before costs). The raising was completed on 17 August 2022; and
 - Tranche two – the issue of 16,343,750 new shares at \$0.32 per share to raise \$5.23 million which was approved by shareholders at an Extraordinary General Meeting on the 23 September 2022.
- The Tanzanian Government approved the Company's Resettlement Action Plan providing the mechanism to relocate project affected persons and pay compensation to them.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, there is nothing else to report, except as outlined in the Directors' Report, which relates to likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to 30 June 2022.

ENVIRONMENTAL REGULATION

The Group's exploration and development activities and those of its partners are subject to environmental regulations and guidelines applicable to the prospecting and mining licenses on which such activities are carried out. Failure to meet environmental conditions attaching to the Group's exploration and mining tenements could lead to forfeiture of those tenements. The Group is committed to achieving a high standard of environmental performance. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2022 and up to the date of this report.



Since completing its IPO and listing on the ASX on 16 November 2021, Evolution's activities have focused on advancing the Chilalo Project to a final investment decision (FID)."

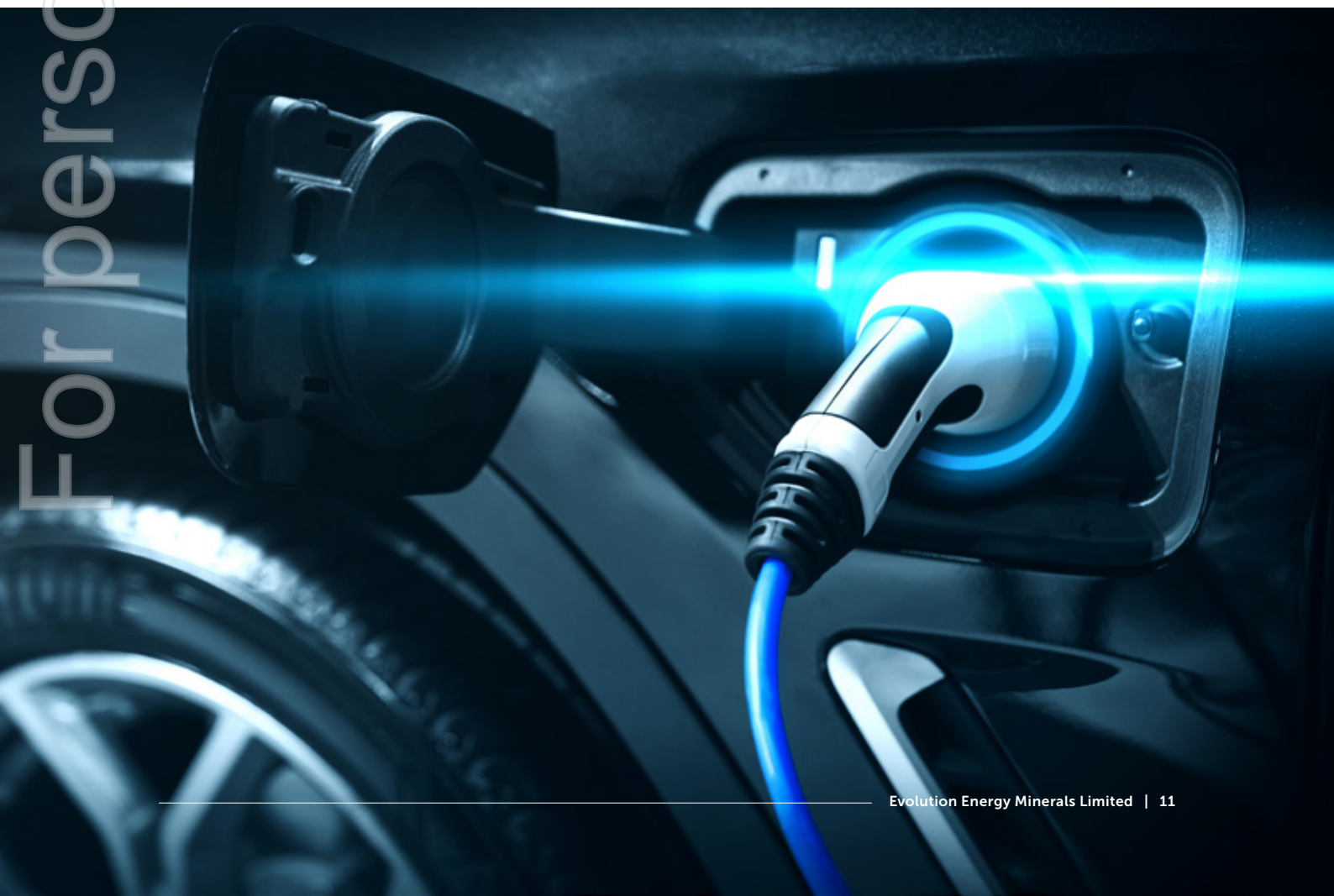
DIRECTORS' REPORT
FOR THE YEAR ENDING 30 JUNE 2022

RESULTS OF OPERATIONS

A summary of results for year ended 30 June 2022 is as follows:

| | 30 June 2022 \$ | 30 June 2021 \$ |
|---------------------------------------|--------------------|--------------------|
| Net profit/ (loss) after income tax | (8,858,980) | (353,827) |
| attributable to: | | |
| Fair value gain on loan notes | 488,928 | 1,307,349 |
| Share based payments | (1,659,247) | - |
| Exploration and evaluation | (2,095,172) | (266,354) |
| Environmental, social and governance | (1,433,669) | - |
| Employee benefits | (1,344,358) | (20,501) |
| Corporate and administration expenses | (1,086,366) | (166,185) |

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DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

Information on Directors

| Mr Trevor Benson – Non-Executive Chairman – appointed 1 April 2021 | | |
|--|--|-----------|
| Experience and expertise | Mr Benson has over 30 years' experience within investment banking and stockbroking, specialising in the resources sector. He has also worked for large Australian and international corporations and held a number of directorships with ASX listed companies. Trevor's focus within the investment banking industry was within southeast Asia and China specialising in merger and acquisitions and equity capital market transactions, and advising Australian and International companies, including being exclusive adviser to Chinese State-Owned Enterprises, and Hong Kong listed resource companies. He has cross border experience including Africa, UK, Hong Kong, and China and has advised and listed numerous ASX listed companies. | |
| Other current directorships | Ionic Rare Earths Ltd (Non-Executive Chairman) | |
| Former directorships in the last 3 years | Walkabout Resources Limited (Executive Chairman) Cannon Resources Limited (Non-Executive Chairman) | |
| Special responsibilities | Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee Member of the ESG Committee | |
| Interests in shares and options | Ordinary shares | 312,500 |
| | Unlisted Options | 5,650,000 |

| Mr Philip Hoskins – Managing Director – appointed 15 March 2021 | | |
|---|--|-----------|
| Experience and expertise | Mr Hoskins commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies. He is a senior executive with broad finance and commercial experience across resources exploration, project development and production as well as large-scale property developments requiring debt and equity financing. | |
| Other current directorships | Marvel Gold Limited (Non-Executive Director) | |
| Former directorships in the last 3 years | N/A | |
| Special responsibilities | Member of the ESG Committee | |
| Interests in shares and options | Ordinary shares | 682,645 |
| | Unlisted options | 5,650,000 |

| Mr Michael Bourguignon – Executive Director – appointed 19 July 2021 | | |
|--|---|-----------|
| Experience and expertise | Mr Bourguignon is a project management professional with extensive experience providing strategic direction and leadership in the successful delivery of projects, within the mining industry both in Australia and internationally. Michael was the Project Manager for the construction of Syrah Resources' Balama graphite project in Mozambique, for Glencore's 3.6Mtpa copper concentrate facility at the Mopani Copper Mine in Zambia, and General Manager of Tiger Resources' development team delivering an SX/EW Plant at Kipoi, in the DRC. | |
| Other current directorships | Nil | |
| Former directorships in the last 3 years | Nil | |
| Special responsibilities | Nil | |
| Interests in shares and options | Ordinary shares | 343,750 |
| | Unlisted options | 4,900,000 |

DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2022

| Ms Amanda van Dyke – Non-Executive Director – appointed 24 September 2021 | | |
|---|--|-----|
| Experience and expertise | Ms van Dyke is currently the Managing Director of ARCH Sustainable Resources Fund LP. Amanda has over 20 years of experience in commodity markets, initially in mining-focused roles at Dundee Securities, Ocean Equities (now Pareto Securities) and GMP Securities, and later as the manager of an UCITS Gold and Precious Metals Fund at South River Asset Management, as well as other multi-asset and fixed income funds. Amanda has raised over US\$500 million in debt and equity related finance for junior mining in her investment banking career in the United Kingdom and Canada and has covered projects worldwide. Amanda has been appointed to the Board as ARCH's nominee. | |
| Other current directorships | Nil | |
| Former directorships in the last 3 years | Nil | |
| Special responsibilities | Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee Member of the ESG Committee | |
| Interests in shares and options | Ordinary shares | Nil |
| | Unlisted options | Nil |

| Mr Henk Ludik – Non-Executive Director – appointed 2 June 2022 | | |
|--|---|---------|
| Experience and expertise | Henk Ludik is a mining engineer with a career spanning over 20 years in the resources industry, with expertise in engineering, feasibility studies, mine optimisation, ESG and corporate finance. Mr Ludik has worked on a number of landmark transactions in the resource sector since 2006. Mr Ludik holds a BEng in Mining Engineering, MSc in Oil and Gas Engineering and an MBA. | |
| Other current directorships | Suvo Strategic Minerals Limited (Executive Chairman) | |
| Former directorships in the last 3 years | Nil | |
| Special responsibilities | Chair of the Audit and Risk Committee Chair of the Nomination and Remuneration Committee Chair of the ESG Committee | |
| Interests in shares and options | Ordinary shares | 31,250 |
| | Unlisted options | 390,000 |

Information on Company Secretary

| Stuart McKenzie LLB, Bsc. (Hons.), AGIA, ACIS – Company secretary | |
|---|---|
| Experience and expertise | Mr McKenzie has over 35 years of experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. |

Meetings of Directors and Committees

The number of meetings of the Company's Directors held during the year ended 30 June 2022 and the number of meetings attended by each Director is shown below:

| | Meetings of Directors | | Audit and Risk Committee | | Remuneration and Nomination Committee | | ESG Committee | |
|---------------------------|-----------------------|----------|--------------------------|----------|---------------------------------------|----------|---------------|----------|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| T Benson | 6 | 6 | 1 | 1 | 1 | 1 | 2 | 2 |
| P Hoskins | 6 | 6 | - | - | - | - | 1 | 1 |
| M Bouguignon ¹ | 6 | 6 | - | - | - | - | - | - |
| A van Dyke ² | 6 | 6 | 1 | 1 | 1 | 1 | 2 | 2 |
| H Ludik ³ | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

¹ Appointed 19 July 2021

² Appointed 24 September 2021

³ Appointed 2 June 2022



DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

As at the date of this report the members of the Committees were all Non-Executive Directors, Mr Ludik, Mr Benson and Ms van Dyke. For further information, please see the Company's Corporate Governance Statement.

