Quarterly Report

For the period ending 31 December 2013

Highlights

- Group quarterly production of 107,201 ounces gold equivalent[1] at an average C1 cash cost of A$764 per ounce (US$710/oz[2]) and AISC[3] of A$1,049 per ounce (US$974/oz) – an 11% reduction on FY13 AISC
- Year to date production of 214,396 ounces gold equivalent at an average cash cost of A$766 per ounce and AISC of A$1,070 per ounce
- Mt Carlton continues to perform well during ramp-up with above expectation gold equivalent production of 22,747 ounces, a 20% increase on the September quarter, at an average cash cost of A$795 per ounce and AISC of A$986 per ounce
- Group-wide focus on cost reductions, capital discipline and productivity improvements including:
  - Further cost reductions achieved at Cracow following full transition to owner-miner with unit mining costs now reduced by 35% and C1 cash costs reduced by 18% compared to FY13
  - Improved mining method at Pajingo – a move to mining smaller stope panels to improve mining efficiency and consistency and to reduce dilution
  - Mine restructure at Pajingo resulting in a sustainable reduction in site operating costs of approximately A$1 million per month
  - Productivity improvements at Mt Rawdon through improved blasting (larger diameter holes) and further cost benefits anticipated through planned reduction of waste haulage distance (Western waste dump)
- Proof of concept drill testing of epithermal porphyry systems at Pajingo, Cracow and Mt Carlton brought forward following excellent progress on the 4D projects
- Strong improvement in cash position with cash balance of A$37.0 million at quarter end ($A3.7 million September quarter)
- Corporate debt under the Company's revolving credit facility at A$141.8 million with available credit of A$58.2 million
- Gold hedge book at quarter end was 205,229 ounces at A$1,593 per ounce

1. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton
2. Using an average AUD:USD exchange rate for the December quarter of $0.9287
3. AISC (All-in sustaining costs) includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration

Evolution MINING

DECEMBER 2013 QUARTER RESULT

Group gold production of 107,201oz was delivered at an average C1 cash cost of A$764/oz (US$710/oz*) and an All-in Sustaining Cost ("AISC") of A$1,049/oz (US$974/oz). This compares with September 2013 quarter production of 107,195oz, at an average C1 cost of A$769/oz and AISC of A$1,091/oz.

This production result was driven by a strong ramp-up performance from Mt Carlton of 22,747oz gold equivalent, robust performance from Mt Rawdon and consistent production from Cracow and Edna May.

Consolidated Production and Sales Summary

	Units	Dec Qtr 2013	Sep Qtr 2013	Year to Date
Gold produced[1]	oz	**107,201**	**107,195**	**214,396**
By-product silver produced	oz	60,388	234,259	294,647
C1 Cash Cost[2]	A$/oz	**764**	**769**	**766**
C3 Total Cost[3]	A$/oz	1,194	1,146	1,170
Gold sold	oz	96,246	97,211	193,456
Achieved gold price	A$/oz	1,412	1,475	1,444
Silver sold	oz	1,016,321	670,530	1,686,851
Achieved silver price	A$/oz	23	22	22
All-in Sustaining Cost[4]	A$/oz	**1,049**	**1,091**	**1,070**

1. Mt Carlton production recorded as payable gold production. Silver production from the A39 silver deposit at Mt Carlton is recorded as gold equivalent using a gold to silver ratio of 1:65.2 for the September quarter 2013 and 1:61.9 for the December quarter 2013
2. Before royalties and after by-product credits
3. Includes C1 cash costs, depreciation, amortisation, royalty and other expenses
4. Includes C1 cash cost, plus royalty expense, plus sustaining capital, plus general corporate and administration

Group production for the March 2014 quarter is forecast to be approximately 100,000 ounces gold equivalent.

With five operations in production, delivering operational stability and predictability and successful cost reduction initiatives, Evolution reiterates FY14 production guidance of 400,000 – 450,000 ounces with cash operating costs in the range of A$770 to A$820 per ounce (equivalent to US$720 – US$760 per ounce at the average AUD:USD exchange rate for the quarter of $0.9287). The Group's full year total capital spend is anticipated to be at the lower end of the A$160 million to A$185 million guidance.

