EVOLUTION ENERGY MINERALS

ABN 53 648 703 548

ANNUAL REPORT

For the year ended 30 June 2023

Corporate Information

ABN 53 648 703 548

Directors

Mr Henk Ludik (Interim Non-Executive Chair) since 15 February 2023, previously Non-Executive Director

Mr Phil Hoskins (Managing Director)

Mr Cameron Dowling (Non-Executive Director) Appointed as an alternate director for Amanda van Dyke on 18 August 2023 and as a Non-Executive Director on 12 September 2023

Mr Stephen Dennis (Non-Executive Director) Appointed 6 September 2023

Mr Mike Spreadborough (Non-Executive Director) Appointed 12 September 2023

Mr Michael Bourguignon (Executive Director) Resigned 12 September 2023

Ms Amanda van Dyke (Non-Executive Director) Resigned 12 September 2023

Mr Trevor Benson (Non-Executive Chair) Resigned 15 February 2023

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 5
191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664
Website: automicgroup.com.au

Auditors

BDO Audit (WA) Pty Limited
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.

Contents

Directors' report

Basis of preparation

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 year ended 30 June 2023 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 year ended 30 June 2023 and up to the date of this report:

Mr Henk Ludik (Acting Non-Executive Chair) since 15 February 2023, previously Non-Executive Director

Mr Phil Hoskins (Managing Director)

Mr Cameron Dowling (Non-Executive Director) Appointed as an alternate director for Amanda van Dyke 18 August 2023 and as a Non-Executive Director on 12 September 2023

Mr Stephen Dennis (Non-Executive Director) Appointed 6 September 2023

Mr Mike Spreadborough (Non-Executive Director) Appointed 12 September 2023

Mr Michael Bourguignon (Executive Director) Resigned 12 September 2023

Ms Amanda van Dyke (Non-Executive Director) Resigned 12 September 2023

Mr Trevor Benson (Non-Executive Chair) 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 (**Chilalo Project**).

Dividends

During the period, no dividends were declared or paid.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group other than those referred to in this financial report.

Events since the end of the financial period

Subsequent to period end, the Company

- Entered into a series of transactions with BTR New Material Group Co., Ltd (**BTR**) that comprised an 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, a memorandum of understanding covering downstream processing collaboration and financing for development of the Company's Chilalo Project and a binding offtake for 100% of Chilalo Project's -100 mesh (fines) graphite for three years with an option to extend for a further three years. All agreements are subject to the satisfaction of certain conditions (including BTR due diligence and regulatory approvals) before 31 October 2023.[1]
- Appointed Stephen Dennis as a Non-Executive Director on 6 September;
- Appointed Mike Spreadborough and Cameron Dowling as Non-Executive Directors on 12 September 2023; and
- Ms Amanda van Dyke and Mr Michael Bourguignon (now COO) resigned from the Board on 12 September 2023.

Likely developments and expected results

In the opinion of the Directors, there is nothing else to report, except as outlined in the Directors' Report, which relates to likely

[1] For further information on the BTR Transactions, see ASX announcement dated 14 August 2023.

Directors' report

developments in the operations of the Group and the expected results of those operations in financial years subsequent to 30 June 2023.

Environmental regulation

The Group's exploration and development activities and those of its partners are subject to environmental regulations and guidelines applicable to the prospecting and mining licenses on which such activities are carried out. Failure to meet environmental conditions attaching to the Group's exploration and mining tenements could lead to forfeiture of those tenements. The Group is committed to achieving a high standard of environmental performance. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2023 and up to the date of this report.

Results of operations

A summary of results for year ended 30 June 2023 is as follows:

	30 June 2023 $	30 June 2022 $
Net profit/ (loss) after income tax	(13,891,788)	(8,858,980)
attributable to:		
Fair value gain on loan notes	-	488,928
Share based payments	(531,233)	(1,659,247)
Exploration and evaluation	(4,232,547)	(2,095,172)
Environmental, social and governance	(2,932,653)	(1,433,669)
Employee benefits	(2,229,013)	(1,344,358)
Corporate and administration expenses	(1,039,415)	(1,086,366)

Review of operations

Evolution's vision is to become a vertically integrated producer of sustainably sourced graphite products and battery anode materials. Central to that vision are the dual objectives of developing the Chilalo Graphite Project and working with established partners to obtain vertically integrated exposure to the lucrative battery anode market to enable the Company to capture greater margins in the value chain and drive a materially higher company valuation. Activities during the period have focused on workstreams to drive achievement of those objectives.

Since completing its IPO and listing on the ASX on 16 November 2021, Evolution's activities have focused on advancing the Chilalo Project to a final investment decision (**FID**) and advancing downstream processing initiatives in parallel. This work has been undertaken while laying the platform for leading environmental, social and governance (**ESG**) performance, to underpin the Company's development activities.

Development of the Chilalo Graphite Project

During the period, the Company completed front-end engineering design (**FEED**) for its Chilalo Project, the results of which were incorporated into an updated Definitive Feasibility Study (**DFS**), undertook exploration drilling to identify opportunities for mineral resource growth and completed key agreements with the Government of Tanzania (**GOT**).

Definitive Feasibility Study

The DFS demonstrated that Chilalo is a robust project, underpinned by exceptional margins and product quality that drive strong economic outcomes. The positive economic outcomes were in part attributable to the Company's decision to restructure the power supply arrangements, refine the mine plan and commit to dry stacking of tailings. The key DFS outcomes shown below are based exclusively on the Ore Reserve estimate for the Chilalo Project.

Directors' report

Figure 1. Key DFS Outcomes

The DFS results presented a compelling case for the development of Chilalo, underpinned by:

- A high percentage of coarse flake graphite that generates premium prices to drive high operating margins;
- A low capital expenditure of USD120 million, which shapes as a financeable development opportunity;
- Extensive testwork that has confirmed the suitability of Chilalo graphite for high-value applications, yielding quality offtake arrangements;
- The assembly of a team with previous African focused graphite development and operating experience, thereby de-risking development and ensuring DFS assumptions are based on real-world graphite experience; and
- A commitment to sustainability that has attracted a substantial cornerstone investor (ARCH Sustainable Resources Fund) who has demonstrated its commitment by participating in the Company's previous equity raisings.

The DFS identified a number of opportunities that have the potential to improve Chilalo's economics, including:

- The discovery of additional near-surface graphite deposits, which would make it unlikely that the mine would go to the depths currently proposed in the life of mine model and thereby reduce mining costs. The results of an exploration program undertaken during the year confirmed the potential for additional near-surface graphite deposits to be incorporated in the life of mine model.
- With the cost of compressed natural gas lower than diesel, the Company is in discussions with logistics contractors regarding converting diesel trucks to deliver reduced transport costs and less omissions.

Directors' report

- The DFS assumes that graphite concentrate produced at Chilalo will be transported by truck to the international port of Dar es Salaam, a distance of approximately 638km, which is predominantly by sealed bitumen road, from where it will be shipped. The Mtwara Port, which is located approximately 180km from Chilalo is a deep-water port with annual capacity of 750,000 tonnes and is designed to handle conventional and containerised cargo. Should the Company be able to ship its product through the Mtwara Port, it is estimated that this would reduce logistics costs by US$65 per tonne.

- The Company understands that plans to bituminise the road from Ruangwa to Kiranjeranje is expected to take place in the 2025 financial year, potentially prior to the commencement of operations at Chilalo, which would significantly reduce the trucking distance to Dar es Salaam from 638km to 411km resulting in a saving of approximately US$32 per tonne.

Exploration confirms potential for mineral resource growth

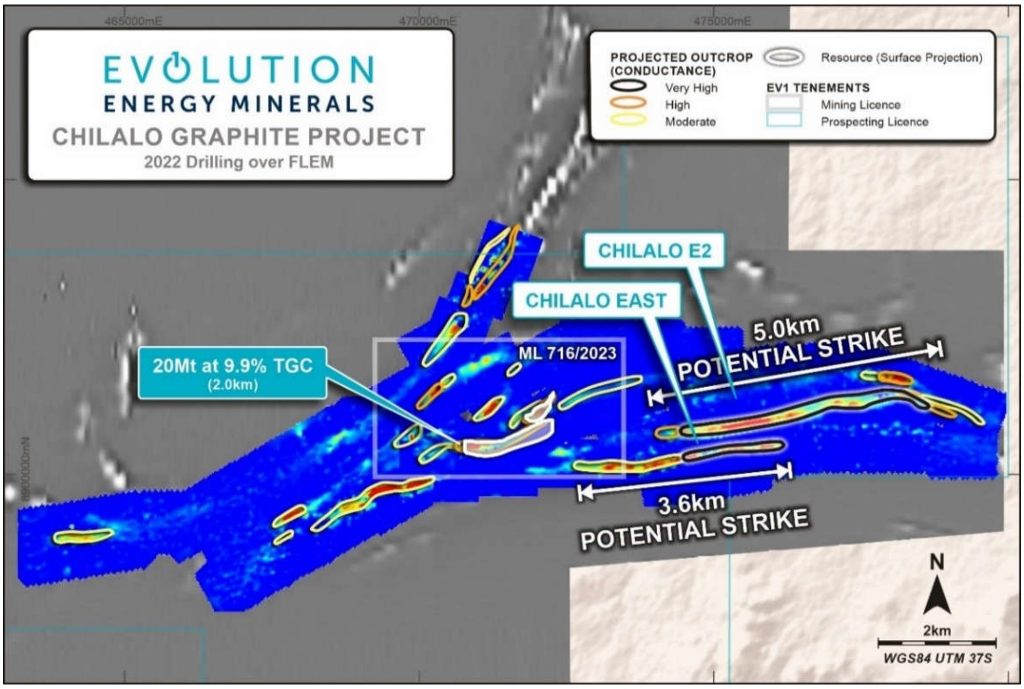
A reverse circulation drilling program was designed to test some of the strongest electro-magnetic conductors to discover additional high-grade graphite mineralisation and confirm the scale potential for the Chilalo mineral resource. The drilling confirmed the discovery of two zones of mineralisation, both of which are located to the east of the Chilalo Mining Licence:

- A new high-grade mineralised zone – Chilalo East (Figure 2) – over 1.6km out of a potential 3.6km strike length indicated by the high-conductance electromagnetic conductor, where significant intercepts included:
    - 26m at 9.0% TGC from 8m in hole NRC22-221
    - 8m at 13.7% TGC from 50m and 6m at 10.3% TGC from 66m in hole NRC22-200

- A second zone of mineralisation – Chilalo E2 – that extends over 1.1km out of a potential 5km of strike length indicated by the electromagnetic conductor, and remains open to the east and west, where significant intercepts included:
    - 20m at 5.76% TGC from 2m in hole NRC22-219
    - 22m @ 6.34% TGC from 54m in hole NRC22-220

The shallow depth, width, grade and close proximity to the existing Chilalo mineral resource of Chilalo East and Chilalo E2 demonstrate the scope to materially grow the Chilalo mineral resource and thereby potentially enable a production expansion, extension to mine life and reduction in mining costs.

Figure 2. Chilalo East and Chilalo E2 discoveries



Directors' report

Key agreements with the Government of Tanzania to support project financing

In April 2023, the Company signed a Framework Agreement and Shareholders Agreement with the Government of Tanzania (together, the **GOT Agreements**). The GOT Agreements set out the arrangements for the ownership, development and management of the Chilalo Project[2].

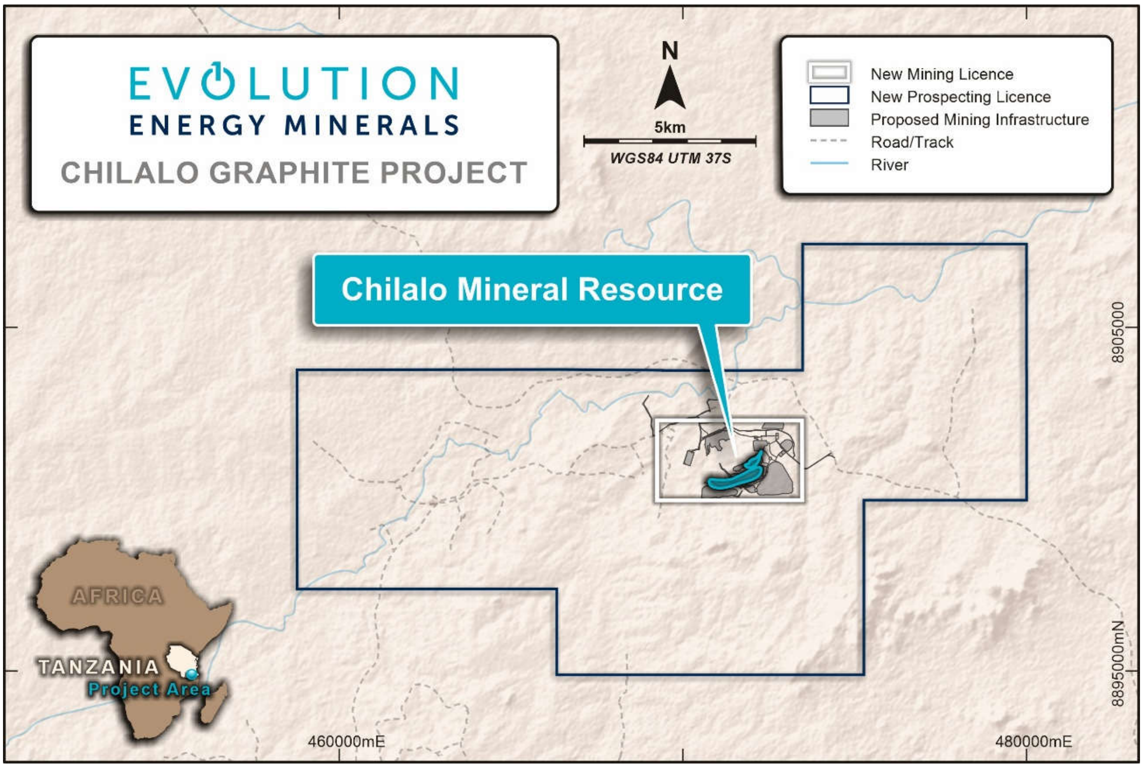
A new joint venture company, Kudu Graphite Limited (**Kudu**), which has been established for the purpose of holding the Chilalo licences and permits and undertaking the development of Chilalo has been incorporated and will be owned as to 84% Evolution (indirectly through its wholly owned subsidiary, Evolution Energy Minerals UK Limited (**EEMUK**)) and 16% Tanzanian Government.