Remuneration report (audited)

(a) Key management personnel covered in this report

This Remuneration Report sets out information relating to the remuneration of the key management personnel (**KMP**) of the Group during the year ended 30 June 2022. KMP is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Group, directly or indirectly. The KMP for the year ended 30 June 2022 are as set out below.

Non-Executive and Executive Directors

| Name | Position |
|--------------|------------------------|
| T Benson | Non-Executive Chairman |
| P Hoskins | Managing Director |
| M Bouguignon | Executive Director |
| A van Dyke | Non-Executive Director |
| H Ludik | Non-Executive Director |

Other KMP

| Name | Position |
|------------|--|
| S McKenzie | Commercial Manager and Company Secretary |
| C Knee | Chief Financial Officer |

(b) Statutory key performance measures

The Company aims to align executive remuneration to its strategic and business objectives and the creation of shareholder value. The table below shows measures of the Group's financial performance over the last year. The *Corporations Act 2001* requires the disclosure of the past five financial years however the company was only listed in November 2021 and therefore no comparative share price information is available. These are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, as outlined in (c) below. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

| Company performance metric | 12 months ended 30 June 2022 | 6 months ended 31 December 2021 |
|-----------------------------------|------------------------------|---------------------------------|
| Company share price (ASX: EV1) | \$0.33 | \$0.44 |
| Company profit / (loss) after tax | (8,858,980) | (4,486,724) |

(c) Remuneration policy and link to performance

The Group's approach to remuneration is designed to attract and retain key executive talent, recognise the individual contributions of the Group's people, and motivate them to achieve strong performance aligned to the business strategy, whilst discouraging excessive risk taking.

In summary, the Group's approach to remuneration is to:

- Provide remuneration that is competitive and consistent with market standards;
- Align remuneration with the Company's overall strategy and shareholder interests;
- Reward superior performance within an objective and measurable incentive framework;
- Ensure that executives understand the link between individual reward and Group and individual performance;
- Be at a level acceptable to shareholders; and
- Apply sufficiently flexible remuneration practices that enable the Company to respond to changing circumstances.

DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2022

Remuneration policy for the year ended 30 June 2022

All Executive KMP remuneration was comprised of the following:

- Fixed (base remuneration):
 - Contractual salary or consulting fee; and
 - Legislated superannuation guarantee (10% of gross salary for 2022).
- At risk component:
 - Share Based Payments (**SBP**) – described further in the table below.

| Element | Purpose | Performance metrics | Potential value |
|---------------------------|--|--------------------------------|--|
| Base (fixed) remuneration | Provide a market competitive salary, including superannuation. | Nil | Within industry averages for the position's required skill and experience. Third party advice is sought periodically to ensure these are at or close to market median. |
| SBP | Alignment with growth in long-term shareholder value over a three-year period. | Nil – exercise price of \$0.25 | Up to a maximum of 70% of total remuneration. |

The Company considers performance-based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives. For the 2022 financial year, SBPs were issued under the Company's Option Plan (**Option Plan**), however for the 2023 financial year the Company will roll out an STI/LTI program with a comprehensive set of KPIs for all KMP.

Share Based Payments

The KMP remuneration structure seeks to drive performance and align with shareholder interests through equity-based remuneration. This involves the issue of options to KMP as SBPs. The SBPs expire three years from the grant date. Each vested SBP option represents a right to be issued one Evolution share. The share-based payments have an exercise price of \$0.25 per option.

The share price hurdles were set by reference to the IPO that was completed immediately prior to the issue of the SBP options. The IPO was completed at a share price of \$0.20, with the exercise price therefore representing a 20% premium to the IPO price.

No KMP exercised any of the above-mentioned options during the period.

(d) Contractual arrangements with executive KMPs

| Component | Executive Chairman ¹ – T Benson | Managing Director ¹ – P Hoskins | Executive Director – Technical – M Bourguignon | Other KMP – Senior executives - S McKenzie and C Knee |
|---|--|---|---|---|
| Fixed remuneration | \$290,000 plus superannuation. | \$290,000 plus superannuation. | \$275,000 plus superannuation. | \$80,000 |
| Variable remuneration | 5,650,000 options exercisable at \$0.25 expiring 9-Nov-24 | 2,400,000 options exercisable at \$0.25 expiring 9-Nov-24 | 4,900,000 options exercisable at \$0.25 expiring 9-Nov-24 | 825,000 options exercisable at \$0.25 expiring 9-Nov-24 |
| Contract duration | Employment contract terminated 20 January 2022. | Ongoing employment contract | Ongoing employment contract | Ongoing service agreement |
| Notice by individual | 3 months | 3 months | 3 months | 3 months |
| Notice by Company | 6 months | 6 months | 6 months | 3 months |
| Termination of employment (with or without cause) | Unvested SBP options to be automatically forfeited unless the Board determines in its discretion to vest some or all of the options. | | | |

¹ On 24 January 2022, Mr Phil Hoskins was appointed as the Managing Director and Mr Trevor Benson moved from Executive Chairman to Non-Executive Chairman. Therefore, the contracts were consecutive contracts that did not exist in parallel. As Non-Executive Chairman, Mr Bensons annual fee is \$80,000 inclusive of superannuation.



DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

(e) Non-Executive Director arrangements

Non-Executive Directors receive a monthly fee. No compensation other than the annual fee (including superannuation) was paid to Directors for the year ended 30 June 2022. No additional fees are paid to Directors in connection with positions on the Audit and Risk, Remuneration and Nomination and the ESG Committees.

Non-Executive Director fees are reviewed annually by the Board taking into account comparable roles and market data. Directors' fees are expected to be next reviewed in July 2023, with no changes made in the year ended 30 June 2022. Annual Directors' fees will be ratified and approved by shareholders at the 2022 Annual General Meeting. Fees for the financial year are as follows:

- Non-Executive Chairman – \$80,000 including superannuation
- Non-Executive Directors – \$40,000 - \$50,000 including superannuation

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment which summarises the key terms and conditions of the Non-Executive Director's appointment.

(f) Remuneration expenses for key management personnel

The following table shows details of the remuneration expense recognised for the Group's KMP for the current financial period, measured in accordance with the requirements of the accounting standards:

For the year ended 30 June 2022

| Name | Fixed remuneration | | | Variable | | Performance based remuneration % | Total |
|--|--------------------|---------------|--------------------------|---------------------|----------|----------------------------------|------------------|
| | Cash salary | Annual leave | Post-employment benefits | Share Based Payment | Bonuses | | |
| Non-executive directors | | | | | | | |
| T Benson | 265,934 | 15,983 | 158,748 ¹ | 642,106 | - | 59% | 1,082,771 |
| A van Dyke | 26,515 | - | - | - | - | - | 26,515 |
| H Ludik | 3,788 | - | 379 | - | - | - | 4,167 |
| Executive directors | | | | | | | |
| P Hoskins | 135,455 | - | 7,876 | 272,753 | - | 66% | 416,084 |
| M Bourguignon | 223,061 | - | 9,582 | 556,870 | - | 71% | 789,513 |
| Other KMP | | | | | | | |
| S McKenzie | 69,085 | 4,237 | - | 93,759 | - | 56% | 167,081 |
| C Knee | 69,085 | 1,898 | - | 93,759 | - | 57% | 164,742 |
| Total executive and other KMP | 496,686 | 6,135 | 17,458 | 1,017,141 | - | 66% | 1,537,420 |
| Total NED remuneration | 296,237 | 15,983 | 159,127 | 642,106 | - | 58% | 1,113,453 |
| Total KMP remuneration expensed | 792,923 | 22,118 | 176,585 | 1,659,247 | - | 63% | 2,650,873 |

¹ On 24 January 2022, Mr Phil Hoskins was appointed as the Managing Director and Mr Trevor Benson moved from Executive Chairman to Non-Executive Chairman. As required under Mr Bensons employment contract, the change in duties triggered a termination payment of \$145,000, being six months of Mr Benson's base salary. There is no comparative remuneration information for KMP for the 2021 year as the Company was spun out and commenced trading on the ASX on 16 November 2021. Prior to this date the KMP was paid for by Marvel, being the parent entity of EEMUK and NTL.

(g) Other KMP transactions

During the period, Mr. Hoskins was a Non-Executive Director of Marvel, an ASX listed Company that has a Shared Services Agreement with the Company. Under this arrangement, the Company provides company secretarial, accounting and administration services. Payments made under these arrangements for the period are set out below.

DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2022

Included in the payments to Marvel are two amounts paid as part of the spin out and IPO. Pursuant to a Share Exchange Agreement between the Company and Marvel, the Company paid \$2,000,000 as consideration for the acquisition of the Chilalo Project and reimbursed Marvel an amount of \$1,236,143, being costs associated with the IPO.

| | 30 June 2022 | 30 June 2021 |
|---|--------------|--------------|
| Related party transactions | \$ | \$ |
| Receipts from Marvel (ex-GST) | 24,800 | - |
| Payments to Marvel (ex-GST) | (3,275,658) | - |
| Amounts outstanding to Marvel at period end | - | - |

(h) Additional statutory information

Relative proportions of fixed and variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense above:

| Name | 30 June 2022 | |
|--------------------------|--------------------|--|
| | Fixed remuneration | At risk remuneration – Share Based Payment |
| Managing Director | | |
| P Hoskins | 34% | 66% |
| Other KMP | | |
| M Bourguignon | 29% | 71% |
| S McKenzie | 44% | 56% |
| C Knee | 43% | 57% |

Options

The terms and conditions of each grant of options affecting remuneration in the current reporting period are as follows:

| Grant date | Vesting date | Expiry date | Exercise price | Value per option at grant date | Performance achieved | % Vested | Vesting criteria |
|------------|--------------|-------------|----------------|--------------------------------|----------------------|----------|------------------|
| 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 | N/A | 100% | Nil |

The fair value of services received in return for the share options granted is measured by reference to the fair value of options granted. The estimate of the fair value of the services is measured based on a Black-Scholes option valuation methodology for all options.

