

Strategic collaboration with BTR, the #1 global battery anode company



Cornerstone investment in EV1

BTR to acquire 9.9% interest (subject to BTR due diligence and regulatory approvals)



Downstream battery anode collaboration

MOU for BTR and EV1 to collaborate on the manufacture of battery anode materials, with an initial focus on North America



Binding offtake agreement

EV1 to supply 100% of Chilalo fine flake graphite to BTR until proposed downstream facility commissioned (subject to the satisfaction of certain conditions precedent)



Evolution has executed a strategic investment agreement, binding offtake agreement and transformational MOU for downstream collaboration with the world's leading battery anode producer, BTR New Material Group Co., Ltd. ("BTR") (market capitalisation of US\$3.4 billion).

These transactions provide a range of key strategic benefits including:

- Ensuring ~90% of Evolution's graphite is under offtake with globally leading customers, which supports project economics and is expected to enhance project financing proposals.
 - Strategic financial support, with potential for further BTR funding contributions. BTR's financial and strategic validation provides additional confidence in securing the optimal development funding.
 - Partnering with globally leading anode processing technology provides an accelerated yet de-risked solution to becoming a vertically integrated supplier of battery anode materials.
 - Repositioning Evolution to fast-track towards transforming into a vertically integrated producer of lithium-ion battery anode materials.
- **Strategic placement to BTR at \$0.22 per share to raise \$4.9 million from the issue of 22.3 million shares representing 9.9% of Evolution, subject to the satisfaction of certain conditions (including BTR due diligence and regulatory approvals – details summarised in Appendix 1):**
 - Price of \$0.22 per share represents 14% premium to 15 day VWAP (as at 11 August 2023).
 - **MOU covering (i) a proposed downstream processing collaboration between BTR and Evolution to produce battery anode materials; and (ii) BTR's further participation in the financing of Chilalo (details summarised in Appendix 2).**
 - **The MOU is expected to facilitate several long-term strategic benefits including:**
 - Providing Evolution with an opportunity to partner with BTR and its leading natural graphite anode processing technology.
 - BTR's existing relationships with leading global battery manufacturers will see it become the marketing agent for the sale of anode materials produced by the downstream collaboration entity.
 - The parties will initially focus on an economic assessment of downstream processing options in North America but will also consider other jurisdictions outside of China.
 - The parties will work together to execute a binding downstream agreement by 31 March 2024, with the structure to be guided by legal advice.
 - **Binding Offtake Agreement (details summarised in Appendix 3):**
 - BTR and Evolution have entered into a binding offtake agreement for 100% of its fine flake graphite from the Chilalo Project for three years (with an option to extend for an additional three years). The offtake is conditional on the binding downstream agreement mentioned above being executed prior to 31 March 2024, as well as product qualification and completion of the Strategic Placement.
 - ~90% of Chilalo product is now under offtake agreement, a key requirement of project financiers.
 - Upon establishment of a downstream processing facility, the offtake agreement will be assigned to the entity conducting the downstream processing collaboration.
 - **Meeting of Evolution shareholders to approve placement to BTR expected to take place in October.**
 - **Completion of the transactions with BTR is subject to the satisfaction of certain conditions (including BTR due diligence and regulatory approvals), as set out in Appendices 1-3.**
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Evolution Energy Minerals Limited (“Evolution” or the “Company”) (ASX: EV1, FSE: P77) is pleased to announce that it has reached agreement with BTR on a series of transactions (“BTR Transactions”) that, on completion, will position the Company (via a downstream entity to be agreed with BTR) as a vertically integrated producer of lithium-ion battery (“LiB”) anode materials using flake graphite from its Chilalo Graphite Project (“Chilalo” or the “Chilalo Project”) located in south-east Tanzania.

BTR is the global leader in the manufacture of LiB anode materials and has substantial capability in research and development which ensures it remains at the forefront of LiB technology advancements.

Evolution Managing Director, Phil Hoskins, commented:

“The Strategic Placement, Offtake Agreement and MOU with BTR represent a transformational opportunity for Evolution and provide further validation of the Chilalo project’s quality, including the significant value-added potential into battery anodes. These transactions provide a clear pathway to funding and accelerate Evolution’s transformation from graphite mine developer to a vertically integrated graphite company.”

