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EVOLUTION ENERGY MINERALS

ABN 53 648 703 548

INTERIM FINANCIAL REPORT

For the half-year ended 31 December 2022

Corporate Information

ABN 53 648 703 548

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

Company Secretary
Mr Stuart McKenzie

Registered Office
Level 1, 1318 Hay Street
West Perth WA 6005
Tel +61 8 9200 3426

Bankers
National Australia Bank
Level 14, 100 St Georges Terrace
Perth WA 6000

Share Register
Automic Group
Level 2
267 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664
Website: automicgroup.com.au

Auditors
BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000

Website Address
www.evolutionenergyminerals.com.au

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

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Contents

Director's report

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 six months ended 31 December 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 half-year ended 31 December 2022 and up to the date of this report:

Mr Henk Ludik (Acting Non-Executive Chairman) (Appointed 2 June 2022)

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 Trevor Benson (Non-Executive Chairman) (Resigned 15 February 2023)

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 exploration and development of the Company's Chilalo Graphite Project in southern Tanzania and pursuing the vertical integration into downstream businesses including expandable graphite, graphite foil and battery anode material.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group other than as referred to elsewhere in this condensed interim financial report and in the financial statements and notes attached thereto.

Review of operations

Exploration

In the December quarter, the Company commenced exploration drilling at the Chilalo Graphite Project (**Chilalo**). The drilling program, which concluded in late 2022 due to the onset of the wet season, comprised 44 holes for 5,440 metres of shallow reverse circulation drilling into a number of the strongest electromagnetic (**EM**) conductors (Figure 1). Assay results are expected to be available in March and April 2023.

Geophysical surveys previously identified 33km of high and ultra-high conductance targets in addition to the existing mineral resource – these conductors are expected to represent near-surface, high-grade, thick graphite deposits.

The use of EM surveys has proven itself to be an effective technique for identifying the conductors that are indicative of high-grade and/or thick graphite mineralisation and underpinned the discovery of Chilalo. Based on the previous results generated from this approach, the Company is confident that it will again deliver success at Chilalo.

Any exploration success is expected to not only enhance Chilalo's project economics through a reduction in mining operating costs by deferring the need to mine the deepest parts of the main ore body, but also support meaningful mine life extensions to enable a production expansion to meet the rapidly growing demand for battery anode materials and expandable/expanded graphite.