Group safety performance continued to improve during the quarter with injury rates reaching their lowest levels since Evolution's formation. While there is further work to do, the sustained improvement in safety performance is pleasing and a clear sign that injury prevention programs are taking effect. The Group total recordable injury frequency rate for the quarter was 15.5 (Sep 2013 qtr: 17.1) and lost time injury frequency rate was 2.9 (Sep 2013 qtr: 2.9).

Group Safety Performance

Dec Qtr 2013	LTI	LTIFR	TRIFR
Cracow	0	1.5	25.2
Pajingo	1	5.1	18.8
Edna May	0	0.0	7.8
Mount Rawdon	0	1.6	18.8
Mount Carlton	0	9.7	15.6
Group	**1**	**2.9**	**15.5**

LTI: Lost time injury, A lost time injury is defined as an occurrence that resulted in a fatality, permanent disability or time lost from work of one day/shift or more
LTIFR: Lost time injury frequency rates. The frequency of injuries involving one or more lost workdays per million hours worked
TRIFR: Total recordable injury frequency rate. The frequency of total recordable injuries per million hours worked

* Using an average AUD:USD exchange rate for the December quarter of $0.9287

OPERATIONS

Cracow, Queensland (100%)

December quarter production was 24,016oz of gold at a cash cost of A$712/oz and AISC of A$1,034/oz. This compares with September quarter production of 23,352oz at a cash cost of A$761/oz and AISC of A$1,085/oz. A strong focus on cost reductions has resulted in a significant 18% decrease in cash costs year to date compared to FY13.

The December quarter saw consolidation of the transition to owner-miner. Further areas are being targeted for cost reductions and efficiencies as the cost base has become more transparent (e.g. utilisation of equipment, supply agreements and personnel requirements). Unit mining costs in the Dec 2013 qtr averaged A$79/t – a 35% reduction compared to the average rate in FY13 of A$121/t.

A total of 125,466t of ore (Sep 2013 qtr: 133,762t) was mined at an average grade of 6.15g/t Au (6.07g/t Au). Primary ore sources were Roses Pride, Kilkenny, Phoenix and Tipperary orebodies.

Underground development of 1,497m (Sep 2013 qtr: 1,454m) was completed, comprised of 757m of operating development and 741m of capital development.

A total of 126,871t of ore was processed at an average grade of 6.22g/t Au. Gold recovery was 94.4% with plant utilisation of 91.6% (Sep qtr: 129,165t at 6.01g/t Au and 93.5% recovery, 92.1% utilisation). A higher-grade parcel of ore was treated in October, with throughput slowed marginally to maximise recovery.

Pajingo, Queensland (100%)

December quarter production was 12,346oz of gold, compared to the September quarter production of 16,858oz. Cash costs increased slightly to A$1,004/oz and AISC increased marginally to A$1,481/oz (Sep 2013 qtr: C1 A$998/oz, AISC A$1,435/oz).

During the quarter the mine and technical organisational structures were reviewed and restructured to be a leaner operation in-line with the production profile. Over the past six months, staffing levels have been reduced by approximately 20%. One-off costs of A$0.8 million associated with the restructure were incurred in the December quarter. The restructure has resulted in a sustainable reduction in site operating costs of approximately A$1 million per month. Costs are expected to be reduced further during the March quarter.

Production was impacted by some rehabilitation required in the upper decline areas of the mine which restricted access for a two week period. The priority rehabilitation was successfully completed during the quarter.

Underground ore mined for the quarter totalled 67,006t grading 5.87g/t Au and was sourced from Sonia, Eva, Faith, Veracity and Zed East. The Sonia stoping area recommenced in December with the introduction of smaller stoping panels providing a more effective, efficient and consistent mining method. The higher underground grade achieved in the previous quarter was maintained despite some critical high-grade stoping panels not being accessed due to timing.

Total underground development for the quarter reduced to 972m (Sep 2013 qtr: 1,589m) comprising 448m of capital development and 524m of operating development.

Ore treated reduced to 81,682t grading 4.93g/t Au at 95.5% gold recovery (Sep 2013 qtr: 152,943t grading 3.58g/t Au, 95.8% recovery). The difference in processed tonnes versus mined tonnes was due to processing the last of the Venue open-pit ore stockpiles. In the second half of the quarter the plant transitioned to processing underground ore material only, without issue.

