

Appendix 4D (Listing Rule 4.2A.3)

EVOLUTION MINING LIMITED ACN 084 669 036

AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2015

Results for Announcement to the Market

Key Information

	31 December 2015 \$'000	31 December 2014 \$'000	Up / (down) \$'000	% increase/ (decrease)
Revenues from ordinary activities	607,083	325,031	282,052	87%
Earnings before Interest, Tax, Depreciation, Amortisation & Fair value adjustments (EBITDA)	285,613	131,771	153,842	117%
(Loss) / profit from ordinary activities after income tax attributable to members	(15,466)	43,074	(58,540)	(136)%

Dividend Information

	Amount per share cents	Franked amount per share \$	Tax rate for franking
Interim dividend per share	1	-	-%

Net Tangible Assets

	31 December 2015 \$	31 December 2014 \$
Net tangible assets per share	1.66	1.60

Earnings Per Share

	31 December 2015 Cents	31 December 2014 Cents
Basic (loss) / earnings per share	(1.18)	6.04

Additional Appendix 4D disclosure requirements can be found in the notes of this Half-Year Financial Report and the Directors' Report attached thereto. This report is based on the consolidated Half-Year Financial Report which has been subject to review by PricewaterhouseCoopers.



Evolution Mining Limited

ABN 74 084 669 036

**Appendix 4D and
Half-Year Financial Report
for the period ended 31 December 2015**



Evolution Mining Limited Half-Year Financial Report

Corporate Information

ABN 74 084 669 036

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
James (Jim) Askew	Non-Executive Director
Graham Freestone	Chair of the Audit Committee
Colin (Cobb) Johnstone	Lead Independent Director
Thomas (Tommy) McKeith	Non-Executive Director
John Rowe	Non-Executive Director
Naguib Sawaris	Non-Executive Director
Sebastien de Montessus	Non-Executive Director
Vincent Benoit	Alternate Non-Executive Director for Naguib Sawaris
Amr El Adawy	Alternate Non-Executive Director for Sebastien de Montessus

Company Secretary

Evan Elstein

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Auditor

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Website

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Stock Exchange Listing

Evolution Mining Limited (EVN) shares are listed on the Australian Securities Exchange.



Evolution Mining Limited Half-Year Financial Report

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Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Directors' Report

The Directors present their report on the consolidated entity ("the Group") consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2015 ("the period").

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
James (Jim) Askew	Non-Executive Director
Graham Freestone	Chair of the Audit Committee
Colin (Cobb) Johnstone	Lead Independent Director
Thomas (Tommy) McKeith	Non-Executive Director
John Rowe	Non-Executive Director
Naguib Sawaris	Non-Executive Director (i)
Sebastien de Montessus	Non-Executive Director (i)
Vincent Benoit	Alternate Non-Executive Director for Naguib Sawaris (ii)
Amr El Adawy	Alternate Non-Executive Director for Sebastien de Montessus (ii)

- (i) Appointed as Non-Executive Directors on 1 September 2015
- (ii) Appointed as Alternate Non-Executive Directors on 1 September 2015

Company Secretary

The name of the Company Secretary during the whole of the half-year ended 31 December 2015 and up to the date of this report is as follows:

Evan Elstein

Principal activities

The Group's principal activities during the financial period were operating, identifying and developing gold related mining projects in both Australia and New Zealand.

There was no significant change in the nature of the activity of the Group during the period.

Dividends

In accordance with the Board's adopted policy of whenever possible paying a half-yearly dividend equivalent to 2% of the Group's sales revenue, the Company paid a final unfranked dividend (relating to production in the six months period to 30 June 2015) of \$14.405 million in October 2015. This was equivalent to 4% of sales revenue for the second half of the year ended 30 June 2015 and was substantially higher than the stated dividend policy. The Group has not changed its dividend policy but has chosen to maintain the dividend at 1 cent per share for this period even though its share capital recently increased following the acquisitions of Cowal and Mungari.

The Board has confirmed that the Group is in a sound position to continue its commitment to pay an interim unfranked dividend for the current period of 1 cent per share, totalling \$14.657 million. This equates to 2.3% of sales revenue for the half-year ended 31 December 2015. Evolution shares will trade excluding entitlement to the dividend on 25 February 2016, with the record date being 29 February 2016 and payment date of 29 March 2016.



**Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2015**

Dividends (continued)

In relation to Evolution's dividend policy, the Board of Directors approved the implementation 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 first-half FY16 interim dividend will be issued at a 5.0% discount to the daily VWAP for the 5 days immediately after the record date.

Dividends paid, pre DRP, to members during the financial period were as follows:

	2015 \$'000	2014 \$'000
Final dividend		
Final ordinary dividend for the year ended 30 June 2015 of 1 cent unfranked (30 June 2014: 1 cent unfranked) per fully paid share paid on 2 October 2015	14,405	7,132
	<u>14,405</u>	<u>7,132</u>

Review of operations

Operational and Financial Performance Summary

The Group posted a half-year ended 31 December 2015 underlying net profit after tax of \$107.850 million, an increase of 150% (31 December 2014: net profit after tax of \$43.074 million), driven by record production and the inclusion of the first half-year results for the newly acquired Cowal and Mungari assets.

The half-year also saw the completion of the Cowal, Mungari and Phoenix asset acquisitions which has been the driving force behind the Groups transformation into one of the lowest cost and highest margin gold producers in the global mid-tier sector. These assets have added significant quality to the Groups portfolio and materially extends the Groups mine life.

Statutory net loss after tax for the half-year was \$15.466 million (31 December 2014: net profit after tax of \$43.074 million). This decrease was largely attributable to the acquisition and integration costs of \$53.989 million and fair value accounting adjustments of \$38.422 million incurred in the completion of the Cowal, Mungari and Phoenix asset acquisitions along with the subsequent write-off of Mungari goodwill of \$35.270 million.

All operations produced positive cash flows totalling \$202.880 million after all sustaining and major capital expenditure, including capital stripping, representing a 250% improvement over the prior corresponding half-year.

This result shows the ability of the operations to create significant net cash flows in excess of capital requirements and has allowed the Group to accelerate repayments on the Corporate Credit Facility which was drawn to complete the acquisition of Cowal and Mungari. This is evidenced through the Groups early and voluntary repayments of \$127 million during the period and \$25 million subsequent repayment in January.



**Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2015**

Review of operations (continued)

Operational and Financial Performance Summary (continued)

The consolidated operating and financial results for the current and prior period are summarised below. All \$ figures refer to Australian thousand dollars (A\$'000) unless otherwise stated.

Key Business Metrics	31 December 2015	31 December 2014	% Change
Total underground ore mined (kt)	707	460	54%
Total underground lateral development (m)	5,803	5,782	%
Total open pit ore mined (kt)	7,154	3,336	114%
Total open pit waste mined (kt)	18,539	10,350	79%
Processed tonnes (kt)	7,723	4,045	91%
Gold equivalent grade processed (g/t)	1.75	2.11	(17)%
Gold equivalent production (oz)	377,869	220,444	71%
Unit cash operating cost (A\$/oz) *	700	710	1%
All in sustaining cost (A\$/oz) *	954	1,035	8%
All in cost (\$/oz) *	1,095	1,291	15%
Gold price achieved (A\$/oz)	1,547	1,429	8%
Silver price achieved (A\$/oz)	20.35	20.74	(2)%
Total Revenue	607,083	325,031	87%
Cost of sales (excluding D&A and fair value adjustments **)	(308,642)	(181,329)	(70)%
Corporate, admin, exploration and other costs (excluding D&A)	(12,828)	(11,931)	(8)%
EBIT *	127,678	50,539	153%
EBITDA *	285,613	131,771	117%
Statutory (loss) / profit after income tax expense	(15,466)	43,074	(136)%
Underlying profit after income tax expense	107,850	43,074	150%
Mine operating cash flow	289,322	147,494	96%
Capital expenditure	(86,442)	(89,538)	3%
Mine cash flow	202,880	57,956	250%

* EBITDA, EBIT, Unit cash operating cost, All in sustaining cost (AISC), and All in cost (AIC) are non-IFRS financial information and are not subject to audit.

