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ASX Announcement

30 August 2012

EVOLUTION DELIVERS STRONG MAIDEN NET PROFIT

Evolution Mining Limited (ASX: EVN) today reported a net profit of A$37.3 million and an underlying net profit of A$63.4 million for the financial year ending 30 June 2012. This is the first end of year reporting result for the Company since its formation in November 2011 through the merger of Catalpa Resources Limited and Conquest Mining Limited, and the concurrent purchase of Newcrest Mining Limited's interests in the Cracow and Mt Rawdon gold mines.

Key financial items for the FY2012 financial year included:

- Revenue from gold and silver sales increased by 285% to A$469.5 million
- Group production of 346,979 ounces (280,401 ounces attributable[1]) in-line with guidance
- Average group cash costs of A$771 per ounce – below guidance
- Underlying EBITDA of A$190 million
- Underlying net profit of A$63.4 million and reported net profit of A$37.3 million
- Investment in operations of A$244 million including A$85 million capital at Mt Carlton
- Mt Carlton remains on schedule but with a revised capital cost forecast of $170-180 million
- Strong balance sheet with cash of A$142 million at 30 June 2012

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

> "We formed Evolution only eight months ago and yet we have been able to deliver a strong underlying profit result of A$63.4 million. The financial strength of the Company will allow us to pursue meaningful growth for our shareholders through a combination of existing development projects, operational improvements, exploration opportunities and value-accretive acquisitions."

Mr Klein and Evolution's Chief Financial Officer Tim Churcher will be hosting a conference call for investors and media to discuss the FY2012 Financial Results and outlook at 11.00am (Sydney time) **today**. Details of the conference call are as follows:

Dial-in numbers:
- Australia: 1800 153 721 (Australia Wide)
- New Zealand: 0800 442 709
- United States: 1866 307 0659
- Canada: 1866 307 0658
- United Kingdom: 0808 238 9067
- Switzerland: 0800 000 601
- International Toll: +61 2 8212 8333

Participant PIN Code: 580383#

1. Includes increased interest in Cracow from 30% to 100% on 2 November 2011, 100% of Mt Rawdon from 2 November 2011 and 100% of Pajingo from 17 October 2011

Full Year Financial Results

Overview

The 2012 Financial Year was a transformational period for Evolution Mining which was formed through the successful completion of the merger between of Catalpa Resources and Conquest Mining and acquisition of certain assets from Newcrest Mining in November 2011. From this new platform Evolution delivered a material increase in underlying net profit of A$63.4 million (before non-recurring items) and a reported net profit of A$37.3 million.

12 months ending	30-Jun-12	30-Jun-11
	$k	$k
Total Revenue	469,484	121,870
Underlying EBITDA (1)	**189,991**	**28,831**
Underlying EBIT (1)	95,979	8,556
Underlying Net Profit (1)(2)	**63,395**	**(1,621)**
Business combination costs	(19,963)	(682)
Fair value uplift of 30% Cracow	1,930	
Tax effect of permanent differences	(8,050)	
Reported Net Profit	**37,313**	**(2,303)**

(1) EBITDA, EBIT and Underlying Net Profit are non-IFRS financial information and not subject to audit.

(2) See Financial Results Summary Table for reconciliation to Reported Profit.

Group gold production of 346,979 ounces (280,401 ounces attributable[1]) was delivered in-line with production guidance of 335,000 – 375,000 ounces at average cash costs for FY2012 significantly below guidance at A$771 per ounce compared to guidance of A$800 – A$850 per ounce. Gold production in FY2013 is planned to increase to a range of between 370,000 - 410,000 ounces of gold equivalent at a lower unit cash cost range of between A$730 - A$790 per ounce.

The Company's major growth project, Mt Carlton, remains on schedule for commissioning by the end of the year but consistent with other resource projects being developed, the Company is experiencing cost pressures in the construction of the project and expects that the total forecast capital cost to complete will be A$170-180 million, as compared to the previous estimate of A$145 million. With engineering design and procurement largely complete, the cost inflation relates mainly to increases in quantities and rates of materials being used and certain scope changes included to mitigate future operating risk. This revised capital cost also includes the acceleration of mine development costs associated with pre-stripping the V2 orebody and these costs have been brought forward into the construction phase of the project relative to earlier forecasts.

Evolution maintains a strong balance sheet with the capacity to fund all of its existing development projects and the flexibility to pursue opportunistic growth as it arises. Cash at year end totalled A$141.8 million with total borrowings of A$38.1 million, comprising A$31.5 million project debt and the balance in finance leases.