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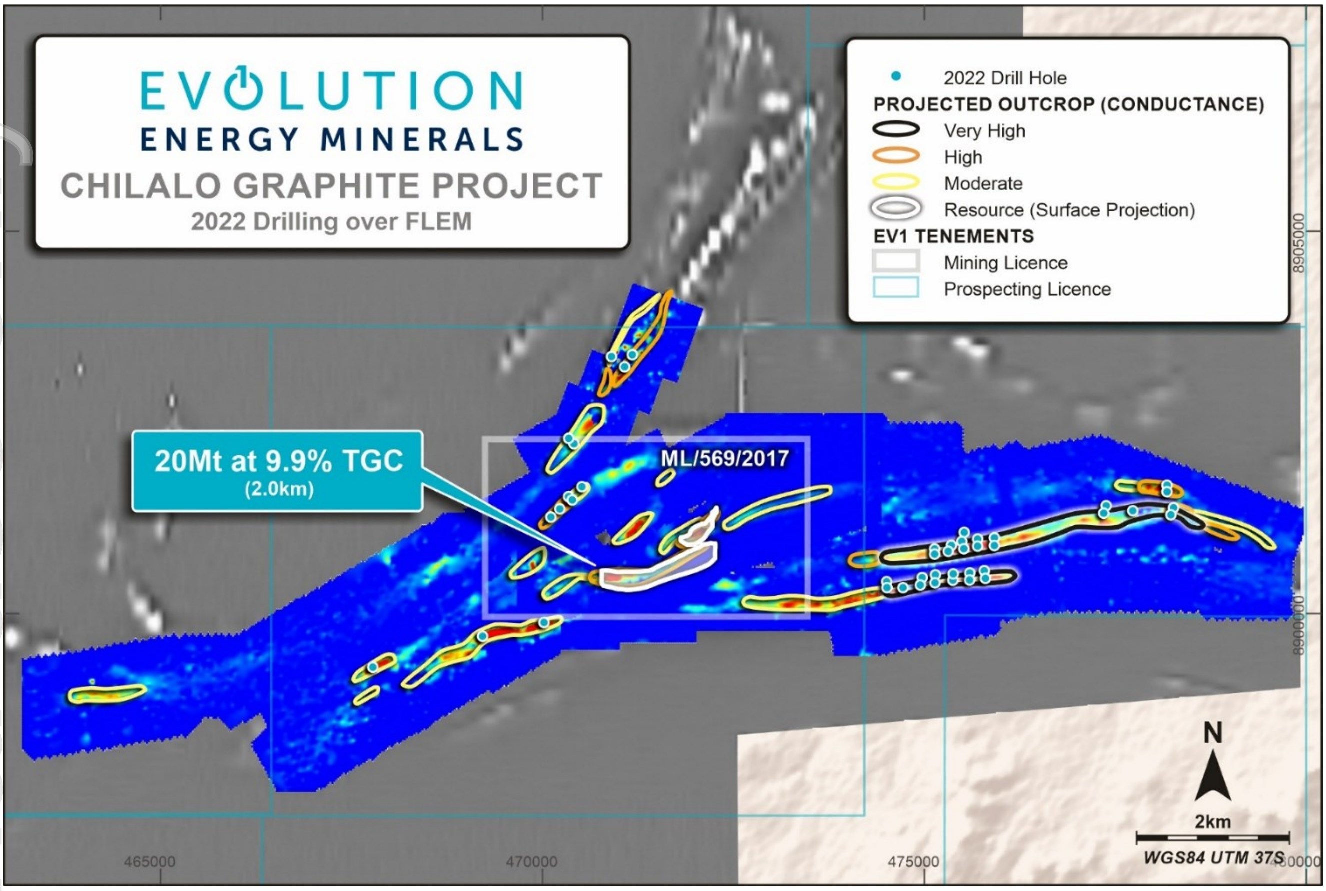
Director's report

Figure 1: VTEM survey showing near-mine targets



Front-end Engineering Design and Updated Definitive Feasibility Study

During the period, the Company undertook an updated Definitive Feasibility Study and Front-end Engineering Design for the Chilalo Graphite Project. Results are expected to be released in Q1 2023.

Vertical integration

Evolution is prioritising the development of a sustainable battery anode materials strategy to complement the executable value-added products strategies related to expandable graphite and micronised graphite. The ability to provide sustainable graphite supply is fundamental to the Company's strategy to become a supplier of choice for battery manufacturers.

The Company aims to maintain chain of custody from Chilalo to coated battery anode materials for direct supply to battery manufacturers, thus providing a level of traceability that allows battery manufacturers to easily assess the sustainability of their supply chain.

Working with its US technology partner, Evolution has undertaken a commercial verification program to evaluate the amenability of Chilalo fine flake graphite to producing coated spherical graphite using thermal purification and proprietary coating technologies. The testwork was carried out in five discrete stages.

- **Stage 1 – Elemental impurity analysis**

  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.

- **Stage 2 – Thermal purification**

  Thermal purification testwork results 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

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purification, particularly if powered by renewable energy sources, would substantially minimise the environmental footprint of Evolution's battery anode supply chain.

- **Stage 3 – Production of uncoated and coated spherical graphite**

  This stage of the testwork took the 99.9995% wt. C thermally purified graphite and undertook a process of shaping and milling (spheroidization). 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 addition, Evolution's flow sheet was found to involve a significantly smaller footprint than conventional flow sheets.

- **Stage 4 – Performance of uncoated and coated spherical graphite**

  In this stage, 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 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.

- **Stage 5 – Testing of non-spherical by-product**

  The final stage of testwork entailed testing the non-spherical by-product derived from the 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.

Environmental, social and governance

- **Resettlement Action Plan**

  During the half-year, the Company received approval of the Chilalo Resettlement Action Plan (**RAP**) for its 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.