** Fair value adjustments are based on the preliminary purchase price allocations. The Group has 12 months from the completion date of the transactions to finalise these purchase price allocations.

Mining Operations

Cowal

The acquisition of Cowal was completed on 24 July 2015. This transformational acquisition saw Cowal continue its historically strong performance finishing the half-year with gold production of 101,211oz, a unit cash operating cost in the first cost quartile at \$599/oz, and an AISC and AIC of \$693/oz and \$700/oz respectively.

Mining continued in the Stage G cutback with 5,938kt of material moved, comprised of 3,966kt of ore mined at an average grade of 1.06g/t and 1,972kt of operating waste. Higher ore mined tonnes were driven by an increase in ex pit volumes, positive ore reconciliations and a focus on mining in high grade areas.

Reduced mining costs were driven by a higher than anticipated grade, higher recoveries, a lower capital spend and lower processing costs. This impressive half-year performance has led to the FY16 guidance for AISC being reduced to \$800 - \$850/oz from \$860 - \$950/oz.



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Mining Operations (continued)

Cowal (continued)

Total ore processed for the half-year was 3,060kt at a grade of 1.23g/t with gold recovery of 83.5% well above the average for FY15 of 81.8%. Gold production was also above plan for the half-year due to increases in grade processed and higher recoveries.

Cowal generated \$68.972 million in net mine cash flow since its acquisition, which is an outstanding result and confirms the asset quality acquired.

Productivity improvements and cost reductions achieved during the half-year included:

- An upgrade to the reserves and resources of 40% and 48% respectively, as issued on 26 August 2015, were driven by a change in the sites underlying economic assumptions. Exploration activity was also able to define resource growth opportunities on E41, E42 and E46 all contained within the mining lease and adjacent tenements.

Mungari

The acquisition of Mungari was completed on 24 August 2015 and saw the establishment of a strong strategic partnership with the La Mancha Group and its owner Naguib Sawaris. Mungari finished the half-year as the Groups second highest producer with 59,782oz following its successful integration. Mungari is a low cost quality asset with a unit cash operating cost of \$737/oz and AISC of \$963/oz.

Underground ore mined at Frogs Leg for the half-year totaled 277kt at an average grade mined of 5.38g/t targeting the Fog, Dwarf, Mist and Rocket orebodies. Underground development of 1,077m was completed during the half-year and comprised 562m of operating development and 516m of capital development. Production drilling focused on stope flexibility with an area of the Mist orebody undergoing further geotechnical review. Capital development focused on the successful rehabilitation work in the bottom four levels of the Mist decline and various ore drives.

Open pit ore mined from White Foil for the half-year was 509kt at an average grade mined of 1.36g/t with total material moved of 4,755kt. Production focused on the successful stage 2A and 2B cutback which are operating close to plan despite continued rain events in the first half.

Mt Carlton

Mt Carlton produced a site record 54,239oz of payable gold for the half-year at a record low unit cash operating cost of \$408/oz and AISC of \$658/oz (December 2014: 38,352oz, \$725/oz, \$947/oz). These record half-year results are a combination of increased average grade mined of 7.59 g/t (31 December 2014: 4.83 g/t) being achieved and lower mining costs as a result of the transition to an owner-maintainer of the mining fleet.

Mining activity focused on the medium and high grade zones in Stage 2 of the V2 pit which resulted in the higher average grade mined. This continued the significant positive ore reconciliations on the Reserve grade estimates within the V2 pit. Despite developing an improved resource model, bonanza grades continued to be encountered in what is believed could be the feeder zones to the V2 system.

Productivity improvements and cost reductions achieved during the year include:

- Mining unit costs were significantly reduced for the half-year at \$5.87/t (31 December 2014: \$8.53/t) as a result of cost reductions and productivity improvements captured through the transition to owner-maintainer for the mining fleet.



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Mining Operations (continued)

Mt Carlton (continued)

- The ongoing plant optimisation project has seen improved filtration circuit performance due to a new preventative maintenance regime and ensuring more consistent filter feed slurry density along with improved stability of the flotation circuit with ongoing modifications to the process control logic and a new design of dart valve that improves tank level control.

Mt Rawdon

Mt Rawdon produced 48,275oz of gold for the half-year at a unit cash operating cost of \$656/oz and an AISC of \$942/oz (31 December 2014: 53,606oz, \$646/oz, \$921/oz). Mt Rawdon continued its commitment to being a low cost producer which helped to offset the lower average grade mined of 0.96 g/t (31 December 2014: 1.03 g/t). Seasonal storms across Central Queensland which resulted in heavy rainfall during November reduced access to high-grade ore from the Stage 3 pit floor and as a substitute lower grade ore from stockpiles was fed to the mill.

Mining activity continued to focus on the Stage 4 cutback which has now accessed ore and initial reconciliations against the resource model have been positive.

Productivity improvements and cost reductions achieved during the half-year include:

- Ongoing improvement initiatives around grinding and cyanide consumption have delivered a 6% saving in unit processing costs.
- Unit mining costs have continued to trend lower averaging \$2.91/t for the half-year representing a significant improvement over the prior period unit mining cost of \$3.60/t. This has been as a result of better mining productivity, low fuel prices, production drilling improvement initiatives and the shorter haulage distances to the western waste dump from the Stage 4 cutback.

Edna May

Edna May produced 36,035oz of gold for the half-year at a unit cash operating cost of \$1,298/oz and an AISC of \$1,441/oz (31 December 2014: 51,217oz, \$701/oz, \$854/oz). This outcome is largely driven by the increased difficulty in accessing the current low grade area of the pit and the significantly higher operating waste mined which is in-line with the mine plan.

The waste profile of Stage 2 transitioned from predominantly capital waste to operating waste during the half-year in line with the increased ore tonnes being mined from Stage 2. Operating waste mined was 3,022kt (31 December 2014: 454kt), resulting in a significantly higher mining cost than the prior period. Gold ore grades processed of 0.80 g/t were of a significantly lower grade than the prior period (31 December 2014: 1.22 g/t) contributing to the lower production in the half-year. A return to higher grade ore at the base of the cutback is anticipated in the second half of the year.

Productivity improvements and cost reductions achieved during the half-year included:

- Record quarterly ore tonnes were milled through the process plant during the September quarter due to higher utilisation of the mill and record quarterly throughput rate of 370 tonnes per hour.
- Record quarterly plant utilisation was achieved during the December quarter of 95.2% despite an unscheduled shutdown for controlled, remedial SAG mill lining repairs.



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Mining Operations (continued)

Cracow

Cracow continued its track record of production reliability in the half-year with 46,010oz produced at a unit cash operating cost of \$710/oz and an AISC of \$1,026/oz (31 December 2014: 45,084oz, \$733/oz, \$1,110/oz).

The half-year saw a total of 227kt of ore mined at an average grade of 6.34g/t, with the primary sources being from the Kilkenny, Empire, Tipperary and Klondyke orebodies (31 December 2014: 267kt, 6.11g/t). The higher achieved grade mined was driven by stope dilution management, selective mining and access to higher grades when developing ore levels.

Underground development of 2,626m was completed during the half-year comprising 1,289m of capital development and 1,337m of operating development (31 December 2014: 2,988m, 1,615m, 1,373m). Capital development focused on accessing the Klondyke remnants and the successful trial of narrow vein mining. Operating development completed was to further improve stope flexibility and provide access to higher grade sections of ore.