1. Includes increased interest in Cracow from 30% to 100% on 2 November 2011, 100% of Mt Rawdon from 2 November 2011, and 100% of Pajingo from 17 October 2011

Discussion and Analysis of Income Statement

The reported profit in FY2012 of A$37.3 million is a material increase on the prior period (loss of A$2.3 million) when the current Evolution entity was Catalpa Resources. The underlying net profit of A$63.4 million was achieved through higher sales volumes at increased operating margins.

The key difference between the reported profit and underlying profit was a net after tax loss of A$26.1 million (loss of A$33.8 million pre-tax). The non-recurring items on a pre-tax basis were business combination costs of A$28.5 million, a A$2.7 million gain on revaluation of the Company's prior 30% interest in the Cracow mine, and an A$8.1 million tax expense relating to the reduction of prior year losses as a result of the merger and acquisitions.

Financial Results Summary ($k)	**Edna May**	**Cracow**	**Pajingo**	**Mt Rawdon**	**Total Ops**	**Exploration**	**Corporate**	**Total**
Gold sales (oz)	77,149	79,025	61,738	70,705				288,617
(A$/oz)	1,570	1,618	1,616	1,607				1,600
Revenue	121,816	129,306	102,186	116,176	469,484			469,484
Underlying EBITDA	**45,378**	**64,704**	**40,726**	**74,581**	**225,390**	**(5,482)**	**(29,916)**	**189,991**
% contrib. to Total Ops	20%	29%	18%	33%				
D&A	(11,509)	(27,871)	(18,900)	(35,324)	(93,603)	0	(409)	(94,012)
Underlying EBIT	**33,869**	**36,833**	**21,827**	**39,258**	**131,787**	**(5,482)**	**(30,326)**	**95,979**
% contrib. to Total Ops	26%	28%	17%	30%				
Interest income							5,633	5,633
Interest expense							(9,369)	(9,369)
Underlying Pre-Tax Profit								**92,243**
Income tax expense on underlying profit							(28,848)	(28,848)
Underlying Net Profit								**63,395**
Post tax effect of business acquisition and integration costs							(19,963)	(19,963)
Post tax effect of FV uplift on acquisition of 70% of Cracow							1,930	1,930
Tax effect of perm diff								(8,050)
Net Profit								**37,313**
Other information $k								
Assets (PP&E, Mine dev)	154,507	164,982	177,699	254,112			272,465	1,023,766
Note: Segment assets for Corporate include FV uplift value for Mt Carlton								

1. Sales revenue

Total revenue of A$469.5 million was 285% higher than the prior year, due to a combination of higher gold prices and significantly higher gold production after the merger and acquisitions.

Gold production increased by 192% from 96,109 ounces to 280,401 ounces on an attributable basis (Pajingo consolidated from 17 October 2011 and Mt Rawdon and the additional 70% share in Cracow consolidated from 2 November 2011).

Gold revenue in FY2012 was A$461.8 million from the sale of 288,617 ounces at an average gold price of A$1,600 per ounce. Approximately 78% of the volume was sold on spot markets at an average price of A$1,611 per ounce with the remaining 22% sold into the Edna May hedge facility at an average price of A$1,561 per ounce.

Silver revenue in FY2012 was A$7.7 million from the sale of 254,850 ounces at an average price of A$30 per ounce. Some 70% of silver output was derived from the Mt Rawdon and Pajingo operations.

2. Cost of sales

Cost of sales increased by 232% to A$337.7 million compared to the prior year. This increase is predominantly a result of increased production costs in-line with the higher output, and to higher rates of depreciation and amortisation.

On a unit basis, group cash costs decreased by 19% from A$956 per ounce to A$771 per ounce during FY2012. Included in costs of sales are royalty costs of A$22.5 million and depreciation and amortisation of A$93.6 million.

a. Depreciation and amortisation

A total of A$93.6 million of depreciation and amortisation (”D&A”), or A$334 per ounce, was a consequence of Evolution acquiring three new operating mines during the year (Pajingo, Mt Rawdon and Cracow).

Under acquisition accounting methods, the net assets acquired are recognised at their fair value at the acquisition date. This involves an increase in net assets acquired by the consideration paid. Evolution’s acquisition cost for the business combination was A$709.6 million, with A$390 million related to the Newcrest assets and A$319 million related to Conquest. This value is allocated into the balance sheet and forms part of the newly adopted asset base for depreciation purposes and therefore increases the depreciation charged to the income statement.

For the two open pit operations, mine development costs are amortised on a units of production basis over the life of the pit. To achieve a consistent amortisation rate per ounce, the rate is calculated using the ratio of expected total contained ounces within the pit compared to the total pit development costs (incurred and anticipated) over the expected total contained ounces. Hence at Mt Rawdon, the depreciable base includes the current book value of assets (A$254 million) plus the estimate of future capital required to complete Stage 3 & 4 cutbacks (A$165 million). The A$419 million deprecation base delivered a D&A of approximately A$490 per ounce at this operation.