  All Project Affected Persons (**PAPs**) will be compensated appropriately and relocated to superior properties with enhanced amenities. An initial compensation payment has been made to the PAPs, with a final payment expected to be made upon commencement of construction.

  The RAP includes a five-year livelihood restoration program (**LRP**) that consists of several initiatives targeted at delivering sustainable benefits to the PAPs, including:

  - **Conservation agriculture** – supply of materials, training and ongoing coaching and mentoring to promote the development of sustainable sesame, maize and legume agriculture among the local communities.
  - **Tree nurseries** – propagation of alternative cashew trees for distribution to PAPs and provision of training and mentoring to support local communities in the development of cashew tree farms.
  - **Vegetable program** – establishment of a vegetable nursery to produce seedlings to assist in the development of vegetable farms and the provision of vegetable gardens with wells, tread pumps and seedlings in a large number of new dwellings.
  - **Youth skills training program** – skills training for local youths, focused on brick laying and carpentry, as part of the construction of relocation dwellings, with a view to such youths being employed as part of construction and operations at Chilalo, and
  - **Livelihood Restoration Centre** (**LRC**) – the LRC is an important community resource that has the following features: a shade structure, fully equipped greenhouse, water wells, an exhibition compound and two trucks.

  As part of the LRP, the Company has established a tree nursery (Figure 2). During stakeholder engagement meetings, the communities supported the growing of replacement cashew trees that may be lost through the resettlement phase. Cashew trees are an important commercial crop in south-east Tanzania. The nursery will not only grow new cashew trees, but also provide training for basic agriculture practices, rotational crops, vegetable gardening for personal subsistence and planting for nutrition.

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Director's report

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Figure 2: Tree nursery

- **Life cycle assessment**

During the quarter, the Company reported the outcomes of its first Life Cycle Assessment (**LCA**) for flake graphite produced at Chilalo.

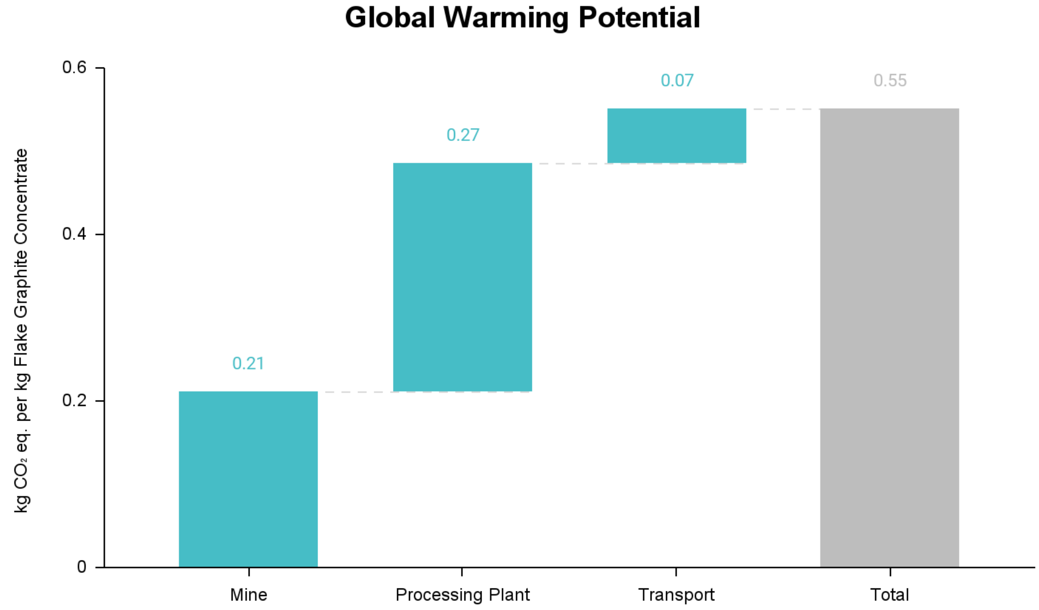
LCA is a method to assess the environmental impacts associated with all stages of a product, process or activity. Importantly, LCA makes it possible to evaluate indirect impacts that occur in the development of a product or process system over its entire life cycle, providing information that otherwise may not be considered.