Under the Framework Agreement, the GOT has agreed to facilitate the procurement of the rights, permits and approvals necessary for the establishment, development and operation of Chilalo, subject to Kudu's compliance with Tanzanian procedural and statutory requirements. Fiscal and taxation assumptions and arrangements reflect current Tanzanian legislation and regulatory requirements.

The Shareholders' Agreement outlines the relationship between EEMUK and the Tanzanian Government, confirming the parties' shareholding in Kudu and the board structure. The board of Kudu will consist of three directors (including the chair) nominated by EEMUK and two directors nominated by the GOT. The Shareholders' Agreement also contains provisions customary for such an agreement, including those relating to Board and shareholders' meetings, pre-emptive rights regarding any transfer of EEMUK's shareholding in Kudu and special matters that require the approval of the Tanzanian Government, including winding up of Kudu, amending Kudu's constitution and conducting business outside of pre-approved business plans.

Pursuant to the Framework Agreement, the Company has been granted a new mining licence with a refreshed 10 year term, expiring in August 2033, that covers the area of the previous mining licence and the grant of a new prospecting licence that covers the area of the previously held four prospecting licences, with a refreshed nine year term that expires in August 2032 (Figure 3) is imminent.

Figure 3. New Mining Licence and Prospecting Licence



[2] For further information on the GOT Agreements, see the Company's announcements dated 8 March 2023 and 18 April 2023.

Directors' report

Financing the development of the Chilalo Project

Since May 2022, the Company has been working with Auramet International (**Auramet**), in relation to securing an optimal financing solution for the Chilalo Project. Auramet is a leading financial advisor to the resources sector with significant experience in Africa and has completed numerous debt, equity and offtake agreements for companies operating in the mining industry.

Potential debt financiers have conducted preliminary due diligence and several parties responded with an expression of interest. On behalf of financiers, Evolution appointed Palaris Limited (**Palaris**) as Independent Technical Engineer and Prime Resources Pty Ltd (**Prime**) as Independent Environmental and Social Consultant. Both Palaris and Prime conducted a site visit during the June Quarter, with final reports from both consultants expected to be available in late September.

With the DFS now complete and the GOT Agreements in place, engagement with those interested parties has advanced, with a view to appointing a syndicate of financiers to conduct more extensive due diligence and provide the Company a credit approved term sheet.

The Company's major shareholder is ARCH Sustainable Resources Fund LP (**ARCH SRF**) which holds 24.7% of the Company's issued and outstanding shares. ARCH SRF acquired its interest in Evolution when it subscribed, as a cornerstone investor, in the Company's initial public offering in November 2021 and retained that interest when it participated in a placement that was completed in October 2022.

In August, the Company entered into a series of agreements with BTR, which included an investment agreement under which Evolution will, subject to the satisfaction of certain conditions, undertake a strategic placement to BTR at $0.22 per share to raise $4.9 million and a memorandum of understanding that covered a proposed downstream collaboration and BTR's further participation in the financing of Chilalo.

The finalisation of the GOT Agreements provide certainty around the operation of the GOT's free carried interest and the completion of the GOT Agreements is a key requirement for project finance.

With the DFS complete, key agreements with the GOT concluded and offtake arrangements in place, the Company is well positioned to secure the finance required for the development of Chilalo.

Downstream processing initiatives

The establishment of downstream capability with respect to both fine flake and coarse flake graphite produced at Chilalo is central to the Company's strategy to position itself as a vertically integrated graphite company that combines the production of flake graphite concentrate at Chilalo with the manufacture of high-value graphite products.

Strategic collaboration with BTR

Post year-end, the Company reached agreement with BTR on a number of transactions (**BTR Transactions**), which 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 Project.

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.

The BTR Transactions comprise three agreements: a binding investment agreement (**Investment Agreement**), a memorandum of understanding for downstream collaboration (**MOU**) and a binding offtake agreement (**Offtake Agreement**).[3]

The Investment Agreement, MOU and Offtake Agreement represent a transformational opportunity for Evolution and provide further validation of the Chilalo project's quality, including the significant value-added potential from downstream processing of Chilalo flake graphite into LiB 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. At the same time, the Offtake Agreement and BTR's financial backing are expected to materially support the ongoing project finance process for Chilalo.

- Under the Investment Agreement, subject to the satisfaction or waiver of conditions, BTR will subscribe for 9.9% of Evolution (based on shares on issue as at 14 August 2023) at $0.22 per share, for proceeds of approximately $4.9 million.
- The MOU covers a downstream processing collaboration and financing for development of Chilalo. 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. 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

[3] For further information on the BTR Transactions, see ASX announcement dated 16 August 2023.

Directors' report

downstream entity. 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.

- The Offtake Agreement relates to the sale to BTR of 100% of -100 mesh (fines) for three years. 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. 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 that entity.

The Company's capacity to deliver on the North American downstream processing strategy was enhanced by the appointment of Stacy Newstead as Chief Executive Officer of Evolution's wholly owned US subsidiary, Evolution Energy Solutions LLC. The development of a downstream business to produce coated spherical graphite and other high-value graphite products is central to Evolution's strategy to become a vertically integrated business. Stacy's extensive experience in bringing products to market and accessing government funding support will be invaluable as Evolution embarks upon the next phase of activity with BTR. Stacy will work closely with Jesse Edmondson, a US based critical minerals specialist and Chris Whiteley, a graphite market expert who is also based in the US.

Downstream processing of coarse flake graphite

Terms have been agreed with Yichang Xincheng Graphite Co Ltd (**YXGC**) for the downstream processing of Chilalo coarse flake concentrate into value added graphite products (**Term Sheet**).

The Term Sheet provides for three key phases:

a) A scoping phase that comprises a market study to identify the nature and scale of the opportunity and to confirm the market size and indicative graphite product pricing; completion of a scoping study to +/- 30% accuracy that will contain indicative financial metrics, proposed plant size and required land; and selection of a suitable site (**Scoping Phase**). Upon completion of the Scoping Phase, the parties shall proceed to form an incorporated joint venture (JV). The parties' interests in the JV will be Evolution 60% and YXGC 40%.

b) Subject to the results of the Scoping Phase, a decision to undertake a definitive feasibility study; and

c) Subject to the results of the definitive feasibility study , a decision to construct a downstream processing plant.

Environmental, social and governance

Since completion of its initial public offering in November 2021, Evolution has committed itself to the principle of sustainability. In a short space of time, the Company has made significant progress. Notable achievements during the year included obtaining approval of the Resettlement Action Plan for the Chilalo Project (**RAP**), completion of a life cycle assessment of Chilalo, release of the Company's inaugural sustainability report, removal of a conventional tailings storage facility and support for a range of community projects.

Resettlement Action Plan

The RAP was approved by the GOT in August 2022. GOT approval of the RAP is a key milestone that advances the Company closer to the construction of Chilalo. Successful completion of the RAP supports Evolution's efforts to secure project finance for the development of Chilalo.

The RAP was completed in accordance with IFC Performance Standards on Social and Environmental Sustainability, which is generally a condition precedent to project finance. Approval of the RAP is a key element of the Company's social license to develop and operate the Chilalo Project.

All Project Affected Persons (PAPs) will be compensated appropriately and relocated to superior properties with enhanced amenities. The RAP includes a five-year livelihood restoration program that consists of several initiatives targeted at delivering sustainable benefits to the PAPs, including, conservation agriculture, tree nurseries, vegetable program, youth skills training program and a livelihood restoration centre.

Maiden Sustainability Report

During the year, the Company released its inaugural Sustainability Report, which provided an overview of the Company's sustainability activities for the period from November 2021 to 31 December 2022. Since completion of its initial public offering in November 2021, Evolution has committed itself to the principle of sustainability. In accordance with that commitment, the Company recognises the importance of presenting a transparent account of its sustainability objectives and outcomes so that host communities, government and other key stakeholders can understand and engage on Evolution's sustainability performance. The release of the maiden Sustainability Report is central to that overall commitment.

Directors' report

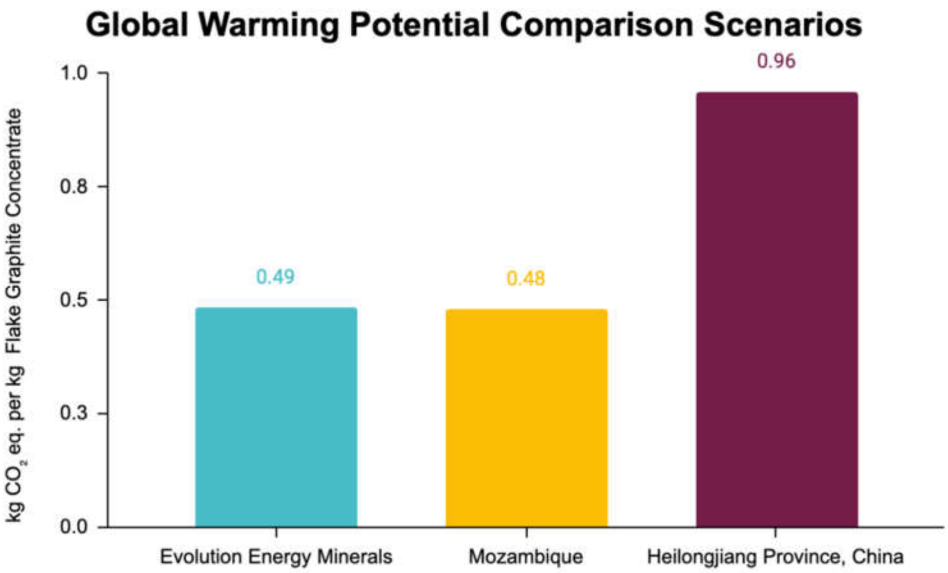
Life cycle assessment

During the year, the Company reported the outcomes of its first Life Cycle Assessment (**LCA**) for flake graphite produced from the Chilalo Graphite Project in Tanzania.

LCA is a method to assess the environmental impacts associated with all stages of a product, process or activity. 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 the Chilalo project. The total production chain includes mining, processing and transportation stages.

The LCA for Chilalo demonstrated 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)



ESG rating upgraded to 'BBB'

Following the announcement of the Company's maiden ESG rating of 'B' in February 2022, post quarter-end, the Company received an updated ESG rating of 'BBB' from leading independent assessment platform for ESG disclosure, Digbee ESG™ (Figure 5).[4]

The improved rating followed the implementation of a number of ESG initiatives during 2022, including:

- **Dry stacking of tailings** – The change to dry stacking has removed the requirements for a TSF, which reduces the environmental risk given that tailings dams have featured in several high-profile failures in recent years.
- **Approval of RAP** – Finalisation of the RAP and implementation of an extensive livelihood restoration program.
- **ESG Program** – The Company committed to the development and adoption of policies, plans and procedures across various dimensions of ESG.
- **Establishment of Board committees** – The Company established an Audit and Risk Committee and a Nomination and Remuneration Committee as a means of enhancing governance procedures.
- **Grievance Procedures** – As part of its office located at the Nangurugai village, the Company has developed procedures to manage and respond to grievances of the local community.
- **Construction of doctor's residence** – The Company engaged a local contractor to undertake the construction of a doctor's residence at the Nangurugai village.

[4] Digbee ESG™ is the leading independent assessment platform for ESG disclosure in the mining sector endorsed by leading industry stakeholders.

Directors' report

Figure 5 – Overall ESG Rating

Material business risks

The Company is subject to a number of risks. The Company regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and its various risk management functions including the audit and risk committee. The Company makes every effort to identify material risks and manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Company or its investors, not are they in any order of significance.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Liquidity and Capital Management

The Company requires significant capital to develop its Chilalo Project and grow its business to include downstream processing capability. It expects to incur significant expenses, including, among other things, those relating to construction, procurement of equipment, research and development, regulatory compliance and sales and distribution. Evolution's ability to operate its business and effectively implement its business plan over time will depend in large part on its ability to raise capital in the equity markets.

Market risk

The price of natural flake graphite is highly dependent on a variety of factors, including, among other things, international supply and demand of graphite and substitutes, the price and availability of substitutes, actions taken by governments, and global economic and political developments. The Company considers that its product mix, comprised of a significant portion of high-value coarse flake graphite provides a strong basis from which to manage such market risks.

Mineral Resources and Ore Reserves

The Company's estimates of Mineral Resources and Ore Reserves are estimates of mineralisation that have reasonable prospects for eventual economic extraction in the future, as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). These estimates are an expression of judgement based on knowledge, experience and industry practice when originally calculated. Evolution engages reputable, independent specialist to undertake the estimation of Mineral Resources and Ore Reserves at Chilalo.

Health, Safety, Environment and Community

International standards and environmental regulations in Tanzania impose significant obligations on companies that conduct the exploration for and mining and processing of minerals. Evolution's Tanzanian subsidiary holds an Environmental Certificate, which is the environmental approval required for development of the Chilalo Project.

While the Company's operating activities currently involve exploration and pre-development works, it is fully aware of the safety risks associated with those activities and has implemented appropriate safety management protocols and procedures.

Evolution's activities may cause issues or concerns with the local communities in connection with, among other things, the potential effect on the environment as well as other social impacts relating to employment, local infrastructure and community development. The

Directors' report

Company has in place a RAP that has been approved by the Chief Government Valuer and by the persons affected by the proposed development of the Chilalo Project. The Company continues to work with the local communities on the implementation of the RAP and to ensure that it retains a sound relationship with those communities based on transparency, trust and mutual respect.

