



Evolution
MINING

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ASX Announcement

28 August 2014

FY14 FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

Evolution Mining (ASX: EVN) has today released its Financial Results for the year ending 30 June 2014 and is also pleased to report that it will pay a final dividend for the year to its shareholders.

FY14 Highlights:

- Sales revenue increased by 5% to A\$634.4 million compared to the prior period
- Group gold production increased by 9% to 427,703 ounces gold equivalent – achieving guidance
- Average All-In Sustaining Costs reduced by 12% to A\$1,083¹ per ounce – achieving guidance
- EBITDA of A\$207.6 million in line with the prior period
- Profit of A\$50.0 million compared to a net loss in the prior period
- Significant reduction in capital expenditure compared to the prior period as a result of completion of Mt Carlton construction and improved capital budgeting discipline
- Low gearing of 12% and good liquidity maintained with cash and available credit of A\$104.8 million at 30 June 2014

Agreement to pay final dividend based on gold-linked royalty style dividend policy:

- Dividend amount – 1 cent per share unfranked
- Ex-dividend date – 5 September 2014
- Record Date – 9 September 2014
- Payable Date – 3 October 2014

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

"This set of results shows the strength of the Evolution asset portfolio. All of our mines generated positive cash flow and achieved meaningful cost savings compared to previous years."

"Evolution is in a strong financial position and we are confident of achieving production and cost guidance in the coming year. Accordingly we have declared a final dividend for the year of 1 cent per share based on 2% of our revenue from gold equivalent production."

Evolution achieved a profit after tax for the FY14 period of A\$50.0 million. This compared to a loss in the prior FY13 period of A\$307.4 million that was primarily a result of a significant write-down in asset carrying values. There have been no write-downs in asset carrying values in the current period (other than adjustments to stockpile values). When comparing underlying profit, the FY14 result represents a 13% improvement over the prior period. The improvement is a result of the Mt Carlton mine commencing commercial production in FY14 and also the significant cost reductions achieved at all of the Company's operations.

¹ AISC amended from previously reported A\$1,070 per ounce due to inventory related adjustment post June 2014 Quarterly Report

Gold equivalent production for the period was 427,703 ounces², 9% higher than the prior period of 392,920 ounces, primarily due to the additional gold and silver sales following commencement of commercial production at the Mt Carlton mine.

Sales revenue for the period was A\$634.4 million, 5% higher than the prior period, primarily due to the new production from the Mt Carlton mine. Production growth was partly offset by a lower average realised gold price in the period of A\$1,442/oz, 9% lower than that achieved in the prior period of A\$1,582/oz. Approximately 80% of gold production was sold on spot markets with the remaining 20% sold into the Company's hedge book. At year end the Company had 164,319 ounces remaining in its hedge book at an average deliverable price of A\$1,597/oz out to June 2016.

Evolution responded to the lower gold price environment by implementing further productivity and efficiency initiatives across all of its operations and maintaining a strict discipline in relation to discretionary expenditure. Unit cost of sales for the period, namely All-In Sustaining Costs, decreased by 12% to A\$1,083 per ounce compared to the prior period. Total cost of sales for the period increased by 8% to A\$539.8 million compared to the prior period of A\$498.8 million. The increase in total cost of sales was predominantly a result of increased activity at Mt Carlton following commencement of commercial production during the period. Total cost of sales excluding Mt Carlton actually decreased by an impressive 19% when compared to the prior period.

All of Evolution's mines generated free cash flow in the period. Outstanding success was achieved at Cracow where cash flow was A\$30.1 million in the period, an almost 70% increase over the prior period following the successful transition to owner mining. Mt Carlton was also a major contributor, generating A\$26.1 million in cash flow in the period, its first year of commercial production.

Capital expenditure for the period was A\$154.4 million, consisting of A\$78.0 million of mine development capital and A\$76.4 million of sustaining capital. This compares to capital expenditure of A\$374.7 million in the prior period which included A\$168.4 million invested in the development of the Mt Carlton mine.

Evolution ended the period in a strong financial position with cash at bank of A\$31.6 million and A\$73.2 million of undrawn credit on the A\$200 million loan facility. The Company's gearing ratio of 12% at 30 June 2014 is modest relative to Evolution's record of predictable performance, diversified operating portfolio and production outlook.

Evolution is forecasting Group production in FY15 of 400,000 – 440,000 ounces gold equivalent at All-in Sustaining Cost in the range of A\$1,050/oz – A\$1,130/oz. The production forecast is similar to the result achieved in FY14 and reflects steady-state production at all operations. The operating cost forecasts show a reduction on prior year guidance; reflecting the on-going focus on cost saving initiatives and the results of initiatives implemented in FY14.

All of Evolution's mines are expected to generate free cash flow at a gold price of A\$1,400/oz in FY15. At a gold price forecast of A\$1,400/oz, Evolution is able to deliver on all of its scheduled capital, its A\$20.0 million commitment to discovery, its financing commitments and continue to fund its 2% gold royalty-style dividend policy.

This announcement is a summary of the FY14 Financial Results. Full details of the FY14 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company's website.

² Mt Carlton production is reported as gold equivalent. Silver production from the A39 silver deposit at Mt Carlton is converted to gold equivalent using a gold to silver ratio of 1:65.2 for the September quarter 2013, 1:61.9 for the December quarter 2013, 1:62.5 for the March quarter 2014 and 1:65.6 for the June quarter 2014.

Dividend Payment

The Evolution Board has agreed to pay a final dividend of 1 cent per share. The dividend will not be franked for Australian taxation purposes. The Record Date for receiving the dividend is 9 September 2014 and the dividend payment will be made on 3 October 2014.

The dividend payment is based on the innovative dividend policy adopted by Evolution in February 2013 of, whenever possible, paying a dividend equal to the value of 2% of Evolution's gold equivalent production. Noting however that in this case, the dividend amount of A\$7.1 million equates to slightly higher than 2% of Evolution's gold equivalent production in the six months to 30 June 2014.

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 FY14 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.

Conference Call

Evolution's Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY14 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: 129173#

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 mines – Cracow, Mt Carlton, Mt Rawdon and Pajingo in Queensland and Edna May in Western Australia.

Group production for FY14 totalled 427,703 ounces gold equivalent at an All-In Sustaining Cost of A\$1,083/oz.

FY15 production guidance is 400,000 – 440,000 ounces gold equivalent at All-in Sustaining Cost in the range of A\$1,050/oz – A\$1,130/oz.

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.