

ASX ANNOUNCEMENT

March Quarterly Activities Report

HIGHLIGHTS

- Chilalo project development activities progressing towards Final Investment Decision in H2 2022
- Maiden independent ESG rating of 'B' from Digbee ESG™
- Evolution joined the European Battery Alliance and commenced a commercial verification program as part of its sustainable battery anode materials strategy
- Phil Hoskins appointed as Managing Director, Trevor Benson moved from Executive Chair to Non-Executive Chair
- Geophysics highlights potential for multi-decade mine life

Evolution Energy Minerals Limited (“Evolution” or the “Company”) (ASX: EV1, FSE: P77) is pleased to report its activities for the quarter ended 31 March 2022.

DEVELOPMENT OF THE CHILALO PROJECT

Relocation Action Plan

The first round of stakeholder engagement with the local communities in connection with preparation of an updated Relocation Action Plan (“RAP”) has been completed and has the support of the leaders of all affected areas. The RAP is being undertaken in accordance with IFC Performance Standard 5 (Land Acquisition and Involuntary Resettlement), which goes beyond the requirements of applicable Tanzanian legislation.

The Company is working closely with the Tanzanian National Identification Authority as well as Tanzanian banks, NMB Bank plc (National Microfinance Bank of Tanzania) and CRDB Bank plc, in order for all affected individuals to be able to open bank accounts for receipt of payments made under the RAP.

An updated RAP, completed in line with leading international standards and endorsed by the local communities and the Tanzanian Government, is a key to positioning the Chilalo Graphite Project (“Chilalo” or the “Project”) for financing as the Company progresses towards a construction decision in the second half of 2022.

Revised mining costs expected to improve Chilalo economics

Mining costs have been identified as a significant opportunity for improvement in Chilalo’s economics and a review of the mine plan has been completed. Furthermore, recent exploration work has highlighted the potential for discovery of additional graphite deposits at surface, which has the potential to deliver a reduced strip ratio, lower mining costs, extended mine life and an improved NPV. Discovering additional near surface high-grade graphite is expected to enhance the Project’s economics by:

- Reducing mining costs with shallower pits, lowering the strip ratio;
- Extending mine life; and
- Providing scope for production expansions in line with the growing demand for graphite in batteries.

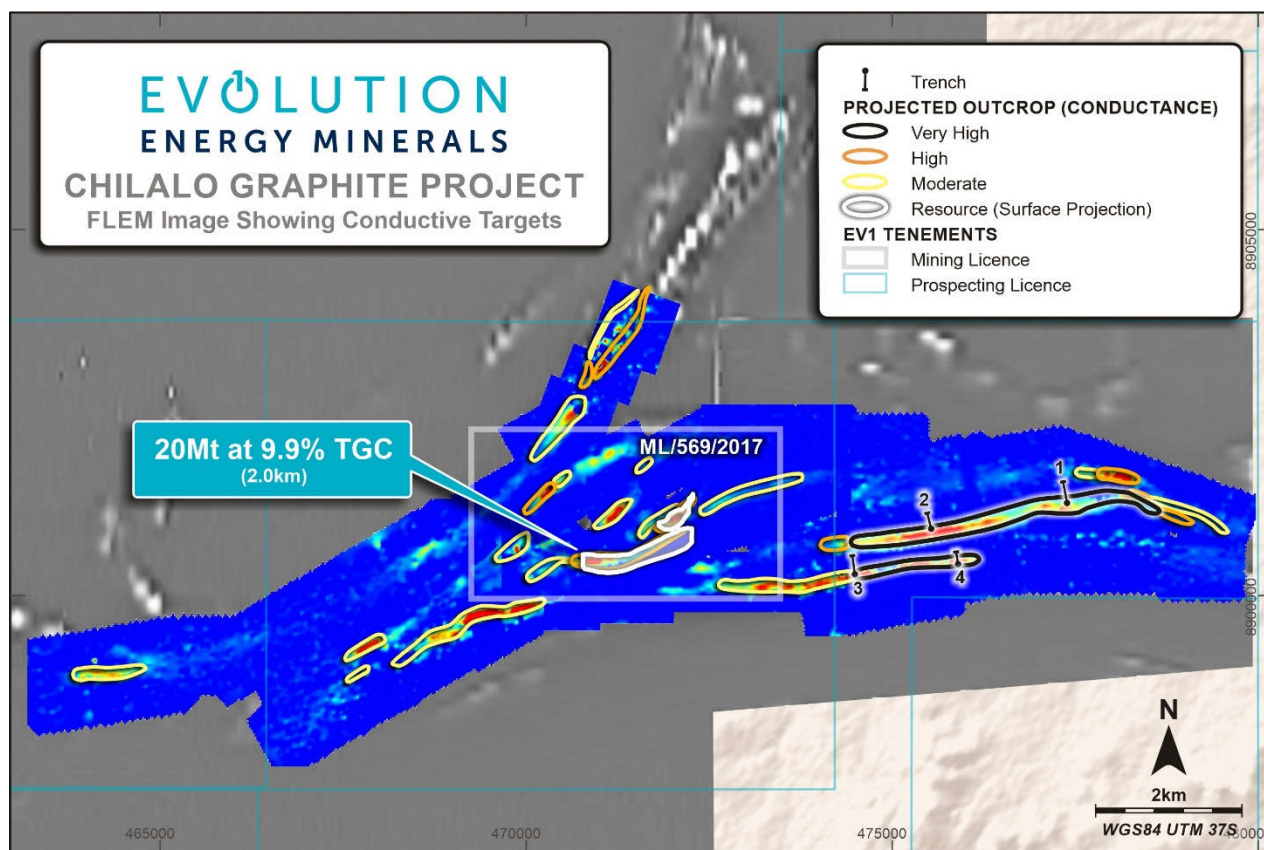
Electromagnetic (EM) surveys have confirmed the scope for a material expansion in the Chilalo mineral resource¹. Over 33km of high and ultra-high conductance targets have been identified in addition to the

