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 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	31 December 2013 $'000	31 December 2012 $'000	Up/(down) $'000	Percentage increase/ (decrease)
Revenues from ordinary activities	320,934	321,642	(708)	0%
Profit/(loss) from ordinary activities after tax attributable to members	35,449	40,687	(5,238)	(13%)
EBITDA	110,873	135,468	(24,595)	(18%)

DIVIDEND INFORMATION

	Amount per share	Franked amount per share	Tax rate for franking
Interim dividend per share	1 cent*	Nil	N/A

NET TANGIBLE ASSETS

	31 December 2013 ($)	31 December 2012 ($)
Net tangible assets per security	1.53	1.92

EARNINGS PER SHARE

	31 December 2013	31 December 2012
Basic (loss)/earnings cents per share	5.00	5.75

Additional Appendix 4D disclosure requirements can be found in the notes to this half-year financial report and in 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 six months ended 31 December 2013

CORPORATE INFORMATION

ABN 74 084 669 036

Directors

Jacob Klein	(Executive Chairman)
James Askew	(Non-Executive Director)
Lawrie Conway	(Non-Executive Director)
Graham Freestone	(Lead Independent Director)
Colin Johnstone	(Non-Executive Director)
Thomas McKeith	(Non-Executive Director)
John Rowe	(Non-Executive Director)

Company Secretary

Evan Elstein

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SYDNEY NSW 2000

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SYDNEY NSW 2000

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SYDNEY NSW 2000

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+61 2 9315 2333
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Email: registrars@linkmarketservices.com.au

Auditors
PricewaterhouseCoopers
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Internet Address
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Stock Exchange Listing
Evolution Mining Limited (EVN) shares are listed on the Australian Securities Exchange

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This interim 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 Report for the year ended 30 June 2013 and any public announcements made by Evolution Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Evolution Mining Limited (referred to hereafter as "Evolution", "the Group" or "Company" and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

DIRECTORS

The following persons were Directors of the Company at any time during the half-year and up to the date of this report:

Jacob Klein	Executive Chairman
James Askew	Non-Executive Director
Lawrie Conway	Non-Executive Director
Graham Freestone	Lead Independent Director
Colin Johnstone	Non-Executive Director (i)
Paul Marks	Non-Executive Director (ii)
Thomas McKeith	Non-Executive Director (iii)
John Rowe	Non-Executive Director
Peter Smith	Non- Executive Director (iv)

(i) Appointed 30 September 2013
(ii) Resigned 4 November 2013
(iii) Appointed 1 February 2014
(iv) Resigned 30 September 2013

REVIEW OF OPERATIONS AND FINANCIAL RESULT

1. Overview

Evolution posted a net profit after tax of $35.449 million in the six month period to 31 December 2013, despite the significant challenges caused by reduced commodity prices.

Sales revenue of $320.934 million was consistent with the prior period, with lower commodity prices being offset by the revenue contribution from Mt Carlton.

The average gold price received reduced by 11% from A$1,630/oz to A$1,444/oz and the average silver price fell 26% from A$30/oz to A$22/oz relative to the six months ended 31 December 2012 (referred to as "prior period"). Evolution was protected from the full impact of a falling gold price by securing additional high-priced gold hedging during the period, taking total cover at period end to 205,229 ounces at an average gold price of A$1,593/oz.

The financial results for the interim period have been achieved despite a $65.081 million reduction in revenue from Cracow, Pajingo, Edna May and Mt Rawdon, compared to the prior period. This reduction in revenue was caused almost equally by lower commodity prices and lower gold production. Gold production at these sites was down 12% due to lower gold grades, relative to the prior period.The revenue loss was mitigated by the successful ramp up of Mt Carlton which resulted in a 9% increase in total Group production to 214,396 gold equivalent ounces in the interim period.

The unit cash operating cost for the current period was A$766/oz, a 2% increase on the prior period cash unit operating cost of A$749/oz. The modest increase was the net result of 12% lower production in the current period from Cracow, Pajingo, Edna May and Mt Rawdon, offset by lower operating costs resulting from the initial results of cost reduction programmes.