There were no vesting criteria attached to the options.



DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

The terms and conditions of each grant of options over ordinary share affecting remuneration of Directors and other KMP in this financial year and future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting and exercisable date | Expiry date | Exercise price | Fair value of option at grant date |
|--------------|---------------------------|------------|------------------------------|-------------|----------------|------------------------------------|
| T Benson | 5,650,000 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 |
| P Hoskins | 2,400,000 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 |
| M Bouguignon | 4,900,000 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 |
| S McKenzie | 825,000 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 |
| C Knee | 825,000 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | \$0.25 | \$0.114 |

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options vested immediately on issue. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. \$0.25 is payable by the recipient in relation to the granting of such options other than on their potential exercise.

The number of options over ordinary shares in the Company provided as remuneration to KMP is shown below. The options carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

| Reconciliation of options 2022 | Balance at 1 July 2021 | | Granted as compensation | Exercise price | Vested | | Exercised | Forfeited / expired | | Balance at 30 June 2022 | |
|--------------------------------|------------------------|----------|-------------------------|----------------|-----------|-----|-----------|---------------------|---|-------------------------|----------|
| | Vested and exercisable | Unvested | | | Number | % | | Number | % | Vested and exercisable | Unvested |
| T Benson | | | | | | | | | | | |
| 16-Nov-21 | - | - | 5,650,000 | \$0.25 | 5,650,000 | 100 | - | - | - | 5,650,000 | - |
| P Hoskins | | | | | | | | | | | |
| 16-Nov-21 | - | - | 2,400,000 | \$0.25 | 2,400,000 | 100 | - | - | - | 2,400,000 | - |
| M Bourguignon | | | | | | | | | | | |
| 16-Nov-21 | - | - | 4,900,000 | \$0.25 | 4,900,000 | 100 | - | - | - | 4,900,000 | - |
| S McKenzie | | | | | | | | | | | |
| 16-Nov-21 | - | - | 825,000 | \$0.25 | 825,000 | 100 | - | - | - | 825,000 | - |
| C Knee | | | | | | | | | | | |
| 16-Nov-21 | - | - | 825,000 | \$0.25 | 825,000 | 100 | - | - | - | 825,000 | - |

DIRECTORS' REPORT

FOR THE YEAR ENDING 30 JUNE 2022

Shareholdings

| Name | Balance at start of period | Received during the period on the exercise of options | Other changes during the period ¹ | Balance at end of the period |
|---------------|----------------------------|---|--|------------------------------|
| T Benson | - | - | 250,000 | 250,000 |
| A van Dyke | - | - | - | - |
| H Ludik | - | - | - | - |
| P Hoskins | - | - | 557,645 | 557,645 |
| M Bourguignon | - | - | 250,000 | 250,000 |
| S McKenzie | - | - | 200,000 | 200,000 |
| C Knee | - | - | 125,000 | 125,000 |

¹ Shares subscribed for and paid for as part of the IPO.

None of the shares in the above table are held nominally by the Directors or by any of the other KMP.

Loans to KMP

There were no loans made to Directors or KMP.

Reliance on external remuneration consultants

In performing its role, the Nomination and Remuneration Committee may seek advice from independent remuneration consultants where appropriate, to make recommendations as to the nature and amount of remuneration payable to KMPs. Remuneration consultants are engaged by, and report directly to the Nomination and Remuneration Committee. For the year ended 30 June 2022, the Board did not engage an independent remuneration consultant to review the Company's remuneration structure. Having considered publicly available information on the remuneration practices of a number of peer group companies and conducted an extensive benchmarking exercise, the Board believes that current remuneration arrangements are appropriate.

Shares under option

Unissued ordinary shares

Shares under options that formed part of remuneration at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Options | Vested and exercisable |
|------------|-------------|----------------|------------|------------------------|
| 16-Nov-21 | 9-Nov-24 | \$0.25 | 14,600,000 | 14,600,000 |

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Voting of shareholders at last year's Annual General Meeting

The Group has not yet had its first Annual General Meeting.

END OF REMUNERATION REPORT (audited)

Insurance of officers and indemnities

The Company's constitution allows the Company to indemnify each Director or officer of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Directors or officers.

The Group has granted indemnities under deeds of indemnity with its current Directors and officers. In conformity with the constitution, each deed of indemnity indemnifies the relevant Director or officer to the full extent permitted by law. Where applicable, each deed of indemnity indemnifies the relevant Director, officer or employee to the fullest extent permitted by law for liabilities incurred whilst acting as a director, officer or employee of the Company, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company.

The Group has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Group.



DIRECTORS' REPORT FOR THE YEAR ENDING 30 JUNE 2022

No indemnity has been granted to an auditor of the Group in their capacity as auditors of the Group.

During the period, the Group paid insurance premiums (inclusive of fees and charges) in respect of directors' and officers' liability insurance of \$83,301 (June 2021: Nil) (ex goods and services tax (GST)).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought, or intervened in, on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the period are set out in note 25.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Exposure to economic, environmental and social sustainability risks

The Group has material exposure to economic, environmental and social sustainability risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change). The Group employs suitably qualified personnel to assist with the management of its exposure to these risks. These risks are discussed in more detail the Corporate Governance Statement which can be found on the Group's website.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307 of the *Corporation Act 2001* is set out on page 24. This annual report is made in accordance with a resolution of the Directors.

Trevor Benson
Chairman of the Board
PERTH
On the 30th day of September 2022

SUSTAINABILITY STATEMENT

FOR THE YEAR ENDING 30 JUNE 2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As the world moves towards decarbonisation, power storage and other clean energy technologies offer a path towards a sustainable future. As a key component of batteries and other energy technology, graphite plays a critical role as an essential mineral in the clean energy transition. The Company'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 Chilalo's unique graphite signature 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.

Strategic investment by ARCH Sustainable Resources Fund

As the ESG investing trend grows, ESG criteria is increasingly being used to determine investment appetite. The Company's cornerstone investor, ARCH SRF, is an ESG-focused investor that raises and invests private capital in emerging markets to deliver long-term sustainable value. The Investment Deed between the Company and ARCH SRF specifically caters for co-investor rights for ARCH SRF's investors. Through its relationship with ARCH SRF, Evolution is supported with ESG expertise for strategic advice on ESG risk and opportunity management as well as transaction and portfolio management. This strategic investment is in support of the Paris Agreement, contributes to the UN Sustainable Development Goals (SDGs), and respects human rights in line with the UN Guiding Principles on Business and Human Rights (UNGPs).

ESG committee

During the period the Company established a Board ESG Committee to drive the integration of the ESG framework into the Company's business, to assess ESG performance and to advise the Board in relation to matters which involve ESG considerations or impact the Company's ESG risks and opportunities. A specific ESG Committee Charter was developed to support the ESG Committee in overseeing the performance against ESG programs. The members of the ESG Committee are ARCH SRF's nominee to the Evolution board of directors, Amanda van Dyke, Non-Executive Chairman Trevor Benson and Non-Executive Director Henk Ludik. In the event of a material breach of ESG standards, members of the Evolution Board of Directors may be required to stand for re-election. The ESG Committee met twice during the 2022 financial year.

Key topics considered by the ESG Committee include:

- Establishing the ESG-related performance conditions that must be satisfied before an executive of Evolution receive any ESG performance-based remuneration, which represents 30% of performance-based remuneration.
- Development of the ESG Framework, in particular the approach taken to the determination of the SDGs that form the basis of the ESG Framework.
- The approach to Digbee reporting and rating improvement.
- Investigation of options available with respect to carbon offsets to minimise carbon emissions at Chilalo.
- Key matters related to Relocation Action Plan (RAP).

ESG framework

As more investors look to deploy capital into companies with clear pathways towards sustainable development, Evolution's ability to access development finance is highly dependent on its ESG strategy and performance. Evolution has committed to an ESG Framework designed to meet the requirements of key stakeholders, including financiers and graphite customers. The ESG Framework will be applied across the Company's activities and in particular to the financing and development of the Chilalo Project. The Company's ESG Framework includes the development and adoption of key policies and plans as shown below.

| Environmental | Social | Governance |
|--|---------------------------------------|--|
| Biodiversity Action Plan | Cultural Heritage Management Plan | Anti-Bribery and Corruption Policy |
| Climate Change Physical and Transitional Risk Assessment | Gender and Diversity Policy | Code of Conduct |
| Environmental Policy | Occupational Health and Safety Policy | Corporate Governance Code |
| Environmental and Social Action Plan | Modern Slavery Policy | Engagement of Digbee ESG™ to monitor ESG performance |
| Pollution Prevention and Low Carbon Emissions Policy | Relocation Action Plan | Local Content and Procurement Policy |
| | | Whistleblower Policy |



SUSTAINABILITY STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

FY22 sustainability highlights

| Environment | Social | Governance |
|--|--|--|
| Pursuit of carbon neutrality for operations | Local job creation from Chilalo Project to generate 230 direct jobs for potential multi-decade mine life | Committed to ASX governance principles ensuring accountability, transparency and regular reporting to stakeholders |
| Committed to ISO 14001 (Environmental Management) | Developing an ethical and sustainable supply chain | Full product transparency and traceability including adherence to ISO 8001 (Quality) |
| ESIA compliant with IFC Performance Standards and Equator principles | EV1's Tanzanian team awarded 5 Presidential awards for excellence in CSR | Strong business ethics and codes of conduct |
| Supporting the green energy transition and e-mobility | | Separate ESG Board Committee established |
| | | Board will voluntarily stand for re-election if material breach of Company's ESG policies |

ESG recognition

Evolution recognises that further strengthening our relationships with local communities is a fundamental factor in our success in Tanzania. To effectively restore livelihoods of the communities affected by our operations, the Company developed a RAP in accordance with International Finance Corporation ("IFC") Performance Standard 5 (Land Acquisition and Involuntary Resettlement) which goes beyond the requirements of applicable Tanzanian legislation. The RAP includes a five-year program that consists of a number of initiatives targeted at delivering sustainable benefits to the affected communities, with the Company to provide financial support and training for conservation agriculture, tree nurseries, horticulture programs, youth skills training, and a livelihood restoration centre. The first round of stakeholder engagement with the local communities has been completed and has the support of the leaders of all affected areas. The Company will continue to provide support to local communities under the RAP.