Productivity improvements and cost reductions achieved during the half-year included:

- Unit cash operating costs decreased as a result of the introduction of narrow vein mining which utilised smaller equipment allowing for less waste to be mined.
- Reduced power costs with the plant and mine feeder being switched over to a new power factor conversion capacitor banks. This change also allowing for the ventilation fans at the Empire and VR1 decline to be connected to mains power no longer requiring diesel.

Pajingo

Pajingo produced 32,317oz of gold for the half-year at a unit cash operating cost of \$869/oz and an AISC of \$1,221/oz (31 December 2014: 32,185oz, \$777/oz, \$1,193/oz). The key driver of the increase in unit cost was due to the planned mining of lower grade areas. Underground development of 2,099m was completed and comprised 963m in operating development and 1,136m in capital development (31 December 2014: 1,626m, 1,168m).

Pajingo's primary ore sources continued to be the Sonia East, Sonia Splays, Zed East and Zed West orebodies with a total of 203kt ore mined at an average grade of 5.03g/t (31 December 2014: 193kt, 5.74g/t). The completion of the Camembert underground platform allowed for commencement of the diamond drilling program to test the south western end of the Camembert and eastern extensions of the Zed and Sonia structures. This resulted in improved drilling angles and reduced drilling costs while also allowing for improved access to production.

The rehabilitation of the Nancy North decline commenced during the half-year.

Productivity improvements and cost reductions achieved during the half-year included:

- Reductions in processing unit rates were achieved due to improved management of the processing tanks for campaign milling as well as the processing of a historic low grade laterite stockpile which was located at the mill and thus only attracting the incremental processing costs for treatment.



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Financial Performance

Profit or Loss

Revenue for the half-year ended 31 December 2015 increased by 87% to \$607.083 million (31 December 2014: \$325.031 million) largely as a result of the first half-year inclusion of Cowal and Mungari which contributed revenues of \$153.770 million and \$104.468 million respectively. The existing five mine sites contributed \$348.845 million which is an increase on the prior year of 7% and can be attributed to an 8% increase in achieved gold price to \$1,547/oz (31 December 2014: \$1,429/oz).

Deliveries into the hedge book were 105,474oz at an average price of \$1,590/oz (31 December 2014: 41,589oz, \$1,572/oz). The remaining 279,646oz were sold at spot price achieving an average price of \$1,526/oz (31 December 2014: 169,978oz, \$1,395/oz). Additionally, the Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017. The Group's hedge book now totals 726,394oz at an average price of \$1,589/oz for deliveries to December 2019.

Operating costs, excluding depreciation, amortisation and fair value adjustments of \$195.799 million, increased to \$308.642 million (31 December 2014: \$181.329 million) as a result of the first half-year inclusion of Cowal and Mungari which accounted for operating costs of \$63.526 million and \$51.252 million respectively. The operating costs for the existing five mine sites were \$193.864 million, an increase of 7% on prior year operating costs (31 December 2014: \$181.329 million). The Group continues to place a strong focus on cost control over operating activities.

The Group's unit cash operating cost decreased 1% to \$700/oz (31 December 2014: \$710/oz) despite a 17% drop in average grade mined during the period. This grade decline was also offset by the benefits of the new low cost assets, Cowal and Mungari. Mt Carlton was the largest contributor with a unit cash operating cost of \$408/oz, a decrease of 44% on the prior period (31 December 2014: \$725/oz).

Total exploration expenditure for the half-year was \$11.113 million (31 December 2014: \$11.447 million) with an exploration write-off of \$0.806 million (31 December 2014: \$0.374 million).

Balance Sheet

In July 2015, the Group's gearing ratio peaked at 32.0% as a result of drawing down on the Corporate Credit Facility to fund the Cowal acquisition. This was subsequently reduced to 22.4% as at 31 December 2015 as a result of a total of \$127 million in voluntary and early repayments during the period. The Group also made a further early debt repayment in January 2016, bringing the total debt repayments to \$152 million.

The Group's net assets increased by 39% to \$1.559 billion (30 June 2015: \$1.125 billion), primarily due to the completion of the Cowal, Mungari and Phoenix acquisitions which contributed net assets of \$1.103 billion, offset by the resulting draw down of \$607 million on the Corporate Credit Facility. At 31 December 2015, the Group held a cash balance of \$45.288 million and total net debt of \$499.045 million. Total net debt comprises \$465.289 million of corporate debt (inclusive of \$14.711 million of capitalised borrowing costs), \$18.252 million of finance leases and \$15.504 million of other short-term debt.



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Financial Performance (continued)

Balance Sheet (continued)

Total assets increased during the period to \$2.432 billion (30 June 2015: \$1.312 billion), representing an 85% movement. This increase was largely due to the Cowal, Mungari and Phoenix acquisitions during the period. Excluding these transactions, total assets decreased by 14% which can be attributed to the decrease in cash and property, plant and equipment of 79% and 7% respectively offset by the 11% increase in mine development and exploration. Capital additions for property, plant and equipment totalled \$18.359 million, while depreciation totalled \$65.243 million. Mine development additions totalled \$74.570 million as a result of continued stripping at Mt Rawdon and Edna May.

Total liabilities for the Group increased to \$873.247 million as at 31 December 2015 from \$187.678 as at 30 June 2015. This increase is largely due to the \$607 million drawing of the Corporate Credit Facility which was used to fund the acquisition of the Cowal asset. The balance of the Facility as at 31 December 2015 was \$480 million.

Cash Flow

The Group ended the half-year with a cash balance of \$45.288 million and available credit of \$170 million through its Corporate Credit Facility.

Net cash inflow from operating activities was \$213.244 million, an increase of \$77.490 million (31 December 2014: \$135.754 million). The majority of the increase can be attributed to the first half-year inclusion of the Cowal and Mungari assets which contributed net receipts of \$86.261 million and \$42.098 million respectively. The remaining increase is a result of the increase in achieved gold price.

Net cash outflows from investment activities were \$831.322 million, a \$725.055 million increase (31 December 2014: \$106.267 million) consisting of payments for the acquisition of Cowal and Phoenix of \$731.714 million and the payment of stamp duty on the Cowal transaction of \$24.138 million. Capital investments for the period include property plant and equipment of \$18.359 million and mine development and exploration of \$72.920 million.

Net cash inflows from financing activities were \$457.578 million, an increase of \$471.228 million (31 December 2014: outflow \$13.650 million). Financing for the period included the drawing of \$607 million on the Corporate Credit Facility and the subsequent voluntary and early repayments of the Corporate Credit Facility and La Mancha Debt Facility totalling \$251 million, net proceeds received on the issue of shares to the La Mancha Group of \$111.468 million, dividend payment of \$11.653 million and a net drawing of \$10.095 million for Mt Carlton shipment refinancing and insurance premiums.

Taxation

The Company recognised a \$18.350 million tax benefit in the current period from previously unrecognised tax losses to reduce the current tax expense. The Group has available tax losses of \$353.496 million as at 31 December 2015 consisting of \$270.508 million for returns lodged for tax years up to 30 June 2014 and \$82.988 million for Mungari returns lodged for tax years up to 31 December 2014.

Capital Expenditure

Capital expenditure has decreased 3% to \$86.442 million (31 December 2014: \$89.538 million). This consists of sustaining capital, including near mine exploration and resource definition of \$32.051 million (31 December 2014: \$34.966 million) and mine development of \$54.390 million (31 December 2014: \$54.573 million).



Evolution Mining Limited Half-Year Financial Report Directors' Report 31 December 2015

Review of operations (continued)

Financial Performance (continued)

Financing

Total finance costs for the half-year were \$20.860 million (31 December 2014: \$7.651 million). Included in total finance costs is \$6.923 million (31 December 2014: \$1.816 million) of debt establishment fee amortisation and discount unwinding on mine rehabilitation liabilities.