The cradle-to-gate LCA for Chilalo assesses the life cycle impact of the production of 1 kg of flake graphite concentrate (95-97% C) produced from natural flake graphite ore extracted at Chilalo. The total production chain includes mining, processing and transportation stages.

Figure 3 shows the contribution of each component of the mining, processing and transportation stage to the overall global warming potential measured as 0.55kg CO_2 eq per kg of flake graphite concentrate. Mining and processing contribute the highest levels due to the modelled use of diesel fuel in the 2020 DFS. The Company anticipates that the Updated DFS will provide for a lower global warming potential.

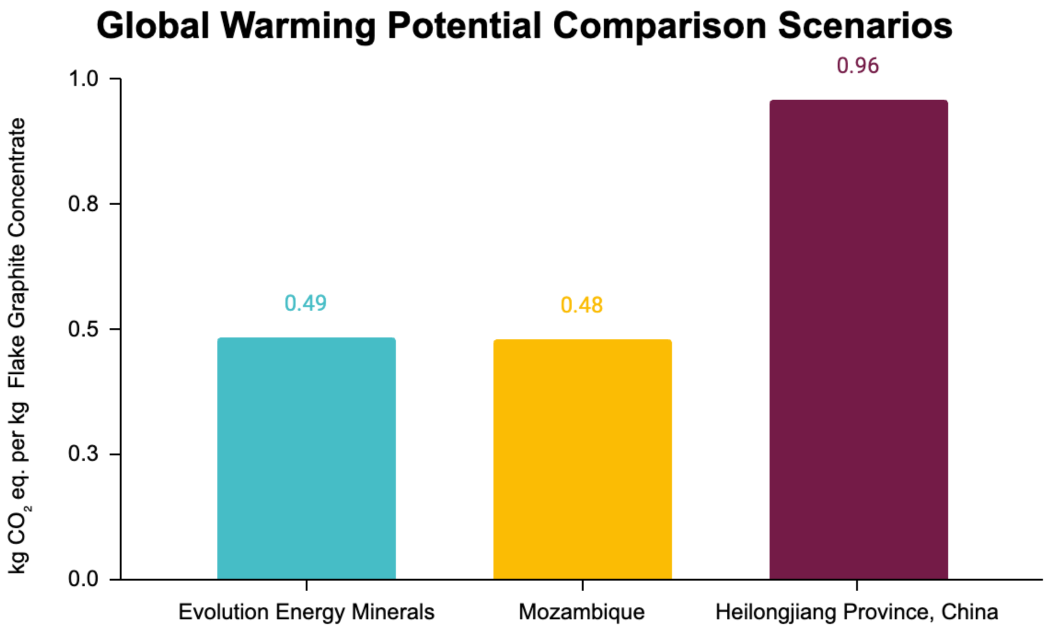
Director's report

Figure 3: Chilalo's Global Warming Potential (2020 DFS)



The LCA for Chilalo demonstrates that the Project will have lower emissions than comparative production in other parts of the world, namely China, in particular the Heilongjiang Province where more than 50% of the world's graphite is produced. This is shown in Figure 4 which compares Chilalo with other known production.

Figure 4: Global Warming Potential – Peer Comparison (Evolution's figure adjusted to reflect the same system boundaries as comparatives)



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Director's report

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 9.

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

Henk Ludik
Acting Chairman of the Board
PERTH
On the 16th day of March 2023

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

As lead auditor for the review of Evolution Energy Minerals Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, WA

16 March 2023

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Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2022