In absolute terms, cash operating costs reduced by $11.561 million across Cracow, Pajingo, Edna May and Mt Rawdon, an 8% reduction on the prior period. The additional production from Mt Carlton at cash unit operating cost of A$696/oz resulted in the Group cash unit operating cost being only 2% higher than the prior period.

EBITDA of $110.873 million was 18% below the prior period of $135.468 million and a net profit of $35.449 million, being 13% below the prior period result of $40.687 million. The reductions in both EBITDA and Net Profit were the result of lower revenue received per ounce, partially offset by cost reductions.

Net cash flow in the period was positive $23.288 million, after cash out flows of $102.233 million in mine capital and exploration and net cash inflows from financing activities of $11.551 million. Mine capital expenditure is planned to reduce by around $20 million in the second half of this financial year.

Cash at bank was $36.950 million at 31 December 2013 with $58.216 million of undrawn credit capacity remaining on the $200 million Corporate loan facility. The gearing ratio (net debt to net debt/equity) at period end was 13% and is considered to be modest relative to Evolution's record of predictable performance and diversified operating portfolio.

In accordance with the Board's adopted policy of, whenever possible, paying a half-yearly dividend equivalent to 2% of Evolution's gold production, the Company paid a maiden dividend (relating to production in the six months period to 30 June 2013) of $7.087 million in October 2013. The Board has decided that despite the challenging market conditions, Evolution is in a sound position to confirm its commitment to pay an interim dividend for the current period of one cent per share, totalling $7.087 million.

In summary, with significant challenges of lower commodity prices and lower gold head grades, Evolution delivered a strong set of financial results through focussed cost control and the addition of new production at Mt Carlton.

The consolidated statutory results for the current and prior period are summarised below.

Note: All $ figures refer to Australian dollars (A$) unless otherwise stated. A$ occasionally used for clarity.

Financial Summary for the half-year ended	31 December 2013 $'000	31 December 2012 $'000	% Increase (Decrease)
Gold price received (A$/oz)	1,444	1,630	(11%)
Silver price received (A$/oz)	22.49	30.43	(26%)
Total Revenue	320,934	321,642	(0%)
Cost of sales (excluding D&A)	(198,162)	(169,236)	17%
Corporate, Admin, Exploration and other costs	(11,899)	(16,938)	(30%)
EBITDA [(1)]	**110,873**	**135,468**	**(18%)**
Depreciation and Amortisation Costs (D&A)	(68,170)	(71,868)	(5%)
EBIT [(1)]	**42,703**	**63,600**	**(33%)**
Net interest expense[(2)]	(7,254)	(5,067)	43%
Income tax expense	-	(17,846)	(100%)
Net Profit/(Loss)	**35,449**	**40,687**	**(13%)**

[(1)] EBITDA and EBIT are non-IFRS financial information and are not subject to audit.
[(2)] Net interest expense is interest income less interest charged for the period.

2. Revenue

The average realised gold price for the six months to 31 December 2013 reduced by 11% to A$1,444/oz. Despite lower gold prices, sales revenue was maintained at $320.934 million due to the contribution of sales volumes from the Mt Carlton gold-silver mine which commenced commercial production on 1 July 2013. Excluding the additional revenue associated with Mt Carlton, the Group sales would have reduced by 20% relative to the prior corresponding period due to lower commodity prices and sales volume, equivalent to $65.081 million.

Gold sales during the half-year of 193,456 ounces generated revenue of $279.299 million and silver sales of 1,686,851 ounces generated an additional $37.929 million in revenue. Of the silver sales, 1,394,566 ounces of silver was from Mt Carlton A39 mine generating revenue of $31.094 million. Copper by-product revenue in the Mt Carlton V2 concentrate contributed to $3.706 million of revenue.