In May 2015, the Group entered into a refinancing arrangement by way of a letter of commitment. The Corporate Credit Facility ("the Facility") comprises \$300 million Senior Secured Revolving Loan ("Facility A"), a \$400 million Senior Secured Term Loan ("Facility B"), and a \$155 million performance bond facility ("Facility C").

The Facility was executed on 20 July 2015 and was effective from that date.

The Facility was drawn down on 23 July 2015 on completion of the Cowal acquisition and is repayable over the following periods:

- Facility A: 31 July 2018
- Facility B: 20 July 2020
- Facility C: 20 July 2018

Matters subsequent to the end of the financial year

No matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or state of affairs of the Group or economic entity in subsequent financial periods except for the following matters:

- (a) On 10 November, the Group issued a revised off-market takeover offer ("the Revised Offer") which entitled the Group to pursue compulsory acquire all remaining shares held in Phoenix once the relevant interest of 90% was obtained. The Group reached this milestone on 21 December 2015 and exercised its right for compulsory acquisition. As at 31 December 2015, the Group had received acceptance of the Revised Offer from 95.67% of Phoenix shareholders. The compulsory acquisition was completed on 27 January 2016.
- (b) On 25 January 2016, an additional \$25 million early repayment was made on Facility B of the Corporate Credit Facility. This further reduces the debt outstanding to \$455 million, comprising \$130 million in Facility A and \$325 million in Facility B. The undrawn amount of Facility A remains at \$170 million.



**Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2015**

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read "J. Klein".

Jacob (Jake) Klein
Executive Chairman

A handwritten signature in black ink, appearing to read "Graham Freestone".

Graham Freestone
Chair of the Audit Committee

Sydney



Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Evolution Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Tim Goldsmith'.

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
17 February 2016



Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2015

	Notes	31 December 2015 \$'000	31 December 2014 \$'000
Sales revenue	4	607,083	325,031
Cost of sales	5	(504,441)	(261,982)
Gross Profit		102,642	63,049
Interest income	4	1,032	186
Other income	4	499	146
Share based payments expense		(2,896)	(1,258)
Corporate and other administration costs		(10,183)	(11,024)
Acquisition and integration costs	5	(53,989)	-
Gain on revaluation of available-for-sale assets		4,365	-
Exploration and evaluation costs expensed		(806)	(374)
Impairment loss on goodwill	18	(35,270)	-
Finance costs	5	(20,860)	(7,651)
(Loss)/profit before income tax expense		(15,466)	43,074
Income tax benefit/(expense)	6	-	-
(Loss)/profit after income tax expense		(15,466)	43,074
Other comprehensive expense			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets		(798)	(649)
Cash flow hedges		(9,382)	(1,448)
Other comprehensive expense, net of tax		(10,180)	(2,097)
Total comprehensive (expense)/income		(25,646)	40,977
Total comprehensive (loss)/income for the period is attributable to:			
Owners of Evolution Mining Limited		(25,646)	40,977
		(25,646)	40,977
		Cents	Cents
(Loss)/earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		(1.18)	6.04
Diluted earnings per share		(1.18)	5.81

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



**Evolution Mining Limited
Half-Year Financial Report
Consolidated Balance Sheet
As at 31 December 2015**

		31 December 2015 \$'000	30 June 2015 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		45,288	205,788
Trade and other receivables		32,917	10,514
Inventories		217,225	66,496
Derivative financial instruments	7	481	6,762
Total current assets		295,911	289,560
Non-current assets			
Inventories		126,873	827
Other financial assets	8	2,418	6,516
Property, plant and equipment	9	822,970	470,522
Mine development and exploration	10	1,184,076	544,733
Other non-current assets		106	80
Total non-current assets		2,136,443	1,022,678
Total assets		2,432,354	1,312,238
LIABILITIES			
Current liabilities			
Trade and other payables		131,658	55,702
Interest bearing liabilities	11	90,339	17,391
Derivative financial instruments	7	2,641	-
Provisions		33,010	22,832
Other current liabilities		3,544	-
Total current liabilities		261,192	95,925
Non-current liabilities			
Interest bearing liabilities	11	408,706	6,525
Provisions		173,515	85,228
Other non-current liabilities		5,634	-
Deferred tax liabilities		24,200	-
Total non-current liabilities		612,055	91,753
Total liabilities		873,247	187,678
Net assets		1,559,107	1,124,560
EQUITY			
Issued capital	12	1,764,325	1,292,620
Reserves		20,162	27,446
Accumulated losses		(225,380)	(195,506)
Capital and reserves attributable to owners of Evolution Mining Limited		1,559,107	1,124,560
Total equity		1,559,107	1,124,560

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.



Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015

	Notes	Issued capital \$'000	Share-based payments \$'000	Fair value revaluation reserve \$'000	Cash flow hedges \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2014		1,048,424	18,972	(600)	(153)	(281,339)	785,304
Profit after income tax expense		-	-	-	-	43,074	43,074
Changes in fair value of available-for-sale financial assets		-	-	(649)	-	-	(649)
Changes in fair value of cash flow hedges		-	-	-	(1,448)	-	(1,448)
Total comprehensive income		-	-	(649)	(1,448)	43,074	40,977
Transactions with owners in their capacity as owners:							
Contributions of equity	12	3,140	-	-	-	-	3,140
Dividends provided for or paid	13	-	-	-	-	(7,132)	(7,132)
Recognition of share-based payments		-	1,258	-	-	-	1,258
		3,140	1,258	-	-	(7,132)	(2,734)
Balance at 31 December 2014		1,051,564	20,230	(1,249)	(1,601)	(245,397)	823,547
Balance at 1 July 2015		1,292,620	20,840	(156)	6,762	(195,509)	1,124,557
Profit after income tax expense		-	-	-	-	(15,466)	(15,466)
Changes in fair value of available-for-sale financial assets		-	-	(798)	-	-	(798)
Changes in fair value of cash flow hedges		-	-	-	(9,382)	-	(9,382)
Total comprehensive income		-	-	(798)	(9,382)	(15,466)	(25,646)
Transactions with owners in their capacity as owners:							
Contributions of equity	12	471,705	-	-	-	-	471,705
Dividends provided for or paid	13	-	-	-	-	(14,405)	(14,405)
Recognition of share-based payments		-	2,896	-	-	-	2,896
		471,705	2,896	-	-	(14,405)	460,196
Balance at 31 December 2015		1,764,325	23,736	(954)	(2,620)	(225,380)	1,559,107

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

	31 December 2015 Notes \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Receipts from sales	595,400	327,567
Payments to suppliers and employees	(370,413)	(186,292)
Other income	499	146
Interest received	1,032	192
Interest paid	(13,274)	(5,859)
Net cash inflow from operating activities	213,244	135,754
Cash flows from investing activities		
Payments for property, plant and equipment	(18,359)	(26,884)
Payment for mine development and exploration	(72,920)	(77,510)
Proceeds from sale of property, plant and equipment	29	-
Payments for available-for-sale financial assets	-	(1,872)
Payments for acquisition and integration costs	(4,405)	-
Payments for stamp duty related to business combinations	(24,138)	-
Cash acquired through business combinations	20,185	-
Payments for subsidiaries acquired through business combinations	(731,714)	-
Transfer from term deposits	-	(1)
Net cash outflow from investing activities	(831,322)	(106,267)
Cash flows from financing activities		
Proceeds from interest bearing liabilities	607,000	-
Repayment of interest bearing liabilities - Corporate Credit Facility	(127,000)	-
Repayment of interest bearing liabilities - La Mancha Debt Facility	(124,000)	-
Repayment of short term borrowings	(49,043)	(30,877)
Proceeds from short term borrowings	59,138	28,721
Payment of finance lease liabilities	(8,332)	(5,624)
Dividends paid	(11,653)	(5,870)
Proceeds from issues of shares	111,468	-
Net cash inflow (outflow) from financing activities	457,578	(13,650)
Net increase in cash and cash equivalents	(160,500)	15,837
Cash and cash equivalents at the beginning of the period	205,788	31,607
Cash and cash equivalents at end of period	45,288	47,444

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



Evolution Mining Limited

Half-Year Financial Report

Notes to the Consolidated Financial Statements

1 Basis of preparation of half-year report

This consolidated Half-Year Financial Report for the half-year ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2015 and any public announcements made by Evolution Mining Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange.