Operating costs are expected to fall in the March 2014 quarter as a result of an improved cost base following changes in mining and processing and the optimisation of mine planning.

Edna May, Western Australia (100%)

Gold production of 20,382oz was achieved in the December quarter at a cash cost of A$978/oz and AISC of A$1,172/oz. This compares with the September quarter production of 19,869oz of gold produced at a cash cost of A$915/oz and AISC of A$1,209/oz. Costs were negatively impacted by higher processing costs (unit rate and volume) due to a major planned mill reline shutdown in October (77 hours), issues with the pebble crusher (now resolved), unplanned power outages and lower than anticipated grade.

Total material movement for the quarter was significantly reduced following the move to mining on day-shift only instigated on 12 July 2013. Material movement totalled 744,8450t comprising 363,520t of ore at 1.09g/t Au and 381,325t of waste (Sep 2013 qtr: 1,648,000t comprising 706,000t of ore at 1.08g/t Au and 942,000t of waste). In addition, 143,000t of stockpiled ore was rehandled to the ROM pad. Total waste mined comprised 209,000t of capital waste and 173,000t of operating waste.

A total of 644,459t of ore was treated at an average grade of 1.04g/t Au and gold recovery of 94.4% was achieved (Sep 2013 qtr: 574,910t at 1.14g/t Au, 94.4% gold recovery). Average throughput for the quarter was 7,005tpd (Sep 2013 qtr: 6,249tpd). The increase in mill throughput was due to an increase in oxide feed during the quarter. The sustained improvement in recovery is anticipated to continue next quarter.

Based on some of the learnings from the now completed secondary crushing trial, changes to the configuration of pipework and slurry flows around the ball mill were made late in the quarter. Improvement in production volumes and mill ball consumption are evident and the plant has sustained annualised throughput rates of 3Mtpa in January 2014.

Edna May open pit at 31 December 2013: Stage 1 (base of pit) and Stage 2 (surface)

Mt Rawdon, Queensland (100%)

Gold production of 27,710oz was achieved in the December quarter at a cash cost of A$520/oz and AISC of A$674/oz. This compares with the September quarter production of 28,213oz of gold produced at a cash cost of A$663/oz and AISC of A$857/oz.

Total material movement for the quarter was 4,223,403t, comprising 912,409t of ore at 1.05g/t Au and 3,310,995t of waste (Sep 2013 qtr: 3,880,673t total, 598,309t ore at 1.19g/t Au and 3,282,364t of waste). Total waste mined comprised 3,195,604t of capital waste and 115,391t of operating waste.

Ore feed to the mill consisted predominantly of higher-grade ore from Stage 2 and lower grade ore from Stage 3. The mill operated for 94.7% of total hours, successfully completing a major planned mill reline shutdown (100 hours) in October.

A total of 887,829t of ore graded at 1.05g/t Au was treated in the quarter and gold recovery of 93% was achieved (Sep 2013 qtr: 904,811t at 1.05g/t Au, 92% gold recovery). The installation of a new gravity circuit and leach reactor has increased recoveries by 1%. Average throughput for the quarter was 9,650tpd (Sep 2013 qtr: 9,834tpd).

Productivity improvements were achieved through improved blasting in the form of larger diameter holes.

During the quarter work commenced on the western wall area of the Stage 4 cutback. Clearing of the new Western waste dump was completed during the December quarter with work commencing on the infrastructure establishment (diversion drains and sediment dam). This construction work is providing shorter waste haulage profiles for the commencement of the Stage 4 pit, anticipated to further reduce overall mining costs. The infrastructure work is scheduled to be completed in the March 2014 quarter.

The Stage 2 pit was completed with mining of the -40RL floor during the December quarter. Gold production for the March quarter is forecast to reduce from the December quarter, with lower ore tonnes and grade being mined from the Stage 3 pit during the quarter.

Mt Rawdon open pit at 31 December 2013

Mt Carlton, Queensland (100%)

December quarter production was from the A39 silver deposit. A total of 1,376,164oz of payable silver contained in 14,529dmt of concentrate was produced with average silver recoveries of 84.5% achieved.