The average gold price achieved during the period of A$1,444/oz comprised 81% of sales at spot prices and the remainder delivered into the hedge book. Gold sales of 156,983 ounces were sold at an average spot price of A$1,422/oz with the remaining 36,474 ounces of gold delivered into the hedge book at an average price of A$1,536/oz. Silver by-product and Mt Carlton A39 sales were realised at an average price of A$22.5/oz. Mt Carlton A39 silver sales were realised at A$22.3/oz.

On 2 September 2013 the Company announced that it entered into additional forward sale agreements over 156,281 ounces of gold at an average deliverable price of A$1,598/oz, with scheduled deliveries out to 30 June 2016. The objective of the additional hedging is to underwrite the capital program that underpins the projected returns from the Company's Edna May gold mine.

The total gold hedge book at 31 December 2013 was 205,229 ounces at an average deliverable price of A$1,593/oz.

The Company's Mt Rawdon and Cracow mines delivered the highest contribution of production and revenue, followed by Mt Carlton and Edna May. Pajingo sales were lower in line with lower production performance.

Key Statistics Half-year ended 31-Dec-13	**Cracow**	**Pajingo**	**Edna May**	**Mt Rawdon**	**Mt Carlton**	**Total**
Gold equivalent production (oz) [1]	47,367	29,204	40,251	55,923	41,651	214,396
Gold sales (oz)	47,714	31,607	38,643	57,573	17,919	193,456
Silver sales (oz)	27,504	25,784	15,913	49,720	1,567,930	1,686,851
Av. Gold sales price (A$/oz)	1,424	1,437	1,517	1,422	1,421	1,444
Total revenue ($'000)[2]	68,577	46,022	58,969	82,993	64,373	320,934
Unit cash operating cost (A$/oz)[3]	736	1,000	947	592	696	766

[1] Gold and gold equivalent includes Mt Carlton A39 silver as gold equivalent using gold to silver ratio of 1:62.1 for the 6 months to December 2013.
[2] Includes $37.929 million of silver revenue and $3.706 million of copper by-product revenue. Silver revenue comprised of Mt Carlton A39 silver revenue of $31.094 million and silver by-product sale of $6.835 million. Copper by-product revenue was from Mt Carlton V2 concentrate.
[3] Unit cash operating cost is C1 Cash Cost, calculated before royalties, gold in circuit, bullion and concentrate inventory movement and after by-product credits.

Key Statistics Half-year ended 31-Dec-12	**Cracow**	**Pajingo**	**Edna May**	**Mt Rawdon**	**Total**
Gold production (oz)	54,324	39,991	48,687	53,107	196,110
Gold sales (oz)	53,526	39,941	49,476	51,275	194,218
Silver sales (oz)	47,450	40,503	22,042	54,495	164,490
Av. Gold sales price (A$/oz)	1,633	1,633	1,628	1,628	1,631
Total revenue ($'000)	88,847	66,462	81,220	85,113	321,642
Unit cash operating cost (A$/oz)[1]	802	801	792	616	749

[1] Unit cash operating cost is C1 Cash Cost, calculated before royalties, gold in circuit and bullion inventory movement and after by-product credits.

3. Cost of Sales

Cost of sales (inclusive of D&A) increased by 10% to $265.801 million as a result of the commencement of the Mt Carlton operation. Excluding the additional costs associated with the introduction of Mt Carlton, the cost of sales at Cracow, Pajingo, Edna May and Mt Rawdon would have reduced by 14% relative to the prior corresponding period.

Included in Cost of Sales was $198.162 million of operating costs and $67.639 million of depreciation and amortisation expense. Operating costs consisted of $166.745 million of mine operating costs, $16.173 million of royalty expense, $9.558 million of inventory movement and $5.686 million of transport, selling and distribution expenses.