Sovereign Risk

Through its interests (direct and indirect) in Tanzania, the USA, China and Australia, Evolution's activities could be affected by political instability and / or regulatory changes in those countries. The Company's major exposure is in Tanzania, the location of its Chilalo Project. Evolution recently entered into key agreements with the Tanzanian Government which it considers to be an important factor in mitigating sovereign risk in Tanzania.

Key Personnel and Labour Market Risk

Evolution has a number of key management personnel on whom it depends on to manage and run its business. From time to time, Evolution will require additional key personnel, in particular, should it secure funding for the development of Chilalo. The Company recognises the importance of attracting and retaining key personnel, particularly given the remoteness of Chilalo and adopts an approach to remuneration and working conditions to manage key personnel related risks.

Information on Directors

Mr Henk Ludik – Non-Executive Director – appointed 2 June 2022,Acting Non-Executive Chairman since 15 February 2023		
Experience and expertise	Henk Ludik is a mining engineer with a career spanning over 20 years in the resources industry, with expertise in engineering, feasibility studies, mine optimisation, ESG and corporate finance. Mr Ludik has worked on a number of landmark transactions in the resource sector since 2006. Mr Ludik holds a BEng in Mining Engineering, MSc in Oil and Gas Engineering and an MBA.	
Other current directorships	Nil	
Former directorships in the last 3 years	Suvo Strategic Minerals Limited (Executive Chairman)	
Special responsibilities	Chair of the Audit and Risk Committee Chair of the Nomination and Remuneration Committee Chair of the ESG Committee	
Interests in shares and options	Ordinary shares	31,250
	Unlisted options	390,000

Mr Philip Hoskins – Managing Director – appointed 15 March 2021		
Experience and expertise	Mr Hoskins commenced his career at a large international accounting firm and has since gained corporate experience with both Australian and international listed companies. He is a senior executive with broad finance and commercial experience across resources exploration, project development and production as well as large-scale property developments requiring debt and equity financing.	
Other current directorships	N/A	
Former directorships in the last 3 years	Marvel Gold Limited (Non-Executive Director)	
Special responsibilities	N/A	
Interests in shares and options	Ordinary shares	682,645
	Unlisted options	6,409,174

Mr Cameron Dowling – Non-Executive Director – appointed 18 August 2023		
Experience and expertise	Mr Dowling holds a BEng (Civil), BEng (Mining) and a MCom (Applied Finance). Mr Dowling has more than a decade of experience in mining focused private equity and throughout his career has been involved in the financing, development and delivery of multiple mining projects across a wide range of commodities globally. Mr Dowling is ARCH SRF's nominee Director.	
Other current directorships	N/A	
Former directorships in the last 3 years	N/A	
Special responsibilities	N/A	
Interests in shares and options	Ordinary shares	Nil
	Unlisted options	Nil

Directors' report

Mr Stephen Dennis – appointed 6 September 2023		
Experience and expertise	Stephen Dennis has been actively involved in the mining industry for over 30 years. He has held senior management positions at a number of Australian resources companies and was previously the Chief Executive Officer and Managing Director of CBH Resources Limited, the Australian subsidiary of Toho Zinc Co., Ltd of Japan.	
Other current directorships	Rox Resources Limited (Non-Executive Chairman)	
Former directorships in the last 3 years	LeadFx Inc. (Non-Executive Chairman) Heron Resources Limited (Non-Executive Chairman) Burgundy Diamond Mines Ltd. (Non-Executive Chairman) Kalium Lakes Limited (Non-Executive Chairman)	
Special responsibilities	Nil	
Interests in shares and options	Ordinary shares	Nil
	Unlisted options	Nil

Mr Mike Spreadborough – appointed 12 September 2023		
Experience and expertise	Mr Spreadborough has over thirty years' experience in Australian and international mining leadership roles in a range of commodities across underground and open pit mining, processing, port operations, exploration, project development and financing. Mr Spreadborough is experienced across the value chain of operations, asset management, technical, exploration, financial, marketing, project development and financing, business development, strategy and investor engagement. Mr Spreadborough is currently the Executive Co-Chair of Novo Resources Corporation	
Other current directorships	Novo Resources Corporation (Executive Co-Chairman)	
Former directorships in the last 3 years	Clean TeQ (Non-Executive Director)	
Special responsibilities	N/A	
Interests in shares and options	Ordinary shares	Nil
	Unlisted options	Nil

Ms Amanda van Dyke – Non-Executive Director – resigned 12 September 2023		
Experience and expertise	Ms van Dyke is currently the Managing Director of ARCH SRF. Amanda has over 20 years of experience in commodity markets, initially in mining-focused roles at Dundee Securities, Ocean Equities (now Pareto Securities) and GMP Securities, and later as the manager of an UCITS Gold and Precious Metals Fund at South River Asset Management, as well as other multi-asset and fixed income funds. Amanda has raised over US$500 million in debt and equity related finance for junior mining in her investment banking career in the United Kingdom and Canada and has covered projects worldwide. Amanda was appointed to the Board as ARCH SRF's nominee.	
Other current directorships	N/A	
Former directorships in the last 3 years	N/A	
Special responsibilities	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee Member of the ESG Committee	
Interests in shares and options	Ordinary shares	Nil
	Unlisted options	Nil

Mr Michael Bourguignon – Executive Director – resigned 12 September 2023	
Experience and expertise	Mr Bourguignon is a project management professional with extensive experience providing strategic direction and leadership in the successful delivery of projects, within the mining industry both in Australia and internationally. Michael was the Project Manager for the construction of Syrah Resources' Balama graphite project in Mozambique, for Glencore's 3.6Mtpa copper concentrate facility at the Mopani Copper Mine in Zambia, and General Manager of Tiger Resources' development team delivering an SX/EW Plant at Kipoi, in the DRC.

Directors' report

Mr Michael Bourguignon – Executive Director – resigned 12 September 2023		
Other current directorships	N/A	
Former directorships in the last 3 years	N/A	
Special responsibilities	N/A	
Interests in shares and options	Ordinary shares	343,750
	Unlisted options	5,766,972

Mr Trevor Benson – Non-Executive Chairman – resigned 15 February 2023		
Experience and expertise	Mr Benson has over 30 years' experience within investment banking and stockbroking, specialising in the resources sector. He has also worked for large Australian and international corporations and held a number of directorships with ASX listed companies. Trevor's focus within the investment banking industry was within southeast Asia and China specialising in merger and acquisitions and equity capital market transactions, and advising Australian and International companies, including being exclusive adviser to Chinese State-Owned Enterprises, and Hong Kong listed resource companies. He has cross border experience including Africa, UK, Hong Kong, and China and has advised and listed numerous ASX listed companies.	
Other current directorships	Ionic Rare Earths Limited (Non-Executive Chairman)	
Former directorships in the last 3 years	Walkabout Resources Limited (Executive Chairman) Cannon Resources Limited (Non-Executive Chairman)	
Special responsibilities	Member of the Audit and Risk Committee Member of the Nomination and Remuneration Committee Member of the ESG Committee	
Interests in shares and options	Ordinary shares	312,500
	Unlisted Options	5,650,000

Information on Company Secretary

Stuart McKenzie LLB, Bec. (Hons.), AGIA, ACIS – Company secretary	
Experience and expertise	Mr McKenzie has over 35 years of experience in senior commercial roles. He was previously Company Secretary with Anvil Mining Limited for six years, prior to which he held senior positions with Ok Tedi Mining Limited, Ernst and Young and HSBC. Mr McKenzie was also a former Executive Director of Lotus Resources Limited.

Meetings of Directors and Committees

The number of meetings of the Company's Directors held during the year ended 30 June 2023 and the number of meetings attended by each Director is shown below:

	Meetings of Directors		Audit and Risk Committee		Remuneration and Nomination Committee		ESG Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
T Benson[1]	8	8	3	3	3	3	4	4
P Hoskins	13	13	-	-	-	-	-	-
M Bourguignon[2]	13	13	-	-	-	-	-	-
A van Dyke[2]	13	12	5	5	3	3	5	5
H Ludik	13	13	5	5	3	3	5	5

[1] Resigned 15 February 2023
[2] Resigned 12 September 2023

With the recent changes to the Board that were announced on 12 September 2023, the Board intends to appoint new members to the Committees which are to be composed of Non-Executive Directors. For further information, please see the Company's Corporate Governance Statement.

Directors' report

Remuneration report (audited)

(a) Key management personnel covered in this report

This Remuneration Report sets out information relating to the remuneration of the KMP during the year ended 30 June 2023. KMP is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and Group, directly or indirectly. The KMP for the year ended 30 June 2023 are as set out below.

Non-Executive and Executive Directors

Name	Position
T Benson	Non-Executive Chairman (resigned 15 February 2023)
P Hoskins	Managing Director
M Bourguignon	Executive Director
A van Dyke	Non-Executive Director
H Ludik	Acting Non-Executive Chairman (since 15 February 2023), previously Non-Executive Director

Other KMP

Name	Position
S McKenzie	Commercial Manager and Company Secretary
C Knee	Chief Financial Officer

(b) Statutory key performance measures

The Company aims to align executive remuneration to its strategic and business objectives and the creation of shareholder value. The table below shows measures of the Group's financial performance over the last year. The *Corporations Act 2001* requires the disclosure of the past five financial years, however the Company was only listed in November 2021 and therefore limited to the periods disclosed below. These are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs, as outlined in (c) below. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Company performance metric	12 months ended 30 June 2023	12 months ended 30 June 2022	6 months ended 31 December 2021
Company share price (ASX: EV1)	$0.19	$0.33	$0.44
Company profit / (loss) after tax	(13,891,788)	(8,858,980)	(4,486,724)

(c) Remuneration policy and link to performance

The Group's approach to remuneration is designed to attract and retain key executive talent, recognise the individual contributions of the Group's people, and motivate them to achieve strong performance aligned to the business strategy, whilst discouraging excessive risk taking.

In summary, the Group's approach to remuneration is to:

- Provide remuneration that is competitive and consistent with market standards;
- Align remuneration with the Company's overall strategy and shareholder interests;
- Reward superior performance within an objective and measurable incentive framework;
- Ensure that executives understand the link between individual reward and Group and individual performance;
- Be at a level acceptable to shareholders; and
- Apply sufficiently flexible remuneration practices that enable the Company to respond to changing circumstances.

Remuneration policy for the year ended 30 June 2023

All Executive KMP remuneration was comprised of the following:

- Fixed (base remuneration):

Directors' report

- Contractual salary or consulting fee; and
- Legislated superannuation guarantee (10.5% of gross salary for 2023).

- At risk component:
  - Short term incentives (**STI**) – described further in the table below.
  - Long term incentives (**LTI**) – described further in the table below.

Element	Purpose	Performance metrics	Potential value
Base (fixed) remuneration	Provide a market competitive salary, including superannuation.	Nil	Within industry averages for the position's required skill and experience. Third party advice is sought periodically to ensure these are at or close to market median.
STIs	Provide market-based equity remuneration pursuant to a set of KPI's and a vesting period of one year.	Board-approved construction decision for Chilalo mine and/or downstream graphite business (45%); Growth – secure technology and complete feasibility study for battery anode materials (12.5%); Growth – secure technology via YXGC JV and complete feasibility study for expandable graphite or graphite foil (12.5%); and ESG – a number of ESG related targets (30%).	Up to a maximum of 50% of base remuneration.
LTIs	Provide market-based equity remuneration pursuant to a set of KPIs and a vesting period of three year.	Relative shareholder return performance against a peer group, mine or downstream commercial production and ESG targets.	Up to a maximum of 50% of base remuneration.

The Company considers performance-based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives. For the 2023 financial year, both STIs and LTIs were issued under the Company's Option Plan (**Option Plan**).

Balancing short-term and long-term performance

The Company considers performance-based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards personnel for achieving goals that are aligned to the Group's strategy and objectives. Both STIs and LTIs are issued under the Option Plan.

Short-term incentives

The STI scheme operates to link performance and reward with key measurable financial and non-financial performance indicators to provide personnel with clear and understandable targets that are aligned with the Group's objectives.

STIs are in the form of zero exercise price options which vest on completion of a one-year performance period, subject to specific KPIs being achieved. The number of options that vest is determined by assessment of the Group's performance against stated objectives by the Remuneration and Nomination Committee, to determine the percentage of objectives that has been achieved. This percentage is then applied to the options granted in order to determine the number of options that vest. The option holder then has two years in which to exercise the options for nil consideration. Each vested STI option represents a right to be issued one Evolution share.

The Board sets the objectives of the Company, and these are then used to set the KPIs of the KMPs to ensure alignment of objectives. The STI performance objectives are communicated to KMPs at the beginning of the twelve-month performance period, with the performance evaluations conducted by the Board following the end of the respective twelve month performance period.

Directors' report

During the year, the Board issued STI options vesting on 1 July 2023. As at the date of this report, the Nomination and Remuneration Committee has not yet met to assess performance against the set KPIs. The vesting criteria of the STIs issued during the period were:

- Board-approved construction decision for Chilalo mine and/or downstream graphite business (45%);
- Growth – secure technology and complete feasibility study for battery anode materials (12.5%);
- Growth – secure technology via YXGC JV and complete feasibility study for expandable graphite / graphite foil (12.5%); and
- ESG – a range of ESG focused targets (30%).

Long-term incentives

The KMP remuneration structure also seeks to drive performance and align with shareholder interests through LTI equity-based remuneration. This involves the issue of zero exercise price options to KMP as LTIs. Subject to performance against agreed vesting criteria, LTIs vest three years from the grant date and expire five years from the grant date. Each vested LTI option represents a right to be issued one Marvel share. KMPs are assessed against applicable KPIs on the third anniversary from the date of issue.

The vesting criteria for LTIs that are on issue as at 30 June 2023 are:

- Chilalo mine and/or downstream graphite business has achieved commercial production (20%).
- ESG – a range of ESG focused targets (30%).
- Relative total shareholder return as shown in the table below (50%).