Mt Carlton achieved a cash cost of A$795/oz and AISC of A$986/oz in its second quarter of production from the A39 silver deposit. Ore processing alternates between A39 and V2 deposits on an approximate three – four month cycle. Operating costs are expected to be lower in the March quarter due to by-product credits (silver and copper) associated with the processing of V2 ore (from 11 January to late April).

Cost reduction strategies at Mt Carlton continue to focus on material selection and procurement, processing efficiencies and concentrate logistics.

Total material movement for the quarter from the A39 open pit was 331,903t, comprising 194,184t of ore and 137,719t of operating waste. Total material movement for the quarter from the V2 open pit was 1,434,195t, comprising 29,546t of ore and 1,404,649t of waste. Total waste mined comprised 869,183t of capital waste and 535,467t of operating waste.

A total of 161,614t of A39 ore grading 405g/t Ag was treated during the quarter. Plant utilisation was 90.4% for the quarter with 98.5% achieved in December. The metallurgical performance of the A39 ore continues to improve with good grade-control to plant reconciliation and is achieving better than expected recoveries.

Concentrate shipments for the December quarter totalled 14,889wmt, consisting of both A39 and V2 material. There were a total of 10,532wmt across four shipments of A39 concentrate. A total of 4,357wmt of V2 concentrate was dispatched across two shipments. Both A39 and V2 concentrates have now been successfully treated by the off-take customers.

December 2013 Quarter Production

December 2013 Quarter	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / Average
UG lateral development - capital	m	741	448	-	-	-	1,188
UG lateral development - operating	m	757	524	-	-	-	1,281
Total UG lateral development	m	1,497	972	-	-	-	2,469
UG ore mined	kt	125	67	-	-	-	192
UG grade mined	g/t	6.15	5.87	-	-	-	6.05
OP capital waste	kt	-	-	209	3,196	869	4,273
OP operating waste	kt	-	-	173	115	673	961
OP ore mined	kt	-	-	364	912	224	1,500
OP grade mined	g/t	-	-	1.09	1.05	4.85	1.63
Total ore mined	kt	125	67	364	912	224	1,692
Total tonnes processed	kt	127	82	644	888	162	1,902
Grade processed[1]	g/t	6.22	4.93	1.04	1.05	6.62	2.04
Recovery	%	95	95	94	93	84	92
Gold produced[1]	**oz**	**24,016**	**12,346**	**20,382**	**27,710**	**22,747**	**107,201**
Silver produced	oz	13,495	9,255	7,831	27,193	1,376,164	1,433,937
Copper produced	t	-	-	-	-	83	83
Gold sold	oz	24,137	12,800	20,783	30,810	7,716	96,246
Achieved gold price	A$/oz	1,373	1,373	1,553	1,375	1,368	1,412
Silver sold	oz	13,495	9,255	7,831	27,193	958,548	1,016,321
Achieved silver price	A$/oz	23	23	22	23	23	23
Copper sold	t	-	-	-	-	135	135
Achieved copper price	A$/t	-	-	-	-	7,706	7,706
Cost Summary							
Mining	A$/oz	415	617	315	171	225	316
Processing	A$/oz	190	292	589	351	301	343
Administration and selling costs	A$/oz	102	175	116	75	284	145
Stockpile adjustments	A$/oz	19	(63)	(33)	(56)	(8)	(26)
By-product credits	A$/oz	(13)	(17)	(9)	(22)	(8)	(14)
C1 Cash Cost	**A$/oz**	**712**	**1,004**	**978**	**520**	**795**	**764**
Royalties	A$/oz	71	71	63	65	72	68
Other[2]	A$/oz	1	92	57	36	73	47
Depreciation & Amortisation	A$/oz	277	293	201	415	349	316
C3 Total Cost	**A$/oz**	**1,063**	**1,459**	**1,299**	**1,036**	**1,288**	**1,194**

1. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton. A39 silver production is converted to gold equivalent using a gold to silver ratio of 1:61.9 based on the average gold and silver prices during the December 2013 quarter
2. Price related inventory adjustment for stockpiles held at net realisable value