“The Offtake Agreement and BTR’s financial backing is expected to materially support the ongoing project finance process for our Chilalo project. Leveraging BTR’s world-leading commercially proven technology, innovation and Tier 1 customer base is expected to de-risk the proposed Evolution/BTR downstream collaboration and fast-track Evolution’s exposure to the rapidly growing battery anode market. We look forward to a long-term strategic relationship with BTR.”

Managing Director of ARCH Sustainable Resources Fund, Amanda van Dyke, commented:

“ARCH is very pleased to see that Evolution and BTR have reached this set of transactions and we commend Evolution management on their achievement, these are landmark agreements for a junior mining company. ARCH is fully supportive of EV1’s strategic collaboration with BTR, the world’s leading lithium-ion battery material technology and production company and new energy focused natural graphite end-user. We recognise BTR as a key partner to Evolution for developing Chilalo and becoming a vertically integrated anode materials supplier. We look forward to working with BTR closely to jointly promote the construction of EV1’s natural flake graphite project in Tanzania, as well as the development of downstream production facilities for the best quality sustainable anode material products worldwide.”

BTR’s Senior Vice President, Mr Chen Xiaodong, commented,

“BTR has built an international reputation as a leader in the high-quality LiB market. We are pleased that Evolution will become BTR’s main overseas natural graphite partner. Our close cooperation will not only help our companies achieve further global coverage in production and vertical integration, but also contribute to the innovation of LiB materials and support the development of the global new energy industry.”

About BTR

BTR is a high-tech enterprise integrating basic research, product development, production and sales, specialising in lithium-ion battery materials and carbon nanomaterials, including anode, cathode and advanced new materials. BTR's customers not only include Chinese domestic lithium-ion battery manufacturers such as CATL, BYD, EVE, Gotion High-Tech and REPT, but also include international Tier 1 customers such as SK, Samsung, LG, muRata and Panasonic.

BTR was established in August 2000, and listed on the New Third Board in 2015, transferring to the Beijing Stock Exchange in 2021 (Stock code: 835185), with a current market capitalisation of approximately US\$3.4 billion. The company has more than 8,000 employees worldwide, and more than 20 companies/production bases in mainland China, with an Indonesia production base currently under construction. Within China, BTR has five natural graphite production bases, nine synthetic graphite production bases, two silicon anode production bases and three graphene production bases.

After more than two decades of dedicated effort, BTR not only leads the world in market share of lithium-ion battery anode materials, but also takes the lead in new generation silicon-based anode materials. In the field of cathode material production, BTR takes the lead in China for large-scale production of high-nickel cathode materials such as NCA.

According to ICCSINO1, BTR had a 26% share of China's anode material market in 2022, whilst China held more than 96% share of the global anode material market. BTR exceeds 60% of global market share for natural graphite anodes with comparable cycle performance of new-generation natural graphite products against synthetic graphite. Over the past 10 years, BTR has enjoyed a sales CAGR of 44.6% and a profit CAGR of 42.6%.

Upcoming work programs

As the global leader in the manufacture of lithium-ion battery anode materials, BTR brings to the partnership commercially proven technology, unparalleled expertise in product qualification, a well-established marketing function and Tier 1 customer base. BTR also operates a large-scale research and development function, which ensures that the anode materials manufactured at the downstream collaboration facility will be a market leading product.

The immediate focus of effort regarding the proposed downstream collaboration is expected to include:

- Working with BTR on an economic assessment of downstream processing in North America or other jurisdictions outside China, building on a body of work already completed by Evolution, particularly in relation to site selection;
- Undertaking an accelerated program of product qualification and product development for anode materials manufactured using Chilalo fine flake graphite; and
- Advancing analysis of the most appropriate structure for the proposed downstream collaboration, drawing upon relevant advice in doing so.

¹ ICCSINO is a Shanghai based consultancy in research of the EV, lithium-ion battery and anode and cathode industries.

The BTR Transactions comprise three agreements: a binding investment agreement, an MOU and a binding offtake agreement, each of which is outlined below.

An investment agreement (“Investment Agreement”), under which, subject to the satisfaction or waiver of conditions, BTR subscribes for 9.9% of Evolution (based on current shares on issue) at \$0.22 per share, for proceeds of approximately \$4.9 million (“Strategic Placement”).

Evolution has agreed that it will not make an offer of Evolution shares without giving BTR the opportunity to participate in such an offer on the same terms (“Participation Right”).