The accounting policies adopted are consistent with those of the previous Annual Financial Report and corresponding Half-Year Financial Report in the prior period, except as set out below:

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 Annual Financial Report as a consequence of these amendments.

(b) Impact of standards issued but not yet applied by the Group

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group recognised \$0.798 million of such losses in other comprehensive income.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

The Group has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the Group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

2 Segment information

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Chairman and the senior leadership team (the chief business decision makers) in assessing performance and in determining the allocation of resources.

The Group's seven operational mine sites, Exploration and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group's operations are all conducted in the mining industry in Australia.

(b) Segment information

The segment information for the reportable segments for the half-year ended 31 December 2015 is as follows:

	Cowal \$'000	Mungari \$'000	Cracow \$'000	Pajingo \$'000	Edna May \$'000	Mt Rawdon \$'000	Mt Carlton \$'000	Explo- ration \$'000	Corp- orate \$'000	Total \$'000
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31 December 2015

Segment Revenue	153,770	104,468	70,272	50,902	60,874	75,118	91,679	-	-	607,083
EBITDA	90,244	53,216	33,847	19,071	8,776	38,826	54,461	(806)	(12,022)	285,613
Capital additions*	12,011	14,027	10,502	9,628	6,632	27,595	12,384	11,113	150	104,042

The segment information for the reportable segments for the half-year ended 31 December 2014 is as follows:

	Cowal \$'000	Mungari \$'000	Cracow \$'000	Pajingo \$'000	Edna May \$'000	Mt Rawdon \$'000	Mt Carlton \$'000	Explo- ration \$'000	Corp- orate \$'000	Total \$'000
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31 December 2014

Segment Revenue	-	-	63,229	45,500	80,965	77,202	58,135	-	-	325,031
EBITDA	-	-	26,255	17,582	39,750	39,028	21,233	(374)	(11,703)	131,771
Capital additions*	-	-	14,817	13,281	17,413	25,949	15,162	15,091	(549)	101,164

* Capital additions include the remeasurement of rehabilitation assets and assets that were acquired under finance leases during the period.



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

2 Segment information (continued)

(c) Segment Reconciliation

	31 December 2015 \$'000	31 December 2014 \$'000
Reconciliation of profit before income tax expense		
EBITDA	285,613	131,771
Depreciation and amortisation	(157,935)	(81,232)
Interest income	1,032	186
Acquisition and integration costs	(53,989)	-
Gain on revaluation of available-for-sale assets	4,365	-
Fair value amortisation and unwinding expense	(38,422)	-
Impairment loss on goodwill	(35,270)	-
Finance costs	(20,860)	(7,651)
Profit before income tax expense	(15,466)	43,074

3 Fair value measurement of assets and liabilities

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

3 Fair value measurement of assets and liabilities (continued)

(a) Fair value hierarchy (continued)

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015 on a recurring basis:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2015				
Financial assets				
<i>Derivative financial instruments</i>				
Derivatives used for hedging	-	481	-	481
<i>Other financial assets</i>				
Shares available for sale	2,418	-	-	2,418
Total financial assets	2,418	481	-	2,899

Financial liabilities

<i>Derivative financial instruments</i>				
Derivatives used for hedging	-	2,641	-	2,641
Total financial liabilities	-	2,641	-	2,641

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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30 June 2015

Financial assets

<i>Derivative financial instruments</i>				
Derivatives used for hedging	-	6,762	-	6,762
<i>Other financial assets</i>				
Shares available for sale	6,516	-	-	6,516
Total financial assets	6,516	6,762	-	13,278

There were no transfers between levels 1 and 2 for recurring fair value measurement during the period.

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 December 2015.

(b) Valuation techniques

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets and financial liabilities held by the Group is the current bid price. These instruments are included in level 1.



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

3 Fair value measurement of assets and liabilities (continued)

(b) Valuation techniques (continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial assets and financial liabilities include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate and diesel swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

All of the resulting fair value estimates are included in either level 1 or 2. There are no financial instruments included in level 3 for the half-year ended 31 December 2015.

4 Revenue

	31 December 2015 \$'000	31 December 2014 \$'000
<i>Sales revenue</i>		
Gold sales	595,646	302,435
Silver sales	7,085	19,240
Copper sales	4,352	3,356
	<u>607,083</u>	<u>325,031</u>
<i>Other revenue</i>		
Interest income	1,032	186
Other income	499	146
	<u>1,531</u>	<u>332</u>



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

5 Expenses

	31 December 2015 \$'000	31 December 2014 \$'000
Cost of sales		
Mine operating costs	283,022	164,515
Depreciation and amortisation expense	157,377	80,653
Royalty and other selling costs	25,620	16,814
Fair value amortisation	20,545	-
Fair value expense	17,877	-
	504,441	261,982
Acquisition and integration costs		
Contractor, consultants and advisory expense	2,921	-
Corporate and administration expense	1,484	-
Stamp duty on business combinations	49,584	-
	53,989	-
Finance costs		
Finance lease interest expense	663	742
Amortisation of debt establishment costs	4,847	754
Unwinding of discount on provisions	2,076	1,062
Interest expense	13,274	5,093
	20,860	7,651
Depreciation and amortisation		
Cost of sales	157,377	80,653
Corporate and other administrative costs	558	579
	157,935	81,232



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

6 Income tax expense

(a) Income tax expense

	31 December 2015 \$'000	31 December 2014 \$'000
Deferred tax	18,350	13,435
Previously unrecognised tax loss now recognised	<u>(18,350)</u>	<u>(13,435)</u>
Total income tax expense	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

(Loss) / profit before income tax expense	(15,466)	43,074
Tax at the Australian tax rate of 30%	(4,640)	12,922
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	869	377
Other	13	136
Fair value unwinding on business acquisitions	11,527	-
Impairment loss on goodwill	10,581	-
Previously unrecognised tax losses now recouped to reduce current tax expense	<u>(18,350)</u>	<u>(13,435)</u>
Total income tax expense	<u>-</u>	<u>-</u>

The Group has available tax losses of \$353.496 million as at 31 December 2015 consisting of \$270.508 million for returns lodged for tax years up to 30 June 2014 and \$82.988 million for Mungari returns lodged for tax years up to 30 June 2014.



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

7 Derivative financial instruments

	31 December 2015 \$'000	30 June 2015 \$'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	481	6,762
Total current derivative financial assets	<u>481</u>	<u>6,762</u>
Current liabilities		
Diesel swap contracts - cash flow hedges	2,641	-
Total current derivative financial liabilities	<u>2,641</u>	<u>-</u>

(a) Instruments used by the group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group financial risk management policies.

(i) Diesel swap contracts - cash flow hedges

During the period, the Group entered into a 23.850 million litre diesel swap agreement to fix approximately 75% of the Group's planned diesel consumption from November 2015 to June 2016.

The contracts require settlement of the net receivable or payable each calendar month, with the settlement date occurring 5 days after. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged diesel expense is recognised. There was no hedge ineffectiveness during the half-year ended 31 December 2015.

(ii) Forward foreign exchange contracts - cash flow hedges

During the period, the Group entered into a AUD:EUR forward foreign exchange contract to fix the second EUR\$0.534 million instalment on the purchase of a mill gearbox to be delivered to Mt Rawdon in June 2016.

The Group's risk management objective is to mitigate cash flow fluctuations arising on foreign currency purchases impacted by adverse movements in foreign currencies, reducing the variability of future cash flows by locking in the payment of a fixed, lower than budgeted foreign exchange rate.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged transaction is recognised. There was no hedge ineffectiveness during the half-year ended 31 December 2015.