Mt Carlton December 2013 Quarter Production

December 2013 Quarter	Units	A39	V2	Total/Average
Mining				
Capital waste	kt	0	869	869
Operating waste	kt	138	535	673
Ore mined	kt	194	30	224
Mined Grade - gold	g/t	-	1.82	1.82
Mined Grade - silver	g/t	322	17.62	281.51
Processing				
Ore processed	kt	162	0	162
Grade processed - gold	g/t	-	0	-
Grade processed - silver	g/t	405	0	405
Grade processed - gold and gold equivalent[1]	g/t	6.62	0	6.62
Gold recovery	%	-	-	-
Silver recovery	%	85	-	85
Production				
Concentrate produced	t	14,269	259	14,529
Gold[2,3]	oz	-	316	316
Silver[2,3]	oz	1,373,549	2,615	1,376,164
Copper[2,3]	t	0	7	7
Gold and gold equivalent[1,2,3]	oz	22,431	316	22,747
Sales				
Concentrate	dmt	9,604	3,896	13,500
Payable gold	oz	-	7,716	7,716
Payable silver	oz	906,610	51,938	958,548
Payable copper	t	0	135	135

1. Gold and gold equivalent is Mt Carlton A39 silver as gold equivalent using gold to silver ratio of 1:61.9
2. Production is equivalent to payable metal
3. V2 production for Q2 is a reconciling figure as a result of Q1 timing of final V2 concentrate assays

FY14 Production Summary

YTD December	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / Average
UG lateral development - capital	m	1,166	1,205	-	-	-	2,371
UG lateral development - operating	m	1,786	1,355	-	-	-	3,140
Total UG lateral development	m	2,952	2,560	-	-	-	5,512
UG ore mined	kt	259	147	-	-	-	406
UG grade mined	g/t	6.11	5.81	-	-	-	6.00
OP capital waste	kt	-	-	807	6,389	1,401	8,597
OP operating waste	kt	-	-	517	204	1,891	2,612
OP ore mined	kt	-	-	1,069	1,511	434	3,014
OP grade mined	g/t	-	-	1.08	1.10	4.29	1.56
Total ore mined	kt	259	147	1,069	1,511	434	3,421
Total tonnes processed	kt	256	235	1,219	1,793	332	3,835
Grade processed[1]	g/t	6.11	4.05	1.09	1.05	5.72	1.99
Recovery	%	94	96	94	92	84	92
Gold produced[1]	**oz**	**47,367**	**29,204**	**40,251**	**55,923**	**41,651**	**214,396**
Silver produced	oz	27,505	25,784	15,913	49,720	1,607,042	1,725,963
Copper produced	t	-	-	-	-	573	573
Gold sold	oz	47,714	31,607	38,643	57,573	17,919	193,456
Achieved gold price	A$/oz	1,424	1,437	1,517	1,422	1,421	1,444
Silver sold	oz	27,505	25,784	15,913	49,720	1,567,930	1,686,851
Achieved silver price	A$/oz	23	23	23	23	22	22
Copper sold	t	-	-	-	-	485	485
Achieved copper price	A$/t	-	-	-	-	7,644	7,644
Cost Summary							
Mining	A$/oz	441	476	320	148	306	320
Processing	A$/oz	195	294	558	340	319	339
Administration and selling costs	A$/oz	117	159	115	84	293	148
Stockpile adjustments	A$/oz	(4)	91	(37)	40	(29)	9
By-product credits	A$/oz	(13)	(20)	(9)	(20)	(193)	(50)
C1 Cash Cost	**A$/oz**	**736**	**1,000**	**947**	**592**	**696**	**766**
Royalties	A$/oz	80	76	59	68	96	75
Other[2]	A$/oz	1	1	30	24	19	16
Depreciation & Amortisation	A$/oz	306	250	202	410	340	313
C3 Total Cost	**A$/oz**	**1,123**	**1,328**	**1,237**	**1,094**	**1,151**	**1,170**

1. Gold and Mt Carlton payable silver as gold equivalent using a gold to silver ratio of 1:62.1 for the six months to December 2013. Mt Carlton silver production shown both as silver produced and as gold equivalent
2. Price related inventory adjustment for stockpiles held at net realisable value

EXPLORATION

Exploration expenditure during the quarter was A$4.0 million. Total expenditure year to date is A$7.8 million. Drilling was undertaken at all five sites, with 7,111m and 9,221m of underground resource definition and extension drilling at Pajingo and Cracow respectively.