Evolution's relative TSR	Portion of LTIs that vest
Top 3	100%
4-5	75%
6-7	50%
8-13	0%

(d) Contractual arrangements with executive KMPs

Component	Managing Director – P Hoskins	Executive Director – Technical – M Bourguignon	Other KMP – Senior executives - S McKenzie and C Knee
Fixed remuneration	$363,000 plus superannuation.	$346,500, plus superannuation.	$147,133 - $153,800
Contract duration	Ongoing employment contract	Ongoing employment contract	Ongoing service agreement
Notice by individual	3 months	3 months	3 months
Notice by Company	6 months	6 months	3 months
Termination of employment (with or without cause)	Unvested options to be automatically forfeited unless the Board determines in its discretion to vest some or all of the options.		

(e) Non-Executive Director arrangements

Non-Executive Directors receive a monthly fee. No compensation other than the annual fee (including superannuation) was paid to Directors for the year ended 30 June 2022. No additional fees are paid to Directors in connection with positions on the Audit and Risk, Nomination and Remuneration and ESG Committees.

Non-Executive Director fees are reviewed annually by the Board taking into account comparable roles and market data. Directors' fees

Directors' report

are expected to be next reviewed in October 2023, with no changes made in the year ended 30 June 2023. Annual Directors' fees will be ratified and approved by shareholders at the 2023 Annual General Meeting. Fees for the financial year are as follows:

- Non-Executive Chairman – $75,000 including superannuation
- Non-Executive Directors – $50,000 - $75,000 including superannuation

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment which summarises the key terms and conditions of the Non-Executive Director's appointment.

(f) Remuneration expenses for key management personnel

The following table shows details of the remuneration expense recognised for the Group's KMP for the current financial period, measured in accordance with the requirements of the accounting standards:

For the year ended 30 June 2023

Name	Fixed remuneration			Variable			Total
	Cash salary	Annual leave	Post-employment benefits	Share Based Payment	Bonuses	Performance based remuneration %	
Non-executive directors							
T Benson[1]	48,265	-	5,068	-	-	-	53,333
A van Dyke[2]	50,000	-	-	-	-	-	50,000
H Ludik	67,873	-	7,127	49,275	-	40%	124,275
Executive directors							
P Hoskins	338,907	-	24,092	313,406	-	46%	676,405
M Bourguignon[2]	321,208	-	25,292	63,072	-	15%	409,572
Other KMP							
S McKenzie	153,800	-	-	23,298	-	13%	177,098
C Knee	147,133	-	-	23,298	-	14%	170,431
Total executive and other KMP	**961,048**	**-**	**49,384**	**423,074**	**-**	30%	**1,433,506**
Total NED remuneration	**166,138**	**-**	**12,195**	**49,275**	**-**	22%	**227,608**
Total KMP remuneration expensed	**1,127,186**	**-**	**61,579**	**472,349**	**-**	28%	**1,661,114**

[1] Resigned 15 February 2023.
[2] Resigned 12 September 2023

Directors' report

For the year ended 30 June 2022

Name	Fixed remuneration			Variable			Total
	Cash salary	Annual leave	Post-employment benefits	Share Based Payment	Bonuses	Performance based remuneration %	
Non-executive directors							
T Benson	265,934	15,983	158,748[1]	642,106	-	59%	1,082,771
A van Dyke	26,515	-	-	-	-	-	26,515
H Ludik	3,788	-	379	-	-	-	4,167
Executive directors							
P Hoskins	135,455	-	7,876	272,753	-	66%	416,084
M Bourguignon	223,061	-	9,582	556,870	-	71%	789,513
Other KMP							
S McKenzie	69,085	4,237	-	93,759	-	56%	167,081
C Knee	69,085	1,898	-	93,759	-	57%	164,742
Total executive and other KMP	**496,686**	**6,135**	**17,458**	**1,017,141**	**-**	**66%**	**1,537,420**
Total NED remuneration	**296,237**	**15,983**	**159,127**	**642,106**	**-**	**58%**	**1,113,453**
Total KMP remuneration expensed	**792,923**	**22,118**	**176,585**	**1,659,247**	**-**	**63%**	**2,650,873**

[1] On 24 January 2022, Mr Phil Hoskins was appointed as the Managing Director and Mr Trevor Benson moved from Executive Chairman to Non-Executive Chairman. As required under Mr Bensons employment contract, the change in duties triggered a termination payment of $145,000, being six months of Mr Benson's base salary.

(g) Other KMP transactions

During the period, Mr. Hoskins was a Non-Executive Director of Marvel Gold Limited (**Marvel**) until 13 October 2022, an ASX listed Company that has a shared services agreement with the Company. Under this agreement, the Company provides, accounting and administration services. Payments made under these arrangements for the period are set out below.

Included in the prior year payments to Marvel are two amounts paid as part of the spin out and IPO. Pursuant to a Share Exchange Agreement between the Company and Marvel, the Company paid $2,000,000 as consideration for the acquisition of the Chilalo Project and re-imbursed Marvel an amount of $1,236,143, being costs associated with the IPO.

	30 June 2023	30 June 2022
Related party transactions	**$**	**$**
Receipts from Marvel (ex-GST)	86,004	24,800
Payments to Marvel (ex-GST)	(4,623)	(3,275,658)
Amounts outstanding from Marvel at period end	9,009	-
Amounts outstanding to Marvel at period end	98	-

(h) Additional statutory information

Relative proportions of fixed and variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense above:

Directors' report

Name	30 June 2023		30 June 2022	
	Fixed remuneration	At risk remuneration – Share Based Payment	Fixed remuneration	At risk remuneration – Share Based Payment
Managing Director				
P Hoskins	54%	46%	34%	66%
Other KMP				
M Bourguignon	85%	15%	29%	71%
S McKenzie	87%	13%	44%	56%
C Knee	86%	14%	43%	57%

Performance based remuneration granted and forfeited

The remuneration of KMPs was approved by the Board in June 2022. As at 30 June 2023 KMP have 5,970,734 options, the vesting of which is subject to Board approved performance criteria.

Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Value per option at grant date	Performance achieved	% Vested	Vesting criteria
16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.114	N/A	100%	Nil
23-Sep-22	23-Sep-24	10-Oct-25	$-	$0.280	-	-	Note 1
23-Sep-22	10-Oct-25	10-Oct-25	$-	$0.280	-	-	Note 1
23-Sep-22	10-Oct-25	10-Oct-25	$-	$0.160	-	-	Note 5
23-Sep-22	10-Oct-25	10-Oct-25	$-	$0.118	-	-	Note 6
23-Sept-22	1-Jul-23	10-Oct-25	$-	$0.280	-	-	Note 2
23-Sept-22	1-Jul-25	10-Oct-27	$-	$0.280	-	-	Note 3
23-Sept-22	1-Jul-25	10-Oct-27	$-	$0.245	-	-	Note 3
23-Sept-22	23-Sept-23	10-Oct-25	$0.45	$0.289	-	-	Note 4
23-Sept-22	10-Oct-25	10-Oct-25	$0.45	$0.289	-	-	Note 4
10-Oct-22	1-Jul-23	10-Oct-25	$-	$0.260	-	-	Note 2
10-Oct-22	1-Jul-25	10-Oct-27	$-	$0.260	-	-	Note 3
10-Oct-22	1-Jul-25	10-Oct-27	$-	$0.229	-	-	Note 3

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 STIs with non-market based STIs. LTIs contain market-based vesting criteria such as share price performance against peer companies. LTIs are valued using the Monte Carlo Simulation method.

Vesting criteria

Note 1 – Managing Director one off options – twelve months of continuous service and a decision to proceed with construction at Chilalo

Note 2 – Executive Director and other STIs

The vesting criteria of the STIs issued during the period were:

- Board-approved construction decision for Chilalo mine and/or downstream graphite business (45%);
- Growth – secure technology and complete feasibility study for battery anode materials (12.5%);
- Growth – secure technology via YXGC JV and complete feasibility study for expandable graphite / graphite foil (12.5%); and
- ESG – a range of ESG focused targets (30%).

Directors' report

Note 3 - Executive Director and other ESS LTIs

The vesting criteria for LTIs issued during the period were:

- Chilalo mine and/or downstream graphite business has achieved commercial production (20%).
- ESG – a range of ESG focused targets (30%).

Note 4 - Executive Director and other ESS LTIs

Relative total shareholder return as shown in the table below (50%).

Evolution's relative TSR	Portion of LTIs that vest
Top 3	100%
4-5	75%
6-7	50%
8-13	0%

Note 5 – Managing Director one off options – share price target of $0.70.

Note 6 – Managing Director one off options – share price target of $1.00.

The terms and conditions of each grant of options over ordinary share affecting remuneration of Directors and other KMP in this financial year and future reporting years are as follows:

Name	Number of options granted	Vesting condition (see above)	Grant date	Vesting and exercisable date	Expiry date	Exercise price	Fair value of option at grant date
T Benson	5,650,000	Nil	16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.11
P Hoskins	2,400,000	Nil	16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.11
P Hoskins	1,500,000	Note 1	23-Sep-22	23-Sep-24	10-Oct-25	$0.00	$0.28
P Hoskins	750,000	Note 1	23-Sep-22	10-Oct-25	10-Oct-25	$0.00	$0.28
P Hoskins	375,000	Note 5	23-Sep-22	10-Oct-25	10-Oct-25	$0.00	$0.16
P Hoskins	375,000	Note 6	23-Sep-22	10-Oct-25	10-Oct-25	$0.00	$0.12
P Hoskins	504,587	Note 2	23-Sep-22	1-Jul-23	10-Oct-25	$0.00	$0.28
P Hoskins	252,294	Note 3	23-Sep-22	1-Jul-25	10-Oct-27	$0.00	$0.28
P Hoskins	252,293	Note 4	23-Sep-22	1-Jul-25	10-Oct-27	$0.00	$0.24
M Bourguignon	4,900,000	Nil	16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.11
M Bourguignon	433,486	Note 2	23-Sep-22	1-Jul-23	10-Oct-25	$0.00	$0.28
M Bourguignon	216,743	Note 3	23-Sep-22	1-Jul-25	10-Oct-27	$0.00	$0.28
M Bourguignon	216,743	Note 4	23-Sep-22	1-Jul-25	10-Oct-27	$0.00	$0.24
H Ludik	140,000	Nil	23-Sep-22	23-Sep-23	10-Oct-25	$0.45	$0.29
H Ludik	250,000	Nil	23-Sep-22	10-Oct-25	10-Oct-25	$0.45	$0.29
S McKenzie	825,000	Nil	16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.11
S McKenzie	176,147	Note 2	10-Oct-22	1-Jul-23	10-Oct-25	$0.00	$0.26
S McKenzie	88,074	Note 3	10-Oct-22	1-Jul-25	10-Oct-27	$0.00	$0.26
S McKenzie	88,073	Note 4	10-Oct-22	1-Jul-25	10-Oct-27	$0.00	$0.23
C Knee	825,000	Nil	16-Nov-21	16-Nov-21	9-Nov-24	$0.25	$0.11
C Knee	176,147	Note 2	10-Oct-22	1-Jul-23	10-Oct-25	$0.00	$0.26
C Knee	88,074	Note 3	10-Oct-22	1-Jul-25	10-Oct-27	$0.00	$0.26
C Knee	88,073	Note 4	10-Oct-22	1-Jul-25	10-Oct-27	$0.00	$0.23

Directors' report

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company.

Directors' report

The number of options over ordinary shares in the Company provided as remuneration to KMP is shown below. The options carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Reconciliation of options 2022	Balance at 1 July 2022		Granted as compensation	Exercise price	Vested		Exercised	Forfeited / expired		Balance at 30 June 2023	
Name and Grant dates	Vested and exercisable	Unvested			Number	%		Number	%	Vested and exercisable	Unvested
T Benson											
16-Nov-21	5,650,000	-	-	-	-	-	-	-	-	5,650,000	-
P Hoskins											
16-Nov-21	2,400,000	-	-	-	-	-	-	-	-	2,400,000	-
23-Sep-22	-	-	3,000,000	-	-	-	-	-	-	-	3,000,000
23-Sep-22	-	-	504,587	-	-	-	-	-	-	-	504,587
23-Sep-22	-	-	504,587	-	-	-	-	-	-	-	504,587
M Bourguignon											
16-Nov-21	4,900,000	-	-	-	-	-	-	-	-	4,900,000	-
23-Sep-22	-	-	433,486	-	-	-	-	-	-	-	433,486
23-Sep-22	-	-	433,485	-	-	-	-	-	-	-	433,485
H Ludik											
23-Sep-22	-	-	140,000	-	-	-	-	-	-	-	140,000
23-Sep-22	-	-	250,000	-	-	-	-	-	-	-	250,000
S McKenzie											
16-Nov-21	825,000	-	-	-	-	-	-	-	-	825,000	-
10-Oct-22	-	-	176,147	-	-	-	-	-	-	-	176,147
10-Oct-22	-	-	176,147	-	-	-	-	-	-	-	176,147
C Knee											
16-Nov-21	825,000	-	-	-	-	-	-	-	-	825,000	-
10-Oct-22	-	-	176,147	-	-	-	-	-	-	-	176,147
10-Oct-22	-	-	176,147	-	-	-	-	-	-	-	176,147

Director's report

Shareholdings

Name	Balance at start of period	Received during the period on the exercise of options	Other changes during the period[1]	Balance at end of the period
T Benson	250,000	-	(250,000)	-
A van Dyke	-	-	-	-
H Ludik	-	-	31,250	31,250
P Hoskins	557,645	-	125,000	682,645
M Bourguignon	250,000	-	93,750	343,750
S McKenzie	200,000	-	-	200,000
C Knee	125,000	-	31,250	156,250

[1] Shares subscribed for and paid for as part of the Placement 1 and Placement 2 in 2022.

