



Evolution
MINING

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ASX Announcement

27 August 2015

FY15 FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

Evolution Mining (ASX: EVN) has today released its Financial Results for the year ending 30 June 2015 and is pleased to report that it will pay a final dividend for the year.

FY15 Highlights:

- Underlying net profit increased by 112% to a record A\$106.1 million
- Statutory net profit increased by 100% to a record A\$100.1 million
- Sales revenue increased by 5% to A\$666.0 million
- EBITDA increased by 28% to A\$266.4 million
- Record Group production of 437,570 gold equivalent ounces¹
- Record low Group average cash costs of A\$711 (US\$554)² per ounce and AISC³ of A\$1,036 (US\$807)² per ounce

Final dividend declared based on Evolution's revenue-linked dividend policy:

- Dividend amount – 1 cent per share unfranked
- Ex-dividend date – 3 September 2015
- Record Date – 7 September 2015
- Payable Date – 2 October 2015

Commenting on the Financial Results, Evolution's Executive Chairman Jake Klein said:

"This is a fantastic set of results from five operating assets that not long ago were considered 'high cost' by some people. Our continued focus on driving down costs through efficiency and productivity initiatives has clearly generated a very positive outcome for our business and we now have a globally competitive cost-base by any measure. To achieve a 112% increase in underlying net profit with only a 5% increase in sales revenue highlights the scale of the improvements made at every one of our operations."

"We look forward to the next exciting phase in Evolution's growth as we now turn our focus towards the successful integration of Cowal and Mungari while maintaining our high standards across all of our sites."

"I would also like to take this opportunity to welcome Naguib Sawaris and Sebastien de Montessus who will be appointed as Directors effective 1 September 2015."

1. Gold equivalent is defined as gold plus payable silver from A39 deposit at Mt Carlton
2. Calculated using an average AUD:USD exchange rate for the June 2015 quarter of US\$0.779
3. All-in Sustaining Cost includes C1 cash cost, plus royalty expense; sustaining capital; and general corporate and administration expenses on a per ounce produced basis
4. Prior to completion of Cowal acquisition

Evolution posted a record underlying profit after tax of A\$106.1 million and a record statutory net profit after tax of A\$100.115 million (30 June 2014: A\$50.0 million) for the year ended 30 June 2015, an increase of 100% on FY14. This improved performance was driven by record production, a strong focus on cost control and a favorable Australian dollar gold price.

Total production for the year increased 2% to 437,570 oz despite a decline in the average gold equivalent grade by 2% to 1.94 g/t (30 June 2014: 427,703 oz, 1.98 g/t). This was achieved by a 3% increase in throughput with 7,932 kt (30 June 2014: 7,720 kt) of ore processed across all sites.

A record mine cash flow of A\$137.8 million (30 June 2014: A\$93.6 million) was also achieved during the year, representing a 47% improvement over the prior year. All operations were cash flow positive after sustaining and major capital expenditure (including capital stripping).

Revenue for the year ended 30 June 2015 was up by 5% to A\$666.0 million (30 June 2014: A\$634.4 million) driven by an 11% increase in gold sold during the period to 426,562 oz (30 June 2014: 383,184 oz) and an increase of A\$36/oz in the average achieved gold price to A\$1,489/oz (30 June 2014: A\$1,452/oz).

The Group delivered 85,147 oz into the hedge book during the year at an average gold price of A\$1,571/oz. The Group also forward sold an additional 225,000 oz of gold during the year, with scheduled deliveries from April 2016 through to June 2018. The hedge book at 30 June 2015 totalled 306,820 oz (30 June 2014: 164,319 oz) at an average gold price of A\$1,536/oz (30 June 2014: A\$1,597/oz).

Operating costs decreased by 9% to A\$360.5 million (30 June 2014: A\$397.1 million). This lower level is seen as being sustainable through strong cost control over all operating activities. The transition to an owner-miner model at Mt Rawdon on 1 July 2014 and the more recent transition at Mt Carlton was one of the driving forces behind the reduction in operating costs for the year. This was offset by an increase in depreciation and amortisation of 6% to A\$151.6 million (30 June 2014: A\$142.7 million).