	Notes	31 December 2022 $	31 December 2021 $
Continuing operations			
Fair value gain on loan		-	488,928
Other income		23,581	82
Foreign currency gain / (loss)		125,554	(174,169)
Corporate and administration expense		(515,556)	(742,033)
Employee benefits		(1,033,384)	(350,463)
Business development and marketing expense		(1,660,091)	(396,561)
Environment, social and governance expense		(1,997,262)	(42,118)
Finance costs		(90,000)	(976,853)
Exploration and evaluation expense		(3,028,771)	(634,290)
Share based payments	7	(443,869)	(1,659,247)
Loss before income tax		**(8,619,798)**	**(4,486,724)**
Income tax expense		-	-
Profit / (loss) for the half-year after tax		**(8,619,798)**	**(4,486,724)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		69,187	(28,506)
Total comprehensive gain / (loss) for the period		**(8,550,611)**	**(4,515,230)**
Net gain / (loss) is attributable to:			
Owners of Evolution Energy Minerals Limited		**(8,619,798)**	**(4,486,724)**
Total comprehensive loss is attributable to:			
Owners of Evolution Energy Minerals Limited		**(8,550,611)**	**(4,515,230)**
Gain / (loss) per share attributable to owners of the Company		**$**	**$**
Basic EPS		(0.05)	(0.22)
Diluted EPS		(0.05)	(0.22)

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

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Consolidated statement of financial position
as at 31 December 2022

	Notes	31 December 2022	30 June 2022
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		10,237,117	5,370,037
Trade and other receivables		704,956	160,822
Total current assets		**10,942,073**	**5,530,859**
Non-current assets			
Property, plant and equipment		43,773	44,382
Exploration and evaluation assets	4	5,330,608	5,246,108
Total non-current assets		**5,374,381**	**5,290,490**
Total assets		**16,316,454**	**10,821,349**
LIABILITIES			
Current liabilities			
Trade and other payables	5	1,682,268	445,278
Provisions		53,188	16,025
Total current liabilities		**1,735,456**	**461,303**
Total liabilities		**1,735,456**	**461,303**
Net assets		**14,580,998**	**10,360,046**
EQUITY			
Share capital	6	37,676,217	25,348,523
Reserves	7	3,055,767	2,542,711
Accumulated losses		(26,150,985)	(17,531,187)
Total equity		**14,580,998**	**10,360,046**

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

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Consolidated statement of changes in equity

for the half-year ended 31 December 2022

	Notes	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
		$	$	$	$	$
Balance at 1 July 2021		4,950,000	(28,042)	-	(8,672,207)	(3,750,249)
Total comprehensive income for the period:						
Loss for the period		-	-	-	(4,486,724)	(4,486,724)
Foreign exchange translation differences		-	(28,506)	-	-	(28,506)
Total comprehensive loss for the period		-	(28,506)	-	(4,486,724)	(4,515,230)
Transactions with owners in their capacity as owners:						
Issue of initial public offering (**IPO**) shares	6	22,000,000	-	-	-	22,000,000
Share placement costs	6	(749,125)	-	-	-	(749,125)
Options issued to joint lead managers of the IPO		(852,352)	-	852,352	-	-
Options issued to employee under the employee share scheme		-	-	1,659,247	-	1,659,247
Balance at 31 December 2021		**25,348,523**	**(56,548)**	**2,511,599**	**(13,158,931)**	**14,644,643**

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Consolidated statement of changes in equity
for the half-year ended 31 December 2022

	Notes	Contributed equity	Foreign currency translation reserve	Share based payment reserve	Accumulated losses	Total equity
		$	$	$	$	$
Balance at 1 July 2022		25,348,523	31,112	2,511,599	(17,531,187)	10,360,046
Total comprehensive income for the period:						
Profit / (loss) for the period		-	-	-	(8,619,798)	(8,619,798)
Foreign exchange translation differences		-	69,187	-	-	69,187
Total comprehensive profit / (loss) for the period		-	69,187	-	(8,619,798)	(8,550,611)
Transactions with owners in their capacity as owners:						
Issue of shares	6	13,000,000	-	-	-	13,000,000
Share placement costs	6	(672,306)	-	-	-	(672,306)
Options issued under the employee share scheme	7	-	-	443,869	-	443,869
Balance at 31 December 2022		**37,676,217**	**100,299**	**2,955,468**	**(26,150,985)**	**14,580,998**