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

8 Other Financial Assets

	31 December 2015 \$'000	30 June 2014 \$'000
Non-current		
<i>Available-for-sale investments carried at fair value</i>		
Shares in Monto Minerals Limited	600	300
Shares in Emmerson Resources Limited (i)	1,818	1,376
Shares in Phoenix Gold Limited (ii)	-	4,840
	2,418	6,516

- (i) At 31 December 2015, The share price of Emmerson was \$0.0370. The Company holds the investment at fair value and has recognised \$0.444 million of fair value adjustments in other comprehensive income.
- (ii) On 31 December 2015, the Group completed the acquisition of the remaining shares in Phoenix Gold Limited. As at 31 December 2015, Phoenix Gold Limited has been treated as a subsidiary and consolidated into the Group (Refer to note 18).

9 Property, plant and equipment

	Freehold land \$'000	Plant and equipment \$'000	Total \$'000
At 30 June 2015			
Cost	10,355	637,734	648,089
Accumulated depreciation	-	(177,567)	(177,567)
Net carrying amount	10,355	460,167	470,522
Included in above			
Carrying amount of lease assets	-	18,548	18,548
Carrying amount of assets under construction	-	20,184	20,184
	-	38,732	38,732
Half-year ended 31 December 2015			
Carrying amount at the beginning of the year	10,355	460,167	470,522
Additions	-	18,359	18,359
Amounts acquired in a business combination	-	400,664	400,664
Reclassifications	524	(524)	-
Disposals	-	(17)	(17)
Depreciation relating to fair value uplift on business combinations	-	(1,315)	(1,315)
Depreciation	-	(65,243)	(65,243)
Carrying amount at the end of the period	10,879	812,091	822,970



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

9 Property, plant and equipment (continued)

	Freehold land \$'000	Plant and equipment \$'000	Total \$'000
At 31 December 2015			
Cost	10,879	1,534,044	1,544,923
Accumulated depreciation	-	(721,953)	(721,953)
Net carrying amount	<u>10,879</u>	<u>812,091</u>	<u>822,970</u>
Included in above			
Carrying amount of lease assets	-	12,917	12,917
Carrying amount of assets under construction	-	42,290	42,290
	<u>-</u>	<u>55,207</u>	<u>55,207</u>

10 Mine development and exploration

	Producing mines \$'000	Exploration and evaluation \$'000	Total \$'000
At 30 June 2015			
Cost	898,163	52,007	950,170
Accumulated amortisation	(393,051)	(12,386)	(405,437)
Net carrying amount	<u>505,112</u>	<u>39,621</u>	<u>544,733</u>
Half-year ended 31 December 2015			
Carrying amount at the beginning of the year	505,112	39,621	544,733
Additions	74,570	11,113	85,683
Amounts acquired in a business combination	596,596	69,793	666,389
Asset write-off	-	(806)	(806)
Amortisation relating to fair value uplift on business combinations	(19,231)	-	(19,231)
Amortisation	(92,692)	-	(92,692)
Carrying amount at the end of the period	<u>1,064,355</u>	<u>119,721</u>	<u>1,184,076</u>
At 31 December 2015			
Cost	2,017,524	132,107	2,149,631
Accumulated amortisation	(953,169)	(12,386)	(965,555)
Net carrying amount	<u>1,064,355</u>	<u>119,721</u>	<u>1,184,076</u>



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

11 Interest Bearing Liabilities

	31 December 2015 \$'000	30 June 2015 \$'000
Current		
Bank loans - Corporate Credit Facility	70,000	-
Less: Borrowing costs	(7,634)	-
Finance lease liabilities	12,469	11,982
Other borrowings	15,504	5,409
	<u>90,339</u>	<u>17,391</u>
Non-Current		
Bank loans - Corporate Credit Facility	410,000	-
Less: Borrowing costs	(7,077)	(1,750)
Finance lease liabilities	5,783	8,275
	<u>408,706</u>	<u>6,525</u>
Total interest bearing liabilities	<u>499,045</u>	<u>23,916</u>

In May 2015, the Group entered into a refinancing arrangement by way of a letter of commitment. The Corporate Credit Facility ("the Facility") comprises \$300 million Senior Secured Revolving Loan ("Facility A"), a \$400 million Senior Secured Term Loan ("Facility B"), and a \$155 million performance bond facility ("Facility C").

The Facility was executed on 20 July 2015 and was effective from that date.

The Facility was drawn down on 23 July 2015 on completion of the Cowal acquisition and is repayable over the following periods:

- Facility A: 31 July 2018
- Facility B: 20 July 2020
- Facility C: 20 July 2018

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2015 \$'000	30 June 2015 \$'000
<i>Bank Loans - Corporate Credit Facility</i>		
Expiring within one year	-	-
Expiring beyond one year	170,000	200,000
	<u>170,000</u>	<u>200,000</u>



Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

11 Interest Bearing Liabilities (continued)

(b) Contractual maturities of interest bearing liabilities

The tables below analyse the Group's interest bearing liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows, which also includes interest and commitment fees.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
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At 31 December 2015

Bank loans - Corporate Credit Facility	141,912	127,423	253,542	-	522,877	480,000
Finance lease liabilities	13,149	5,395	519	-	19,063	18,252
Other borrowings	15,504	-	-	-	-	15,504
	170,565	132,818	254,061	-	541,940	513,756

At 30 June 2015

Finance lease liabilities	12,811	7,075	1,503	-	21,389	20,257
Other borrowings	5,409	-	-	-	5,409	5,409
	18,220	7,075	1,503	-	26,798	25,666

(c) Debt covenants

The lenders have placed covenants over the revolving credit facility based on the current ratio, leverage ratio, interest coverage ratio and the gearing ratio. The Group has complied with these covenants during the period.

12 Issued Capital

(a) Share capital

	31 December 2015 Shares	31 December 2015 \$'000	30 June 2015 Shares	30 June 2015 \$'000
Fully paid ordinary shares	1,463,086,167	1,764,325	992,435,234	1,292,620
	1,463,086,167	1,764,325	992,435,234	1,292,620



Evolution Mining Limited
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12 Issued Capital (continued)

(b) Movements in ordinary share capital

	31 December 2015 Shares	31 December 2015 \$'000	30 June 2015 Shares	30 June 2015 \$'000
Opening balance	992,435,234	1,292,620	709,989,453	1,048,424
Issue of shares to Emmerson Resources Limited	-	-	2,504,383	2,000
Issue of shares as consideration for Phoenix Gold Limited	20,019,272	25,846	-	-
Issue of shares to La Mancha Group International BV on completion of business acquisition	322,023,765	331,684	-	-
Shares issued on vesting of performance rights	2,262,954	-	724,811	-
Shares issued under DRP for final dividend	2,492,008	2,707	1,703,000	1,139
Shares issued under DRP for interim dividend	-	-	1,840,927	1,503
Shares issued to La Mancha Group International BV under Entitlement Offer	123,852,934	111,468	-	-
Shares issued under Institutional Component of Entitlement Offer	-	-	192,463,833	173,217
Shares issued under Retail Component of Entitlement Offer	-	-	83,208,827	74,888
Less: Transaction costs arising on share issue	-	-	-	(8,552)
	1,463,086,167	1,764,325	992,435,234	1,292,619

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan based on daily VWAP for the 5 days immediately after the record date. Any DRP or discount are subject to board approval.

(e) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 14.



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13 Dividends

(a) Ordinary Shares

	31 December 2015 \$'000	31 December 2014 \$'000
<i>Dividends provided for or paid during the half-year</i>		
Final dividend (unfranked)	14,405	7,132
	<u>14,405</u>	<u>7,132</u>

Final reviews of company structures on the completion of the La Mancha transaction has confirmed that the previously expected availability of \$11.819 million of franking credits in the La Mancha structure will not be available to the Group.

