

ASX ANNOUNCEMENT

December Quarterly Activities Report

HIGHLIGHTS

- Evolution shares commenced trading on the ASX on 16 November 2021 under ticker code EV1
- Oversubscribed IPO raised \$22 million
- Acquisition of Chilalo Graphite Project – a world-class advanced flake graphite project located in south-east Tanzania
- ARCH Sustainable Resources Fund, a UK based sustainable investment fund, became a 25% shareholder with \$8M investment in Evolution IPO
- Commitment to ESG framework, including data recording and reporting tool, Digbee ESG™
- Key appointments in Tanzania strengthen in-country capability
- Optimisation studies commenced to improve Chilalo's economics and reduce its carbon footprint

Evolution Energy Minerals Limited (Evolution or the Company) is pleased to report its activities for the December quarter, its first quarter as an ASX-listed company.

Commenting on the December quarter, Evolution's Executive Chairman, Trevor Benson, commented:

"Our first quarterly report as a listed company comes after a period working with Marvel, local stakeholders, potential investors and advisors.

"The \$22 million capital raising received strong support from both institutional and retail investors, which has seen good demand for our shares since the commencement of trading on 16 November 2021.

"We are particularly pleased to have ARCH Sustainable Resources Fund as a cornerstone investor with their commitment of \$8 million as part of the IPO and welcome the appointment of ARCH's MD, Amanda van Dyke, to the Evolution Board.

"Evolution is committed to developing Chilalo as a sustainable graphite project, with activities undertaken to the highest ESG standards.

"Our first quarterly report reflects the start of a new journey for Evolution, as we progress towards a construction decision for the Chilalo Project by H2 2022, a project which we firmly believe will add significant value for shareholders."

SUCCESSFUL IPO¹

In November 2021, the Company completed the acquisition of the Chilalo Graphite Project (**Chilalo Project**) from Marvel Gold Limited (**Marvel**) and an initial public offering (**IPO**) to facilitate the listing of Evolution on the Australian Securities Exchange (**ASX**). The IPO raised \$22 million and Evolution shares commenced trading on the ASX on 16 November 2021.

In consideration for the acquisition of the Chilalo Project, Evolution paid \$2 million cash to Marvel and issued Marvel 50 million Evolution shares.² As part of the use of funds, \$9.5 million was paid to Castlelake L.P. in order to extinguish a debt held by Marvel.

¹ ASX announcement 16 November 2021 – Evolution completes successful IPO

² Evolution paid \$1,000,000 to Marvel on completion of the IPO and a further \$1,000,000 on confirmation of the status of of prospecting licence PL11034/2017

STRATEGIC INVESTMENT BY ARCH SUSTAINABLE RESOURCES FUND³

The IPO was cornerstoned by a strategic investment from environmental, social and governance (ESG) focused investor, ARCH Sustainable Resources Fund LP (ARCH SRF), which invested \$8 million (to acquire 40 million shares) for a 25% interest in Evolution. ARCH SRF's investment of A\$8 million is part of an overall potential allocation of up to US\$25 million for ongoing financial support to the Chilalo Project.

In addition, ARCH SRF acquired a 1.7% net sales return royalty on minerals from the Chilalo Project in exchange for A\$2 million.

Under the terms of the Investment Deed with ARCH SRF, Evolution has agreed to a course of action to advance its ESG credentials and embed its ESG commitments into its corporate governance structures. The Company recognises the importance of compliance to leading ESG standards, not just as a driver to attract investment funds, but to ensure sustainable business operations in the future.

ARCH SRF's significant investment not only underpins the Company's commitment to ESG standards, but also provides the Company with critical insight into the expectations of ESG fund managers with respect to ESG standards. Together with its prioritisation of ESG performance, this is expected to enable Evolution to be positioned as an attractive investment proposition for a wide range of ESG-focused fund managers.

As part of its significant investment in Evolution, Amanda van Dyke has joined the Evolution board as ARCH SRF's representative, in the capacity of non-executive director.

IMPLEMENTATION OF ESG FRAMEWORK⁴

During the Quarter, the Company adopted an ESG Framework designed to ensure that Evolution is 'investment-ready' for global investment funds ahead of a final investment decision in H2 2022. The ESG Framework will be applied across all aspects of the Company's activities and in particular to the financing and development of the Chilalo Project.