3. Other costs

a. Corporate administrative costs

Corporate administration costs of A$28.8 million were higher than the prior year due to increased costs relating to the enlarged group. The Group experienced higher than normal costs related to numerous merger-related and integration costs which are difficult to identify as stand-alone material direct business combination expenses. Such expenses included leadership and strategy formulation, employee training and development, increased use of consultants to assist with set up of new policies, procedures and systems, and increased corporate travel. Corporate costs are planned to reduce in FY2013.

b. Costs related to business combinations

Costs relating directly to the business combination have been identified at A$28.5 million. The majority of this cost relates to the accrual of stamp duty of A$21.4 million, and legal and financial advisor costs.

c. Finance costs

Finance costs of A$9.3 million include interest expense on the Edna May debt facility, debt amortisation charges, equipment lease interest, cost of bank guarantee on performance bonds and the unwinding of the discount on the rehabilitation provision. The Edna May debt facility was reduced by A$16 million during the period from A$47.5 million to A$31.5 million.

d. Income tax expense

The income tax expense in the period was A$29.17 million, resulting in an effective tax rate of 44%. This is higher than the Australian company tax rate of 30% primarily due to the expense of A$8.1 million of prior year tax losses not recognised. This charge is a non-recurring item reflecting a change in estimate of prior year available losses post the business combination. Tax on underlying profit of $28.8 million equates to a tax rate of 31%.

Discussion and Analysis of Statement of Financial Position

Evolution’s net assets during the period increased by A$898.4 million to A$1,056.4 million as a result of the net fair value uplift of asset acquired, profit for the period of A$37.3 million and net equity raised during the period.

Evolution maintains a strong balance sheet with the capacity to fund all of its existing development projects and the flexibility to pursue opportunistic growth as it arises. As at 30 June 2012, Evolution held cash of A$141.8 million and borrowings of A$31.5 million relating to the Edna May project finance facility. In addition, the Company held equipment finance leases totalling A$6.6 million.

Trade and other payables of A$110.4 million increased materially during the period, due predominantly to the ramp up in expenditure at the Mt Carlton development project at year end and the A$21.4 million stamp duty tax liability related to the merger and acquisitions. This balance is expected to reduce to normal levels throughout the course of FY2013.

Discussion and Analysis of Cash flow

Underlying EBITDA for the operations was A$225.4 million which represents a strong result considering 100% ownership for the Cracow and Mt Rawdon operations occurred for only part of the reporting period. The highest EBITDA contribution was from Mt Rawdon, at A$74.6 million, followed by Cracow at A$64.7 million, Edna May at A$45.4 million and Pajingo A$40.7 million. Despite the operational challenges experienced at Edna May during FY2012, the business unit contributed 20% of group EBITDA.

In addition to the contribution of A$172.3 million from operations, net cash flow from financing activities contributed A$142.6 million. This inflow was the combined result of the net proceeds from the November 2011 equity raising less debt repayments on the Edna May Facility.

Of the total combined inflow from operations and financing of A$314.9 million, some A$203.2 million was invested in mine assets (property, plant and equipment, and mine development), with the net remainder in cash at bank at year end.

Actual capital spent at existing operations totalled some A$150 million, with $44.2 million invested at Pajingo in underground development and equipment purchases, A$43.8 million invested at Edna May in waste stripping and process improvements, A$31.8 million at Cracow in underground development and A$30.1 million at Mt Rawdon, predominantly in waste stripping.

Mt Carlton expenditure was an additional A$94 million during FY2012, of which A$85 million is classified as direct project capital expenditure.

Exploration expenditure during the year was A$18.5 million, with the majority aimed at near mine targets at Edna May, Pajingo and Cracow.

Full details of the financial results are contained in the 4E Financial Report.

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About Evolution Mining

Evolution Mining is a leading, growth-focused Australian gold miner. The Company operates four wholly-owned Australian operations – Cracow, Edna May, Mt Rawdon and Pajingo – and the Mt Carlton development project.

Evolution is forecasting production in FY2013 of between 370,000 - 410,000 ounces gold equivalent. Cash operating costs (before royalties and after by-product credits) are expected to be in the range of A$730 per ounce to A$790 per ounce.

Evolution Mining has a strong balance sheet which provides the flexibility to fully fund current exploration, development and production activities and also assess value-accretive growth opportunities.

Evolution Mining was formed through the merger of Catalpa Resources Limited and Conquest Mining Limited, and the concurrent purchase of Newcrest Mining Limited’s interests in the Cracow and Mt Rawdon gold mines in Queensland.