



Evolution
MINING

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ASX Announcement

30 August 2013

FY13 FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2013 and is also pleased to report that it will pay its maiden dividend.

Key financial items for FY13 included:

- Revenue from gold and silver sales increased by 29% to A\$605.0 million
- Group production increased by 40% to 392,920 ounces – achieving original guidance
- Average group cash costs of A\$790 per ounce – achieving original guidance
- Underlying EBITDA increased by 11% to A\$211.7 million
- Underlying net profit of A\$44.4 million and reported net loss of A\$307.4 million after non-cash asset and investment impairments of A\$384.3 million (A\$351.9 million after tax)
- Capital expenditure of A\$374.7 million including A\$168.4 million invested at Mt Carlton, the Company's newest mine
- Low gearing of 13% and good liquidity maintained with cash and available credit of A\$86.9 million at 30 June 2013

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

- Dividend amount – 1 cent per share unfranked
- Ex-dividend date – 5 September 2013
- Record Date – 11 September 2013
- Payable Date – 26 September 2013

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

"This is a solid result considering the dramatic shift in the gold price during the second half of the year and industry-wide cost pressures that prevailed over much of the year. The peak of our capital spend is now behind us and our mine plans offer considerable flexibility that positions us well for what we see as a transformative and exciting phase in the Australian gold sector."

"Evolution is in a strong financial position and we are confident of achieving production and cash cost guidance in the coming year. Accordingly we have agreed to pay a maiden dividend and look forward to continuing to return funds to shareholders according to our gold-linked royalty style dividend policy – based on 2% of our revenue from gold equivalent production."

The solid underlying EBITDA and net profit results show the strength of the Evolution asset portfolio during a period of falling commodity prices and ongoing industry-wide cost pressures. The results are impacted however by the significant write-down in asset carrying values (as foreshadowed in the June 2013 Quarterly Report) following a review of the recoverable amount of the assets required by accounting standards. Whilst disappointing, this impairment effectively reverses the fair value uplift of A\$343.1 million that was applied to assets when Evolution was formed in November 2011. It is important to note though that the resulting impairment is a non-cash item and therefore has no impact on the Company's cash position.

FY13 was a challenging year for all gold companies as the gold price fell sharply in the second half of the year necessitating a move away from growth and development activities to cash conservation. Evolution was in a fortunate position in that the bulk of its capital investment at each of its mines had essentially been completed and it had the operational flexibility required to adapt to the lower gold price environment.

Evolution's FY13 Financial Results were achieved at an average realised gold price of A\$1,582/oz made up of sales into the spot market (averaging A\$1,605/oz) and the Company's hedge book (averaging A\$1,543/oz). The average realised gold price belies the fall experienced in the second half of the financial year, with gold falling to approximately A\$1,291/oz at the end of the year.

Evolution responded quickly to the lower gold price environment and implemented a number of productivity and efficiency initiatives across its operations. Importantly, all planning for FY14 has been based on a spot gold price assumption of A\$1,400/oz such that operations will generate sufficient cash to cover all capital, exploration and corporate expenditure, including interest and dividend payments. Obviously it is pleasing to see the gold price currently well above this A\$1,400/oz base case assumption. This has a material impact on the returns generated by the Company's operations – with approximately A\$40 million in free cashflow generated for every A\$100/oz increase in the gold price above the A\$1,400/oz base case.

Evolution retains the ability to further adjust capital, exploration and corporate expenditure if the gold price falls below its A\$1,400/oz base case assumption in FY14. In addition, the Company's gold hedge book totalled 85,422 ounces at 30 June 2013. Evolution maintains the flexibility to forward deliver into the hedge book any or all of the remaining ounces. Immediate delivery of all current production into the hedge book would achieve a price of around A\$1,490/oz over a two to three month period.

As a reflection of prevailing market conditions, the Executive Chairman has elected to forego the entire A\$345,600 short term incentive plan (**STIP**) bonus due to him for FY13. The total Corporate STIP award payable for FY13 of A\$1.4 million is approximately half the amount paid in FY12.

The productivity and efficiency initiatives implemented late in FY13 are already starting to have a meaningful impact on cashflow. For example, the total site costs (including capital) in July 2013 were 21% less than the June 2013 position, 13% less than the average for the June 2013 quarter and 6% less than the average monthly spend for FY13.

Evolution is forecasting production in FY14 of between 400,000 – 450,000 ounces gold equivalent. The increase in production, as compared to FY13, is due to the new production from Mt Carlton. C1 cash costs are expected to be in the range of A\$770/oz to A\$820/oz which is similar to that achieved in FY13. 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, deferred open pit stripping, rehabilitation, 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).

Total Group capital expenditure, which includes all sustaining and growth capital, is planned to be in the range of A\$160 million to A\$185 million in FY14 – which is less than half the amount spent in FY13 of A\$374.7 million. The bulk of the expenditure in FY14 is associated with the open pit cutbacks at Mt Rawdon and Edna May and underground development at Cracow and Pajingo.

Full details of the FY13 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 agreed to pay a dividend of 1 cent per share payable in Australian dollars. The dividend will not be franked for Australian taxation purposes. The record date for receiving the dividend is 11 September 2013 and the dividend payment will be made on 26 September 2013.

The dividend payment is based on Evolution's dividend policy adopted 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 2013.

Conference Call

Mr Klein and Evolution's Chief Financial Officer, Tim Churcher, will host a conference to discuss the FY13 Financial Results and FY14 Outlook 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. 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 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: 850720#

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.

Production is set to increase in FY14 following completion of commissioning at the new Mt Carlton gold-silver copper mine. 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, deferred open pit stripping, rehabilitation, 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).