None of the shares in the above table are held nominally by the Directors or by any of the other KMP.

Loans to KMP

There were no loans made to Directors or KMP.

Reliance on external remuneration consultants

In performing its role, the Nomination and Remuneration Committee may seek advice from independent remuneration consultants where appropriate, to make recommendations as to the nature and amount of remuneration payable to KMPs. Remuneration consultants are engaged by, and report directly to the Nomination and Remuneration Committee. For the year ended 30 June 2023, the Board did not engage an independent remuneration consultant to review the Company's remuneration structure. Having considered publicly available information on the remuneration practices of a number of peer group companies and conducted an extensive benchmarking exercise, the Board believes that current remuneration arrangements are appropriate.

Shares under option

Unissued ordinary shares

Shares under option that formed part of remuneration at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Options	Vested and exercisable
16-Nov-21	9-Nov-24	$0.25	14,600,000	14,600,000
23-Sep-22	10-Oct-27	$-	3,000,000	-
23-Sep-22	10-Oct-25	$-	1,290,367	-
23-Sep-22	10-Oct-27	$-	1,290,367	-
23-Sep-22	10-Oct-27	$0.45	390,000	-

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Voting of shareholders at last year's Annual General Meeting

The Group's 2022 annual general meeting was held on 30 November 2022, with all resolutions approved on a poll.

END OF REMUNERATION REPORT (audited)

Director's report

Insurance of officers and indemnities

The Company's constitution allows the Company to indemnify each Director or officer of the Company, to the extent permitted by law, against liability incurred in or arising out of the conduct of the business of the Company or the discharge of the duties of the Directors or officers.

The Group has granted indemnities under deeds of indemnity with its current Directors and officers. In conformity with the constitution, each deed of indemnity indemnifies the relevant Director or officer to the full extent permitted by law. Where applicable, each deed of indemnity indemnifies the relevant Director, officer or employee to the fullest extent permitted by law for liabilities incurred whilst acting as a director, officer or employee of the Company, any of its related bodies corporate and any outside entity, where such an office is held at the request of the Company.

The Group has a policy that it will, as a general rule, support and hold harmless an employee who, while acting in good faith, incurs personal liability to others as a result of working for the Group.

No indemnity has been granted to an auditor of the Group in their capacity as auditors of the Group.

During the period, the Group paid insurance premiums (inclusive of fees and charges) in respect of directors' and officers' liability insurance of $92,008 (June 2022: $83,301) (ex-goods and services tax (GST)).

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought, or intervened in, on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Limited) for audit and non-audit services provided during the period are set out in note 23.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Exposure to economic, environmental and social sustainability risks

The Group has material exposure to economic, environmental and social sustainability risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change). The Group employs suitably qualified personnel to assist with the management of its exposure to these risks. These risks are discussed in more detail the Corporate Governance Statement which can be found on the Group's website.

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 30.

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

Annual Statement of Ore Reserves and Mineral Resources

Chilalo Project: Ore Reserve and Mineral Resource Estimate

Chilalo Ore Reserve Estimate					
Domain	**Classification**	**Zone**	**Million Tonnes (Mt)**	**TGC (%)**	**Contained Graphite (Kt)**
High-Grade	Probable Reserve	Main	8.0	10.5	836
Total Ore Reserve	**Probable Reserve**	**Main**	**5.3**	**10.9**	**576**
Chilalo Mineral Resource Estimate					
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**
Total High-Grade	**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**

Mineral Resources are inclusive of Ore Reserves. 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 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.

Competent Person's Statement - Chilalo Mineral Resource Estimate

The information in this Prospectus that relates to the Chilalo Mineral Resource Estimate is based on information compiled by Mr Grant Louw, under the direction and supervision of Dr Andrew Scogings. Mr Louw was a full-time employee of CSA Global and Dr Scogings was an Associate of CSA Global at the time the Chilalo Mineral Resource Estimate was made. Dr Scogings takes overall responsibility for the Chilalo Mineral Resource Estimate. Dr Scogings is a Member of both the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person as defined in the JORC Code. Dr Scogings consents to the inclusion of such information in this report in the form and context in which it appears.

Competent Person's Statement - Chilalo Ore Reserve Estimate

The information in this announcement that relates to the Ore Reserve estimate for the Chilalo Project is based on information compiled by Andrew Hutson, a Competent Person, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Andrew Hutson is employed by Resolve Mining Solutions. Mr Hutson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the JORC Code. Mr Hutson consents to the inclusion of such information in this report in the form and context in which it appears.

Ore Reserves and Mineral Resources Governance

Evolution reviews its Mineral Resource and Ore Reserve estimates on an annual basis. The Annual Statement of Mineral Resources and Ore Reserves is prepared in accordance with the JORC Code and the ASX Listing Rules.

Competent Persons named by the Company are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code.

The Company engages external consultants and Competent Persons to prepare and calculate estimates of its Mineral Resources and Ore Reserves. These estimates and underlying assumptions are reviewed by the Directors and management for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the JORC Code 2012 and the ASX Listing Rules. Where material changes occur to a project during the period, including the project's size, title, exploration results or other technical information, previous resource estimates and market disclosures are reviewed for completeness. The Company reviews its

Director's report

Mineral Resources and Ore Reserves as at 30 June each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources and Ore Reserves, a revised estimate will be prepared as part of the annual review process.

Competent Person's Statement – Chilalo Exploration Results

The information in this report that relates to exploration results, data quality and geological interpretations for the Chilalo Graphite Project is based on information compiled by Mr Mathew Perrot, who is a Registered Practicing Geologist and a member of the Australian Institute of Geoscientists. Mr Perrot is the principal geologist with Mathew Perrot Consulting Geologist Pty Ltd. Mr Perrot has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Perrot consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Results of the Updated Definitive Feasibility Study

The DFS outcomes in this announcement comprises production targets and forecast financial information for the Chilalo Graphite Project and is based on an updated feasibility study for the Chilalo Graphite Project that was announced on 20 March 2023. The production targets (and the forecast financial information based on these production targets) are based solely on Ore Reserve estimates which have been prepared by a Competent Person in accordance with the requirements in the JORC Code.

Evolution confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 20 March 2023 and that all material assumptions and technical parameters upon which the production targets and forecast financial information are based continue to apply and have not materially changed.

Henk Ludik
Acting Chairman of the Board
PERTH
On the 28th day of September 2023

Sustainability Statement

Since completion of its initial public offering in November 2021, Evolution has committed itself to the principle of sustainability. In accordance with that commitment, the Evolution directors have undertaken to report on the Company's approach to sustainability and in particular its focus on the places in which the Company operates, being better for its presence. In June 2023, the Company released its maiden sustainability report for the period from November 2021 to 31 December 2022.

As the Company advances towards the development of the Chilalo Graphite Project, it appreciates the importance of presenting a transparent account of its sustainability objectives and outcomes so that host communities, government and other key stakeholders can understand and engage on Evolution's sustainability performance. The Company's maiden Sustainability Report is a critical part of presenting such a transparent account.

A copy of the Company's sustainability report is available at: https://www.investi.com.au/api/announcements/ev1/451b9146-bcb.pdf.

Corporate Governance Statement

Evolution and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Evolution has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 corporate governance statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year. The 2023 corporate governance statement was approved by the Board on 27 September 2023. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed on the Company's website at www.evolutionenergyminerals.com.au/corporate/#corporate-governance.

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of Evolution Energy Minerals Limited for the year ended 30 June 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

28 September 2023

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Fair value gain on loan		-	488,928
Other income		69,397	1,555
Foreign currency gain / (loss)		612,661	342,218
Corporate and administration expense		(1,039,415)	(1,086,366)
Employee benefits	2	(2,229,013)	(1,344,358)
Business development and marketing expense		(2,769,006)	(1,083,495)
Environment, social and governance expense	2	(2,932,653)	(1,433,669)
Finance costs	2	(338,563)	(989,374)
Exploration and evaluation expense		(4,232,547)	(2,095,172)
Impairment	6	(501,416)	-
Share based payments	22	(531,233)	(1,659,247)
Loss before income tax		**(13,891,788)**	**(8,858,980)**
Income tax expense		-	-
Profit / (loss) for the year after tax		**(13,891,788)**	**(8,858,980)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(235,515)	59,154
Total comprehensive profit / (loss) for the period		**(14,127,303)**	**(8,799,826)**
Net profit / (loss) is attributable to:			
Owners of Evolution Energy Minerals Limited		**(13,891,788)**	**(8,858,980)**
Total comprehensive loss is attributable to:			
Owners of Evolution Energy Minerals Limited		**(14,127,303)**	**(8,799,826)**
Profit / (loss) per share attributable to owners of the Company		**$**	**$**
Basic EPS	24	(0.07)	(0.09)
Diluted EPS	24	(0.07)	(0.09)

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

Consolidated statement of financial position
as at 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
ASSETS			
Current assets			
Cash and cash equivalents	5	4,441,568	5,370,037
Trade and other receivables	6	233,348	160,823
Total current assets		**4,674,916**	**5,530,860**
Non-current assets			
Property, plant and equipment	7	63,085	44,382
Exploration and evaluation assets	8	5,443,248	5,246,108
Total non-current assets		**5,506,333**	**5,290,490**
Total assets		**10,181,249**	**10,821,350**
LIABILITIES			
Current liabilities			
Trade and other payables	9	1,018,525	445,278
Provisions	10	75,513	16,025
Total current liabilities		**1,094,038**	**461,303**
Total liabilities		**1,094,038**	**461,303**
Net assets		**9,087,211**	**10,360,047**
EQUITY			
Share capital	11	37,671,757	25,348,523
Reserves	12	2,838,429	2,542,711
Accumulated losses	13	(31,422,975)	(17,531,187)
Total equity		**9,087,211**	**10,360,047**

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

Consolidated statement of changes in equity
for the year ended 30 June 2023

	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		-	-	-	(8,858,980)	**(8,858,980)**
Foreign exchange translation differences		-	59,154	-	-	**59,154**
Total comprehensive loss for the period		**-**	**59,154**	**-**	**(8,858,980)**	**(8,799,826)**
Transactions with owners in their capacity as owners:						
Issue of initial public offering (**IPO**) shares	11	22,375,000	-	-	-	**22,375,000**
Share placement costs	11	(1,124,125)	-	-	-	**(1,124,125)**
Options issued to joint lead managers of the IPO	12	(852,352)	-	852,352	-	**-**
Options issued to employee under the employee share scheme	12	-	-	1,659,247	-	**1,659,247**
Balance at 30 June 2022		**25,348,523**	**31,112**	**2,511,599**	**(17,531,187)**	**10,360,047**

Consolidated statement of changes in equity
for the year ended 30 June 2023

	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)**	**10,360,047**
Total comprehensive income for the period:						
Profit / (loss) for the period		-	-	-	**(13,891,788)**	**(13,891,788)**
Foreign exchange translation differences		-	(235,515)	-	-	**(235,515)**
Total comprehensive profit / (loss) for the period		**-**	**(235,515)**	**-**	**(13,891,788)**	**(14,127,303)**
Transactions with owners in their capacity as owners:						
Issue of shares net of transaction costs	11	12,323,234	-	-	-	**12,323,234**
Options issued to employee under the employee share scheme	12, 22	**-**	**-**	**531,233**	**-**	**531,233**
Balance at 30 June 2023		**37,671,757**	**(204,403)**	**3,042,832**	**(31,422,975)**	**9,087,211**

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

Consolidated statement of cash flows

for the year ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,777,398)	(2,303,970)
Payments for business development and marketing		(3,092,894)	(390,811)
Payment of exploration and evaluation and project expenditure		(7,530,592)	(2,867,382)
Net cash (outflow) from operating activities		**(13,400,884)**	**(5,562,163)**
Cash flows from investing activities			
Payment for property, plant and equipment		(29,273)	(45,022)
Proceeds from the sale of royalty		-	2,000,000
Payments for project acquisition		-	(2,000,000)
Net cash (outflow) from investing activities		**(29,273)**	**(45,022)**
Cash flows from financing activities			
Repayment of loan notes		-	(9,500,000)
Proceeds from the issue of ordinary shares	11	13,000,000	22,000,000
Share issue transaction costs		(676,766)	(1,316,272)
Net cash inflow from financing activities		**12,323,234**	**11,183,728**
Net increase / (decrease) in cash and cash equivalents		(1,106,923)	5,576,543
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		178,454	(228,952)
Cash and cash equivalents at the end of the period	5	**4,441,568**	**5,370,037**

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

Notes to the consolidated 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 financial statements of the Company as at, and for the year ended, 30 June 2023 comprise the Company and its subsidiaries (together the **Group**).

During the period, the principal continuing activities of the Group related to the acquisition, exploration, evaluation and development of the Company's Chilalo Graphite Project in southern Tanzania (**Chilalo Project**).

This financial report was authorised for issue in accordance with a resolution of the Directors on 28 September 2023.

2. Expenses

(a) Employee benefits

	30 June 2023 $	30 June 2022 $
Salaries and Directors fees – Corporate	1,795,332	1,035,377
Salaries – Technical and site	398,288	308,041
Superannuation	90,768	41,747
Recharges	(114,314)	(53,606)
Changes in leave provisions	58,939	12,799
	2,229,013	**1,344,358**

(b) Finance costs

	30 June 2023 $	30 June 2022 $
Interest expense	-	989,374
Project financing expense	338,563	-
	338,563	**989,374**

(c) Environmental, social and governance

	30 June 2023 $	30 June 2022 $
Environmental studies and ESIA	992,309	223,976
ESG Compliance	225,577	64,465
Relocation action plan	1,714,767	1,145,228
	2,932,653	**1,433,669**

3. Segment information

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.

Notes to the consolidated financial statements

4. Income tax expense

The Company has total carried forward tax losses of $8,068,639 (June 2022: $8,858,980) available for offset against future assessable income of the Company. The net deferred tax asset attributable to the residual tax losses of $2,017,160 (June 2022: $2,657,694) has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

The deferred tax asset in respect of these losses has been used to offset a deferred tax liability. The net deferred tax asset attributable to the residual tax losses of $2,017,160 has not been brought to account until convincing evidence exists that assessable income will be earned of a nature and amount to enable such benefit to be realised.