The cost reductions realised during the year also had a positive effect on the Group's unit C1 cash operating costs, decreasing by 8% to A\$711/oz (30 June 2014: A\$772/oz).

Total exploration expenditure for the year was A\$24.0 million (30 June 2014: A\$20.3 million) with expensed exploration an additional A\$7.0 million (30 June 2014: A\$6.3 million).

Total capital expenditure was 10% higher at A\$168.0 million during the year (30 June 2014: A\$152.7 million). Expenditure on sustaining capital items such as near mine exploration and resource development remained consistent with prior years at A\$77.0 million (30 June 2014: A\$75.3 million), while major project capital saw an 18% increase to A\$91.0 million (30 June 2014: A\$77.4 million). This increase was due to the Stage 4 cutback at Mt Rawdon, ramping up of the Stage 2 cutback at Edna May and continuing capital development at the underground operations.

This announcement is a summary of the FY15 Financial Results. Full details of the FY15 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company's website.

Dividend Payment

The Evolution Board has declared a final dividend of 1 cent per share (unfranked). The Record Date for receiving the dividend is 7 September 2015 and the dividend payment will be made on 2 October 2015.

The dividend is based on the company policy of, whenever possible, paying a dividend equal to the value of 2% of Evolution's revenue for the period. Noting however that in this case, the dividend amount of A\$14.4 million is substantially higher than the 2% of Evolution's revenue for the six months to 30 June 2015. Evolution has not changed its dividend policy but has chosen to maintain the dividend at 1 cent per share for this period even though its share capital recently increased following the acquisitions of Cowal and Mungari.

Evolution has a Dividend Reinvestment Plan that allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The allotted shares in respect of the FY15 final dividend will be issued at a 5.0% discount to the volume-weighted average price for the five days immediately after the Record Date.

Outlook for FY16

Evolution is forecasting Group production in FY16 of 730,000 – 810,000 ounces of gold. Group C1 cash costs are expected to be in the range of A\$715/oz – A\$795/oz and Group All-in Sustaining Costs (AISC) are expected to be in the range of A\$990/oz – A\$1,060/oz. The production forecast for FY16 across Evolution's five original operations is similar to the result achieved in FY15. Production guidance for Cowal reflects less than 12 months of attributable production as the Cowal transaction was completed on 24 July 2015. Similarly, the La Mancha transaction received FIRB approval on 21 August 2015 and the transaction completed on 24 August 2014. The contribution from the Mungari operation to Group production assumes a start date of 25 August 2015.

Assuming ownership of all assets for the full twelve months, Evolution's annualised FY16 guidance equates to 770,000 – 850,000 ounces of gold.

At an AUD:USD exchange rate of 0.75 Evolution's costs are globally competitive and equate to C1 cash costs of US\$535/oz – US\$595/oz and AISC of US\$745/oz – US\$795/oz.

A mine-by-mine breakdown of production and cost forecasts is provided in the table below:

Guidance FY16	Gold Production (oz)	C1 Cash Costs (A\$/oz)	All-in Sustaining Cost (A\$/oz)
Cracow	85,000 – 95,000	730 – 800	1,080 – 1,150
Pajingo	60,000 – 65,000	810 – 890	1,180 – 1,260
Mt Rawdon	87,500 – 97,500	620 – 680	880 – 940
Edna May	82,500 – 90,000	1,060 – 1,160	1,225 – 1,325
Mt Carlton	80,000 – 87,500	525 – 575	760 – 810
Cowal ¹	215,000 – 240,000	650 – 750	860 – 950
Mungari ²	120,000 – 135,000	730 – 830	920 – 1,020
Corporate	-	-	30
Group³	730,000 – 810,000	715 – 795	990 – 1,060

1. Cowal transaction completed 24 July 2015. Guidance includes 11.2 months of production

2. La Mancha transaction completed on 24 August. Guidance assumes 10.2 months of production from Mungari

3. Equates to annualised FY16 Group Gold Production of 770,000 – 850,000 ounces

Expenditure on sustaining capital in FY16 is forecast to be in the range of A\$100.0 – A\$125.0 million. The increase relative to FY15 is due to the inclusion of sustaining capital for the Cowal and Mungari operations. Sustaining capital expenditure at Cowal is elevated in FY16 predominately due to a tails dam lift and some one-off maintenance expenditure.