(b) Dividends not recognised at the end of the reporting period

In addition to the above dividends, since period end the Directors have recommended the payment of an interim unfranked dividend of 1 cent per fully paid ordinary share (31 December 2014 - 1 cent). The aggregate amount of the proposed dividend expected to be paid on 29 March 2016 out of retained earnings at 31 December 2015, but not recognised as a liability at the half-year, is \$14.657 million.

	31 December 2015 \$'000	31 December 2014 \$'000
The aggregate amount of proposed dividend expected to be paid out of retained earnings, but not recognised as a liability at year end	14,657	7,149
	<u>14,657</u>	<u>7,149</u>

14 Share-based payments

(a) Types of share based payment plans

The Group has two Option and Performance Rights plans in existence:

(1) Employee Share Option and Performance Rights Plan (ESOP)

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The latest plan was approved at the Annual General Meeting on 26 November 2014 and permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

(2) Employees and Contractors Option Plan (ECOP)

An ECOP was established and approved at the Annual General Meeting on 27 November 2008. The plan permits the Company, at the discretion of the Directors, to grant Options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules. No further Options will be issued under this plan.



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14 Share-based payments (continued)

(b) Recognised share based payment expenses

	31 December 2015 \$'000	31 December 2014 \$'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	2,896	1,258

(c) Summary and movement of Options on issue

The following table illustrates the number and weighted average exercise prices ("WAEP") in Australian Dollars (\$) of, and movements in, share Options issued during the year.

	31 December 2015		30 June 2015	
	Number	WAEP (\$)	Number	WAEP (\$)
Outstanding at the beginning of the year	7,649,738	\$1.88	9,383,738	1.79
Expired during the year	(1,861,394)	\$1.86	(1,734,000)	1.39
Outstanding at the end of the period	5,788,344	\$1.88	7,649,738	1.88
Exercisable at the end of the period	5,788,344	\$1.88	7,649,738	1.88

The weighted average remaining contractual life of Options outstanding as at 31 December 2015 was 0.87 years (30 June 2015: 1.13 years) with exercise prices ranging from \$1.782 to \$2.412 (30 June 2015: \$1.398 to \$2.412). No Options were granted during the year.

The outstanding balance as at 31 December 2015 is represented by:

Options issued as part of ECOP

- 52,954 Options with an exercise price ranging from \$1.998 to \$2.338

Options issued as part of ESOP

- 432,141 Options with an exercise price ranging from \$1.400 to \$1.472
- 4,331,520 Options with an exercise price ranging from \$1.782 to \$1.936
- 971,729 Options with an exercise price ranging from \$2.072 to \$2.412



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14 Share-based payments (continued)

(d) Summary and movement of performance rights on issue

The following table illustrates the number and movements in, Performance Rights issued during the year.

	31 December 2015 Number	30 June 2015 Number
Outstanding balance at the beginning of the year	21,382,111	14,316,889
Performance rights granted during the period	7,537,196	10,804,370
Vested during the period	(2,262,827)	(724,809)
Lapsed during the period	(923,356)	(522,766)
Forfeited during the year	(511,557)	(2,491,573)
Outstanding at the end of the year	25,221,567	21,382,111
Exercisable at the end of the year	-	-

Performance rights on issue as part of ESOP have a nil exercise price. The weighted average fair value of Performance Rights granted during the period ended 31 December 2015 was \$0.950 (30 June 2015: \$0.551)

During the period, the Company entered into a retention agreement with its Executive Chairman, Jake Klein. The agreement is designed to retain the services of the Executive Chairman for the next three years. As part of the agreement the Company will issue 3,750,000 Performance Rights on the terms and conditions of the Company's current Employee Share Option and Performance Rights Plan, subject to shareholder approval at the Company's next shareholder meeting.

The Performance Rights awarded during the 2013 financial year were tested as at 30 June 2015. During the half-year ended 31 December 2015, 2,262,827 Performance Rights which met the performance measures were issued and 923,356 Performance Rights which did not meet the performance measures lapsed. This equates to a vesting rate of 71.02% and a lapsing rate of 28.98%.

The performance testing dates for the various grants are summarised below:

- 10,498,408 Performance Rights granted during the 2014 financial year will be subject to performance testing as at 30 June 2016.
- 10,804,370 Performance Rights granted during the 2015 financial year will be subject to performance testing as at 30 June 2017.
- 7,537,196 Performance Rights granted during the current financial period will be subject to performance testing as at 30 June 2018.



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14 Share-based payments (continued)

(e) Fair value determination

During the period, the Company issued one allotment of performance rights that will vest on 30 June 2018. They have four performance components being a Total Shareholder Return (“TSR”) condition, an absolute TSR condition, a Growth in Earnings per share (“EPS”) condition and a Growth in Ore Reserves condition.

(i) TSR Performance Right Valuation

The fair value of the TSR Performance Rights (market-based condition) was estimated at the date of grant using Monte Carlo simulation, taking into account the terms and conditions upon which the awards were granted.

(ii) Absolute TSR Performance Right Valuation

The Absolute TSR Performance Right Valuation will be measured as the cumulative annual TSR over the three year period ending 30 June 2018.

(iii) Growth in Earnings per Share

The growth in Earnings per Share is measured as the cumulative annual growth rate in EPS, excluding non recurring items over the three year period ending 30 June 2018.

(iv) Growth in Ore Reserves per Share

The growth in Ore Reserves per share is measured by comparing the Baseline measure of the ore reserves as at 31 December 2014, to the Ore Reserves as at 31 December 2017 on a per share basis, with testing to be performed at 30 June 2018.

The following tables list the inputs to the models used for the Performance Rights granted for the period:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2015 rights issue				
Number of rights issued	1,451,192	1,451,192	1,451,192	1,451,192
Spot price (\$)	1.155	1.155	1.155	1.155
Risk-free rate (%)	1.83	1.83	1.83	1.83
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date (\$) 0.620	0.885	1.10	1.10	
November 2015 rights issue				
Number of rights issued	433,107	433,107	433,107	433,107
Spot price (\$)	1.255	1.255	1.255	1.255
Risk-free rate (%)	2.09	2.09	2.09	2.09
Term (years)	2.5	2.5	2.5	2.5
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date (\$) 0.705	0.99	1.21	1.21	

The volatility above was determined with reference to historical volatility but also incorporates factors that management believes will impact the actual volatility of the Company's shares in future periods.



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15 Related party transactions

(a) Transactions with other related parties

Directors fees in the amount of \$27,500 was paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (31 December 2014: \$56,250).

Directors fees in the amount of \$56,250 was paid to John Rowe and Associates, a company of which Mr John Rowe is a Director for services provided during the period (31 December 2014: \$56,250).

Directors fees in the amount of \$100,000 was paid to DAK Corporation, a company of which Mr Jacob Klein is a Director for services provided during the period (31 December 2014: \$100,000).

Directors fees in the amount of \$56,028 was paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (31 December 2014: \$54,375).

16 Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A\$/oz	Value of committed sales \$'000
As at 31 December 2015			
Within one year	271,907	1,571	427,166
Later than one year but not greater than five years	454,487	1,613	733,088
	726,394		1,160,254
As at 30 June 2015			
Within one year	94,320	1,601	150,750
Later than one year but not greater than five years	212,500	1,514	320,539
	306,820		471,289

The counterparties to the physical gold delivery contracts are Macquarie Bank Limited ("Macquarie"), Australia and New Zealand Banking Group Limited ("ANZ"), National Australia Bank Limited ("NAB"), Westpac Banking Corporation ("WBC"), Commonwealth Bank of Australia ("CBA"), Citibank N.A ("Citibank") and Societe Generale ("SG"). Contracts are settled on a quarterly basis by the physical delivery of gold per the banks instructions. The contracts are accounted for as sale contracts with revenue recognised once the gold has been delivered to Macquarie, ANZ, NAB, WBC, CBA, Citibank, SG or one of their agents. The physical gold delivery contracts are considered a contract to sell a non-financial item and is therefore out of the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. As a result no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

The Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017.