5. Cash and cash equivalents

	30 June 2023 $	30 June 2022 $
Cash at bank	4,364,152	5,370,037
Cash on deposit	77,416	-
	4,441,568	**5,370,037**

Refer to note 15(a)(i) for the Group's exposure to interest rate and credit risk.

6. Trade and other receivables

	30 June 2023 $	30 June 2022 $
Accounts receivable	19,819	12,902
Other receivables	58,901	87,674
Prepayments	154,628	60,247
	233,348	**160,823**

There are no debtors that are past due at year end, therefore none are impaired. The impairment expense of $501,416 incurred in year relates to irrecoverable Value Added Tax (VAT) borne in Tanzania. The Tanzanian Tax Authority has not been refunding input VAT credits unless the Company is producing revenue. Until such time as the Company is producing revenue it will take the conservative approach of impairing these input credits.

7. Property, plant and equipment

Non-current	**Plant and equipment $**	**Furniture and fittings $**	**Total $**
At 30 June 2023			
Cost	169,808	56,375	226,183
Accumulated depreciation	(130,813)	(32,285)	(163,098)
Net book amount	**38,995**	**24,090**	**63,085**
Period ended 30 June 2023			
Opening net book amount	26,625	17,757	44,382
Additions	17,523	11,750	29,273
Disposal	-	-	-
Foreign exchange movement	959	594	1,553
Depreciation charge	(6,112)	(6,011)	(12,123)
Closing net book amount	**38,995**	**24,090**	**63,085**

Notes to the consolidated financial statements

7. Property, plant and equipment (continued)

Non-current	Plant and equipment $	Furniture and fittings $	Total $
At 30 June 2022			
Cost	146,770	43,009	189,779
Accumulated depreciation	(120,145)	(25,252)	(145,397)
Net book amount	**26,625**	**17,757**	**44,382**
Period ended 30 June 2022			
Opening net book amount	-	3,770	3,770
Additions	26,711	18,311	45,022
Disposal	-	-	-
Foreign exchange movement	1,250	(1,468)	(218)
Depreciation charge	(1,336)	(2,856)	(4,192)
Closing net book amount	**26,625**	**17,757**	**44,382**

8. Exploration and evaluation expenditure

	30 June 2023 $	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	197,140	246,108
Carrying amount at the end of the period	**5,443,248**	**5,246,108**

9. Trade and other payables

	30 June 2023 $	30 June 2022 $
Creditors	449,656	381,400
Accruals	457,551	58,453
Other payables	111,318	5,425
	1,018,525	**445,278**

10. Provisions

	30 June 2023 $	30 June 2022 $
Provision for annual leave	75,513	16,025
	75,513	**16,025**

Notes to the consolidated financial statements

11. Share capital

	30 June 2023		30 June 2022	
	Shares	$	Shares	$
(a) Issued and paid up capital				
Ordinary fully paid shares – Evolution Energy Minerals UK Limited	202,500,000	37,671,757	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				
Shares issued to Marvel 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
Tranche One Placement	24,281,250	7,770,000	-	-
Tranche Two Placement	16,343,750	5,230,000	-	-
Less: Equity raising cost	-	(676,766)	-	(1,976,477)
	202,500,000	**37,671,757**	**161,875,000**	**25,348,523**

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, shares held.

On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote. Upon a poll, each fully paid share has one vote.

12. Reserves

The following table shows a breakdown of the statement of financial position line item 'reserves' and the movements in these reserves during the period. A description of the nature and purpose of each reserve is provided below.

	Share based payments $	Foreign currency translation $	Total reserves $
At 30 June 2021	**-**	**(28,042)**	**(28,042)**
Translation of foreign subsidiaries	-	59,154	59,154
Other comprehensive income	-	59,154	59,154
Transactions with owners in their capacity as owners			
Employee share based payments expense	1,659,247	-	1,659,247
Options issued to the joint lead managers of the IPO	852,352	-	852,352
At 30 June 2022	**2,511,599**	**31,112**	**2,542,711**
Translation of foreign subsidiaries	-	(235,515)	(235,515)
Other comprehensive income	-	(235,515)	(235,515)
Transactions with owners in their capacity as owners			
Employee share based payments expense	531,233	-	531,233
At 30 June 2023	**3,042,832**	**(204,403)**	**2,838,429**

Notes to the consolidated financial statements

12. Reserves (continued)

(a) Nature and purpose of reserves

(i) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of the Company's net investment in a foreign subsidiary.

(ii) Share based payment reserve

The share-based remuneration reserve is used to recognise the fair value of options issued.

13. Retained earnings

	30 June 2023 $	30 June 2022 $
Opening balance	(17,531,187)	(8,672,207)
Net gain / (loss) for the period	(13,891,788)	(8,858,980)
Closing balance	**(31,422,975)**	**(17,531,187)**

14. Cash flow information

	30 June 2023 $	30 June 2022 $
(a) Reconciliation of operating loss after income tax to the net cash flows from operating activities:		
Loss for the period	(13,891,788)	(8,858,980)
Adjustments for:		
Depreciation	12,123	4,191
Non-cash fair value adjustment to loan	-	(488,928)
Non-cash employee benefits expense - share based payments	531,233	1,659,247
Non-cash costs of interim loan notes capitalised	-	989,374
Non-cash capital raising costs settled with equity	-	567,147
Net exchange differences	(612,661)	265,306
Changes in operating assets and liabilities:		
Changes in trade and other receivables	(72,526)	(160,822)
Changes in trade and other payables	573,247	445,278
Changes in provisions	59,488	16,025
Net cash (outflow) from operating activities	**(13,400,884)**	**(5,562,162)**

(b) Non-cash investing and financing activities

There were no non-cash investing or financing activities for the year ended 30 June 2023.

Notes to the consolidated financial statements

15. Financial risk management

The Company and the Group's activities expose it to a variety of financial risks, including market, foreign currency, credit and liquidity risk. For the Group, market risk includes:

- Interest rate risk; and
- Foreign exchange risk.

Financial risk management is carried out by the Group's Chief Financial Officer, in close co-operation with the Audit and Risk Committee. The Group obtains independent external advice as required to assist it in understanding and managing its exposures and risks.

The Group held the following financial instruments at reporting date:

	Note	30 June 2023 $	30 June 2022 $
Financial Assets			
Cash and cash equivalents	5	4,441,568	5,370,037
Trade and other receivables	6	78,720	160,823
Total Financial Assets		**4,520,288**	**5,530,860**
Financial Liabilities			
Trade and other payables	9	560,974	445,278
Total Financial Liabilities		**560,974**	**445,278**

(a) Market risk

(i) Interest rate risk

The Group and the Company are exposed to interest rate volatility on deposits and loans. Deposits and loans at variable rates expose the Group and the Company to cash flow interest rate risk. Deposits and loans at fixed rates expose the Group to fair value interest rate risk.

	Effective Average Interest Rate (%)	Variable Interest Rate $	Fixed Interest Rate $	Non-Interest Bearing $	Total $
30 June 2023 (consolidated)					
Financial Assets					
Cash and cash equivalents	1.06%	4,087,076	77,416	277,076	4,441,568
Trade and other receivables	0.0%	-	-	78,720	78,720
		4,087,076	**77,416**	**355,796**	**4,520,288**
Financial Liability					
Trade and other payables	0.0%	-	-	560,974	560,974
		-	**-**	**560,974**	**560,974**
30 June 2022 (consolidated)					
Financial Assets					
Cash and cash equivalents	0.2%	5,289,907	40,000	40,130	5,370,037
Trade and other receivables	0.0%	-	-	160,823	160,823
		5,289,907	**40,000**	**200,953**	**5,530,860**
Financial Liability					
Trade and other payables	0.0%	-	-	445,278	445,278
	0.0%	**-**	**-**	**445,278**	**445,278**

Notes to the consolidated financial statements

15. Financial risk management (continued)

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved with all other variables held constant, post-tax loss and equity would have been affected as shown below.

		Interest Rate Risk -100 basis points (-1%)		Interest Rate Risk +100 basis points (+1%)	
	Carrying Amount $	Net Profit / (Loss) $	Equity $	Net Profit / (Loss) $	Equity $
30 June 2023 (consolidated)					
Financial Assets					
Cash and cash equivalents	4,441,568	(40,871)	(40,871)	40,871	40,871
	4,441,568	**(40,871)**	**(40,871)**	**40,871**	**40,871**
30 June 2022 (consolidated)					
Financial Assets					
Cash and cash equivalents	5,370,037	(52,899)	(52,899)	52,899	52,899
	5,370,037	**(52,899)**	**(52,899)**	**52,899**	**52,899**

(ii) Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies arising from costs incurred in currencies other than the functional currency of the Company and Group entities. The Group operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures to the United States dollar and Tanzanian shilling.

The Group has a Treasury Policy that stipulates foreign currency risk management measures. It provides that the Company shall hold one month's forward looking foreign currency cash requirement. Should the exchange rate be favourable to the budgeted exchange rate, the Company can hold up to three months of forecast foreign cash requirements. The Group monitors foreign currency expenditure in light of exchange rate movements. The Group's exposure to foreign currency risk as at 30 June 2023, expressed in Australian dollars was as follows.

	30 June 2023		30 June 2022	
Foreign currency balances	US Dollar	Tanzanian Shilling	US Dollar	Tanzanian Shilling
Cash at bank	235,609	14,772	11,002	5,473
Trade receivables	-	-	-	64,564
Trade payables	(126,966)	-	24,373	9,325

	10% Strengthening to the AUD		10% Weakening to the AUD	
Sensitivity analysis	Equity $	Net Profit / (Loss) $	Equity $	Net Profit / (Loss) $
30 June 2023 (Consolidated)				
USD (10% movement)	(26,179)	(11,542)	21,419	14,107
TZS (10% movement)	-	1,343	-	(1,641)
30 June 2022 (Consolidated)				
USD (10% movement)	(1,222)	2,216	1,000	(2,708)
TZS (10% movement)	6,717	498	(8,210)	(608)

Notes to the consolidated financial statements

15. Financial risk management (continued)

(b) Liquidity risk

The liquidity position of the Group is managed to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position, including cash flow forecasts, to determine the forecast liquidity position and maintain appropriate liquidity levels.

	Less than 1 year $	Between 1 and 2 years $	Total contractual cash flows $	Carrying amount $
30 June 2023 (Consolidated)				
Trade and other receivables	78,720	-	78,720	78,720
Trade and other payables	(560,974)	-	(560,974)	(560,974)
	(482,254)	**-**	**(482,254)**	**(482,254)**
30 June 2022 (Consolidated)				
Trade and other receivables	160,823	-	160,823	160,823
Trade and other payables	(445,278)	-	(445,278)	(445,278)
	(284,455)	**-**	**(284,455)**	**(284,455)**

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

(i) Cash at bank

The Group manages its credit risk on financial instruments, including cash, by only dealing with banks licensed to operate in Australia and Tanzania that are reputable banks with a high credit rating.

(ii) Trade and other receivables

The Group has credit risk arising from other receivables.

(iii) Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	30 June 2023 $	30 June 2022 $
Financial Assets			
Cash and cash equivalents	5	4,441,568	5,370,037
Trade and other receivables	6	78,720	160,823
Total Financial Assets		**4,520,288**	**5,530,860**

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts and estimated fair values of all the Group's financial instruments recognised in the financial statements are materially the same.

Notes to the consolidated financial statements

16. Capital management

(a) Risk management

The Group's policy is to maintain a strong capital base so as to ensure investor, creditor and market confidence and to sustain future development of the business.

The Company has welcomed equity investment from major stakeholders so that goals are aligned and there is a vested interest in the Group's success. Current stakeholders that are also shareholders include major suppliers for exploration, project management and feasibility studies advisors, corporate advisors, Directors, executives and employees.

The Company monitors its total shares on issue, market capitalisation and enterprise value on a regular basis so as to maintain a critical balance between having its strategy fully funded and minimising existing shareholder dilution.

	30 June 2023 $	30 June 2022 $
Net debt	-	-
Share capital	37,671,757	25,348,523
Net debt to equity ratio	**0%**	**0%**

(b) Dividends

Up until the date of this report, no dividend has been declared or paid by the Company.

17. Interests in other entities

The Group's principal subsidiaries as at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Country of incorporation	Class of shares	Equity Holding 30 June 2023 %	Equity Holding 30 June 2022 %
Evolution Energy Minerals Limited	Australia	Ordinary	Parent	Parent
Evolution Energy Holdings Pty Limited	Australia	Ordinary	100	100
Evolution Energy UK Limited	United Kingdom	Ordinary	100	100
Evolution Energy Solutions LLC	United States	Ordinary	100	-
Evolution Recycling Solutions LLC	United States	Ordinary	100	-
Kudu Graphite Limited	Tanzania	Ordinary	86	-
Ngwena Tanzania Limited	Tanzania	Ordinary	100	100

18. Contingent liabilities

Royalty

The Company is a party to a Net Sales Return Royalty Deed with the Company's major shareholder ARCH SRF. Under the terms of this agreement the Company is bound to pay a royalty of 1.7% on the future net sales returns of graphite concentrate 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 Chilalo Project.

Notes to the consolidated financial statements

18. Contingent liabilities (continued)

The Company is a party to an agreement with Australia Minerals and Resources Pty Ltd (**AMR**), a graphite market consultancy. Under the terms of the agreement with AMR, the Company must pay AMR a fee equal to 3% of the value of an offtake or sales agreement entered into by the Company with a third party that AMR has introduced. AMR has introduced both of the Company's offtake partners, BTR and YXGC.