Expenditure is expected to increase in the March and June 2014 quarters as prioritised targets are developed from the 4D studies at Cracow, Pajingo and Mt Carlton. A 3D seismic survey over an area of $7km^2$ is likely to commence at Pajingo in early March, while at Cracow further 2D seismic profiles to define specific targets are being considered for the June 2014 quarter.

Work conducted on the 4D projects is progressing well. The 4D projects entail building 3D geologic interpretations and integrating geological time (the fourth dimension) to understand the formation, burial and subsequent erosion of the epithermal porphyry systems in the Bowen and Drummond Basins. As a result diamond drilling was brought forward at Pajingo, Cracow and Mt Carlton, where a total of eight holes for 4,885m were completed to test these newly identified targets. Assays for all of these holes are pending.

During the March 2014 quarter, work will focus on completion and interrogation of the 4D models to develop prioritised targets for drilling in 2H2014.

Given the exciting exploration targets and the progress being made, the Company is committed to retaining its original commitment to discovery for FY14 of A$20 million.

Pajingo, Queensland

At Pajingo, building the 4D model is progressing well allowing iterative interrogation and testing of target concepts. Key datasets including potential field data, seismic data, drill holes, assay data structural elements maps, alteration (spectral logging), geochemistry, vein textures, sequence stratigraphy, and resource models have now been included. The regional framework has now been refined and detailed work at a local scale (orebody control) has now commenced.

Diamond drilling to test for new vein systems interpreted from recently acquired seismic data commenced in the December quarter. This forms part of a proof of concept for defining associated vein and fault systems on the seismic. Drilling commenced at the end of November on the “Vera 200” hole to better define the stratigraphy, normal fault offset, hanging-wall vein structures and for telescoped veins beneath the Vera orebody. Drill hole JMRD3941 was completed at 1,501m, intersecting a quartz breccia vein between 490 to 506m down hole. A further intersection of veining from 1,075 to 1,081m is the most significant quartz interval in the lower part of the hole and is likely to be the down-dip continuation of the structure hosting the Vera ore. Assay results are pending. The information from this hole has provided important insights into the throw of structures that control the mineralisation and the potential for additional structures and lodes in the hangingwall (southwest) of the Vera orebody.

Cracow, Queensland

At Cracow, three diamond drill holes were completed which were designed to test structures potentially hosting epithermal veins identified on the 2D seismic profile. Assay results are pending. Initial indications are very encouraging with these holes intersecting pyrite-clay alteration and vein material which is indicative of fertile structures that would typically host mineralisation at Cracow. A further two diamond holes will be drilled in this area to better define the geometry of the structures. Here the seismic has been effective as a direct targeting tool and we are encouraged that as we refine our understanding the technique will become more powerful.

The Tawarri ground magnetic survey comprising a total of 187.5 line km highlighted a potentially interesting porphyry-style target which is anticipated to be drilled in the March 2014 quarter.

Synthesis of data in preparation for construction of the 4D model is progressing well and was focussed on geochemistry, clay mineral alteration, stratigraphy, magnetic interpretations and structural data.

A total of 34 holes for 5,500m were drilled to infill and define the southern extensions of Empire lode. Results from this drilling extended confidence in the tenor of mineralisation 200m to the south, where it remains open along strike and at depth. The results are being incorporated in the updated resource models that will be released in Q4. This structure potentially links to the Coronation lode located 500m further to the south, A wide spaced drill programme will be completed in Q3 to test between the two lodes.

Mt Carlton, Queensland

At Mt Carlton significant progress is being made on the 4D project. The regional geochemistry defines a greater than 120km^2 footprint of a hydrothermal system, with a clear metal zonation reflecting the porphyry to epithermal spectrum and levels of erosion. A three hole diamond drilling program commenced in November to test a number of porphyry targets characterised by chargeability and magnetic anomalies. One of these holes drilled below porphyry copper-molybdenum style mineralisation intersected in previous drilling along the Capsize trend. Assays results from these holes are pending.