¹ ASX Announcement 8 March 2022 – Geophysics highlights potential for multi-decade mine life

existing mineral resource. Given graphite's high conductivity level, these conductors are expected to represent near-surface, high-grade and thick graphite deposits (Figure 1).

Noting that the Chilalo mineral resources and ore reserves are situated on a 2km high-conductance target, these most recent FLEM results have identified 8km of very high-conductance (stronger than Chilalo), 25km of high-conductance and 22km of low-conductance. There remains 31km of EM targets identified by airborne EM that are yet to be followed up by ground-based FLEM.

Figure 1: FLEM outlines significant mineral resource growth potential at Chilalo¹



The Company is currently carrying out a trenching program across priority areas to determine surface projections, grade and thickness of the graphite deposits, the results of which are expected to be available in Q2 2022. Sampling of trenches has been inhibited by wet weather but results from the trenching will still enable the Company to identify targets for a drilling program that is now expected to commence in July 2022.

Front end Engineering Design (“FEED”)

The Company has commenced a tender process to award the FEED contract for the processing plant and associated non-processing infrastructure for the Chilalo Project. A pre-qualification stage has been completed, with three companies identified for the submission of tenders. The Company is aiming to award the FEED contract in May 2022. The FEED study will dovetail into other streams of work, including a revised mining schedule, review of power supply options and evaluation of alternatives for the tailings storage facility, all of which are expected to enhance the economics of the Chilalo Project.

Prospecting Licence confirmed to be in good standing²

During the quarter, following a period of engagement between the Company and the Government of Tanzania, prospecting licence PL 11034/2017 has been confirmed to be in good standing, subsequent to lodgement of a renewal application during 2021.

Framework Agreement with the Tanzanian Government

The process to put in place a framework agreement with respect to the arrangements for the Government of Tanzania's ("GOT") free carried interest in the Project are progressing. A draft framework agreement and draft shareholders' agreement are currently under review by the GOT.

Representatives of the Company, including Managing Director Phil Hoskins, Executive Director Michael Bourguignon, Tanzanian based General Manager Corporate Services Vickey Puncheon and Country Manager Heavenlight Kavishe, recently met in Dodoma and Dar es Salaam with GOT officials, including the Minister of Minerals, the Permanent Secretary of the Ministry of Minerals and the Chairman of the Mining Commission. The primary purpose of those meetings was to advance negotiations regarding the framework agreement and shareholders' agreement and to discuss the development of Chilalo more generally.

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

BATTERY ANODE MATERIALS STRATEGY

Supplying sustainable graphite³

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 supply sustainable graphite is fundamental to the Company's strategy to become a supplier of choice for battery manufacturers.

The Company's objective is 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.

A commercial verification program has commenced with a USA group, the purpose of which is to evaluate the production of what could become the world's most sustainable coated battery anode materials utilising:

- Commercially proven thermal purification technology, as opposed to industry-standard chemical purification which is damaging to the environment; and
- Proprietary coating technology, as opposed to sending an intermediate product to a third party for coating.

There is significant global growth in the demand for battery anode materials and driven by European regulations and European Commission requirements, assurances that those materials are sourced in a sustainable, ethical and transparent way is a critical requirement of battery manufacturers and financiers.

Evolution joins the European Battery Alliance⁴

During the Quarter, the Company was accepted as a member of the European Battery Alliance ("EBA"), a platform for key stakeholders across the European battery anode material value chain. This strengthens the Company's battery anode material strategy in Europe having recently commenced a commercial verification program to evaluate the production of sustainable coated battery anode materials.

