



Evolution
MINING

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ASX Announcement

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EVOLUTION ACHIEVES RECORD GOLD PRODUCTION

Evolution Mining Limited (ASX: EVN) is pleased to provide an update on the recent strong production performance achieved as well as the productivity and efficiency initiatives being implemented at its wholly-owned operations in Queensland and Western Australia.

Group gold production for the June quarter totalled 112,526 ounces, a 34% increase on the March quarter, highlighted by an outstanding performance from Mt Rawdon of 35,165 ounces. FY13 gold production totalled 392,886 ounces, marking a 13% increase on FY12 production of 346,979 ounces and within the original and unchanged guidance of 370-410,000 ounces.

Operating cost data and year-end accounting adjustments are currently being finalised and will be included in the Company's Quarterly Report for the period ending 30 June 2013 due for release on 29 July 2013.

Commenting on the result, Evolution Executive Chairman, Jake Klein, said:

"It is very pleasing to have again delivered a production result that is consistent with our market guidance and is testament to the benefits of having a diverse portfolio of assets which allows us to deliver a level of operational predictability that is not possible in single asset companies. It is also a reflection of the high-performance culture that exists within the Company.

Evolution was, in many ways, created for the current market conditions. Over the past 18 months we have made significant capital investments in our operations which now provide us with great optionality to respond and optimise our operations for the prevailing gold price environment. In addition, we are seeing the benefits of the Australian dollar weakening and input prices starting to fall. Our capital investment program has peaked and we are in a strong financial position which gives us confidence that we will emerge as a stronger company. We are entering a very interesting and exciting time in the Australian gold sector."

Production results for the June quarter and FY13 totals are shown below:

Mine	Units	June Qtr Gold Production ¹	FY13 Gold Production ¹
Cracow	ounces	23,629	102,526
Pajingo	ounces	23,368	85,918
Edna May	ounces	18,671	86,216
Mt Rawdon	ounces	35,165	106,089
Mt Carlton ²	ounces	11,692	12,138
Total³	ounces	112,526	392,886

¹ Gold and Mt Carlton A39 silver as gold equivalent using a gold to silver ratio of 1:61.4

² Mt Carlton yet to achieve commercial production

³ Columns don't add due to rounding

PRODUCTIVITY AND EFFICIENCY INITIATIVES

Productivity and efficiency improvements are being made across the Company:

- Mining and processing configurations have been reviewed to eliminate higher cost, lower value activities and optimise throughput capacity.
- Changes to mining fleet to improve productivity.
- All major capital projects are being reviewed to ensure expenditure is tightly controlled.
- Supply chain management and inventory control is under renewed focus.
- All significant contracting and supplier partners are being approached to identify opportunities to improve terms and pricing.
- Corporate office recruitment has been suspended and contract labour across all sites and offices is under review.

Edna May

Rescheduling of waste movement and the recent change to larger mining equipment at Edna May will mean that sufficient ore production will be achieved in FY14 by mining on day-shift only. Milling will continue around the clock with planned throughput of 2.6Mt and whilst maintaining similar production to that achieved in FY13. Waste mining (capital and operating) will decrease significantly in FY14. Edna May now expects to mine 2.8Mt of ore, 0.8Mt of operating waste and 3.0Mt of capital waste in FY14 – representing a deferral of approximately \$16 million in expenditure. With mining to take place on day-shift only, the number of mining crews has been reduced from four to two.



Pajingo

Mining of the Venue/VNU open pit at Pajingo is now complete and development of additional open pit deposits has been put on hold. This has resulted in the demobilisation of the open pit mining contractor and a small number of Evolution employee redundancies. The open pit deposits at Pajingo do not achieve sufficient return on capital under the current low gold price environment. Focus will return to the higher grade underground deposits.

The amount of underground capital development completed at Pajingo over the past 24 months is such that underground ore production is expected to increase to 400,000t in FY14. Furthermore, underground capital development planned for FY14 will see a greater ratio of development on ore resulting in a decrease of approximately 1,000m of capital development.

Along with approximately 100,000t of stockpiled ore, mill throughput of 500,000t is targeted in FY14. This is a slight reduction on current throughput rates and will see the mill move to campaign milling on an 8 days on 6 days off, or equivalent, roster. This will also allow for more efficient maintenance planning and a reduction in mill personnel.

In total, the changes that are being implemented at Pajingo are expected to reduce expenditures in FY14 by approximately \$40 million as compared to FY13 however the mine is expected to achieve gold production in FY14 similar to FY13 levels.

Cracow

As previously announced, Evolution moved to owner-mining at Cracow following expiry of the previous mining contract on 30 June 2013. The transition was well planned and smoothly implemented. Cost savings of approximately \$50 per ounce (equivalent to \$5 million per annum) are expected to be achieved under owner-mining.

In addition to the change to owner-mining, advanced underground development and improved efficiency from new mining fleet achieved in FY13 has meant that FY14 production goals can now be met by reducing the number of jumbos from three to two. Total underground development is expected to reduce to approximately 5,200m in FY14 compared to 8,000m in FY13 – representing a cost reduction of approximately \$16 million.

Mt Rawdon

Mining efficiency improvements are being tested at Mt Rawdon with a potential move to larger diameter blast holes and higher bench heights, to commence in July 2013. The changes could mean that the drill fleet size can be reduced and may result in cost savings in both drilling and blasting activities in the order of 10%.

Mt Carlton

As previously announced, material movement will be reduced at Mt Carlton reflecting the benefit of the accelerated stripping that has been completed. Mine production will fall from around 1,100,000t per month to approximately 500,000t per month from July, in line with scheduled delivery of ore to the plant. Two trucks were stood down in May and one truck and an excavator are expected to be stood down in the September quarter.

Having successfully completed its first milling of silver rich A39 ore the plant has commenced treatment of gold rich V2 ore. Ramp up of Mt Carlton remains on schedule with an expectation that commercial production will be declared, as previously communicated, in the current quarter.

Group Supply

With five mines now in production in Australia, Evolution is a significant user of mining consumables and is well placed to benefit from group-wide coordinated purchasing power. Anticipating this, a new role of Group Manager - Supply was created in late 2012 and all major group sourcing activities are being reviewed. Major contracts such as grinding media, activated carbon, explosives, fuel and cyanide account for approximately \$70 million of annual expenditure and it is believed that meaningful cost savings can be achieved through renegotiation and group-wide coordination. Initial indications from recent tendering of major supply contracts have been positive with average cost savings in the order of 10% being achieved across all category groups.

Exploration

Evolution has a highly prospective tenement holding of over 6,750km² centred on its operations – all located in proven multi-million ounce geological regions. Recent exploration has been successful in replacing mined reserves and discovering a number of new mineralised epithermal veins at Pajingo and Cracow. Exploration expenditure is expected to reduce from the \$28 million budgeted in FY13 to approximately \$20 million in FY14, with exploration in the first half of FY14 focussed on integrating the extensive geochemical and geophysical databases at Pajingo, Cracow and Mt Carlton to better target exploration drilling planned for the second half of the year.

Corporate Overhead

All corporate costs are being reviewed and a number of contracts with service providers have been closed-out, reduced or are to be brought in-house. Evolution has also reduced the number of corporate office roles with a number of new roles originally planned for FY14 being removed from the organisational structure.



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About Evolution Mining

Evolution Mining is a leading, growth-focused Australian gold miner. The Company operates four wholly-owned Australian mines – Cracow, Edna May, Mt Rawdon and Pajingo – and is in ramp-up at its fifth, the Mt Carlton gold-silver-copper project.