Our commitment

Evolution is committed to being a global leader in ESG and ensuring its operations support the transition into a low carbon economy. In future reporting, the Company intends to provide information in relation to implementation of the ESG Framework, sustainability performance and results. More detail will be available in our inaugural sustainability report, due for release later in 2022.

A number of environmental and social impact assessments have been completed or are under way:

- Local ecosystem impact assessment
- Health impact assessment from expected influx of population
- Water availability and usage report
- Climate change risk assessment
- Biodiversity impact assessment
- Human rights impact assessment
- Carbon life-cycle assessment

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CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDING 30 JUNE 2022

Evolution and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Evolution has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2022 corporate governance statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. The 2022 corporate governance statement was approved by the Board on 30 September 2022. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed on the Company's website at www.evolutionenergyminerals.com.au/corporate/#corporate-governance.

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF EVOLUTION ENERGY
MINERALS LIMITED

As lead auditor of Evolution Energy Minerals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Evolution Energy Minerals Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

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FINANCIAL REPORT



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2022

| | Notes | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-------|--------------------|--------------------|
| Fair value gain on loan | 12 | 488,928 | 1,307,349 |
| Other income | | 1,555 | 881 |
| Foreign currency gain / (loss) | | 342,218 | 859,637 |
| Corporate and administration expense | | (1,086,366) | (166,185) |
| Employee benefits | 2 | (1,344,358) | (20,501) |
| Business development and marketing expense | | (1,083,495) | - |
| Environment, social and governance expense | 2 | (1,433,669) | - |
| Finance costs | 2 | (989,374) | (2,068,654) |
| Exploration and evaluation expense | | (2,095,172) | (266,354) |
| Share based payments | 14 | (1,659,247) | - |
| Loss before income tax | | (8,858,980) | (353,827) |
| Income tax expense | | - | - |
| Profit / (loss) for the year after tax | | (8,858,980) | (353,827) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | | 59,154 | (579,043) |
| Total comprehensive profit / (loss) for the period | | (8,799,826) | (932,870) |
| Net profit / (loss) is attributable to: | | | |
| Owners of Evolution Energy Minerals Limited | | (8,858,980) | (353,827) |
| Total comprehensive loss is attributable to: | | | |
| Owners of Evolution Energy Minerals Limited | | (8,799,826) | (932,870) |
| Profit / (loss) per share attributable to owners of the Company | | | |
| | | \$ | \$ |
| Basic EPS | 26 | (0.09) | (0.001) |
| Diluted EPS | 26 | (0.09) | (0.001) |

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

| | Notes | 30 June 2022 \$ | 30 June 2021 \$ |
|-----------------------------------|-------|--------------------|--------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 5,370,037 | 22,446 |
| Trade and other receivables | 6 | 160,822 | 32,070 |
| Total current assets | | 5,530,859 | 54,516 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 44,382 | 3,770 |
| Exploration and evaluation assets | 9 | 5,246,108 | 5,000,000 |
| Total non-current assets | | 5,290,490 | 5,003,770 |
| Total assets | | 10,821,349 | 5,058,286 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 445,278 | 76,109 |
| Provisions | 11 | 16,025 | 2,391 |
| Loans and borrowings | 12 | - | 8,730,035 |
| Total current liabilities | | 461,303 | 8,808,535 |
| Total liabilities | | 461,303 | 8,808,535 |
| Net (liabilities)/assets | | 10,360,046 | (3,750,249) |
| EQUITY | | | |
| Share capital | 13 | 25,348,523 | 4,950,000 |
| Reserves | 14 | 2,542,711 | (28,042) |
| Accumulated losses | 15 | (17,531,187) | (8,672,207) |
| Total equity | | 10,360,046 | (3,750,249) |

The above consolidated statement of financial position is to be read in conjunction with the notes to the financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 30 JUNE 2022

| | Notes | Contributed equity | Foreign currency translation reserve | Share based payment reserve | Accumulated losses | Total equity |
|--|-------|--------------------|--------------------------------------|-----------------------------|---------------------|--------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | | 4,950,000 | 551,001 | - | (8,318,380) | (2,817,379) |
| Total comprehensive income for the period: | | | | | | |
| Profit / (loss) for the period | | - | - | - | (353,827) | (353,827) |
| Foreign exchange translation differences | | - | (579,043) | - | - | (579,043) |
| Total comprehensive profit / (loss) for the period | | - | (579,043) | - | (353,827) | (932,870) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of shares net of transaction costs | | - | - | - | - | - |
| Balance at 30 June 2021 | | 4,950,000 | (28,042) | - | (8,672,207) | (3,750,249) |
| Total comprehensive income for the period: | | | | | | |
| Loss for the period | | - | - | - | (8,858,980) | (8,858,980) |
| Foreign exchange translation differences | | - | 59,154 | - | - | 59,154 |
| Total comprehensive loss for the period | | - | 59,154 | - | (8,858,980) | (8,799,826) |
| Transactions with owners in their capacity as owners: | | | | | | |
| Issue of initial public offering (IPO) shares | 13 | 22,375,000 | - | - | - | 22,375,000 |
| Share placement costs | 13 | (1,124,125) | - | - | - | (1,124,125) |
| Options issued to joint lead managers of the IPO | 14 | (852,352) | - | 852,352 | - | - |
| Options issued to employee under the employee share scheme | 14 | - | - | 1,659,247 | - | 1,659,247 |
| Balance at 30 June 2022 | | 25,348,523 | 31,112 | 2,511,599 | (17,531,187) | 10,360,046 |

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2022

| | Notes | 30 June 2022 \$ | 30 June 2021 \$ |
|---|----------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (2,303,970) | (115,070) |
| Payments for business development and marketing | | (390,811) | - |
| Payment of exploration and evaluation and project expenditure | | (2,867,382) | (247,988) |
| Net cash (outflow) from operating activities | | (5,562,163) | (363,058) |
| Cash flows from investing activities | | | |
| Payment for property, plant and equipment | | (45,022) | - |
| Proceeds from the sale of royalty | 9 | 2,000,000 | - |
| Payments for project acquisition | 9 | (2,000,000) | - |
| Net cash (outflow) from investing activities | | (45,022) | - |
| Cash flows from financing activities | | | |
| Repayment of loan notes | 12 | (9,500,000) | - |
| Proceeds from the issue of ordinary shares | 13 | 22,000,000 | - |
| Share issue transaction costs | | (1,316,272) | - |
| Net cash inflow from financing activities | | 11,183,728 | - |
| Net increase / (decrease) in cash and cash equivalents | | 5,576,543 | (363,058) |
| Cash and cash equivalents at the beginning of the period | | 22,446 | 304,633 |
| Effects of exchange rate changes on cash and cash equivalents | | (228,952) | 80,871 |
| Cash and cash equivalents at the end of the period | 5 | 5,370,037 | 22,446 |

The above consolidated statement of cash flows is to be read in conjunction with the notes to the financial report.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

1. Corporate information

Evolution Energy Minerals Limited (**Evolution** or the **Company**) is a company incorporated in Australia and limited by shares. Evolution shares are publicly traded on the Australian Securities Exchange under the stock code EV1. The consolidated financial statements of the Company as at, and for the year ended, 30 June 2022 comprise the Company and its subsidiaries (together the **Group**).

During the period, the principal continuing activities of the Group related to the acquisition, exploration, evaluation and development of the Company's Chilalo Graphite Project in southern Tanzania (**Chilalo Project**).

The Company commenced trading on the ASX on 16 November 2021. Refer to note 28(a) below for the explanation of the comparative information in this report.

This financial report was authorised for issue in accordance with a resolution of the Directors on 30 September 2022.

2. Expenses

(a) Employee benefits

| | 30 June 2022 | 30 June 2021 |
|---|------------------|-----------------|
| | \$ | \$ |
| Salaries and Directors fees – Corporate | 1,035,377 | - |
| Salaries – Technical and site | 308,041 | 20,501 |
| Superannuation | 41,747 | - |
| Recharges | (53,606) | - |
| Changes in leave provisions | 12,799 | - |
| | 1,344,358 | 20,501 |

(b) Finance costs

| | 30 June 2022 | 30 June 2021 |
|---------------------|-----------------|------------------|
| | \$ | \$ |
| Interest expense | 989,374 | 2,009,154 |
| Other finance costs | - | 59,500 |
| | 989,374 | 2,068,654 |

(c) Environmental, social and governance

| | 30 June 2022 | 30 June 2021 |
|--------------------------------|------------------|-----------------|
| | \$ | \$ |
| Environmental studies and ESIA | 223,976 | - |
| ESG Compliance | 64,465 | - |
| Relocation action plan | 1,145,228 | - |
| | 1,433,669 | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

3. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its assets and liabilities are primarily related to the mining industry and are located within Tanzania. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit and loss and other comprehensive income, statement of financial position and statement of cashflows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. Income tax expense

The Company has total carried forward tax losses of \$8,858,980 (June 2021: Nil) available for offset against future assessable income of the Company. The net deferred tax asset attributable to the residual tax losses of \$2,657,694 (June 2021: Nil) has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of \$2,657,694 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

5. Cash and cash equivalents

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--------------|-----------------------|-----------------------|
| Cash at bank | 5,370,037 | 22,446 |
| | 5,370,037 | 22,446 |

Refer to note 17(a)(i) for the Group's exposure to interest rate and credit risk.

