



**Evolution**  
MINING

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# ASX Announcement

21 February 2014

## HALF-YEAR FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

Evolution Mining Limited (ASX: EVN) has today reported a net profit of A\$35.4 million for the six-month period ending 31 December 2013 (“the half-year”) compared to A\$40.7 million for the prior corresponding period. This net profit result has been delivered in a challenging commodity price environment in which the average gold price achieved fell almost A\$200 per ounce to A\$1,444 per ounce compared to the prior corresponding period (H1 FY13: A\$1,630 per ounce).

Evolution responded decisively to this fall in the gold price through the restructure of operations, cost reduction initiatives, a focus on capital discipline and productivity efficiency improvements, all of which are reflected in a lower AISC<sup>1</sup> of A\$1,070 per ounce compared to the average AISC<sup>1</sup> in FY13 of A\$1,178 per ounce. Full-year capital spend is anticipated to be at the lower end of the A\$160 million – A\$185 million guidance range.

This half-year period was also significant for Evolution with the achievement of commercial production in July 2013 at Mt Carlton – Evolution’s major growth project.

### Key financial highlights for the half-year included:

- Net profit of A\$35.4 million
- Revenue from gold, silver and copper sales of A\$320.9 million
- EBITDA of A\$110.9 million
- Group production of 214,396 gold equivalent ounces (H1 FY13: 196,110 ounces) – within guidance and a 9% increase on the prior corresponding period due largely to commencement of commercial production at the Mt Carlton mine
- Group average cash costs of A\$766 (US\$707<sup>2</sup>) per ounce and AISC<sup>1</sup> of A\$1,070 (US\$987<sup>2</sup>) per ounce – within full year guidance range
- Cash and available credit of A\$95.2 million at 31 December 2013 with modest gearing of 13%

### Interim dividend declared based on gold-linked royalty style dividend policy:

- Dividend amount – 1 cent per share unfranked
- Ex-dividend date – 4 March 2014
- Record Date – 11 March 2014
- Payable Date – 26 March 2014

Commenting on the results, Evolution’s Executive Chairman Jake Klein said:

*“Evolution has continued to demonstrate its ability to deliver solid, predictable operating performance and positive cash flow in a lower gold price environment. As a result of Evolution’s strong financial position we have declared an interim dividend consistent with our innovative gold-linked royalty style dividend policy.”*

1. AISC (All-in Sustaining Cost) includes C1 cash cost plus royalty, sustaining capital, general corporate and administration expenses.  
2. Using an average AUD:USD exchange rate for the December half of \$0.9227

The solid EBITDA and net profit results show the strength, resilience and flexibility of the Evolution asset portfolio during a challenging period of lower commodity prices.

Sales revenue for the December half-year period was A\$320.9 million – approximately in-line with the prior corresponding period. Lower revenue as a result of a weaker gold price and lower average grade was offset by a 9% increase in Group gold equivalent production due largely to the successful ramp-up of the Mt Carlton mine.

Evolution's half-year results were achieved at an average realised gold price of A\$1,444 per ounce (H1 FY13: A\$1,630 per ounce). The Company was insulated from the full impact of a falling gold price by securing additional gold hedging during the period of 156,281 ounces at an average gold price of A\$1,598 per ounce. The hedge book at 31 December 2013 was 205,229 ounces at an average gold price of A\$1,593 per ounce.

Unit cash operating costs for the period were A\$766 (US\$707<sup>1</sup>) per ounce with AISC of A\$1,070 (US\$987<sup>1</sup>) per ounce. A Group-wide focus on cost reduction, capital discipline and productivity improvement has seen AISC continue to trend lower resulting in the H1 FY14 AISC being 9% below the FY13 average of A\$1,178 per ounce.

In absolute terms, cash operating costs reduced by A\$11.6 million across Cracow, Pajingo, Edna May and Mt Rawdon, an 8% reduction on the prior corresponding period.

Evolution has demonstrated an ability to generate cash in a lower gold price environment. Net cash flow for the period was positive A\$23.3 million, after cash out flows of A\$102.2 million in mine capital and exploration and net cash inflows from financing activities of A\$11.6 million.

Total Group capital expenditure for the period, which includes sustaining and growth capital, was A\$90.8 million. This is planned to be reduced by around A\$20 million in the second half of this year.

Discovery expenditure for the period was A\$7.8 million. Discovery is an integral part of Evolution's growth strategy and the Company remains committed to spending the allocated budget each year, which for FY14 is A\$20 million.

Evolution ended the period in a strong financial position with cash at bank of A\$37.0 million. The A\$200 million loan facility had A\$58.2 million of undrawn credit at the end of the period. The Company's gearing ratio of 13% at 31 December 2013 is considered to be modest relative to Evolution's record of predictable performance and diversified operating portfolio.

Full details of the H1 FY14 Financial Results are available in the Appendix 4D released today and available at the Company's website.

## **Dividend Payment**

In February 2013, Evolution announced an intention to adopt an innovative gold revenue-linked dividend policy which states that, whenever possible, Evolution will pay a dividend equal to the value of 2% of gold equivalent revenue.

Consistent with this policy, the Evolution Board has agreed to pay an interim dividend of 1 cent per share. The dividend will not be franked for Australian taxation purposes. The record date for the dividend is 11 March 2014 and the dividend payment will be made on 26 March 2014.

Evolution is also pleased to announce the adoption by the Board of a Dividend Reinvestment Plan ("DRP"). The DRP will allow 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 H1 FY14 interim dividend will be issued at a 5.0% discount to the daily VWAP for the 5 days immediately after the record date.

1. Using an average AUD:USD exchange rate for the December half of \$0.9227

## Conference Call

Evolution's Executive Chairman, Jake Klein, and Chief Financial Officer, Tim Churcher, will host a conference to discuss the FY14 Half-Year Financial Results at 11.00am (Sydney time) **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](http://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 then be accessed at any time.

### **Analysts and Media – Conference Call Details**

Dial-in numbers:

- Australia: 1800 153 721
- Hong Kong: 800 933 733
- Singapore: 800 616 2259
- New Zealand: 0800 442 709
- United States: 1866 307 0659
- United Kingdom: 0808 238 9067
- International Toll: +61 2 8212 8333

Participant PIN Code: 516893#

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

### **For further information please contact:**

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### **About Evolution Mining**

Evolution Mining is a leading, growth-focused Australian gold miner. The Company operates five wholly-owned Australian mines – Cracow, Mt Carlton, Mt Rawdon and Pajingo in Queensland and Edna May in Western Australia.

Group production for FY13 totalled 392,886 ounces gold equivalent at an average cash cost of A\$790/oz.

FY14 forecast production is 400,000 – 450,000 ounces gold equivalent with cash operating costs expected to be in the range of A\$770 – A\$820 per ounce. At an AUD:USD exchange rate of \$0.9250 this equates to globally competitive cash costs of US\$710/oz to US\$760/oz. The additional costs of royalties, sustaining capital and corporate overheads add approximately A\$310/oz providing for Group All-in Sustaining Costs of A\$1,080/oz to A\$1,130/oz (US\$1,000/oz to US\$1,045/oz).