Financial Results Summary ($'000) Half-year ended 31-Dec-13	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total
Revenue	68,577	46,022	58,969	82,993	64,373	320,934
Operating Costs	(39,941)	(33,900)	(40,005)	(39,578)	(44,738)	(198,162)
D & A	(14,551)	(7,307)	(8,141)	(23,018)	(14,622)	(67,639)
Total Cost of Sales	(54,492)	(41,207)	(48,146)	(62,597)	(59,361)	(265,801)
Mine EBIT(1)	**14,085**	**4,815**	**10,823**	**20,397**	**5,013**	**55,133**
Corporate, admin, exploration and other (2)						(12,430)
Net interest expense						(7,254)
Net income tax expense						-
Net Profit/(loss)						**35,449**

(1) Excludes corporate and exploration costs. EBIT is non-IFRS financial information and not subject to audit.
(2) Includes Corporate D&A of $0.531 million.

Financial Results Summary ($'000) Half-year ended 31-Dec-12	Cracow	Pajingo	Edna May	Mt Rawdon	Total
Revenue	88,847	66,462	81,220	85,113	321,642
Operating Costs	(49,577)	(37,005)	(46,109)	(36,545)	(169,236)
D & A	(19,688)	(13,563)	(9,710)	(28,491)	(71,452)
Total Cost of Sales	(69,265)	(50,567)	(55,819)	(65,037)	(240,688)
Underlying Mine EBIT (1)	**19,582**	**15,895**	**25,401**	**20,076**	**80,954**
Corporate, admin, exploration and other (2)					(17,354)
Net interest expense					(5,067)
Net income tax expense					(17,846)
Net Profit/(loss)					**40,687**

(1)Excludes corporate and exploration costs. EBIT is non-IFRS financial information and not subject to audit.
(2)Includes Corporate D&A of $0.416 million.

Mt Carlton commenced commercial production on 1 July 2013 and performed strongly during the ramp up phase by delivering $5.013 million of EBIT. The greatest contributor to EBIT for the half-year was the Mt Rawdon gold mine, where strong gold production in the half-year and disciplined operating cost control delivered $20.397 million or 37% of Group EBIT.

Mine Operating Costs

Relative to the prior period, Group unit cash operating costs increased by 2%, however within the result Cracow and Mt Rawdon showed good improvement, while Pajingo and Edna May experienced higher unit costs due to lower production.

Unit cash operating cost at Cracow reduced by 8% to A$736/oz in the half-year, from A$802/oz in the prior period. This reduction in unit cost was primarily due to the move to owner mining from 1 July 2013. Unit mining costs have reduced while achieving higher volumes of ore mined and operating development. The reduction in the unit cash cost was achieved despite a 14% reduction in head grade to 6.11 g/t (prior period 7.33 g/t).

Unit cash operating cost at Mt Rawdon reduced by 4% to A$592/oz in the half-year, from A$616/oz in the prior period. This improvement reflected a reduction in operating waste movements in the open pit. Capital investment in the Stage 4 waste stripping program continued during the period. Clearing for the new Western waste dump was also completed during this period, with work commencing on infrastructure establishment such as diversion drains and a sediment dam. The new western waste dump will provide shorter waste haulage profiles for the commencement of the Stage 4 pit, and is anticipated to further reduce overall mining costs.

Unit cash operating cost at Edna May increased by 20% to A$947/oz in the half-year, from A$792/oz in the prior period. This increase was driven by 11% lower grade at 1.09 g/t, (prior period 1.23 g/t) and 10% lower tonnes processed of 1,219 kt (prior period 1,350 kt). Significant work is underway to improve processing throughput and plant availability. The Knelson Concentrator tails redirection project was prioritised during December based on some of the learning from the now completed secondary crushing trial. Significant improvement in production volumes and mill ball consumption are already evident and is planned to improve processing performance in the second half of the year.

Unit cash operating cost at Pajingo increased by 25% to A$1,000/oz in the half-year, from A$801/oz in the prior period. This increase in costs was largely due to a 22% reduction in head grade relative to the prior period due to timing issues associated with accessing high-grade stoping panels in the Sonia orebody. In order to achieve sustainable cost reduction, mine and technical organisational structures were reviewed and restructured. As consequence of the review, employment levels in mining and processing were reduced, which has delivered lower operating costs.