6. Trade and other receivables

| | 30 June 2022 \$ | 30 June 2021 \$ |
|---------------------|-----------------------|-----------------------|
| Accounts receivable | 12,902 | - |
| Other receivables | 87,673 | 27,198 |
| Prepayments | 60,247 | 4,872 |
| | 160,822 | 32,070 |

There are no debtors that are past due at year end, therefore none are impaired.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

7. Property, plant and equipment

| Non-current | Plant and equipment \$ | Furniture and fittings \$ | Total \$ |
|----------------------------------|------------------------------|---------------------------------|---------------|
| At 30 June 2022 | | | |
| Cost | 146,770 | 43,009 | 189,779 |
| Accumulated depreciation | (120,145) | (25,252) | (145,397) |
| Net book amount | 26,625 | 17,757 | 44,382 |
| Period ended 30 June 2022 | | | |
| Opening net book amount | - | 3,770 | 3,770 |
| Additions | 26,711 | 18,311 | 45,022 |
| Disposal | - | - | - |
| Foreign exchange movement | 1,250 | (1,468) | (218) |
| Depreciation charge | (1,336) | (2,856) | (4,192) |
| Closing net book amount | 26,625 | 17,757 | 44,382 |
| At 30 June 2021 | | | |
| Cost | 109,387 | 24,258 | 133,645 |
| Accumulated depreciation | (109,387) | (20,488) | (129,875) |
| Net book amount | - | 3,770 | 3,770 |
| Period ended 30 June 2021 | | | |
| Opening net book amount | 21,900 | 2,840 | 24,740 |
| Additions | - | - | - |
| Disposal | - | - | - |
| Foreign exchange movement | (1,749) | 2,127 | 378 |
| Depreciation charge | (20,151) | (1,197) | (21,348) |
| Closing net book amount | - | 3,770 | 3,770 |

8. Acquisition of commonly controlled entities

On 15 March 2021, Evolution was incorporated as a vehicle for listing the Group including the Chilalo Graphite Project on the Australian Securities Exchange (**ASX**).

On 20 September 2021 Evolution completed a transaction with its parent entity Marvel. Evolution acquired 100% of the share capital in EEMUK including wholly owned subsidiary NTL in exchange for 50,000,000 ordinary shares of Evolution. At the time of the acquisition Evolution, EEMUK and NTL were all subsidiaries of Marvel.

Refer to note 29(c) for the accounting policy on common control entities.

As at the date of acquisition, the consolidated net assets of Evolution were zero.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

9. Exploration and evaluation expenditure

| | 30 June 2022 \$ | 30 June 2021 \$ |
|---|-----------------------|-----------------------|
| (a) Reconciliation of exploration and evaluation expenditure | | |
| Carrying amount at beginning of the period | 5,000,000 | 5,000,000 |
| Acquisition costs – cash | 2,000,000 | - |
| Sale of future royalty | (2,000,000) | - |
| Foreign exchange movement | 246,108 | - |
| Carrying amount at the end of the period | 5,246,108 | 5,000,000 |

During the year, the Company entered into a Share Exchange Agreement. Under this agreement, upon successful IPO, the Company was required to pay Marvel \$2,000,000 as consideration for the Chilalo Project. \$1,000,000 was paid upon IPO, with the second \$1,000,000 payable on successful reinstatement of prospecting license (PL) 11034/2017 on or prior to 31 December 2021. PL 11034/2017 was reinstated on 31 December 2021.

During the year, the Company entered into the Net Sales Return Royalty Deed with the Company's major shareholder ARCH SRF. Under the terms of this agreement the Company is bound to pay a royalty of 1.7% on the future net sales returns of graphite concentrate from the Chilalo Graphite Project less allowable deductions. Allowable deductions include the costs of processing, freight, handling, marketing and administration costs. The royalty is uncapped and is for the life of the project.

10. Trade and other payables

| | 30 June 2022 \$ | 30 June 2021 \$ |
|----------------|-----------------------|-----------------------|
| Creditors | 381,400 | 7,032 |
| Accruals | 58,453 | - |
| Other payables | 5,425 | 69,077 |
| | 445,278 | 76,109 |

11. Provisions

| | 30 June 2022 \$ | 30 June 2021 \$ |
|----------------------------|-----------------------|-----------------------|
| Provision for annual leave | 16,025 | 2,391 |
| | 16,025 | 2,391 |

12. Loans and borrowings

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| Opening loan balance | 8,730,035 | 6,661,275 |
| Borrowing costs | - | 150,000 |
| Fair value gain on modification of terms | (488,928) | (1,307,349) |
| Effective interest capitalised | 955,858 | 4,010,260 |
| Foreign currency movement | 303,035 | (784,151) |
| Repayment of loan notes | (9,500,000) | - |
| | - | 8,730,035 |

On 27 April 2021, the Company entered in a Deed of Consent with the Company's financier in relation to the Loan Notes. The Deed of Consent facilitated the fixing of the balance of the loan at \$9.5 million, should the IPO of Evolution occur prior to 30 November 2021. As a result, the Loan Notes were settled during the period on successful completion of the IPO.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

13. Share capital

| | 30 June 2022 | | 30 June 2021 | |
|---|--------------------|--------------------------|--------------|------------------|
| | Shares | \$ | Shares | \$ |
| (a) Issued and paid up capital | | | | |
| Ordinary fully paid shares | 1 | 4,950,000 | 1 | 4,950,000 |
| (b) Movement in ordinary shares | | | | |
| Opening balance at 1 July | 1 | 4,950,000 | 1 | 4,950,000 |
| Issue of equities | | | | |
| Shares issued to Marvel as acquisition consideration ³ | 49,999,999 | - | - | - |
| Shares issued for marketing services | 1,875,000 | 375,000 | - | - |
| Initial Public Offer Placement ¹ | 110,000,000 | 22,000,000 | - | - |
| | 161,875,000 | 27,325,000 | 1 | 4,950,000 |
| Less: Equity raising cost | - | (1,976,477) ² | - | - |
| | 161,875,000 | 25,348,523 | 1 | 4,950,000 |

¹ The issue of shares was 110,000,000 fully paid ordinary shares for \$0.20 consideration via the initial public offer.

² Equity raising costs comprise of \$852,353 of options issued to the joint lead managers of the IPO disclosed in note 14, \$375,000 of shares issued for marketing services and \$749,124 of cash costs relating to broker costs for the IPO and listing fees.

³ Refer to note 8 for further details of the acquisition.

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll, each fully paid share has one vote.

14. Reserves

The following table shows a breakdown of the statement of financial position line item 'reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below.

| | Share based | Foreign currency | Total reserves |
|--|------------------|------------------|------------------|
| | payments | translation | |
| | \$ | \$ | \$ |
| At 30 June 2020 | - | 551,001 | 551,001 |
| Translation of foreign subsidiaries | - | (579,043) | (579,043) |
| Other comprehensive income | - | (579,043) | (579,043) |
| Transactions with owners in their capacity as owners | | | |
| Employee share based payments expense | - | - | - |
| At 30 June 2021 | - | (28,042) | (28,042) |
| Translation of foreign subsidiaries | - | 59,154 | 59,154 |
| Other comprehensive income | - | 59,154 | 59,154 |
| Transactions with owners in their capacity as owners | | | |
| Employee share based payments expense | 1,659,247 | - | 1,659,247 |
| Options issued to the joint lead managers of the IPO | 852,352 | - | 852,352 |
| At 30 June 2022 | 2,511,599 | 31,112 | 2,542,711 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

14. Reserves (continued)

(a) Nature and purpose of reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based payment reserve

The share-based remuneration reserve is used to recognise the fair value of options issued.

15. Retained earnings

| | 30 June 2022 | 30 June 2021 |
|----------------------------------|---------------------|--------------------|
| | \$ | \$ |
| Opening balance | (8,672,207) | (8,318,380) |
| Net gain / (loss) for the period | (8,858,980) | (353,827) |
| Closing balance | (17,531,187) | (8,672,207) |

16. Cash flow information

| | 30 June 2022 | 30 June 2021 |
|---|--------------------|------------------|
| | \$ | \$ |
| (a) Reconciliation of operating loss after income tax to the net cash flows from operating activities: | | |
| Loss for the period | (8,858,980) | (353,827) |
| <i>Adjustments for:</i> | | |
| Depreciation | 4,191 | 21,348 |
| Non-cash fair value adjustment to loan | (488,928) | (1,307,349) |
| Non-cash employee benefits expense - share based payments | 1,659,247 | - |
| Non-cash costs of interim loan notes capitalised | 989,374 | 2,068,654 |
| Non-cash capital raising costs settled with equity | 567,147 | - |
| Net exchange differences | 265,306 | (726,642) |
| <i>Changes in operating assets and liabilities:</i> | | |
| Changes in trade and other receivables | (160,822) | 600,426 |
| Changes in provisions | 445,278 | (396,091) |
| Changes in trade and other payables | 16,025 | (269,577) |
| Net cash (outflow) from operating activities | (5,562,162) | (363,058) |

(b) Non-cash investing and financing activities

There were no non-cash investing or financing activities for the year ended 30 June 2022.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

16. Cash flow information (continued)

(c) Changes in liabilities arising from financing activities

| | Loans and borrowings |
|---------------------------------------|----------------------|
| 1 July 2020 | 9,601,844 |
| Net cash used in financing activities | - |
| Other changes | 596,092 |
| 30 June 2021 | 10,197,936 |
| Net cash used in financing activities | - |
| Fair value adjustment (non-cash) | (697,936) |
| Repayment | (9,500,000) |
| 30 June 2022 | - |

17. Financial risk management

The Company and Group's activities expose it to a variety of financial risks, including market, foreign currency, credit and liquidity risk. For the Group, market risk includes:

- Interest rate risk; and
- Foreign exchange risk.

Financial risk management is carried out by the Group's Chief Financial Officer, in close co-operation with the Audit and Risk Committee. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks.