The issue price of \$0.22 for the Strategic Placement represents a 7% premium to the last traded price of Evolution shares on the ASX of \$0.205 and a 14% premium to the five day volume weighted average price of Evolution shares as at the close of trading on 11 August 2023. Shares issued under the Strategic Placement will rank equally in all respects with existing shares.

ARCH has indicated that it intends to subscribe for additional shares on completion of the Strategic Placement to maintain its interest in Evolution at 24.7%.

A summary of the key terms of the Investment Agreement are shown in Appendix 1.

A Memorandum of Understanding covering downstream processing collaboration and financing for development of the Company’s Chilalo Project (“MOU”)

The final structure of the downstream processing collaboration is subject to legal and structuring advice, with an initial focus on North America and scope to investigate other jurisdictions outside China. Irrespective of the final structure of the collaboration, BTR would manage the product qualification with its extensive customer list of Tier 1 battery manufacturers and be the exclusive marketing agent for the sale of anode materials produced by the entity established pursuant to the downstream collaboration with BTR (“Downstream Entity”).

A working group comprised of senior executives of Evolution and BTR has been formed to build on the site selection studies already undertaken by Evolution for the location of the proposed downstream processing facility.

In order to ensure that the Downstream Entity has sufficient feedstock, Evolution will investigate expansion options at Chilalo. To support the development (and potential expansion) of Chilalo, BTR and Evolution intend to explore how BTR can materially contribute to the financing of the development and construction of the Chilalo Project.

BTR and Evolution intend to work together to procure the finance for development of the Chilalo Project.

A summary of the key terms of the MOU are shown in Appendix 2.

An offtake agreement for the sale to BTR of 100% of -100 mesh (fines) for three years (“Offtake Agreement”).

Upon the commencement of operation of a downstream processing facility, as described above, the Offtake Agreement will be assigned to the Downstream Entity and fine flake graphite from Chilalo will be sold to the Downstream Entity.

Prices are set quarterly within 30 days of the commencement of the relevant quarter based on the prevailing international market price within the previous three months.

Completion of the Offtake Agreement will mean that 90% of the production from Chilalo is now subject to binding offtake arrangements, which is a key requirement of project financiers.

BTR has already conducted testwork on Chilalo graphite concentrate, however, Evolution has supplied a bulk sample of concentrate for accelerated qualification and product development of high quality anode material.

A summary of the key terms of the Offtake Agreement are shown in Appendix 3.

Cautionary statement

The arrangements between Evolution and BTR are subject to a variety of conditions precedent, including (amongst others) BTR completing due diligence to its satisfaction. The downstream collaboration is a non-binding MOU, with detailed terms yet to be negotiated or agreed. Accordingly, investors are cautioned that there is no certainty that these transactions with BTR will be finalised, either on the currently agreed terms or at all.

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

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Term	Summary
Parties	Evolution Energy Minerals Limited BTR New Material Group Co., Ltd.
Subscription	<p>Subject to the satisfaction or waiver of the conditions precedent, BTR agrees to subscribe for the Shares which represent a 9.9% interest in Evolution on a post-issue basis (Shares).</p> <p>The minimum number of Shares to be issued to BTR is 22,250,277 Shares (based on current shares on issue).</p> <p>BTR agrees to subscribe for the Shares at A\$0.22 per share.</p>
Conditions Precedent	<p>Completion is conditional on the following conditions precedent being satisfied or waived on or before 31 October 2023:</p> <ul style="list-style-type: none"> • BTR obtaining all necessary PRC governmental approvals; • Evolution obtaining shareholder approval for the issue of Shares to BTR; • BTR completing due diligence on Evolution to its satisfaction; and • no Material Adverse Event having occurred in respect of Evolution, or the cancellation or loss of mining rights for the Chilalo Graphite project.
Participation Right	Following completion, BTR must be given a reasonable opportunity to participate in specified equity offers of Evolution on terms no less favourable than other subscribers in the relevant equity offer.
Warranties	Evolution provides a limited set of representations and warranties that are customary for a transaction of this nature.