During its first six months of operations, Mt Carlton performed well with unit cash operating cost of $696/oz. Ore from both the A39 silver and the V2 gold pits was processed during the period. Average gold equivalent grade achieved was 5.72g/t. In response to the current economic environment, the operation focused on cost reduction strategies on material procurement, processing efficiencies and concentrate logistics.

Depreciation and Amortisation

Depreciation and amortisation reduced by $3.813 million to $67.639 million in the half-year, compared to $71.452 million in the prior period. This included a charge of $14.622 million relating to the depreciation and amortisation of the Mt Carlton plant and mine development assets, following commencement of commercial production on 1 July 2013.

Excluding Mt Carlton, depreciation and amortisation charge for the half-year reduced by $18.435 million or 26% compared to the prior period, driven by the reduced asset base as a result of recognition of an asset impairment in June 2013.

The depreciation and amortisation charge on a gold produced basis is $315/oz.

4. Other Expenses

Total exploration expenditure in the half-year period was $7.783 million and an exploration expense of $2.928 million was charged against income in the period.

Corporate administration cost of $8.601 million was lower than the prior period cost of $11.087 million, reflecting concerted effort to reduce employee and contractor costs and introduce efficiencies.

5. Taxation

During the period, the Group received two favourable private rulings from the Australian Taxation Office confirming the availability of an additional $35.436 million in tax losses. The rulings related to $17.568 million of allowable Catalpa carry forward losses due to passing the Continuity of Ownership Test and $17.868 million of allowable Conquest carry forward losses due to passing the Same Business Test. This has resulted in recognition of $10.956 million of tax benefit in the current period (30% of $35.436 million available losses).

As a result, current year income tax expense consists of tax expense of $10.635 million on the current period's net profit (representing 30% tax effect on profit) and a credit of $10.956 million of tax benefit from recognised tax losses, resulting in a nil net income tax expense.

With the availability of prior year losses, it is forecast that the Group will have nil tax payable this financial year.

6. Financing

Total finance costs in the half-year were $7.347 million compared to prior period costs of $6.499 million. Included in the total charge was $1.844 million of debt amortisation costs and discount unwinding on mine rehabilitation liabilities.

The increase in interest charge for the year was due to higher levels of debt. At 31 December 2013, the Company had interest bearing corporate debt of $141.784 million in addition to $58.216 million of undrawn credit capacity remaining on the corporate loan facility. The Company plans to repay $15 million debt in the June 2014 quarter.

During the half-year, the Company also entered into an interest rate swap agreement for $81 million to fix interest rates for part of its borrowing under the corporate loan facility. The swap effectively fixes the Company's $81 million debt at a rate of 5.64% p.a. with maturity in May 2015.

During the year the Company utilised short term lease finance of $14.370 million to fund the purchase of the Cracow mining fleet and equipment. This coupled with existing equipment financing at Pajingo totalled $16.449 million of finance lease debt at 31 December 2013.

With the build-up of Mt Carlton concentrate stocks available for shipping, the Company chose to trade-finance $10.610 million of bagged Mt Carlton concentrate which was scheduled for shipment in December 2013 and early January 2014.

7. Capital expenditure

Investing activities for the six months ended 31 December 2013 represented a cash outflow of $102.233 million. This was $137.821 million or a 57% reduction compared to the corresponding prior period as a result of completion of the Mt Carlton project construction. Group capital expenditure was $90.794 million with the major spend in the period relating to accelerated stripping activity at Mt Rawdon.

Capital Expenditure for the half-year ended	31 December 2013 $'000	31 December 2012 $'000
Cracow	14,062	22,588
Pajingo	14,651	34,228
Edna May	12,777	17,048
Mt Rawdon	36,022	30,014
Mt Carlton	13,282	109,565
Total Capital Expenditure	**90,794**	**213,443**
Finance lease repayment (i)	(4,622)	(1,539)
Discovery expenditure	7,783	10,050
Working capital movement – capital creditors	8,418	(3,278)
Other	(140)	21,378 (ii)
Cash outflow from investing activities	**102,233**	**240,054**

(i) Finance leases are included in the site capital expenditure but are classified in the financing activities category of the Consolidated Statement of Cash flows.
(ii) Relates to stamp duty paid upon merger.