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

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Consolidated statement of cash flows

for the half-year ended 31 December 2022

	Notes	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,368,745)	(814,055)
Payments for business development and marketing		(1,848,647)	(18,641)
Payment of exploration and evaluation expenditure		(4,348,306)	(971,545)
Net cash (outflow) from operating activities		**(7,565,698)**	**(1,804,241)**
Cash flows from investing activities			
Payment for property, plant and equipment		(1,607)	(6,085)
Proceeds from the sale of royalty		-	2,000,000
Payments for project acquisition		-	(1,000,000)
Net cash inflow from investing activities		**(1,607)**	**993,915**
Cash flows from financing activities			
Payment for IPO costs		-	(377,920)
Repayment of loan notes		-	(9,500,000)
Proceeds from the issue of ordinary shares	6	13,000,000	22,000,000
Share issue transaction costs	6	(672,306)	(749,125)
Net cash inflow from financing activities		**12,327,694**	**11,372,955**
Net increase in cash and cash equivalents		4,760,389	10,562,629
Cash and cash equivalents at the beginning of the period		5,370,037	22,446
Effects of exchange rate changes on cash and cash equivalents		106,691	143,254
Cash and cash equivalents at the end of the period		**10,237,117**	**10,728,329**

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

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Notes to the financial statements

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 interim financial statements of the Company as at, and for the half-year ended, 31 December 2022 comprise the Company and its subsidiaries (together the **Group**).

During the period, the principal continuing activities of the Group related to the exploration and development of the Company's Chilalo Graphite Project in southern Tanzania. The Company was also focused on further progressing downstream opportunities namely the performance of Chilalo as battery anode material with the Company's US technology partner.

This financial report was authorised for issue in accordance with a resolution of the Directors on 16 March 2023.

2. Basis of preparation and accounting policies

This general purpose interim financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report does not include all notes of the type normally included within the annual financial report. However, selected explanatory notes are included to explain events and transactions that are important to an understanding of the Group's financial position and performance for the half-year.

It is recommended that this interim financial report be read in conjunction with any public announcements made by the Company during the half-year ended 31 December 2022 in accordance with the Company's continuous disclosure obligations.

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.

(a) Going concern

The half-year financial report 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 $8,619,798 (31 December 2021: $4,486,724) and experienced net cash outflows from operating activities of $7,565,698 for the half-year ended 31 December 2022 (31 December 2021: $1,804,241). As at 31 December 2022, the Group had cash assets of $10,237,117 (30 June 2022: $5,370,037) and net assets of $14,580,998 (30 June 2022: $10,360,046).

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group has the ability to issue additional equity securities under the Corporations Act 2001 to raise further working capital; and
- The Group has the ability to curtail administrative, discretionary exploration and overhead cash outflows as and when required.

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

3. Accounting policies

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

(a) Share based payments

The fair value of options previously granted under the Plan is recognised as an employee benefit expense with a corresponding increase in equity. 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 and Monte Carlo simulation pricing models 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, market based conditions and the risk-free interest rate for the term of the option.

Notes to the financial statements

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.

4. Exploration and evaluation expenditure

	31 December 2022 $	30 June 2022 $
(a) Reconciliation of exploration and evaluation expenditure		
Carrying amount at beginning of the period	5,246,108	5,000,000
Acquisition costs – cash	-	2,000,000
Sale of future royalty	-	(2,000,000)
Foreign exchange movement	84,500	246,108
Carrying amount at the end of the period	**5,330,608**	**5,246,108**

5. Trade and other payables

	31 December 2022 $	30 June 2022 $
Creditors	1,357,757	381,400
Accruals	256,321	58,453
Other payables	68,190	5,425
	1,682,268	**445,278**

6. Share capital

	31 December 2022		30 June 2022	
	Shares	$	Shares	$
(a) Issued and paid up capital				
Ordinary fully paid shares	202,500,000	37,676,217	161,875,000	25,348,523
(b) Movement in ordinary shares				
Opening balance at 1 July	161,875,000	25,348,523	1	4,950,000
Issue of equities				
Issue of shares[1]	40,625,000	13,000,000	-	-
Shares issued as acquisition consideration	-	-	49,999,999	-
Shares issued for marketing services	-	-	1,875,000	375,000
Initial Public Offer Placement	-	-	110,000,000	22,000,000
	202,500,000	38,348,523	161,875,000	27,325,000
Less: Equity raising cost	-	(672,306)	-	(1,976,477)
	202,500,000	**37,676,217**	**161,875,000**	**25,348,523**

[1] The issue of shares was 40,625,000 fully paid ordinary shares for $0.32 consideration via a two tranche private placement.