Capital markets are increasingly focused on ESG performance, with significant pools of capital unable to be deployed until companies demonstrate adherence to ESG criteria. 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 and the ESG Framework is critical to facilitating further investment.

The Company has established an independent 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 credentials.

The ESG Committee, which is supported by a dedicated ESG Committee Charter, oversees performance against the Company's ESG program and 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.

In future quarterly reporting, the Company intends to provide information with respect to progress in relation to implementation of the ESG Framework, ESG performance and the Company's ESG related activities more generally.

KEY APPOINTMENTS STRENGTHEN IN-COUNTRY CAPABILITY⁵

During the Quarter, the Company announced two key appointments in Tanzania to increase the Company's in-country capabilities.

Ms Vickey Puncheon was appointed as General Manager Corporate Services and Ms Mary Mwanjelwa as a non-executive director of the Company's Tanzanian subsidiary, Ngwena Tanzania Limited.

³ ASX announcement 18 November 2021 – Global Sustainable Resources Fund becomes major shareholder

⁴ ASX Announcement 25 November 2021 – Evolution commits to sector leading ESG framework

⁵ ASX Announcement 2 December 2021 – Key appointments strengthen in-country capability

Ms Puncheon was previously General Manager Business Services with Syrah Resources where she played a key role alongside Evolution's Executive Director Michael Bourguignon in the development and operation of Syrah's Balama graphite project in Mozambique. Vickey, who will be actively engaged in progressing the Chilalo Project, brings a wealth of relevant experience and knowledge that will be invaluable to Evolution as it moves the Chilalo Project towards a final investment decision by H2 2022. Vickey is based in Africa and is expected to lead Evolution's initiatives in Tanzania across a number of key areas, including management of the Company's commitment to local content, supporting engagement with local communities and embedding environmental, social and governance (**ESG**) principles in Evolution's in-country activities.

Ms Mary Mwanjelwa has been a member of the Tanzanian parliament since 2010, where she has held a range of leadership positions, including Deputy Minister of Agriculture, Deputy Minister of State in the President's office with responsibility for public service and good governance and as Chairperson of the Lands, Natural Resources and Tourism Committee of the Parliament of Tanzania. Mary also has resources industry experience, having acted as senior liaison manager for Placer Dome Tanzania (now Barrick Gold) prior to becoming a member of parliament.

COMMENCEMENT OF OPTIMISATION STUDIES⁶

During the Quarter, the Company commenced a series of optimisation studies which are expected to improve the economics and reduce the carbon footprint of Chilalo. Optimisation of the DFS will be a continual exercise as the Company moves towards a construction decision by H2 2022, however such decision is not conditional on the outcomes of such studies.

Mining costs have been identified as one of the more significant opportunities for improvement in Chilalo economics and a review of the mine plan is underway. Furthermore, the Company commenced exploration in June 2021 to identify undrilled high-conductance exploration targets on its tenement holdings. A ground fixed loop electromagnetic survey is being implemented to identify high-conductance targets with a focus on high-grade, near surface, coarse flake graphite deposits. The discovery of additional graphite deposits at surface has the potential to deliver a reduced strip ratio, lower mining costs, extended mine life and an improved NPV.

The Company has engaged MinViro to assess the carbon footprint associated with the proposed mining operation at Chilalo as part of a process being undertaken by Evolution to investigate the establishment of a net zero carbon operation at Chilalo. The Company is also in advanced discussions 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. Additionally, a recent visit to the Mtwara Port to view the upgraded facilities provided insight into the possible operational utilisation of this facility, with the scope to further improve Chilalo economics and reduce carbon emissions.

The ongoing optimisations are not expected to delay progress towards making a construction decision by H2 2022. The existing DFS is executable as it stands and the Company will progress project finance discussions in parallel with implementation of the recently announced ESG Framework which is designed to meet the requirements of key stakeholders including financiers and graphite customers.

The Company is making preparations to tender a Front-End Engineering Design (**FEED**) package for the Chilalo Project, aimed at advancing the design sufficiently to identify and mitigate against potential risks to the schedule, and further define the project cost estimate. Engineering firms from three separate continents have expressed a desire to be considered for this work and the Company intends to run a pre-qualification process in order to shortlist the most suitable applicants. FEED work is expected to commence in Q2 2022 and is envisaged to take four months.