The Group held the following financial instruments at reporting date:

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|------------------------------------|------|-----------------------|-----------------------|
| <i>Financial Assets</i> | | | |
| Cash and cash equivalents | 5 | 5,370,037 | 22,446 |
| Trade and other receivables | 6 | 160,822 | 32,070 |
| Total Financial Assets | | 5,530,859 | 54,516 |
| <i>Financial Liabilities</i> | | | |
| Trade and other payables | 10 | 445,278 | 76,109 |
| Loans and borrowings | 12 | - | 8,730,035 |
| Total Financial Liabilities | | 445,278 | 8,806,144 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

17. Financial risk management (continued)

(a) Market risk

(i) Interest rate risk

The Group and the Company are exposed to interest rate volatility on deposits and loans. Deposits and loans at variable rates expose the Group and the Company to cash flow interest rate risk. Deposits and loans at fixed rates expose the Group to fair value interest rate risk.

| | Effective Average Interest Rate (%) | Variable Interest Rate \$ | Fixed Interest Rate \$ | Non-Interest Bearing \$ | Total \$ |
|------------------------------------|--|---------------------------------|------------------------------|-------------------------------|------------------|
| 30 June 2022 (consolidated) | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 0.2% | 5,289,907 | 40,000 | 40,130 | 5,370,037 |
| Trade and other receivables | 0.0% | - | - | 160,822 | 160,822 |
| | | 5,289,907 | 40,000 | 200,952 | 5,530,859 |
| <i>Financial Liability</i> | | | | | |
| Trade and other payables | 0.0% | - | - | 445,278 | 445,278 |
| | | - | - | 445,278 | 445,278 |
| 30 June 2021 (consolidated) | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 0.0% | - | - | 22,446 | 22,446 |
| Trade and other receivables | 0.0% | - | - | 32,070 | 32,070 |
| | | - | - | 54,516 | 54,516 |
| <i>Financial Liability</i> | | | | | |
| Trade and other payables | 0.0% | - | - | 76,109 | 76,109 |
| Loans and borrowings | 24.7% | - | 8,730,035 | 445,639 | 9,175,674 |
| | | - | 8,730,035 | 521,748 | 9,251,783 |

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved with all other variables held constant, post-tax loss and equity would have been affected as shown below.

| | Carrying Amount \$ | Interest Rate Risk -100 basis points (-1%) | | Interest Rate Risk +100 basis points (+1%) | |
|------------------------------------|--------------------------|---|-----------------|---|---------------|
| | | Net Profit / (Loss) \$ | Equity \$ | Net Profit / (Loss) \$ | Equity \$ |
| 30 June 2022 (consolidated) | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 5,370,037 | (52,899) | (52,899) | 52,899 | 52,899 |
| | 5,370,037 | (52,899) | (52,899) | 52,899 | 52,899 |
| 30 June 2021 (consolidated) | | | | | |
| <i>Financial Assets</i> | | | | | |
| Cash and cash equivalents | 22,446 | - | - | - | - |
| | 22,446 | - | - | - | - |

The cash accounts as at 30 June 2022 were 0% interest bearing accounts, therefore no exposure to interest rate risk.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

17. Financial risk management (continued)

(ii) Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies arising from costs incurred in currencies other than the functional currency of the Company and Group entities. The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States dollar and Tanzanian shilling.

The Group has a Treasury Policy that stipulates foreign currency risk management measures. It provides that the Company shall hold one month's forward looking foreign currency cash requirement. Management should not exercise discretion in the timing of purchases such that it is seen to be speculating on foreign currency movements. Should the exchange rate be favourable to the budgeted exchange rate, the Company can hold up to three months of forecast foreign cash requirements. The Group monitors foreign currency expenditure in light of exchange rate movements. The Group's exposure to foreign currency risk as at 30 June 2022, expressed in Australian dollars was as follows.

| Foreign currency balances | 30 June 2022 | | 30 June 2021 | |
|---------------------------|--------------|--------------------|--------------|--------------------|
| | US Dollar | Tanzanian Shilling | USD | Tanzanian Shilling |
| Cash at bank | 11,002 | 5,473 | 17,314 | 5,133 |
| Trade receivables | - | 64,564 | - | 27,198 |
| Trade payables | 24,373 | 9,325 | 62,963 | 13,146 |
| Loans and borrowings | - | - | 8,730,034 | - |

| Sensitivity analysis | 10% Strengthening to the AUD | | 10% Weakening to the AUD | |
|------------------------------------|------------------------------|------------------------------|--------------------------|------------------------------|
| | Equity \$ | Net Profit / (Loss) \$ | Equity \$ | Net Profit / (Loss) \$ |
| 30 June 2022 (Consolidated) | | | | |
| USD (10% movement) | (1,222) | 2,216 | 1,000 | (2,708) |
| TZS (10% movement) | 6,717 | 498 | (8,210) | (608) |
| 30 June 2021 (Consolidated) | | | | |
| USD (10% movement) | (1,924) | (881,590) | 1,574 | 1,077,499 |
| TZS (10% movement) | 1,277 | 467 | (1,561) | (570) |

(b) Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position, including cash flow forecasts, to determine the forecast liquidity position and maintain appropriate liquidity levels.

| | Less than 1 year \$ | Between 1 and 2 years \$ | Total contractual cash flows \$ | Carrying amount \$ |
|------------------------------------|------------------------|--------------------------------|--|-----------------------|
| 30 June 2022 (Consolidated) | | | | |
| Trade and other receivables | 160,822 | - | 160,822 | 160,822 |
| Trade and other payables | (270,465) | - | (270,465) | (270,465) |
| | (109,643) | - | (109,643) | (109,643) |
| 30 June 2021 (Consolidated) | | | | |
| Trade and other receivables | 32,070 | - | 32,070 | 32,070 |
| Trade and other payables | (1,664,043) | - | (1,664,043) | (1,664,043) |
| Loans and borrowings | (8,730,035) | - | (8,730,035) | (8,730,035) |
| | (10,362,008) | - | (10,362,008) | (10,362,008) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

17. Financial risk management (continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

(i) Cash at bank

The Group manages its credit risk on financial instruments, including cash, by only dealing with banks licensed to operate in Australia and Tanzania that are reputable banks with a high credit rating.

(ii) Trade and other receivables

The Group has credit risk arising from other receivables.

(iii) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

| | Note | 30 June 2022 \$ | 30 June 2021 \$ |
|-------------------------------|------|--------------------|--------------------|
| <i>Financial Assets</i> | | | |
| Cash and cash equivalents | 5 | 5,370,037 | 22,446 |
| Trade and other receivables | 6 | 160,822 | 32,070 |
| Total Financial Assets | | 5,530,859 | 54,516 |

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

18. Capital management

(a) Risk management

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business.

The Company has welcomed equity investment from major stakeholders so that goals are aligned and there is a vested interest in the Group's success. Current stakeholders that are also shareholders include major suppliers for exploration, project management and feasibility studies advisors, corporate advisors, Directors, executives and employees.

The Company monitors its total shares on issue, market capitalisation and enterprise value on a regular basis so as to maintain a critical balance between having its strategy fully funded and minimising existing shareholder dilution.

| | 30 June 2022 | 30 June 2021 |
|---------------------------------|--------------|--------------|
| | \$ | \$ |
| Net debt | - | 8,707,589 |
| Share capital | 25,348,523 | 4,950,000 |
| Net debt to equity ratio | 0% | 176% |

(b) Dividends

Up until the date of this report, no dividend has been declared or paid by the Company.

19. Interests in other entities

The Group's principal subsidiaries as at 30 June 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name | Country of incorporation | Class of shares | Equity Holding | Equity Holding |
|-----------------------------------|--------------------------|-----------------|----------------|----------------|
| | | | 30 June 2022 | 30 June 2021 |
| | | | % | % |
| Evolution Energy Minerals Limited | Australia | Ordinary | Parent | - |
| Evolution Energy Holdings Pty Ltd | Australia | Ordinary | 100 | - |
| Evolution Energy UK Limited | United Kingdom | Ordinary | 100 | Parent |
| Ngwena Tanzania Limited | Tanzania | Ordinary | 100 | 100 |

20. Contingent liabilities

Royalty

During the year, the Company entered into the Net Sales Return Royalty Deed with the Company's major shareholder ARCH SRF. Under the terms of this agreement the Company is bound to pay a royalty of 1.7% on the future net sales returns of graphite concentrate from the Chilalo Graphite Project less allowable deductions. Allowable deductions include the costs of processing, freight, handling, marketing and administration costs. The royalty is uncapped and is for the life of the project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

21. Commitments

(a) Exploration commitments

The Company is required to meet certain minimum expenditure commitments on the mineral exploration assets in which it has an interest. The minimum expenditure commitment is set out in the Prospecting Licences held by the Group. Outstanding exploration commitments are as follows:

| | 30 June 2022 | 30 June 2021 |
|---------------------------|-----------------|-----------------|
| | \$ | \$ |
| - not later than one year | 885,164 | 251,345 |
| - beyond one year | - | - |
| | <u>885,164</u> | <u>251,345</u> |

(b) Prospecting and mining licence rentals

| | 30 June 2022 | 30 June 2021 |
|---------------------------|-----------------|-----------------|
| | \$ | \$ |
| - not later than one year | 68,542 | 52,248 |
| - beyond one year | - | - |
| | <u>68,542</u> | <u>52,248</u> |

The Company pays an annual lease amount for the tenements it holds. The leases can be relinquished on or before the anniversary date, therefore there are no contractual commitments beyond one year. The Company has no current plans to drop any existing tenements.

22. Events occurring after reporting date

Subsequent to period end:

- The Company announced a placement to be completed in two tranches:
 - Tranche one – the issue of 24,281,250 new shares to institutional, sophisticated and professional investors at \$0.32 per share, raising approximately \$7.77 million (before costs). This was completed on 17 August 2022; and
 - Tranche two – the issue of 16,343,750 new shares at \$0.32 per share to raise \$5.23 million which was approved by shareholders at an Extraordinary General Meeting on the 23 September 2022.
- The Tanzanian Government approved the Company's Resettlement Action Plan providing the mechanism to relocate project affected persons and pay compensation to them.

23. Related party transactions

(a) Parent entity

Evolution is the ultimate Australian parent entity of the Group. Evolution is a company limited by shares that is incorporated and domiciled in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 19.

(c) Group transactions

Controlled entities made payments and received funds on behalf of the Company and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

23. Related party transactions (continued)

(d) Key management personnel compensation

| | 30 June 2022 | June 2021 |
|-------------------------------|------------------|--------------|
| | \$ | \$ |
| Short-term employee benefits | 792,923 | - |
| Post-employment benefits | 176,585 | - |
| Annual and long service leave | 22,118 | - |
| Share-based payments | 1,659,247 | - |
| | 2,650,873 | - |

Detailed remuneration disclosures are provided in the Remuneration Report.