² ASX Announcement 17 January 2022 – Prospecting licence confirmed to be in good standing

³ ASX Announcement 14 February 2022 – Evolution targeting sustainable battery anode materials

⁴ ASX Announcement 23 February 2022 – Evolution joins European Battery Alliance

The Company's strategy to pursue a net-zero carbon graphite mine in Tanzania, ensures the Company to become a valued supplier of sustainable pre-cursor feedstock to the European battery supply chain.

The EBA was launched in October 2017 to support collaboration among key players in the development of a battery anode material value chain in Europe. There are currently over 600 members of the EBA, including the European Commission, the European Investment Bank, European member states and a range of participants across the battery materials value chain. Industry participants include Volkswagen, Tesla, Volvo and LG Chem.

Acceptance into the EBA is an important step as the Company progress its battery anode material strategy as it will support the development of relationships with key players, including financiers and customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Engagement with local communities

To support engagement with local communities, the Company opened an office at the Nangurugai village, which is located approximately one kilometre from Chilalo. The office is manned five days a week and provides local community members with an opportunity to air any grievances, to inquire about employment prospects and to obtain information about the Chilalo Project more generally.

Following feedback received at the Nangurugai office, a series of women-only focus groups to discuss women's issues exclusively were recently held. These focus groups were facilitated by Ms Vickey Puncheon, Evolution's General Manager Corporate Services, who has significant experience in these fields, having previously been General Manager with Syrah Resources, where she played a key role in the development and operation of the Balama Graphite Project.

Digbee ESG rating⁵

Based on Digbee ESG™'s ("**Digbee**") maiden independent review, the Company's ESG performance has been assessed as a 'B' at both corporate and project levels. The review has provided numerous recommendations for improvement which are expected to deliver a substantially higher score of at least an 'A' by H2 2022.

Achievement of a rating of at least 'A' will demonstrate a significantly positive improvement in ESG performance that the Company expects would be supported by ESG-focused funds looking to invest in battery minerals related companies.

Digbee ESG™ is the leading independent assessment platform for ESG disclosure in the mining sector and is endorsed by the industry's leading stakeholders including Blackrock, Orion Mine Finance and ARCH Sustainable Resources Fund.

Carbon emissions

Minviro has been engaged to undertake a Life Cycle Assessment ("**LCA**") for the Chilalo Project, to determine the quantity of greenhouse gases ("**GHG**") that the Chilalo Project will produce. The Company is investigating means of mitigating GHG emissions and implementing strategies to progress towards being a net zero carbon mine.

Advanced discussions have been held with independent power providers to convert Chilalo's proposed diesel generated power supply to a hybrid solar/diesel solution, which is expected to substantially reduce the carbon footprint and deliver operating cost savings. The Company is also working with various groups regarding the potential acquisition of forest-based carbon credits / offsets, to bring the reduced carbon footprint down to net zero.

⁵ ASX Announcement 10 February 2022 – Evolution receives maiden independent ESG rating from Digbee

Additional ESG studies

In order to ensure that the Company is positioned to undertake pre-development works and construction as soon as practicable, a number of other studies are either under way or planned to commence shortly:

- Local ecosystem impact assessment – field work under way;
- Health impact assessment from expected influx of population – commenced;
- Water availability and usage report – consultant has been selected and work to begin in June 2022;
- Climate change risk assessment – consultant has been selected and work to commence in coming weeks;
- Biodiversity impact assessment – consultant selected and work to commence in coming weeks; and
- Human rights impact assessment – consultant has been selected and work to commence in coming weeks.

CORPORATE

Cash

As at 31 March 2022, the Company had cash of \$7.5 million.

Change in management⁶

During the quarter, the Company announced a change in management. Phil Hoskins was appointed Managing Director of the Company, as part of the management restructure, which saw Trevor Benson move from Executive Chair to Non-Executive Chair.

Payments to related parties

During the Quarter, the Company made payments to related parties of \$331,000, all of which comprised payments to Evolution directors (two executive directors and two non-executive directors) in accordance with the applicable terms of engagement.

INFORMATION REQUIRED UNDER LISTING RULES 5.3.1 AND 5.3.2

Evaluation and exploration expenditure during the Quarter amounted to \$895,000. During the Quarter, there were no mining production and development activities.

TENEMENT INFORMATION

The Company's tenement interests as at 31 March 2022 are shown below.

Tenement	Project	Location	Beneficial Interest on Listing	Beneficial Interest at end of quarter
ML 569/2017 – Chilalo	Chilalo	Tanzania	100%	100%
PL 11050/2017 – Chilalo West	Chilalo	Tanzania	100%	100%
PL 11034/2017 – Chilalo	Chilalo	Tanzania	-	100%
PL 9929/2014 – Chikwale	Chilalo	Tanzania	100%	100%
PL 9946/2014 – Machangaja	Chilalo	Tanzania	100%	100%

⁶ ASX Announcement 24 January 2022 – Change in management

INFORMATION REQUIRED UNDER ASX LISTING RULE 5.3.4

In accordance with ASX Listing Rule 5.3.4, the Company provides the following information.