⁶ ASX Announcement 9 December 2021 – Value engineering expected to improve Chilalo economics

CORPORATE

Cash

As at 31 December 2021, the Company had cash of \$10.7 million. On 31 December 2021, the Company received notification from the Government of Tanzania (**GOT**) that PL 11034/2017 was in good standing. Pursuant to the Share Exchange Agreement with Marvel, Evolution paid Marvel \$1,000,000 in January, following the confirmation from the GOT with respect to PL 11034/2017.

Payments to related parties

During the Quarter, the Company made payments to related parties of \$314,000, all of which comprised payments to Evolution directors in accordance with the applicable terms of engagement. 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 IPO by the Company's former parent company, Marvel, as agreed. Subsequent to the IPO these costs were reimbursed to Marvel.

INFORMATION REQUIRED UNDER LISTING RULES 5.3.1 AND 5.3.2

Evaluation and exploration expenditure during the Quarter amounted to \$224,000. During the Quarter, there were no mining production and development activities.

TENEMENT INFORMATION

The Company's tenement interests as at 31 December 2021 are shown in Table 1.

Table 1. Tenement interests as at 31 December 2021

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 ¹	Chilalo	Tanzania	-	100%
PL 9929/2014 – Chikwale	Chilalo	Tanzania	100%	100%
PL 9946/2014 – Machangaja	Chilalo	Tanzania	100%	100%

1. On 31 December 2021, the Company received notification from the GOT that PL 11034/2017 had been confirmed to be in good standing.

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 December 2021) \$	Variance	Comments
Lender Debt Repayment	(9,500,000)	(9,500,000)	-	N/A

	Prospectus use of funds (estimate) \$	Actual use of funds (16/11/21 to 31 December 2021) \$	Variance	Comments
Marvel Gold Limited (Marvel) Cash Consideration	(2,000,000)	(1,000,000)	1,000,000	\$1 million of the cash consideration payable to Marvel was dependent on license PL 11034/2017, being confirmed to be in good standing on or before 31 December 2021. Confirmation was received on 31 December 2021 and the final payment of \$1 million was made to Marvel in January 2022.
Offer associated costs	(2,114,744)	(2,084,507)	30,237	Variance is immaterial.
Exploration & Tenement Costs	(1,500,000)	(160,383)	1,339,617	The Company is currently completing a fixed loop electromagnetic survey and trenching on high priority targets. The result of this work will inform a drilling program that is expected to commence in the fourth quarter.
DFS Optimisation	(1,000,000)	(21,925)	978,075	There are a number of work streams and studies that have now been scoped and contracted. The expenditure for this line item is expected to significantly increase in the following two quarters.
Downstream Studies/opportunities	(2,500,000)	-	2,500,000	Funds are expected to be spent primarily in the two years following IPO. Preliminary work has commenced.
Graphite product qualification	(450,000)	(9,186)	440,814	funds are expected to be spent primarily in the two years following IPO. Preliminary work has commenced.
ESG Compliance	(400,000)	(42,118)	357,882	The 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 ¹	(3,435,256)	(465,008)	2,970,248	Working capital will continue to be incurred.
Total	(24,000,000)	(13,283,127)	10,716,873	

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.

- END -

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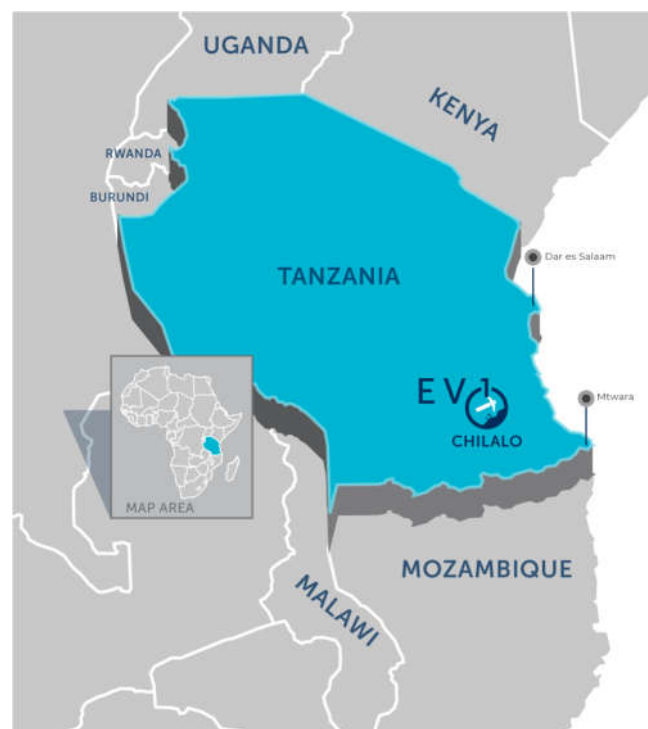
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ABOUT EVOLUTION ENERGY MINERALS