(e) Other KMP transactions

During the period, Mr. Hoskins was a Non-Executive Director of Marvel, an ASX listed Company that has a Shared Services Agreement with the Company. Under this arrangement, the Company provides company secretarial, accounting and administration services. Payments made under these arrangements for the period are set out below.

Included in the payments to Marvel are two amounts paid as part of the spin out and IPO. As part of the Share Exchange Agreement the Company was required to pay \$2 million as consideration for the acquisition of the Chilalo Graphite Project. In addition, the Company was required to re-imburse Marvel for all costs associated with the IPO of which the total came to \$1,236,143.

| | 30 June 2022 | June 2021 |
|---|-----------------|--------------|
| | \$ | \$ |
| Related part transactions | | |
| Receipts from Marvel (ex-GST) | 24,800 | - |
| Payments to Marvel (ex-GST) | (3,275,658) | - |
| Amounts outstanding to Marvel at period end | - | - |

During the year ended 30 June 2022 the Company issued the following options to Directors and KMP.

| Option series | Exercise price | Grant date | Vesting date | No. of options | Total expense recognized |
|---------------|----------------|------------|--------------|-------------------|--------------------------|
| Directors | \$0.25 | 16-Nov-21 | 16-Nov-21 | 12,950,000 | \$1,471,729 |
| Other KMP | \$0.25 | 16-Nov-21 | 16-Nov-21 | 1,650,000 | \$187,518 |
| Total | | | | 14,600,000 | \$1,659,247 |

Further details of the options issued included the inputs used to determine the fair value of the share based payments are included in note 24 below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

24. Share-based payments

(a) Employee option plan

Information on the Company's Option Plan was set out in the Company's Prospectus lodged on 29 September 2021. Given the disclosure of the Option Plan in the Prospectus, the issue of shares under the Plan rules does not count towards the Company's share issuance capacity under ASX listing Rules 7.1 and 7.1A. The Plan is designed to:

- assist and reward the retention and motivation of employees;
- link employee reward to shareholder value creation; and
- align the interests of employees with shareholders by providing an opportunity for employees to receive an equity interest in the Company in the form of Options.

Under the Plan, participants are granted options which vest when issued. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

The Employee may exercise the option at any time after issue. To exercise an option, an employee must deliver a signed notice of exercise and, subject to a cashless exercise of options, pay the option exercise price prior to the expiry date. An option may specify that at the time of exercise, the employee may elect not to be required to provide payment of the option exercise price. Alternatively, the Company will transfer or issue to the employee that number of shares equal in value to the positive difference between the market value of the shares at the time of exercise and the option exercise price that would otherwise be payable to exercise those options.

The Board has determined that incentive awards will be equity settled to ensure alignment with shareholders' interests and to preserve cash.

Options are granted under the Option Plan for no cash consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share subject to the payment of any applicable exercise price.

| | 30 June 2022 | | 30 June 2021 | |
|--|---------------------------------|-------------------|---------------------------------|-------------------|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| As at 1 July | - | | - | - |
| Granted during the period ¹ | \$0.25 | 22,100,000 | - | - |
| Exercised during the period | Nil | Nil | - | - |
| Forfeited or lapsed during the period | Nil | Nil | - | - |
| As at 30 June | \$0.25 | 22,100,000 | - | - |

Options outstanding at the end of the period have the following expiry date and exercise prices:

| Option series | Exercise price | Grant date | Vesting date | Expiry date | No. of options |
|----------------------------|----------------|------------|--------------|-------------|-------------------|
| Directors | \$0.25 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | 12,950,000 |
| Other KMP | \$0.25 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | 1,650,000 |
| Joint lead manager options | \$0.25 | 16-Nov-21 | 16-Nov-21 | 9-Nov-24 | 7,500,000 |
| Total | | | | | 22,100,000 |

Weighted average remaining contractual life of options outstanding at period end is 2.36 years (2021: nil).

Fair value of options granted

The fair value of services received in return for the share options granted is measured by reference to the fair value of options granted. The Black Scholes option pricing model was used to determine the fair value of the options issued to the lead managers, Directors and KMP.

The assumptions used for the options valuation are as follows:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

24. Share-based payments (continued)

| | Director ESS options | KMP ESS options | JLM ESS options |
|-------------------------------------|----------------------|-----------------|-----------------|
| Underlying value of the security | \$0.20 | \$0.20 | \$0.20 |
| Exercise price | \$0.25 | \$0.25 | \$0.25 |
| Valuation date | 16/11/21 | 16/11/21 | 16/11/21 |
| Vesting date | 16/11/21 | 16/11/21 | 16/11/21 |
| Expiry date | 09/11/24 | 09/11/24 | 09/11/24 |
| Risk free rate | 1.04% | 1.04% | 1.04% |
| Volatility | 100% | 100% | 100% |
| Life of Options in years | 2.98 | 2.98 | 2.98 |
| Number of Options | 12,950,000 | 1,650,000 | 7,500,000 |
| Valuation per Option | \$0.114 | \$0.114 | \$0.114 |
| Amount expended during the year | \$1,471,729 | \$187,518 | - |
| Equity raising cost during the year | - | - | \$852,353 |

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions during the period were as follows:

| | 30 June 2022 | 30 June 2021 |
|-------------------------------|------------------|-----------------|
| | \$ | \$ |
| Options issued under the Plan | 1,659,247 | - |
| | <u>1,659,247</u> | <u>-</u> |

At the end of each reporting period, the Company applies a probability to options with non-market based vesting criteria to reflect the likely number of options that will vest at the end of the vesting period taking into consideration all the vesting criteria.

25. Remuneration of auditors

During the period, the following fees were paid and payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) BDO Audit (WA) Pty Ltd

| | 30 June 2022 | 30 June 2021 |
|---|-----------------|-----------------|
| | \$ | \$ |
| <i>(i) Audit and assurance services</i> | | |
| Audit and review of financial statements | 35,000 | - |
| Other assurance services | 2,500 | - |
| Total audit and assurance remuneration | <u>37,500</u> | <u>-</u> |

(b) PricewaterhouseCoopers (Tanzania component auditor)

| | 30 June 2022 | 30 June 2021 |
|---|-----------------|-----------------|
| <i>(i) Audit and assurance services</i> | | |
| Audit of financial statements | 16,884 | 15,743 |
| Total audit and assurance remuneration | <u>16,884</u> | <u>15,743</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

26. Earnings per share

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| (a) Basic earnings / (loss) per share | | |
| From continuing operations attributable to ordinary equity holders | (0.09) | (0.001) |

The weighted average number of shares used to calculate both the basic and diluted earnings per share is 100,229,452 (30 June 2021: 442,550,279).

(b) Fully diluted earnings / (loss) per share

| | | |
|--|--------|---------|
| From continuing operations attributable to ordinary equity holders | (0.09) | (0.001) |
|--|--------|---------|

(c) Information concerning the classification of securities

Options granted to employees under the Plan and those issued to contractors are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share with the assumption all such options will vest, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 24.

27. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

(a) Summary of financial information

| | 30 June 2022 \$ | 30 June 2021 \$ |
|--|-----------------------|-----------------------|
| <i>Statement of financial position</i> | | |
| Current assets | 5,472,602 | - |
| Total assets | 5,472,602 | - |
| Current liabilities | (451,763) | - |
| Total liabilities | (451,763) | - |
| <i>Shareholders' equity</i> | | |
| Issued capital | 20,398,523 | - |
| Reserves | 2,511,599 | - |
| Retained earnings | (17,889,283) | - |
| Total shareholders' equity | 5,020,839 | - |
| Profit / (Loss) for the period | (17,889,283) | - |
| Total comprehensive profit / (loss) | (17,889,283) | - |

(b) Guarantees

Evolution, as the parent company, has provided no guarantees during the period.

(c) Commitments

The Company has no leases or commitments.

(d) Contingencies

All contingencies outlined in note 20 are the contingent liabilities of the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

28. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. The financial statements are for the Group consisting of Evolution and its subsidiaries disclosed in note 19.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

During the year, the Company acquired its subsidiaries EEMUK and NTL as part of a spin out and IPO when the Group were all subsidiaries of Marvel.

In accordance with Australian Accounting Standards, the acquisition does not meet the definition of a business combination as Evolution was established for the sole purpose of facilitating the listing process and to acquire EEMUK and NTL by way of a common control transaction. Consequently, this report presents:

- The results of EEMUK and NTL for the period from 1 July 2020 to 30 June 2021 as comparative information;
- The results of the consolidated Group for the period from 1 July 2021 to 30 June 2022;
- The consolidated position of EEMUK and NTL as at 30 June 2021 as comparative information; and
- The consolidated Group position as at 30 June 2022.

The comparative financial information included in the Company's financial statements is that of EEMUK and NTL, not the Company and is unaudited. Further information on the common control transaction is detailed in note 29(r) and note 8.

The Financial Information has been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

(i) Historical cost convention

The financial statements have been prepared under the historical cost convention, except for the revaluation of loans and borrowings at fair value through profit or loss.

(ii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 30.

(iii) New or amended Accounting Standards and Interpretations adopted

The accounting standards and interpretations relevant to the operations of the Group are consistent with those of the previous financial year. There are some amendments and interpretations effective for the first time from 1 July 2021, though they did not have any impact on the current period or any prior period and is not likely to affect future periods.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have any impact on future reporting periods.

(a) Going concern

The financial report for the year ended 30 June 2022 has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group has incurred net losses after tax of \$8,858,980 (30 June 2021: \$353,827) and experienced net cash inflows from operating, financing and investing activities of \$5,576,543 for the year ended 30 June 2022 (30 June 2021: \$363,058 outflow). As at 30 June 2022, the Group had cash assets of \$5,370,037 (30 June 2021: \$22,446) and net assets of \$10,360,046 (30 June 2021: \$3,750,249 net liability). Subsequent to period end, the Company announced a placement to be completed in two tranches:

- Tranche one – the issue of 24,281,250 new shares to institutional, sophisticated and professional investors at \$0.32 per share, raising approximately \$7.77 million (before costs). The raising was completed on 17 August 2022; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

- Tranche two – the issue of 16,343,750 new shares at \$0.32 per share to raise \$5.23 million which was approved by shareholders at an Extraordinary General Meeting on the 23 September 2022.