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17 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2015 in respect of:

(i) Claims

Edna May Operations Pty Ltd, a wholly owned subsidiary of Evolution Mining Limited, received a Writ of Summons from the Supreme Court of Western Australia on 9 July 2014 together with a Statement of Claim filed by Mineral Crushing Services (WA) Pty Ltd claiming damages of approximately \$2.9 million in relation to contract crushing services provided at the Edna May operation. The Group is vigorously defending the claim.

(ii) Guarantees

The Group has provided bank guarantees in favour of various government authorities and service providers with respect to site restoration, contractual obligations and premises at 31 December 2015. The total of these guarantees at 31 December 2015 was \$140.349 million with various financial institutions (30 June 2015: \$64.320 million).

18 Business combinations

The accounting for the Mungari, Cowal and Phoenix acquisitions have been determined on a provisional basis at 31 December 2015 as the fair values assigned to the acquiree's identifiable assets and liabilities have only been determined provisionally. Any adjustments to these provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of the acquisition.

(a) Summary of acquisition - La Mancha

On 20 April 2015, the Group announced that it had entered into a binding agreement with La Mancha Group International BV ("La Mancha") to acquire 100% of La Mancha's Australian operations ("La Mancha Australia") in exchange for the issuance of 322.024 million Evolution shares. The transaction was effected via the acquisition by Evolution of all of the shares in Toledo Holdings (Ausco) Pty Ltd, the holding company of La Mancha Australia. La Mancha Australia's operations comprise the Frog's Leg underground gold mine, the White Foil open-pit gold mine, and the newly constructed Mungari CIL processing plant.

The transaction was subject to a number of conditions, including Evolution shareholder approval at an Extraordinary General Meeting held on 30 July 2015. The transaction was approved at the Extraordinary General Meeting and FIRB approval was received on 21 August 2015 with the transaction completed on 25 August 2015. Effective 1 September 2015, Naguib Sawaris and Sebastien de Montessus were appointed as Directors with Vincent Benoit and Amr El Adawy appointed as their Alternate Directors

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (d) below):	
Ordinary shares issued	331,684
Total purchase consideration	331,684



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18 Business combinations (continued)

(a) Summary of acquisition - La Mancha (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	16,311
Trade and other receivables	2,511
Inventories	31,520
Property, plant and equipment	120,645
Mine development and exploration	313,820
Deferred tax asset	26,666
Trade and other payables	(30,994)
Interest bearing liabilities	(129,664)
Provisions	(19,572)
Deferred tax liability	(25,095)
Other liabilities	(9,734)
Net identifiable assets acquired	<u>296,414</u>
Goodwill	<u>35,270</u>
Net assets acquired	<u>331,684</u>

At 31 December 2015, the Directors carried out an impairment review on the Goodwill amount of \$35.270 million and determined that it was impaired.

(i) Revenue and profit contribution

The acquired business contributed revenues of \$104.471 million and net profit of \$21.396 million to the Group for the period from 25 August 2015 to 31 December 2015.

(b) Summary of acquisition - Cowal

On 25 May 2015, the Group announced that it had entered into an agreement with Barrick (Australia Pacific) Pty Limited ("Barrick") to acquire the Cowal gold mine through the purchase of 100% of the shares in Barrick (Cowal) Pty Limited ("Cowal") for a price of US\$550 million. Completion of the Cowal Transaction was conditional upon Barrick obtaining written consent (either without conditions or on conditions reasonably satisfactory to Evolution having regard to the materiality of those conditions in the entirety of the sale of the Cowal shares) under the Mining Act 1992 (NSW) from the NSW Minister for Resources and Energy to the change in control and foreign acquisition of substantial control in Cowal, in relation to EL 1590 and EL 7750. Ministerial consent was obtained on 17 July 2015 and the transaction completed on 24 July 2015.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (d) below):	
Cash paid	<u>703,313</u>
Total purchase consideration	<u>703,313</u>



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18 Business combinations (continued)

(b) Summary of acquisition - Cowal (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	197
Trade and other receivables	2,333
Inventories	261,033
Property, plant and equipment	280,108
Mine development and exploration	282,776
Trade and other payables	(27,108)
Provisions	(70,255)
Deferred tax liability	(25,771)
Net identifiable assets acquired	<u>703,313</u>

(i) Revenue and profit contribution

The acquired business contributed revenues of \$153.770 million and net profit of \$59.319 million to the Group for the period from 25 July 2015 to 31 December 2015.

(c) Summary of acquisition - Phoenix

On 20 August 2015, the Group announced its intention to make an off-market takeover offer ("the Offer") to acquire all of the ordinary shares of Phoenix Gold Limited ("Phoenix") that it did not currently own. At the date of the Offer the Group held approximately 19.8% of the shares in Phoenix.

On 10 November, the Group issued a revised off-market takeover offer ("the Revised Offer") which entitled the Group to pursue compulsory acquisition of all remaining shares held in Phoenix once the relevant interest of 90% was obtained. The Group reached this milestone on 21 December 2015 and exercised its right for compulsory acquisition. The compulsory acquisition was completed on 27 January 2016.

As at 31 December 2015, the Group had received acceptance of the Revised Offer from 95.67% of Phoenix shareholders.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration (refer to (d) below):	
Cash paid	31,702
Ordinary shares issued	25,846
Accrued consideration	6,554
Fair value uplift on previously held interest	4,364
Total purchase consideration	<u>68,466</u>



Evolution Mining Limited
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18 Business combinations (continued)

(c) Summary of acquisition - Phoenix (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	2,453
Trade and other receivables	1,229
Property, plant and equipment	91
Mine development and exploration	69,793
Other assets	116
Trade and other payables	(4,334)
Provisions	(882)
Net identifiable assets acquired	<u>68,466</u>
Goodwill	-
Net assets acquired	<u>68,466</u>

(d) Purchase consideration - cash outflow

	31 December 2015 \$'000	31 December 2014 \$'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	731,715	-
Less: balances acquired		
Cash	<u>(18,961)</u>	-
	<u>(18,961)</u>	-
Outflow of cash - investing activities	<u>712,754</u>	-

Acquisition-related costs

Acquisition and integration costs of \$53.989 million that were not directly attributable to the issue of shares are included in acquisition and integration costs in the profit or loss and in operating cash flows in the statement of cash flows.



**Evolution Mining Limited
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19 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods, except for the following:

- (a) On 10 November, the Group issued a revised off-market takeover offer ("the Revised Offer") which entitled the Group to pursue compulsory acquire all remaining shares held in Phoenix once the relevant interest of 90% was obtained. The Group reached this milestone on 21 December 2015 and exercised its right for compulsory acquisition. The compulsory acquisition was completed on 27 January 2016. As at 31 December 2015, the Group had received acceptance of the Revised Offer from 95.67% of Phoenix shareholders.
- (b) On 25 January 2016, an additional \$25 million early repayment was made on Facility B of the Corporate Credit Facility. This further reduces the debt outstanding to \$455 million, comprising \$130 million in Facility A and \$325 million in Facility B. The undrawn amount of Facility A remains at \$170 million.



**Evolution Mining Limited
Half-Year Financial Report
Directors' Declaration
31 December 2015**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 38 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read "J. Klein".

Jacob (Jake) Klein
Executive Chairman

A handwritten signature in black ink, appearing to read "Graham Freestone".

Graham Freestone
Chair of the Audit Committee

Sydney



Independent auditor's review report to the members of Evolution Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Evolution Mining Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Evolution Mining Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Evolution Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Evolution Mining Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Sydney
17 February 2016