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Notes to the financial statements

7. Share based payments

During the half year ended 31 December 2022, the following options were issued to Directors, Officers and other employees of the Company. All options were issued under the Company's Employee Share Scheme which was last approved in November 2021.

Option series	Exercise price	Grant date	Vesting date	No. of options
Managing Director – one off grant	-	23-Sept-22	30-Jun-25	3,000,000
Executive Directors – STI's	-	23-Sept-22	30-Jun-23	938,073
Executive Directors – LTI's	-	23-Sept-22	30-Jun-25	938,073
Non-executive Director – T1	$0.45	23-Sept-22	2-Jun-23	140,000
Non-executive Director – T2	$0.45	23-Sept-22	10-Oct-25	250,000
Other ESS – STI's	-	27-Jul-22	30-Jun-23	922,609
Other ESS – LTI's	-	27-Jul-22	30-Jun-25	666,667
Total	-	-	-	**6,855,422**

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 Directors, other KMP and staff for options with an exercise price and also short-term incentives (**STI's**) with non-market based STI's. Long-term incentives (**LTI's**) contain market based vesting criteria such as share price performance against peer companies. LTI's are valued using the Monte Carlo Simulation method.

The assumptions used for the options valuation are as follows:

	Managing Director – one off grant	Executive Directors STI's	Executive Directors LTI's	Non-executive Director	Other ESS STI's	Other ESS LTI's
Underlying value of the security	$0.28	$0.28	$0.28	$0.40	$0.40	$0.40
Exercise price	-	-	-	$0.45	-	-
Valuation date	23-Sept-22	23-Sept-22	23-Sept-22	23-Sept-22	27-Jul-22	27-Jul-22
Vesting date	30-Jun-25	30-Jun-23	30-Jun-25	10-Oct-25	30-Jun-23	30-Jun-25
Expiry date	10-Oct-27	10-Oct-25	10-Oct-27	10-Oct-27	10-Oct-25	10-Oct-27
Risk free rate	3.68%	3.61%	3.68%	3.61%	3.61%	3.683%
Volatility	100%	100%	100%	100%	100%	100%
Life of Options in years	5.0	3.0	5.0	5.0	3.2	5.2
Number of Options	3,000,000	938,073	938,073	390,000	922,609	666,667
Valuation per Option	$0.204	$0.280	$0.204	$0.289	$0.40	$0.343

Vesting criteria of the options are as follows:

(a) Managing Director one off options – continuous service, construction of the Chilalo project and share price targets.

(b) Executive Director and other ESS STI's – construction decision for the Chilalo project or downstream business, secure technology and complete a feasibility study for battery anode materials and expandable graphite / graphite foil.

(c) Executive Director and other ESS LTI's – commercial production, relative shareholder return against a group of peer companies and ESG related KPI's as set by the Company's ESG Committee.

(d) Non-Executive Director options – twelve months of continuous service and a decision to proceed with construction at Chilalo.

8. Related party transaction

During the half year ended 31 December 2022, the Company's Directors were issued 5,266,146 options. Refer to note 7 for the terms and valuation of these options.

9. Events since the end of the half-year

There are no matters or circumstances that have arisen since the end of the half-year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the financial statements

10. Contingent liabilities

As at 31 December 2022, the Company is a party to the Net Sales Return Royalty Deed. Under the terms of this deed the Company must pay ARCH SRF a royalty of 1.7% of future sales 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.

11. Operating segments

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

12. Commitments

There are no material commitments that the Company has entered into during the period under review.

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Directors' declaration

In accordance with a resolution of the Directors of Evolution Energy Minerals Limited (the **Directors**), I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* and:

(i) give a true and fair view of the financial position as at 31 December 2022 and the performance for the half-year ended on that date of the consolidated entity

(ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*

(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.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Board

Henk Ludik
Acting Chairman of the Board

PERTH
On this 16th March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Evolution Energy Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Evolution Energy Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, WA

16 March 2023