The Directors believe there are sufficient funds to meet the Group's committed minimum expenditure requirements and, as at the date of this report, the directors believe they can meet all liabilities as and when they fall due.

The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate.

29. Accounting policies

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with Australian Accounting Standards.

(b) New and amended standards adopted by the Company

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

(c) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Investments in subsidiaries are accounted for at cost in the parent entity information disclosures of Evolution.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Revenue recognition

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(e) Impairment

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to a working condition for their intended use.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation

Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

(g) Exploration and evaluation costs

Costs arising from the acquisition of exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration activities are expensed as incurred.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group. All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area.

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(j) Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Share-based payment transactions

The fair value is measured at grant date and recognised over the period during which the Directors, employees or contractors become unconditionally entitled to the options.

The fair value of the options at grant date is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

The fair value of these equity instruments does not necessarily relate to the actual value that may be received in future by the recipients. The Company accounts for share based payments issued to non-employees in accordance with the share based payments standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

(k) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable of the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(l) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of other receivables is reviewed on an ongoing basis to assess impairment.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of financial position.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

(n) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity investments, re-evaluates this designation at each reporting date.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables (see notes 5 and 6).

When an investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated statement of comprehensive income. Fair value is determined by reference to the quoted price at the reporting date.

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired. The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans from related parties and trade and other payables.

(o) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(p) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(q) Parent entity information

The financial information for the parent entity, Evolution, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements.

(r) Acquisition of entities under common control

Predecessor accounting

Acquisitions involving entities under common control are accounted for using the predecessor accounting method. Under this method:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

- carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on acquisition; and
- the carrying value of net assets acquired or liabilities assumed is recorded as a separate element of equity on consolidation.

(s) Foreign currency translation

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

30. Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation

Exploration and evaluation acquisition costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the recoverability of the value of the asset. The Company assesses whether any impairment indicators may exist over the area of interest to assess recoverability each year.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2022

In the opinion of the Directors:

- (a) the consolidated financial statements and notes set out on pages 26 to 51:
 - (i) comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (ii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 28 to the financial statements;
 - (iii) give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Trevor Benson
Chairman
PERTH

On this 30th day of September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Evolution Energy Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Evolution Energy Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for common control transaction

| <i>Key audit matter</i> | <i>How the matter was addressed in our audit</i> |
|---|---|
| <p>As disclosed in Note 8, Evolution Energy Minerals Limited ('EV1') (incorporated on 15 March 2021) acquired subsidiaries Evolution Energy Minerals UK Limited and Ngwena Tanzania Limited, both of which were subsidiaries. At the time of the transaction all entities were under the common control of Marvel Gold Limited.</p> <p>The transaction has been accounted for as a common control transaction, and not an acquisition.</p> <p>Common control transactions are a complex accounting area because there is no specific applicable accounting standards to these types of transactions. In the absence of specific guidance, management is required to use its judgement in developing and applying an accounting policy that is relevant and reliable.</p> <p>Refer to Note 8, 28 and 29 for a description of the accounting policy and judgements applied to this transaction.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the transaction by holding discussions with management; • Obtaining an understanding of the relevant Agreements in line with management's assessment of the transaction and the accounting policies adopted to reflect the transaction under common control; • Evaluating and assessing the appropriateness of the use of common control accounting as it was applied to this transaction; and • Assessing the appropriateness of the related disclosures in Note 8, 28 and 29 in the financial report. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other matter

The corresponding figures for the year ended 30 June 2021 are unaudited.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Evolution Energy Minerals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd



Dean Just
Director

Perth

30 September 2022

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING 30 JUNE 2022

information is current as at 21 September 2022.

(a) DISTRIBUTION OF EQUITY SECURITIES

Ordinary Shares

| | | | Number of holders | Number of shares |
|---------|---|----------|--------------------------|-------------------------|
| 1 | - | 1,000 | 121 | 94,481 |
| 1,001 | - | 5,000 | 789 | 2,133,153 |
| 5,001 | - | 10,000 | 459 | 3,995,577 |
| 10,001 | - | 100,000 | 529 | 18,490,400 |
| 100,001 | | and over | 143 | 161,442,639 |
| | | | 2,041 | 186,156,250 |

There are 327 shareholders holding less than a marketable parcel of shares, for a total of 372,183 shares, representing 0.20% of issued capital

Unlisted Options

| | | | Number of holders | Number of Unlisted Options |
|---------|---|----------|--------------------------|-----------------------------------|
| 1 | - | 10,000 | - | - |
| 10,001 | - | 100,000 | - | - |
| 100,001 | | and over | 9 | 42,100,000 |
| | | | 9 | 42,100,000 |

(b) TWENTY LARGEST SHAREHOLDERS

| Rank | Name | Number of shares | % of shares |
|---|--|-------------------------|--------------------|
| 1. | Marvel Gold Limited | 50,000,000 | 26.86 |
| 2. | Arch Sustainable Resources GPCO Limited <Arch Sustainable Res Fund LP> | 40,000,000 | 21.49 |
| 3. | HSBC Custody Nominees (Australia) Limited | 7,254,290 | 3.90 |
| 4. | BPM Investments Limited | 5,000,000 | 2.69 |
| 5. | Precision Opportunities Fund Ltd <Investment A/C> | 4,500,000 | 2.42 |
| 6. | Ashanti Investment Fund Pty Ltd <Ashanti Investment Fund A/C> | 2,925,000 | 1.57 |
| 7. | National Nominees Limited | 2,648,808 | 1.42 |
| 8. | Merrill Lynch (Australia) Nominees Pty Limited | 2,158,328 | 1.16 |
| 9. | S3 Consortium Pty Ltd | 1,875,000 | 1.01 |
| 10. | Citicorp Nominees Pty Limited | 1,669,100 | 0.90 |
| 11. | Deutsche Balaton Aktiengesellschaft | 1,554,375 | 0.84 |
| 12. | Treasury Services Group Pty Ltd <Nero Resource Fund A/C> | 1,250,000 | 0.67 |
| 13. | Treasury Services Group Pty Ltd <Nero Resource Fund A/C> | 1,180,000 | 0.63 |
| 14. | SA Bradfield Pty Ltd | 1,050,000 | 0.56 |
| 15. | Oceanview Road Pty Ltd | 1,000,000 | 0.54 |
| 15. | Mr Dion Colin Robeson <Dion Robeson A/C> | 1,000,000 | 0.54 |
| 16. | MTT Investments WA Pty Ltd <The Mckay Trading A/C> | 900,000 | 0.48 |
| 16. | Mr Andrew Dornan <Nanrod Holdings A/C> | 879,910 | 0.47 |
| 18. | CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C> | 756,750 | 0.41 |
| 19. | Global Consortium Holdings Pty Ltd <FTW Holdings A/C> | 750,000 | 0.40 |
| 20. | Clarkson's Boathouse Pty Ltd <Clarkson Super Fund A/C> | 674,610 | 0.36 |
| Total Top 20 holders of ORDINARY FULLY PAID SHARES | | 129,026,171 | 69.31 |
| Total Remaining Holders Balance | | 57,130,079 | 30.69 |



ASX ADDITIONAL INFORMATION FOR THE YEAR ENDING 30 JUNE 2022

| Rank | Name | number of unlisted options | unlisted options |
|------|---|----------------------------|------------------|
| 1 | Arch Sustainable Resources GPCO Limited <Arch Sustainable Res Fund LP> | 20,000,000 | 41.94 |
| 2 | Phil Hoskins | 6,410,974 | 13.45 |
| 3 | Mr Michael Emil Bourguignon | 5,766,972 | 12.09 |
| 4 | Trevor Bruce Benson | 5,650,000 | 11.85 |
| 5 | Capital DI Limited | 2,500,000 | 5.24 |
| 5 | Ashanti Capital Pty Ltd | 2,500,000 | 5.24 |
| 5 | Chieftain Securities (WA) Pty Ltd | 2,500,000 | 5.24 |
| 6 | Stuart McKenzie & Ruth McKenzie <McKenzie Family A/C> | 1,177,294 | 2.47 |
| 6 | Mr Christopher Bruce Knee <Mount Bedford Corporate A/C> | 1,177,294 | 2.47 |

The options listed in the table above excludes all options issued to KMP under the employee share scheme up to 31 December 2021. These options will or have lapsed unexercised owing to a failure to meet applicable vesting criteria.

(d) SUBSTANTIAL SHAREHOLDERS

Marvel Gold Limited: 26.86%

Arch Sustainable Resources GPCO Limited <Arch Sustainable Res Fund LP>: 21.49%

(e) VOTING RIGHTS

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. Options have no voting rights until such time as they are exercised and shares have been issued.

(f) UNQUOTED SECURITIES >20% HOLDERS

| Class | Holder | Number |
|--|---|------------|
| Options exercisable at \$0.25, expiring 08/11/2024 | Arch Sustainable Resources GPCO Limited <Arch Sustainable Res Fund LP> | 20,000,000 |

(g) UNQUOTED SECURITIES

| Class | Number of Holders | Number of Securities |
|---|-------------------|----------------------|
| Unlisted Options exercisable @ \$0.25 expiring 08/11/24, escrowed to 16/11/2023 | 1 | 20,000,000 |
| Unlisted Options exercisable @ \$0.25 expiring 09/11/24, escrowed to 16/11/2023 | 2 | 1,650,000 |
| Unlisted Options exercisable @ \$0.25 expiring 09/11/24, escrowed to 16/11/2023 | 3 | 12,950,000 |
| Unlisted Options exercisable @ \$0.25 expiring 09/11/24, escrowed to 16/11/2023 | 3 | 7,500,000 |

ASX ADDITIONAL INFORMATION
FOR THE YEAR ENDING 30 JUNE 2022

| Tenement | Ownership | Project | Location |
|-----------------|-------------------|----------------|-----------------|
| Chilalo | 100% ¹ | Chilalo | Tanzania |
| Chilalo West | 100% | Chilalo | Tanzania |
| Chilalo | 100% | Chilalo | Tanzania |
| Chikwale | 100% | Chilalo | Tanzania |
| Machangaja | 100% | Chilalo | Tanzania |

- 1. On completion of a framework agreement with the Government of Tanzania, Evolution will hold an 84% interest, with the balance held by the Government of Tanzania.*

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2022.

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