19. Commitments

(a) Exploration commitments

The Company is required to meet certain minimum expenditure commitments on the mineral exploration assets in which it has an interest. The minimum expenditure commitment is set out in the Prospecting Licences held by the Group. Outstanding exploration commitments are as follows:

	30 June 2023 $	30 June 2022 $
- not later than one year	918,427	885,164
- beyond one year	-	-
	918,427	**885,164**

(b) Prospecting and mining licence rentals

	30 June 2023 $	30 June 2022 $
- not later than one year	71,118	68,542
- beyond one year	-	-
	71,118	**68,542**

The Company pays an annual lease amount for the tenements it holds. The leases can be relinquished on or before the anniversary date, therefore there are no contractual commitments beyond one year. The Company has no current plans to relinquish any of its existing tenements.

20. Events occurring after reporting date

Subsequent to period end, the Company

- Entered into a series of transactions with BTR New Material Group Co., Ltd (**BTR**) that comprised an 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, a memorandum of understanding covering downstream processing collaboration and financing for development of the Company's Chilalo Project and a binding offtake for 100% of Chilalo Project's -100 mesh (fines) graphite for three years with an option to extend for a further three years. All agreements are subject to the satisfaction of certain conditions (including BTR due diligence and regulatory approvals) before 31 October 2023.[5]
- Appointed Stephen Dennis as a Non-Executive Director on 6 September;
- Appointed Mike Spreadborough and Cameron Dowling as Non-Executive Directors on 12 September 2023; and
- Ms Amanda van Dyke and Mr Michael Bourguignon (now COO) resigned from the Board on 12 September 2023.

[5] For further information on the BTR Transactions, see ASX announcement dated 14 August 2023.

Notes to the consolidated financial statements

21. Related party transactions

(a) Parent entity

Evolution is the ultimate Australian parent entity of the Group. Evolution is a company limited by shares that is incorporated and domiciled in Australia.

(b) Subsidiaries

Interests in subsidiaries are set out in note 17.

(c) Group transactions

Controlled entities made payments and received funds on behalf of the Company and other controlled entities by way of inter-company loan accounts with each controlled entity. These loans are unsecured, bear no interest and are repayable on demand, however demand for repayment is not expected in the next twelve months.

(d) Key management personnel compensation

	30 June 2023 $	30 June 2022 $
Short-term employee benefits	1,127,186	792,923
Post-employment benefits	61,579	176,585
Annual and long service leave	-	22,118
Share-based payments	472,349	1,659,247
	1,661,114	**2,650,873**

Detailed remuneration disclosures are provided in the Remuneration Report.

(e) Other KMP transactions

During the period, Mr. Hoskins was a Non-Executive Director of Marvel Gold Limited (**Marvel**) until 13 October 2022, an ASX listed Company that has a shared services agreement with the Company. Under this arrangement, the Company provides company secretarial, accounting and administration services. Payments made under these arrangements for the period are set out below.

Included in the prior year payments to Marvel are two amounts paid as part of the spin out of the Chilalo Project and initial public offering of Evolution. As part of the Share Exchange Agreement between the Company and Marvel, the Company was required to pay $2 million as consideration for the acquisition of the Chilalo Graphite Project. In addition, the Company was required to re-imburse Marvel for all costs associated with the IPO of which the total came to $1,236,143.

Related part transactions	30 June 2023 $	June 2022 $
Receipts from Marvel (ex-GST)	86,004	24,800
Payments to Marvel (ex-GST)	(4,623)	(3,275,658)
Amounts outstanding from Marvel at period end	9,009	-
Amounts outstanding to Marvel at period end	98	-

During the year ended 30 June 2023 the Company issued the following options to Directors and KMP.

Option series	Exercise price	Grant date	Vesting date	No. of options	Total expense recognised
Directors					
Managing Director – one off grant	$0.00	23-Sep-22	23-Sep-24	1,500,000	$160,876
Managing Director – one off grant	$0.00	23-Sep-22	10-Oct-25	750,000	$52,830
Managing Director – one off grant	$0.00	23-Sep-22	10-Oct-25	375,000	$15,132
Managing Director – one off grant	$0.00	23-Sep-22	10-Oct-25	375,000	$11,151
Executive Directors STI’s	$0.00	23-Sep-22	01-Jul-23	938,073	$68,292

Notes to the consolidated financial statements

Option series	Exercise price	Grant date	Vesting date	No. of options	Total expense recognised
Executive Directors LTI's	$0.00	23-Sep-22	01-Jul-25	938,073	$68,198
Non-executive Director	$0.45	23-Sep-22	23-Sep-23	140,000	$31,077
Non-executive Director	$0.45	23-Sep-22	10-Oct-25	250,000	$18,198
Other KMP					
Other ESS STIs	$0.00	10-Oct-22	01-Jul-23	352,294	$23,815
Other ESS LTIs	$0.00	10-Oct-22	01-Jul-25	352,294	$22,781
Total				**5,970,734**	**$472,350**

Further details of the options issued included the inputs used to determine the fair value of the share-based payments are included in note 22 below.

22. Share-based payments

(a) Employee option plan

Information on the Company's Option Plan (**Option Plan**) was set out in the Company's Prospectus lodged on 29 September 2021. Given the disclosure of the Option Plan in the Prospectus, the issue of shares under the Plan rules does not count towards the Company's share issuance capacity under ASX listing Rules 7.1 and 7.1A. The Plan is designed to:

a) assist and reward the retention and motivation of employees;
b) link employee reward to shareholder value creation; and
c) align the interests of employees with shareholders by providing an opportunity for employees to receive an equity interest in the Company in the form of Options.

Under the Plan, participants are granted options which are STIs or LTIs and vest upon satisfaction of KPIs as determined by the Board. Participation in the Plan is at the Board's discretion and no individual has a contractual right to participate in the Plan or to receive any guaranteed benefits.

The Employee may exercise the option at any time after they have vested. To exercise an option, an employee must deliver a signed notice of exercise and, subject to a cashless exercise of options, pay the option exercise price (if there is one) prior to the expiry date. An option may specify that at the time of exercise, the employee may elect not to be required to provide payment of the option exercise price. Alternatively, the Company will transfer or issue to the employee that number of shares equal in value to the positive difference between the market value of the shares at the time of exercise and the option exercise price that would otherwise be payable to exercise those options.

The Board has determined that incentive awards will be equity settled to ensure alignment with Company and shareholders' interests and to preserve cash.

Options are granted under the Option Plan for no cash consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share subject to the payment of any applicable exercise price.

	30 June 2023		30 June 2022	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
As at 1 July	$0.25	22,100,000	-	-
Granted during the period [1]	$0.027	6,855,442	$0.25	22,100,000
Exercised during the period	Nil	Nil	Nil	Nil
Forfeited or lapsed during the period	Nil	Nil	Nil	Nil
As at 30 June	**$0.217**	**28,955,422**	**$0.25**	**22,100,000**

Options outstanding at the end of the period have the following expiry date and exercise prices:

Notes to the consolidated financial statements

Option series	Exercise price	Grant date	Vesting date	Expiry date	No. of options
Directors	$0.25	16-Nov-21	16-Nov-21	9-Nov-24	12,950,000
Other KMP	$0.25	16-Nov-21	16-Nov-21	9-Nov-24	1,650,000
Joint lead manager options	$0.25	16-Nov-21	16-Nov-21	9-Nov-24	7,500,000
Managing Director – one off grant	-	23-Sep-22	23-Sep-24	10-Oct-25	1,500,000
Managing Director – one off grant	-	23-Sep-22	10-Oct-25	10-Oct-25	750,000
Managing Director – one off grant	-	23-Sep-22	10-Oct-25	10-Oct-25	375,000
Managing Director – one off grant	-	23-Sep-22	10-Oct-25	10-Oct-25	375,000
Executive Directors – STIs	-	23-Sept-22	01-Jul-23	10-Oct-25	938,073
Executive Directors – LTIs	-	23-Sept-22	01-Jul-25	10-Oct-27	469,037
Executive Directors – LTIs	-	23-Sept-22	01-Jul-25	10-Oct-27	469,037
Non-executive Director – T1	$0.45	23-Sept-22	2-Jun-23	10-Oct-25	140,000
Non-executive Director – T2	$0.45	23-Sept-22	10-Oct-25	10-Oct-25	250,000
Other ESS – STIs	-	10-Oct-22	01-Jul-23	10-Oct-27	922,609
Other ESS – LTIs	-	10-Oct-22	01-Jul-25	10-Oct-27	333,334
Other ESS – LTIs	-	10-Oct-22	01-Jul-25	10-Oct-27	333,334
Total					**28,955,422**

Weighted average remaining contractual life of options outstanding at period end is 1.68 years (2022: 2.36 years).

Fair value of options granted

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 (**STIs**) with non-market based STIs. Long-term incentives (**LTIs**) contain market-based vesting criteria such as share price performance against peer companies. LTIs are valued using the Monte Carlo Simulation method.

The assumptions used for the options valuation are as follows:

	Managing Director – one off grant	Managing Director – one off grant	Managing Director – one off grant	Managing Director – one off grant	Non-executive Director	Non-executive Director
Underlying value of the security	$0.28	$0.28	$0.28	$0.28	$0.40	$0.40
Exercise price	$-	$-	$-	$-	$0.45	$0.45
Valuation date	23-Sep-22	23-Sep-22	23-Sep-22	23-Sep-22	23-Sep-22	23-Sep-22
Vesting date	23-Sep-24	10-Oct-25	10-Oct-25	10-Oct-25	23-Sep-23	10-Oct-25
Expiry date	10-Oct-25	10-Oct-25	10-Oct-25	10-Oct-25	10-Oct-25	10-Oct-25
Risk free rate	3.68%	3.68%	3.68%	3.68%	3.61%	3.61%
Volatility	100%	100%	100%	100%	100%	100%
Life of Options in years	5	5	5	5	5	5
Number of Options	1,500,000	750,000	375,000	375,000	140,000	250,000
Valuation per Option	$0.2800	$0.2800	$0.1604	$0.1182	$0.2894	$0.2894
Amount expensed during the year	$160,876	$52,830	$15,132	$11,151	$31,077	$18,199
Vesting criteria	Note 5	Note 1	Note 5	Note 6	Nil	Nil

Notes to the consolidated financial statements

	Executive Directors STIs	Executive Directors LTI's Non-market	Executive Directors LTIs Market	Other ESS STIs	Other ESS LTIs Non-market	Other ESS LTIs Market
Underlying value of the security	$0.28	$0.28	$0.28	$0.40	$0.40	$0.40
Exercise price	$-	$-	$-	$-	$-	$-
Valuation date	23-Sep-22	23-Sep-22	23-Sep-22	10-Oct-22	10-Oct-22	10-Oct-22
Vesting date	1-Jul-23	1-Jul-25	1-Jul-25	1-Jul-23	1-Jul-25	1-Jul-25
Expiry date	10-Oct-25	10-Oct-27	10-Oct-27	10-Oct-25	10-Oct-27	10-Oct-27
Risk free rate	3.61%	3.68%	3.68%	3.61%	3.68%	3.68%
Volatility	100%	100%	100%	100%	100%	100%
Life of Options in years	3	5	5	3.2	5.2	5.2
Number of Options	938,073	469,037	469,037	922,609	333,334	333,334
Valuation per Option	$0.2800	$0.2800	$0.2450	$0.2600	$0.2600	$0.2288
Amount expensed during the year	$68,292	$36,372	$31,826	$62,368	$22,931	$20,179
Vesting criteria	Note 2	Note 3	Note 4	Note 2	Note 3	Note 4

Vesting criteria

Note 1 - Managing Director one off options – twelve months of continuous service and a decision to proceed with construction at Chilalo

Note 2 – Executive Director and other ESS STIs

The vesting criteria of the STIs issued during the period were:

- Board-approved construction decision for Chilalo mine and/or downstream graphite business (45%);
- Growth – secure technology and complete feasibility study for battery anode materials (12.5%);
- Growth – secure technology via YXGC JV and complete feasibility study for expandable graphite / graphite foil (12.5%); and
- ESG – a range of ESG focused targets (30%).

Note 3 – Executive Director and other ESS LTIs

The vesting criteria for LTIs issued during the period were:

- Chilalo mine and/or downstream graphite business has achieved commercial production (20%).
- ESG – a range of ESG focused targets (30%).

Note 4 - Executive Director and other ESS LTIs

Relative total shareholder return as shown in the table below (50%).

Evolution's relative TSR	Portion of LTIs that vest
Top 3	100%
4-5	75%
6-7	50%
8-13	0%

Note 5 – Managing Director one off options – share price target of $0.70.

Note 6 – Managing Director one off options – share price target of $1.00.

As at the date of this report, the Nomination and Remuneration Committee has not yet met to assess performance against the set KPIs.

Notes to the consolidated financial statements

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions during the period were as follows:

	30 June 2023 $	30 June 2022 $
Options issued under the Plan	531,233	1,659,247
	531,233	**1,659,247**

At the end of each reporting period, the Company applies a probability to options with non-market based vesting criteria to reflect the likely number of options that will vest at the end of the vesting period taking into consideration all the vesting criteria.

23. Remuneration of auditors

During the period, the following fees were paid and payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) BDO Audit (WA) Pty Limited

	30 June 2023 $	30 June 2022 $
(i) Audit and assurance services		
Audit and review of financial statements	49,095	35,000
Other assurance services	4,500	2,500
Total audit and assurance remuneration	**53,595**	**37,500**

(b) PricewaterhouseCoopers (Tanzania component auditor)

(i) Audit and assurance services		
Audit of financial statements	18,750	16,884
Total audit and assurance remuneration	**18,750**	**16,884**

24. Earnings per share

	30 June 2023 $	30 June 2022 $
(a) Basic earnings / (loss) per share		
From continuing operations attributable to ordinary equity holders	(0.07)	(0.09)

The weighted average number of shares used to calculate both the basic and diluted earnings per share is 194,967,068 (30 June 2022: 100,229,452).