The geochemical discrimination work, combined with recent observations of the geology in the open pits (fault block rotation, unconformities and lithostratigraphic/structural controls on mineralisation) has provided important insights into where to explore for the style of mineralisation in the porphyry-epithermal spectrum within the tenement package.

Mt Rawdon, Queensland

Work continued on the regional tenement portfolio and included mapping and soil sampling.

In addition, a number of small projects are underway to improve the understanding on the detailed controls on mineralisation in the resource. This has included extending a recent hole that terminated in volcanoclastic rock containing anomalous chalcopyrite and a 680m diamond hole to test a robust IP anomaly 330m southwest of the current pit floor. Assay results from this hole are anticipated in mid-February.

Edna May, Western Australia

A detailed data integration and review exercise over the Holleton and Westonia tenements was completed during the quarter. A first pass, 15 hole aircore drill program at the Hitchings Prospect, Holleton was completed. No significant results were observed.

CORPORATE

During the quarter Mr Paul Marks resigned as a Non-Executive Director of the Company. Mr Marks had served on the Board since the formation of Evolution in November 2011 and resigned to pursue other business interests.

Subsequent to the end of the quarter, Mr Thomas (Tommy) McKeith has agreed to accept an appointment as a Non-Executive Director of the Company commencing on 1 February 2014. Mr McKeith is a geologist with over 25 years of experience in various mine geology, exploration, business development and executive leadership roles. Until recently he was Executive Vice President: Growth and International Projects for Gold Fields Ltd, a major global gold mining company, where he was responsible for global greenfields exploration and project development. He has been involved in a number of very successful exploration discoveries and project acquisitions. He led Gold Fields exploration teams that have made major gold discoveries in southern Peru, Kyrgyzstan, Chile, Canada, Mali and Australia. He was also the driver behind Gold Field's successful acquisition of the St Ives and Agnew Gold Mines from WMC Resources in 2001, establishing Gold Fields as a significant Australian gold producer. Mr McKeith has a Bachelor of Science Honours degree in Geology, a Graduate Diploma in Engineering (Mining) and an MBA. He has previously held positions at Troy Resources Ltd as CEO and at Sino Gold Mining Ltd and Avoca Resources Ltd as a Non-Executive Director.

Financial Performance

Quarterly revenue was A$160 million comprised of A$127 million from the sale of gold dorè and A$33 million from the sale of Mt Carlton concentrate.

The Group achieved gold sales of 96,246oz at an average price of A$1,412/oz (which includes gold concentrate sales from the Mt Carlton V2 pit of 7,716 oz), silver concentrate sales from the Mt Carlton A39 pit of 906,610oz at a provisional price of A$22.50/oz, copper by-product sales of 135t in V2 concentrate at A$7,706/t, 51,938oz of by-product silver in V2 concentrate at A$25.14/oz and 57,773oz of by-product silver dorè at A$22.53/oz.

A total of 20,455oz of Edna May gold was delivered into the Company's gold hedge book at an average price of A$1,560/oz, with the Group's remaining gold delivered on spot markets at an average price of A$1,379/oz. The Group's total gold hedge book at quarter end was 205,229oz at an average price of A$1,593/oz.

Group C1 cash operating costs were A$81.9 million, or A$764/oz (A$769/oz prior quarter) with royalties being an additional A$7.3 million expense.

Total depreciation and amortisation expenses were A$316/oz or A$33.8 million (Sept 2013 qtr: A$33.2 million).

Corporate

Corporate administration costs were A$4.3 million (Sep 2013 qtr: A$3.8 million). Total corporate costs in 1HFY14 were reduced by over 30% when compared to the previous six months (2HFY13: A$13.2 million).

As communicated in the September quarterly report, the Company was able to delay the planned A$15 million September quarter drawdown until the December quarter. This drawdown was made under Evolution's Revolving Credit Facility and the debt now stands at A$141.8 million with available credit of A$58.2 million. No further drawdown is expected for the remainder of the financial year and the Company plans to repay this A$15 million drawdown during the June 2014 quarter.