	Prospectus use of funds (estimate) \$	Actual use of funds (16/11/21 to 31/3/2022) \$	Variance	Comments
Lender Debt Repayment	(9,500,000)	(9,500,000)	-	N/A
Marvel Gold Limited (Marvel) Cash Consideration	(2,000,000)	(2,000,000)	-	N/A
Offer associated costs	(2,114,744)	(2,282,631)	(167,887)	Legal and advisor costs.
Exploration & Tenement Costs	(1,500,000)	(528,311)	971,689	Timing only – drilling to commence from July.
DFS Optimisation	(1,000,000)	(287,454)	712,546	Timing only – DFS optimisation continues. FEED engineer to be appointed in May. Updated DFS due September.
Downstream Studies/opportunities	(2,500,000)	(42,026)	2,457,974	Preliminary work has commenced. The Company's downstream plans will be elaborated upon during Q2.
Graphite product qualification	(450,000)	215,436	234,564	Product qualifications continuing with binding offtake agreements expected in Q2.
ESG Compliance	(400,000)	(143,228) (42,118)	256,772	Funds are expected to be spent in the two years following IPO. Preliminary work has commenced.
Early works	(1,100,000)	-	1,100,000	Early works will commence after DFS optimisation is completed and project financing has been secured.
Working Capital	(3,435,256)	(1,403,361)	2,031,895	Working capital will continue to be incurred.
Total	(24,000,000)	(16,402,447)	7,597,553	

Major variances in the above table relate to timing of actual spend. The proposed spend is for a two-year period and the Company listed in November 2021. Details on the Company's expenditure during the Quarter are set out in the accompanying Appendix 5B.

The Use of Funds table is a statement of the Company's intentions at that point in time. Investors should note that the allocation of funds set out in the table may change depending on a number of factors, including the results of exploration, outcome of studies and development activities, regulatory developments and market and general economic conditions.

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

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ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



58% > 80 Mesh

World leading flake size = highest margins



Extensive product qualifications

Will result in quality offtakes and technology partnerships



Framework agreement

To provide Tanzanian government certainty



FID by H2 2022

Strategic ESG fund cornerstone support



Sustainable battery anodes

Non-HF, thermal purification program completed Q3



Carbon neutrality

Pursuing net zero carbon from day one

Evolution's vision is to become a vertically integrated company that will only supply sustainably sourced graphite products and battery materials.

This will be achieved by combining our unique graphite source with industry-leading technology partners, working closely with customers and producing diversified downstream products in both Tanzania and strategically located manufacturing hubs around the world. Evolution is committed to being global leaders in ESG and ensuring its operations support the push for decarbonisation and the global green economy.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Evolution Energy Materials Limited

ABN

53 648 703 548

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(895) ¹	(1,119) ¹
(b) development	-	-
(c) production	-	-
(d) staff costs	(443) ²	(757) ¹
(e) administration and corporate costs	(345)	(495) ¹
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (graphite marketing)	(206)	(215)
1.9 Net cash from / (used in) operating activities	(1,889)	(2,586)

¹ Staff costs include payments to two executive directors dating back to April 2021. The entire amount is recorded in the current quarter, as these costs were paid for prior to the Evolution initial public offering (IPO) by the Company's former parent company Marvel Gold Limited (**Marvel**) as agreed. Subsequent to the IPO, these costs were reimbursed to Marvel. Marvel had also paid for an exploration program and administration costs on the Company's behalf prior to the current quarter which were also reimbursed in the current quarter after the IPO.

² Includes a once off termination payment of \$153k.

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(1,000)	(2,000)
(b) tenements	-	-
(c) property, plant and equipment	(42)	(42)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (sale of royalty over the Chilalo project)	-	2,000
2.6 Net cash from / (used in) investing activities	(1,042)	(42)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	22,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(749)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(9,500)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (IPO transaction costs)	(198)	(1,534)
3.10 Net cash from / (used in) financing activities	(198)	10,217

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	10,717	-
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,889)	(2,586)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,042)	(42)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(198)	10,217
4.5	Effect of movement in exchange rates on cash held	(40)	(41)
4.6	Cash and cash equivalents at end of period	7,548	7,548

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	7,548	7,548
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,548	7,548

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	331 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

¹ Fees and salaries paid to directors. The current quarter staff costs include a once off termination payment of \$153k.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,889)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,889)
8.4 Cash and cash equivalents at quarter end (item 4.6)	7,548
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	7,548
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.0
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg *Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.