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# ASX Announcement

30 July 2015

## CHAIRMAN'S ADDRESS TO THE EXTRAORDINARY GENERAL MEETING

Good morning. It is my pleasure to welcome you to this Extraordinary General Meeting of Evolution Mining at which shareholder approval is sought for the proposed issue of new Evolution shares to La Mancha Group International B.V.

My name is Jake Klein and I am Evolution's Executive Chairman. On behalf of the Board of Directors of Evolution, I am pleased to present you with an acquisition proposal that I believe will add significant value to your investment in Evolution.

Evolution has entered into a binding agreement with La Mancha Group International B.V. (La Mancha) to acquire 100% of La Mancha's Australian operations (La Mancha Australia) (the La Mancha Transaction).

The purchase consideration for the La Mancha Transaction is the issue to La Mancha of approximately 322.024 million new fully-paid Evolution ordinary shares. In addition, La Mancha has agreed to subscribe for up to approximately A\$112 million of additional Evolution Shares at a subscription price of \$0.90 per Evolution Share being the same price offered to Evolution Shareholders under the Entitlement Offer. Immediately following those share issues, La Mancha will hold approximately 31% of Evolution Shares on issue.

The main outstanding conditions required for the completion of the Transaction are shareholder approval, which is being sought at this meeting, and FIRB approval.

When we announced the La Mancha Transaction, La Mancha had signalled its intent to support Evolution's future growth opportunities with an in principle commitment of up to A\$100 million in equity. With the Cowal opportunity emerging in the interim, La Mancha has strongly supported this acquisition and has agreed to firm up and increase that commitment to A\$112 million. This commitment was important in enabling Evolution to submit its successful offer to acquire Cowal.

We believe all Evolution Shareholders will benefit from the La Mancha Transaction as it is a significant step towards realising our long-standing goal of becoming a globally relevant mid-tier gold company.

La Mancha Australia's Mungari Operation includes the high-grade Frog's Leg underground gold mine, the adjacent White Foil open-pit gold mine and the recently completed 1.5 Mtpa Mungari CIL processing plant – all located in close proximity to Kalgoorlie in Western Australia.

Combined annual production from La Mancha Australia's Mungari Operation is in the range of 130,000 – 160,000 ounces of gold at an all-in sustaining cost (AISC) of \$A950 – \$A1,000 per ounce.

Following completion of the La Mancha Transaction and with the Cowal transaction now complete, Evolution will have annual production of 760,000 – 860,000 ounces of gold from seven operations all located in Australia, at a globally competitive AISC of \$A950 – \$A1,020 per ounce.

The combination will result in La Mancha becoming Evolution's largest shareholder and long-term strategic partner. Both companies have a shared vision of building on Evolution's track record of operational excellence to create a globally-relevant, Australian focused mid-tier gold producer.

The La Mancha Transaction has the dual benefit of delivering a high quality asset into Evolution's portfolio and partnering Evolution with a long-term strategic shareholder who shares our vision. This is demonstrated by the La Mancha Group's willingness to enter into an equity lock-up for two years in respect of a portion of the New

Evolution Shares and the commitment to subscribe for approximately A\$112 million of additional Evolution Shares.

The La Mancha Australia assets are an excellent addition to Evolution's existing portfolio, and are exactly the type of high-quality, low-cost producing assets that Evolution has been seeking to acquire. They are also located in a highly prospective and strategically important region of Australia that offers significant exploration potential.

For some time we have been saying that this is a pivotal time for the gold industry. Asset values are in the range of 60% - 70% below their peak in 2011 and sentiment, which is set on the basis of the prevailing US dollar gold price, is poor.

This negative outlook for gold equities is occurring at the exact time that many of the largest gold companies in the world find themselves with over geared balance sheets and the need to recapitalise is driving the ongoing and well publicised asset sales by a number of these major gold companies. At the same time, junior gold companies are also finding themselves in the capital wilderness with limited or no access to capital.

Amidst this gloomy global sentiment for gold and gold equities there is a bright spot – the Australian gold producer. Assisted by a depreciating Australian dollar which has supported increased revenues and lower costs, Evolution continues to make progress towards increasing both production and cash margins.

Since our formation over three-and-a-half years ago, we have demonstrated a capacity to deliver an enviable level of operational predictability and a track record of meeting or exceeding guidance. We have established a very strong team capable of delivering across the three core pillars of our business – Operations, Discovery and Mergers & Acquisitions.

Our excellent operational performance and strong financial position provide us with a fantastic platform to take the next step and deliver on our goal to improve the quality of our asset portfolio. Both the Cowal Transaction and the combination with La Mancha's Australian operations clearly achieve this goal.

The Cowal Transaction and the La Mancha Transaction are the culmination of over three-and-a-half years of hard work which has seen Evolution emerge from a very challenging time in the Australian gold industry in a very strong position. The outstanding performance of our operations since Evolution's creation in November 2011 is a major reason why the La Mancha Group has selected Evolution as its chosen partner to grow a globally significant gold miner within Australia.

We believe the combination of a high quality asset with a long term strategic shareholder is a terrific outcome for Evolution. This is why the Evolution Board unanimously recommends that Evolution shareholders VOTE IN FAVOUR of the La Mancha Transaction and the issue of the Additional Evolution Shares to La Mancha for up to A\$112 million upon Completion of the La Mancha Transaction.

On behalf of all the Evolution Directors I thank you for your support on our journey so far and we look forward to your continued support as we transform into a globally relevant mid-tier Australian gold miner.

Jake Klein  
Executive Chairman  
Evolution Mining Limited

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## **About Evolution Mining**

Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates six wholly-owned mines – Cowal in New South Wales, Cracow, Mt Carlton, Mt Rawdon and Pajingo in Queensland and Edna May in Western Australia.

Group production for FY15 from Evolution's five existing operating assets (prior to the Cowal and La Mancha acquisitions) totalled 437,570 ounces gold equivalent at an All-In Sustaining Cost of A\$1,036/oz.

On 20 April 2015 Evolution announced that it had entered into a binding agreement with La Mancha Group International BV to acquire 100% of La Mancha's Australian operations – the high-grade Frog's Leg underground gold mine, the adjacent White Foil open-pit gold mine and the recently completed 1.5Mtpa Mungari CIL processing plant – all located near Kalgoorlie in Western Australia. The La Mancha Australia acquisition remains subject to conditions including Evolution shareholder approval (which is being sought at his meeting) and FIRB approval. Combined current annual production from La Mancha Australia's operations is in the range of 130,000 –160,000 ounces of gold.