8. Cash flow

Closing cash at bank was $36.950 million, an increase of $23.288 million from the opening bank balance of $13.662 million.

Net cash inflow from operating activities including changes in working capital for the half-year was $113.970 million. Operating payments included corporate costs of $8.601 million.

Net cash outflow from investing activities was $102.233 million. This included expenditure on mine development and property, plant and equipment of $86.172 million (excluding finance lease payments), discovery expenditure of $7.783 and working capital movement.

Net cash inflow from financing activities was $11.551 million, comprising the draw-down of $15 million of debt under the Company's corporate loan facility, a net increase of $8.260 million of trade finance against Mt Carlton bagged concentrate inventory, offset by the dividend payment of $7.087 million and scheduled repayment of finance leases of $4.622 million.

9. Balance Sheet

Net assets (or total equity) for the Group decreased by $321.646 million to $776.518 million compared to six months to December 2012, primarily driven by the impairment of assets recognised in June 2013. As at 31 December 2013, the Group held cash of $36.950 million and debt of $154.540 million ($141.784 million of corporate debt and $12.756 million of short term debt), which delivered a gearing ratio of 13% (net debt to net debt plus equity).

Total assets for the Group decreased by $282.492 million to $1,081.813 million, compared to six months to December 2012. Current assets reduced by $38.494 million as a result of reduced trade receivables by $7.929 million and reduced cash balance by $12.272 million.

Total liabilities for the Group increased by $39.154 million to $305.295 million. Current liabilities reduced by $8.355 million due to reduction in creditors. Non-current liabilities increased by $47.510 million primarily due to draw-down of the corporate loan facility and the new finance lease for Cracow mining equipment from 1 July 2013.

10. Dividend

In accordance with the Board's adopted policy of, whenever possible, paying a half-yearly dividend equivalent to 2% of Evolution's gold production, the Company paid a maiden dividend (relating to production in the six months period to 30 June 2013) of $7.087 million in October 2013. The Board has decided that despite the challenging market conditions, Evolution is in a sound position to confirm its commitment to pay an interim dividend for the current period of one cent per share, totalling $7.087 million. Evolution shares will trade excluding entitlement to the dividend on 4 March 2014, with the record date of 11 March and a payment date of 26 March 2014.

In relation to Evolution's dividend policy, the Board of Directors have 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 FY14 interim dividend will be issued at a 5.0% discount to the daily VWAP for the 5 days immediately after the record date.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the half-year follows in chronological order:

- On 18 July 2013 the Company announced the commencement of commercial production at its 100% owned Mt Carlton gold-silver-copper mine following the successful commissioning of all key components of the processing plant.

- On 30 August 2013 the Company announced that it will pay its maiden dividend based on a gold linked royalty style dividend policy of 1 cent per share unfranked. The record date for the dividend was 11 September 2013 with the dividend payment made on 26 September 2013.

- On 2 September 2013 the Company announced the forward sale of 156,281 ounces of gold at an average price of A$1,598/oz with schedules deliveries carried out to 30 June 2016. The objective of the gold hedge is to underwrite the Edna May capital program.

Apart from the above, or as noted elsewhere in this report, no significant changes in the state of affairs of the Company occurred during the period.

SUBSEQUENT EVENTS

- On 3 February 2014, the Company advised that 691,528 performance rights were issued under the Evolution Mining Share Option and Performance Rights Plan and 481,493 options were forfeited as a result of employee departures.

- On 20 February 2014, the Directors of the Company determined to pay an unfranked interim dividend. The total distribution to shareholders amounts to 1 cent per share. Evolution shares will trade excluding entitlement to the dividend on 4 March 2014, with the record date of 11 March and a payment date of 26 March 2014.