With the build-up of Mt. Carlton concentrate stocks available for shipping, the Company also trade-financed A$10.6 million of bagged Mt Carlton concentrate (net movement in the quarter A$6.2 million), which was scheduled for shipment in December 2013 and January 2014.

Cash flow

The quarter ended with a strong cash balance of A$37.0 million, an increase of A$33.3 million (A$3.7 million previous quarter).

All sites delivered positive operating cash contribution before capital expenditure. This resulted in net operating cash inflows in the quarter of A$15.2 million, consisting of revenues of A$160.0 million, mine operating costs of A$93.4 million, mine development and sustaining capital of A$43.1 million, exploration of A$4.0 million and corporate general and administration costs of A$4.3 million.

Financing cash flows for the quarter were A$18.1 million consisting of a planned debt drawdown of A$15 million, an interest outflow of A$3.0 million and net short-term financing inflow against Mt Carlton concentrate inventory of A$6.2 million. The Company's A$200 million revolving credit facility is currently drawn to A$141.8 million.

Capital Expenditure

Total capital expenditure in the quarter was A$43.1 million which consisted of mine development and sustaining expenditure (A$47.3 million prior quarter). Of this, 67% was invested in mine development, with a large part of the spend relating to major project expenditure at Mt Rawdon (waste stripping capital of A$14.3 million). Capital expenditure is planned to reduce to around A$35.0 million in the March quarter. The full year total capital spend is anticipated to be at the lower end of the A$160 million to A$185 million guidance.

All-in Sustaining Cost December 2013 Quarter

	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Group
C1 Cash Cost	A$/oz	712	1,004	978	520	795	764
Royalty	A$/oz	71	71	63	65	72	68
Sustaining Capex	A$/oz	250	406	132	89	120	178
Administration costs	A$/oz	-	-	-	-	-	39
All-in Sustaining Cost	**A$/oz**	**1,034**	**1,481**	**1,172**	**674**	**986**	**1,049**
Major project capital	A$/oz	68	134	69	517	222	225
Discovery	A$/oz	-	-	-	-	-	37
All-in Cost	**A$/oz**	**1,102**	**1,614**	**1,241**	**1,191**	**1,208**	**1,311**

Note: The gold industry, guided by the World Gold Council, is moving towards defining a consistent, industry-wide standard of "All-in Sustaining Cost" or AISC to capture and reflect additional costs not captured by C1 cost reporting. In anticipation of this move, Evolution has reported AISC using the following definition: AISC includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration expenses. Growth capital, or major project capital, and Discovery spend is excluded from AISC as the measure seeks to reflect the cost of production from current operations.

Conference Call

Jake Klein (Executive Chairman), Tim Churcher (VP Finance and Chief Financial Officer), Mark Le Messurier (Chief Operating Officer), and Roric Smith (VP Discovery and Chief Geologist) will host a conference call to discuss the quarterly results at **11.00am Australian Eastern Daylight Time ("AEDT") on Wednesday 29 January 2014**. Access details are provided below.

Shareholder – Live Audio Stream

A live audio stream of the conference call will be available on the Company website www.evolutionmining.com.au. The live conference call will commence at 11.00am AEDT on Wednesday 29 January 2014. 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.

Analyst and Media – Conference Call Details

Wednesday, 29 January 2014, 11.00am (AEDT) – includes Q&A participation.

Dial-in numbers:

- Australia: 1800 153 721 (Australia Wide)
- 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: 447506#

Please dial in five minutes before the conference starts and provide your name and the Participant PIN Code.

CORPORATE INFORMATION

ABN 74 084 669 036

Board of Directors

Jake Klein	Executive Chairman
Jim Askew	Non-Executive Director
Lawrie Conway	Non-Executive Director
Graham Freestone	Non-Executive Director
John Rowe	Non-Executive Director
Colin (Cobb) Johnstone	Non-Executive Director

Company Secretary

Evan Elstein

Investor Enquiries

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Investor Relations Manager
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Media Enquiries

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Share Register

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Fax: (612) 9287 0303
Email: registrars@linkmarketservices.com.au

Stock Exchange Listing

Evolution Mining Limited shares are listed on the Australian Securities Exchange under code EVN

Issued Share Capital

At 31 December 2013 issued share capital was 708,652,367 ordinary shares