Investment in growth (major project) capital and discovery is additional to the costs included in AISC. Investment in major capital in FY16 is forecast to be in the range of A\$90.0 – A\$110.0 million and exploration expenditure is expected to total approximately A\$25.0 – A\$30.0 million. These costs add approximately A\$160/oz.

The bulk of the major capital expenditure is associated with the open pit cutback at Mt Rawdon. Cutbacks at Edna May and Mt Carlton have also been classified as major capital projects as the expenditure will provide access to ore later in the mine life (ie beyond FY16). Waste stripping related to ore accessed in FY16 is

expensed. This treatment matches the treatment adopted for accounting purposes (in accordance with IFRIC 20).

In FY16 the total waste and ore movement equates to a strip ratio at Mt Rawdon of 4.4:1 which includes both operating and capital waste material. This is well above the remaining life-of-mine strip ratio for the mine of 1.2:1.

There are no significant major capital expenditure programs planned at Cowal or Mungari in FY16 as both assets are well capitalised.

A mine-by-mine breakdown of capital expenditure forecasts is provided in the table below:

Guidance FY16	Sustaining capital (A\$M)	Major capital (A\$M)
Cracow	15 – 20	5 – 7.5
Pajingo	10 – 15	7.5 – 10
Mt Rawdon	10 – 15	45 – 50
Edna May	5	15 – 17.5
Mt Carlton	10	12.5 – 15
Cowal	35 – 40	0
Mungari	15 – 20	5 – 10
Group	100 – 125	90 – 110

With the addition of Cowal and Mungari to the asset portfolio, and the increased cash flow that these assets generate, Evolution will be stepping up exploration activity in FY16. Focus will shift to new projects including:

- Mungari – a world class terrane with significant potential
- Cowal – regional exploration will focus on porphyry-epithermal and intrusion related vein systems
- Tennant Creek (Emmerson Resources JV) – recent drilling near Goanna has intersected multiple zones of copper sulphide mineralisation
- Puhupuhi – significant epithermal potential has been identified

Ongoing 4D studies will continue at Pajingo, Cracow and Mt Carlton. Exploration expenditure is expected to be A\$25.0 – A\$30.0 million in FY16.

The guidance provided in the tables above relies on the definitions described below.

Definitions:

C1 cash cost – represents the cost for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

All-in Sustaining Cost (AISC) – is made up of the C1 cash cost plus royalty expense, sustaining capital expense and general corporate and administration expenses. From FY16 onwards unit AISC will be calculated on a per ounce sold basis which aligns to the World Gold Council standard.

All-in Cost (AIC) – is made up of the AISC plus growth (major project) capital and discovery expenditure.

Corporate

Following the completion of the La Mancha transaction on 24 August 2015, Naguib Sawaris and Sebastien de Montessus will be appointed as Directors effective 1 September 2015. Vincent Benoit and Amr El Adawy will be appointed as their Alternate Directors.

Conference Call

Evolution's Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY15 Financial Results at 11.00am (AEST) **today**. Access details are provided below.

Shareholders – Live Audio Stream

A live audio stream of the conference call will be available on the Company's website www.evolutionmining.com.au. The audio stream is 'listen only' and does not provide for Q&A participation.

The audio stream will also be uploaded to the website shortly after the conclusion of the call and can be accessed at any time.

Analysts and Media – Conference Call Details

Dial-in numbers:

- Australia: 1800 268 560
- International Toll: +61 2 8047 9300

Participant PIN Code: 895994#

Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code. The call includes Q&A participation.

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About Evolution Mining

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

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

Evolution has guided FY16 attributable gold production from all seven operating assets of 730,000 – 810,000 ounces at an AISC of A\$990 – A\$1,060 per ounce.

Forward Looking Statements

This announcement includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.