Term	Summary
Parties	Evolution Energy Minerals Limited BTR New Material Group Shareholding Co., Ltd.
Status	The MOU is a memorandum of understanding between Evolution and BTR recording the parties' mutual desire to work cooperatively in respect of the development of natural flake graphite resource projects, production and sales of natural flake graphite concentrates, manufacturing and supplying premium quality downstream anode products to the global market, and to jointly develop mutually beneficial business opportunities worldwide, with an initial focus on North America.
Intent	<p>The parties will work cooperatively to sign and give effect to an agreement detailing the proposed collaboration between the parties on a downstream processing venture to produce advanced premium quality LiB anode material, in the form of the "Downstream Cooperation Agreement".</p> <p>Entry into the Downstream Cooperation Agreement is subject to completion under the Investment Agreement and BTR completing a feasibility study on the downstream collaboration.</p>
Commercial terms	<p>The MOU sets out the parties' high-level intentions with regard to the Downstream Cooperation Agreement, pursuant to which it is intended that:</p> <ul style="list-style-type: none"> • the parties will explore downstream processing opportunities with an initial focus in North America; • the parties will endeavour to finalise the downstream collaboration structure, subject to further negotiation and legal and structuring advice; • if an appropriate structure cannot be agreed for North America, the parties will investigate downstream collaboration opportunities in other jurisdictions outside of China; • subject to Chinese government approvals, BTR would supply leading natural graphite anode processing technology to the Evolution and BTR downstream collaboration; and • BTR is expected to be the exclusive marketing agent for the downstream collaboration entity selling anode materials produced by the downstream collaboration entity to a pre-approved list of North American customers.
Project financing	BTR and Evolution shall explore how the parties could work together to contribute to the financing of construction of the Chilalo Project.

APPENDIX 3:

Summary of key terms of the Offtake Agreement

Term	Summary
Volume and specifications	Evolution agrees to sell, and BTR agrees to buy, 100% of the -100 mesh flake graphite concentrate from the Chilalo Graphite Project (" Product ") produced by Evolution. The parties anticipate that Evolution will produce approximately 20,000 tonnes of Product annually.
Conditions Precedent	<p>The sale and supply of the Product is conditional on:</p> <ul style="list-style-type: none">• the parties executing the Downstream Cooperation Agreement before 31 March 2024;• Evolution notifying BTR that (i) the necessary finance for the construction of the Evolution's Chilalo Project has been obtained, and (ii) construction has commenced, in each case on or before 31 March 2024;• BTR notifying Evolution that all of its qualification tests for the Products have been completed to BTR's satisfaction; and• completion occurring under the Investment Agreement.
Contract Term	<p>The Agreement commences on the date both parties have duly executed the Offtake Agreement and will remain in force until 3 years after the date that the Product is first delivered to BTR (unless earlier terminated).</p> <p>BTR may elect to extend the term for an additional 3 years, subject to certain requirements.</p> <p>The entire term is subject to assignment under the Downstream Commissioning clause.</p>
Weighing, sampling and packaging	The Offtake Agreement contains standard terms relating to sampling, weighing, packaging and analysis of the Product.
Prices	Market prices agreed between Buyer and Seller.
Downstream Commissioning	The parties must do all things and undertake all actions in order to substitute BTR for the downstream collaboration entity (" Downstream Entity ") as the buyer under the Offtake Agreement, with effect from a date which is not later than the date of commissioning of the spherical graphite processing plant contemplated under the Downstream Cooperation Agreement. This will include the parties executing, and procuring that the Downstream Entity execute, a deed of assignment and assumption (on terms agreed by the parties, acting reasonably) (" Assignment Deed ").
Assignment	Except as contemplated in the Offtake Agreement, neither party may assign, encumber or otherwise dispose of any right, title or benefit, and must not purport to novate or otherwise transfer any of its obligations under the Offtake Agreement without the other party's consent (in its absolute discretion).

Term	Summary
Termination	<p>Either party may immediately terminate the Offtake Agreement by notice to the other party if:</p> <ul style="list-style-type: none"> • a Condition Precedent is not satisfied or waived; • the other party commits a material breach of a material provision of this Agreement, and the other party fails to remedy that material breach within 60 days of being notified of the material breach; or • a party becomes insolvent.

ABOUT EVOLUTION (ASX:EV1)



Development ready

Chilalo Graphite Project in Tanzania



Chilalo Project

High margin, low capex



BTR strategic partnership

Transformational offtake, funding and downstream collaboration



Battery suitability

Premium quality CSPG produced from fines



Vertically integrated strategy

Accelerated and de-risked partnership model with proven technology

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.