

ASX ANNOUNCEMENT

Binding offtake agreement for Chilalo coarse flake graphite

HIGHLIGHTS

- 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 for a minimum of three years.
- YXGC is a global leader in the manufacture of high-value expandable graphite and associated high-value graphite products, such as graphite foil.
- The offtake agreement covers over 50% of Chilalo's production for the first three years and represents over 70% of forecast revenue over the same period.¹
- Significantly supports financing activities, with offtake arrangements an important condition precedent for project financiers.

Evolution Energy Minerals ("Evolution" or the "Company") is pleased to announce that the Company 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").

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 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 are pioneering the use of graphite foil in green hydrogen batteries and Chilalo's coarse flake graphite (comprising +100, +80, +50 and +32 mesh) provides ideal feedstock for these products.

Evolution Managing Director, Phil Hoskins, commented: *"We are delighted to sign this cornerstone offtake agreement with YXGC, which significantly de-risks the project financing of our Chilalo Project. The agreement is the culmination of a significant amount of work that we have undertaken with YXGC over many years and is testament to the strong relationship and mutual respect we enjoy with YXGC."*

"YXGC is internationally renowned as a leading manufacturer of expandable graphite and high-value graphite products and the Company believes that its partnership with YXGC is critical to securing the finance for development of Chilalo."

"Furthermore, this offtake agreement is part of a broader collaboration to combine Chilalo's high-quality product with YXGC's industry-leading technology as part of a downstream operation to supply western customers with expandable graphite, graphite foil and a multitude of other high-value products."

¹ The details of the definitive feasibility study (DFS) on the Chilalo Graphite Project were reported by Evolution in the prospectus dated 28 September 2021, as supplemented by a supplementary prospectus dated 6 October 2021 (collectively, the Prospectus). Evolution confirms that it is not aware of any new information or data that materially affects the Chilalo DFS included in the Prospectus and that all material assumptions and the production target underpinning the Chilalo DFS in the Prospectus continue to apply and have not materially changed.

Evolution's obligation is to supply 30,000 tonnes of graphite concentrate that is coarser than +100 mesh, the breakdown being commercial in confidence.

The market price of flake graphite concentrate under the Offtake Agreement is to be determined by the parties at least 30 days prior to the beginning of each quarter.

The Offtake Agreement is conditional on the following matters:

- (1) Execution of a binding agreement with respect to the downstream JV in Europe as contemplated in the existing memorandum of understanding (**MOU**) (ASX announcement 2 May 2022);
- (2) Execution of a binding toll treatment agreement as contemplated by the MOU;
- (3) Evolution notifying YXGC that it has obtained the necessary finance and commenced construction of the Chilalo Project before 31 December 2022;
- (4) Commencement of production of graphite concentrate at the Chilalo Project before 31 March 2024; and
- (5) Notifying YXGC that first delivery of graphite concentrate will occur on or before 31 March 2024.

The Company expects to complete a number of project finance related milestones over the coming months, including:

- Sales arrangements for fine flake product from Chilalo for use in the manufacture of battery anodes – the Company is progressing discussions with several parties regarding the sales arrangements for its fines (-100 mesh) product, which represents approximately 35% of Chilalo production, and looks forward to updating the market in due course;
- A framework agreement with the Government of Tanzania to provide fiscal and regulatory certainty for the development of Chilalo;
- The appointment of project finance advisors; and
- An updated definitive feasibility study.

About YXGC

YXGC is located in Yichang, China. This region of China is famous for being the hydroelectric capital of the world and is one of the largest mineral processing areas in China.

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. A recent picture of one of YXGC's graphite foil production lines is shown in Figure 1 below.

YXGC has three production lines producing 30,000 tonnes per annum of expandable graphite. The company also has ten production lines of flexible graphite foil panels with total production of 10,000 tonnes per annum, and eight sets of sealing material equipment producing 2,000 tonnes per annum of graphite seals. YXGC is building a new plant that will have production capacity of 10,000 tonnes per annum of expandable graphite and 12,000 tonnes per annum of graphite foil. The plant will be put into production in 2023.

YXGC is certified for ISO9001. The Company has core technologies with proprietary intellectual property rights, and strong product research and innovation ability. The Company currently has six invention patents and 23 utility model patents.

YXGC products are widely used in the petroleum and chemical industry, steel refining, electric power, metallurgy, machinery, automobile, ship building, pharmacy, aerospace, nuclear and, most significantly, a number of distinguished global electronic and technology companies.

YXGC products are distributed throughout China and exported to more than twenty countries around the world.

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

For further information please contact:

Phil Hoskins

Managing Director

phoskins@ev1minerals.com.au

T: +61 8 9200 4960

Michael Bourguignon

Executive Director

mbourguignon@ev1minerals.com.au

T: +61 8 9200 4960

Andrew Rowell

White Noise Communications

andrew@whitenoisecomms.com

T: +61 400 466 226

Eva Reuter (Germany)

Dr Reuter Investor Relations

e.reuter@dr-reuter.eu

T: +49 69 1532 5857

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.