Evolution's Chilalo Project is located in south-eastern Tanzania, East Africa, 100 km north of the border with Mozambique, approximately 180 km west of the coastal port city of Mtwara on the Indian Ocean and 400 km south of Tanzania's largest city, Dar es Salaam.

CHILALO FEATURES

- **Fully permitted for construction**
- **Granted Mining Licence and Environmental Approvals**
- **Robust, deliverable DFS**
 - A\$21M spent to date
- **Globally significant product quality**
 - Flake size + performance in value-added applications
- **Value-added margins through vertical integration**
 - Market IP & customer relationships create significant value-add opportunity
- **Multi-decade mine life potential**
 - 18-year DFS, majority of strike remains undrilled



MINERAL RESOURCE ESTIMATE¹

The Chilalo Project hosts a high-grade mineral resource of 20.1Mt at 9.9% total graphitic carbon (TGC) for 1,991 Kt of contained graphite, as shown in the table below. For further information on the mineral resource estimate for the Chilalo Project, refer to the Evolution Energy Minerals Prospectus.

Domain	JORC Code Classification	Zone	Million Tonnes (Mt)	TGC (%)	Contained Graphite (Kt)
High Grade	Indicated	Main	9.2	10.6	982
		North-East	1.0	9.5	100
		All	10.3	10.5	1,082
	Inferred	Main	7.4	9.5	704
		North-East	2.3	8.8	205
		All	9.8	9.3	908
	Indicated + Inferred	All	20.1	9.9	1,991
Low Grade	Inferred	Main	37.8	3.4	1,282
		North-East	9.5	4.1	394
		All	47.3	3.5	1,677
High Grade + Low Grade	Indicated + Inferred	All	67.3	5.4	3,667

1. The Mineral Resource was estimated within constraining wireframe solids using a core high-grade domain defined above a nominal 5% TGC cut-off within a surrounding low-grade zone defined above a nominal 2% TGC cut-off. The mineral resource is quoted from all classified blocks above a lower cut-off of 2% TGC within these wireframe solids. Differences may occur due to rounding.

Appendix 5B

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

Name of entity

Evolution Energy Minerals Limited

ABN

53 648 703 548

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(224) ¹	(224) ¹
(b) development	-	-
(c) production	-	-
(d) staff costs	(314) ¹	(314) ¹
(e) administration and corporate costs	(150) ¹	(150) 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)	(9)	(9)
1.9 Net cash from / (used in) operating activities	(697)	(697)

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 IPO by the Company's former parent company Marvel Gold Limited (**Marvel**) as agreed. Subsequent to IPO these costs were reimbursed to Marvel. Marvel had also paid for an exploration program and administration costs on the Company's behalf dating back beyond the current quarter which were also reimbursed in the current quarter after IPO.

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

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 (6 months) \$A'000
(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	2,000
2.6 Net cash from / (used in) investing activities	1,000	1,000

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	22,000	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)	(749)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(9,500)	(9,500)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (IPO transaction costs)	(1,334)	(1,334)
3.10 Net cash from / (used in) financing activities	10,415	10,415

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	-	-
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(697)	(697)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	1,000	1,000

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 (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,415	10,415
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	10,717	10,717

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	10,717	10,717
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)	10,717	10,717

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	314 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
¹ Fees and salaries paid to directors.		

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)	(697)
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)	(697)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,717
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	10,717
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	15.4
<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: 21 January 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.