(b) Fully diluted earnings / (loss) per share

From continuing operations attributable to ordinary equity holders	(0.07)	(0.09)

(c) Information concerning the classification of securities

Options granted to employees under the Plan and those issued to contractors are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share with the assumption all such options will vest, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 22.

Notes to the consolidated financial statements

25. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

(a) Summary of financial information

	30 June 2023 $	30 June 2022 $
Statement of financial position		
Current assets	4,310,494	5,472,602
Non current assets	7,951	-
Total assets	4,318,445	5,472,602
Current liabilities	(955,700)	(451,763)
Total liabilities	(955,700)	(451,763)
Shareholders' equity		
Issued capital	32,721,757	20,398,523
Reserves	3,042,832	2,511,599
Retained earnings	(32,401,844)	(17,889,283)
Total shareholders' equity	3,362,745	5,020,839
Profit / (Loss) for the period	**(14,512,561)**	**(17,889,283)**
Total comprehensive profit / (loss)	**(14,512,561)**	**(17,889,283)**

(b) Guarantees

Evolution, as the parent company, has provided a guarantee for financial support of its wholly subsidiary Ngwena Tanzania Limited for the 2024 financial year. This guarantee is provided each year as it does not have the ability to funds itself in its own right.

(c) Commitments

The Company has no leases or commitments.

(d) Contingencies

All contingencies outlined in note 18 are the contingent liabilities of the Company.

26. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. The financial statements are for the Group consisting of Evolution and its subsidiaries disclosed in note 17.

(a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(i) Historical cost convention
The financial statements have been prepared under the historical cost convention, except for the revaluation of loans and borrowings at fair value through profit or loss.

Notes to the consolidated financial statements

(ii) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 28.

(iii) New or amended Accounting Standards and Interpretations adopted

The accounting standards and interpretations relevant to the operations of the Group are consistent with those of the previous financial year. There are some amendments and interpretations effective for the first time from 1 July 2021, though they did not have any impact on the current period or any prior period and is not likely to affect future periods.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have any impact on future reporting periods.

(b) Going concern

The financial report for the year ended 30 June 2023 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 $13,891,788 (30 June 2022: $8,858,980) and experienced net cash outflows from operating, financing and investing activities of $1,106,923 for the year ended 30 June 2023 (30 June 2022: $5,576,543 inflow). As at 30 June 2023, the Group had cash assets of $4,441,568 (30 June 2022: $5,370,038) and net assets of $9,087,211 (30 June 2022: $10,360,047).

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. However, the ability of the Group to continue as a going concern is dependent on securing additional funding through a capital raising or other fund-raising activities. The Directors consider it is reasonable to assume that additional funds will be able to be raised as required and that the Group will continue as a going concern. As such, the financial report has been prepared on 'a going concern' basis.

Subsequent to period end, the Company entered into a series of transactions with BTR New Material Group Co., Ltd (**BTR**) that comprised an 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, a memorandum of understanding covering downstream processing collaboration and financing for development of the Company's Chilalo Project and a binding offtake for 100% of Chilalo Project's -100 mesh (fines) graphite for three years with an option to extend for a further three years. All agreements are subject to the satisfaction of certain conditions (including BTR due diligence and regulatory approvals) before 31 October 2023.[6]

The Directors believe there are sufficient funds to meet the Group's committed minimum expenditure requirements and, as at the date of this report, the directors believe they can meet all liabilities as and when they fall due dependent on securing additional funding via a capital raising or other fund-raising activities. These conditions indicated a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The Directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

27. Accounting policies

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

(b) New and amended standards adopted by the Company

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

[6] For further information on the BTR Transactions, see ASX announcement dated 14 August 2023.

Notes to the consolidated financial statements

(c) Principles of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Investments in subsidiaries are accounted for at cost in the parent entity information disclosures of Evolution.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Revenue recognition

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(e) Impairment

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of profit or loss and other comprehensive income.
Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to a working condition for their intended use.
Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation
Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The rates vary between 2% and 50% per annum.
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

(g) Exploration and evaluation costs

Costs arising from the acquisition of exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. Ongoing exploration activities are expensed as incurred.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the Group. All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area.

Notes to the consolidated financial statements

Where tenements or part of an area of interest are disposed of, the proceeds of this partial disposal will reduce the value of the asset by the fair value of those proceeds. This recognises that part of the future economic benefit of the asset has effectively been disposed.

(h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Group becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(j) Employee benefits

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, inclusive of on costs, when the liabilities are settled. The expense for non-accumulating sick leave is recognised when the leave is taken and measured at the rates paid or payable.

Share-based payment transactions
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 and the risk-free interest rate for the term of the option.

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.

(k) Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax
Current tax is the expected tax payable of the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Notes to the consolidated financial statements

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax exposures
In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(l) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.
Collectability of other receivables is reviewed on an ongoing basis to assess impairment.
The amount of the impairment loss is recognised in profit or loss within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of financial position.

(n) Financial instruments

(i) Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity investments, re-evaluates this designation at each reporting date.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables (see notes 5 and 6).

When an investment is derecognised, the cumulative gain or loss in equity is transferred to the consolidated statement of comprehensive income. Fair value is determined by reference to the quoted price at the reporting date.

Notes to the consolidated financial statements

(ii) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or have expired.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans from related parties and trade and other payables.

(o) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(p) Segment reporting

Segment results that are reported to the Group's Managing Director (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

(q) Parent entity information

The financial information for the parent entity, Evolution, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements.

(r) Acquisition of entities under common control

Predecessor accounting
Acquisitions involving entities under common control are accounted for using the predecessor accounting method. Under this method:

- carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on acquisition; and

- the carrying value of net assets acquired or liabilities assumed is recorded as a separate element of equity on consolidation.

(s) Foreign currency translation

Functional and presentation currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions
Transactions in foreign currencies are translated to the respective financial currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

Notes to the consolidated financial statements

Foreign operations
The assets and liabilities of foreign operations are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

28. Critical accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Exploration and evaluation
Exploration and evaluation acquisition costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the recoverability of the value of the asset. The Company assesses whether any impairment indicators may exist over the area of interest to assess recoverability each year.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options at grant date is independently determined using the Black-Scholes option and Monte Carlo simulation pricing models that take 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. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Directors' declaration

In the opinion of the Directors:

(a) the consolidated financial statements and notes set out on pages 32 to 57:

(i) comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 27 to the financial statements;

(ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(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; and

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Henk Ludik
Interim Non-Executive Chairman
PERTH
On this 28st day of September 2023

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Evolution Energy Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Evolution Energy Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 26b in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for share-based payments

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 22 to the Financial Report, during the financial year ended 30 June 2023, the Group agreed to issue options to key management personnel and employees, which have been accounted for as share-based payments within the Financial Report. Refer to Note 26j to the Financial Report for a description of the accounting policy and significant estimates and judgments applied to these arrangements. Share-based payments are a complex accounting area and due to the complex and judgmental estimates used in determining the fair value of the share-based payments, we consider the accounting for share-based payments to be a key audit matter.	Our procedures included, but were not limited to the following: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Holding discussions with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation methodology used; • Testing key fair value inputs, using internal specialists where required; • Assessing the allocation of the share-based payment expense over the relevant vesting period; and • Assessing the adequacy of the related disclosures in Note 22 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Evolution Energy Minerals Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 28 September 2023

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. Unless otherwise stated, the information is current as at 13 September 2023.

1. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding.

Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	116	82,096	0.05%
above 1,000 up to and including 5,000	820	2,363,555	1.57%
above 5,000 up to and including 10,000	489	4,248,435	2.82%
above 10,000 up to and including 100,000	624	20,675,557	13.73%
above 100,000	126	123,255,357	81.83%
Totals	**2,175**	**150,625,000**	**100.00%**

There are 1,469 holders of an unmarketable parcel of shares, representing 7,184,369 shares.

2. Top 20 Holders of Quoted Shares

Position	Holder Name	Holding	% Issued Capital
1	SRF HOLDCO GP PCC LIMITED	50,038,610	24.71%
2	MARVEL GOLD LIMITED	50,000,000	24.69%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,966,972	5.42%
4	BAROLO EV1 CT PTY LTD <BAROLO EV1 A/C>	5,468,750	2.70%
5	PRECISION OPPORTUNITIES FUND LTD	4,500,000	2.22%
6	BPM INVESTMENTS LIMITED	3,000,000	1.48%
7	ASHANTI INVESTMENT FUND PTY LTD	2,925,000	1.44%
8	TREASURY SERVICES GROUP PTY LTD	2,722,000	1.34%
9	ONE MANAGED INVESTMENT FUNDS LIMITED	2,140,938	1.06%
10	BNP PARIBAS NOMINEES PTY LTD	2,060,681	1.02%
11	CITICORP NOMINEES PTY LIMITED	1,894,471	0.94%
12	S3 CONSORTIUM PTY LTD	1,875,000	0.93%
13	DEUTSCHE BALATON AKTIENGESELLSCHAFT	1,554,375	0.77%
14	OCEANVIEW ROAD PTY LTD	1,500,000	0.74%
15	PA & JB LEACH INVESTMENTS PTY LTD <LEACH FAMILY S/F A/C>	1,289,072	0.64%
16	LOMACOTT PTY LTD	1,000,000	0.49%
17	BNP PARIBAS NOMS PTY LTD	988,289	0.49%
18	MTT INVESTMENTS WA PTY LTD	943,758	0.47%
19	PONDEROSA INVESTMENTS (WA) PTY LTD	942,000	0.47%
20	CLARKSON'S BOATHOUSE PTY LTD	919,391	0.45%
	Total	**146,729,307**	**72.46%**
	Total issued share capital	**202,500,000**	**100.00%**

3. Substantial Shareholders

Substantial shareholders (shareholders who hold 5% or more of the issued share capital):

	Number of Shares	Percentage Held
SRF HOLDCO GP PCC LIMITED	50,038,610	24.71%
MARVEL GOLD LIMITED	50,000,000	24.69%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,966,972	5.42%

ASX Additional Information

4. Voting Rights

(a) Ordinary Shares
Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options have no voting rights

5. Quoted Securities on Issue

The Company has 202,500,000 quoted shares on issue. There are no quoted options on issue.

6. Unquoted Equity Securities

The Company has 65,459,426 unquoted securities on issue.

Date of Expiry	Exercise Price	Number of Options	No of Option Holders
8 November 2024	$0.25	20,000,000	1
9 November 2024	$0.25	22,100,000	8
10 October 2025	$0.00	4,860,682	8
10 October 2025	$0.45	390,000	1
10 October 2027	$0.00	1,604,740	5
		48,955,422	**23**

7. 20 Largest Holders of Unlisted Options

Position	Class	Holder Name	Holding	% of Issued Option Class
1	Expiring 08/11/2024, exercisable at $0.25	SRF HOLDCO GP PCC LIMITED	20,000,000	100
2	Expiring 09/11/2024, exercisable at $0.25	TREVOR BRUCE BENSON	5,650,000	25.57
3	Expiring 09/11/2024, exercisable at $0.25	MR MICHAEL EMIL BOURGUIGNON	4,900,000	22.17
4	Expiring 10/10/2025, exercisable at $0.00	PHIL HOSKINS	3,504,587	72.10
5	Expiring 09/11/2024, exercisable at $0.25	CAPITAL DI LIMITED	2,500,000	11.31
6	Expiring 09/11/2024, exercisable at $0.25	ASHANTI CAPITAL PTY LTD	2,500,000	11.31
7	Expiring 09/11/2024, exercisable at $0.25	CHIEFTAIN SECURITIES (WA) PTY LTD	2,500,000	11.31
8	Expiring 09/11/2024, exercisable at $0.25	NICOLE JENNIFER HOSKINS	2,400,000	10.86
9	Expiring 09/11/2024, exercisable at $0.25	STUART MCKENZIE & RUTH MCKENZIE <MCKENZIE FAMILY A/C>	825,000	3.73
10	Expiring 09/11/2024, exercisable at $0.25	MR CHRISTOPHER BRUCE KNEE <MOUNT BEDFORD CORPORATE A/C>	825,000	3.73
11	Expiring 10/10/2027, exercisable at $0.00	PHIL HOSKINS	504,587	31.44
12	Expiring 10/10/2025, exercisable at $0.00	MR MICHAEL EMIL BOURGUIGNON	433,486	8.92
13	Expiring 10/10/2027, exercisable at $0.00	MR MICHAEL EMIL BOURGUIGNON	433,486	27.01
14	Expiring 10/10/2025, exercisable at $0.45	FUNDOG ENTERPRISES PTY LTD <LUDIK FAMILY A/C>	390,000	100.00

ASX Additional Information

Position	Class	Holder Name	Holding	% of Issued Option Class
15	Expiring 10/10/2025, exercisable at $0.00	VICKEY PUNCHEON	314,373	6.47
16	Expiring 10/10/2027, exercisable at $0.00	VICKEY PUNCHEON	314,373	19.59
17	Expiring 10/10/2025, exercisable at $0.00	MARC SMITH	200,000	4.11
18	Expiring 10/10/2025, exercisable at $0.00	MR CHRISTOPHER BRUCE KNEE <MOUNT BEDFORD CORPORATE A/C>	176,147	3.62
19	Expiring 10/10/2025, exercisable at $0.00	STUART MCKENZIE & RUTH MCKENZIE <MCKENZIE FAMILY A/C>	176,147	3.62
20	Expiring 10/10/2027, exercisable at $0.00	MR CHRISTOPHER BRUCE KNEE <MOUNT BEDFORD CORPORATE A/C>	176,147	10.98
20	Expiring 10/10/2027, exercisable at $0.00	STUART MCKENZIE & RUTH MCKENZIE <MCKENZIE FAMILY A/C>	176,147	10.98

8. Tenement interests as at 28 September 2023

Tenement	Ownership	Project	Location
ML 769/2023	84%	Chilalo	South-east Tanzania
PL 25161/2023[1]	84%	Chilalo	South-east Tanzania

1. The grant of a new Prospecting Licence is imminent (see page 7).