FUTURE DEVELOPMENTS

Other likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company. Accordingly this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration, mining and processing activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any material breach of environmental legislation for the year under review.

PERFORMANCE OF EVOLUTION MINING LIMITED

The table below sets out summary information about the Company's earnings and movements in the Company's share price for the first six months in the last five years.

	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010	31 Dec 2009
Revenue ($'000)	320,934	321,642	154,615	48,060	3,633
Net Profit/(Loss) before tax ($'000)	35,449	58,533	(1,138)	3,017	(3,839)
Net Profit/(Loss) after tax ($'000)	35,449	40,687	(17,946)	1,981	(3,679)
Share price at start of year($)	$1.71	$1.50	$1.98	$1.38	$0.38
Share price at end of year($)	$0.62	$1.71	$1.50	$1.98	$1.38
Dividends (cents per share)	1.00	-	-	-	-
Basic earnings/(loss) per share (cents per share)	5.00	5.75	(5.15)	1.22	(3.32)

Note that comparative information for the period ended 31 December 2011 reflects six months of Catalpa Resources Limited (100% Edna May and 30% of Cracow operations), the consolidation of Conquest Mining Limited from 17 October 2011 and the consolidation of Mt Rawdon and an 70% interest in Cracow from 2 November 2011. The comparative information for the period ended 31 December 2010 and 31 December 2009 reflects six months of Catalpa Resources Limited.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 14 of the half-year financial report.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s306 (3) of the *Corporations Act 2001*.

On behalf of the Directors

Jacob Klein
Executive Chairman

Graham Freestone
Lead Independent Director and
Chair of the Audit Committee

Sydney
21 February 2014

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 2013, 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.

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
21 February 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	31 December 2013 $'000	31 December 2012 $'000
Sales revenue		320,934	321,642
Cost of sales	4	(265,801)	(240,688)
Gross profit		**55,133**	**80,954**
Interest income		93	1,432
Exploration and evaluation costs expensed		(2,928)	(5,401)
Share based payments expense	13	(1,067)	(953)
Corporate and other administration costs		(8,601)	(11,087)
Other Income		166	87
Finance costs		(7,347)	(6,499)
Profit/(loss) before income tax expense		**35,449**	**58,533**
Income tax (expense)/ benefit	5	-	(17,846)
Profit/(loss) for the year attributable to owners of the parent		**35,449**	**40,687**
Other comprehensive income, net of income tax			
Items that may be reclassified to profit and loss:			
Change in fair value of available-for-sale financial assets (net of tax)		-	(1,338)
Fair value gain(loss) on hedging instruments entered into for cash flow hedges		(240)	-
Total comprehensive income for the year attributable to owners of the parent		**35,209**	**39,349**
Earnings per share			
Basic profit/(loss) cents per share	14	5.00	5.75
Diluted profit cents per share	14	4.86	5.62

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Notes	31 December 2013 $'000	30 June 2013 $'000
Current assets			
Cash and cash equivalents		36,950	13,662
Trade and other receivables		23,280	16,273
Inventories		65,580	72,788
Total current assets		**125,810**	**102,723**
Non-current assets			
Other financial assets	6	1,500	1,640
Other non-current assets		67	61
Property, plant and equipment	7	507,018	276,058
Mine development and exploration	8	447,418	641,562
Total non-current assets		**956,003**	**919,321**
Total assets		**1,081,813**	**1,022,044**
Current liabilities			
Trade and other payables		73,979	79,271
Interest bearing liabilities	10	20,639	8,526
Provisions		6,336	10,745
Total current liabilities		**100,954**	**98,542**
Non-current liabilities			
Derivative liabilities	9	240	-
Interest bearing liabilities	10	147,584	125,933
Provisions		56,517	50,240
Total non-current liabilities		**204,341**	**176,173**
Total liabilities		**305,295**	**274,715**
Net assets		**776,518**	**747,329**
Equity			
Issued capital	11	1,047,195	1,047,195
Reserves		18,070	17,243
Accumulated (losses)/ earnings		(288,747)	(317,109)
Total equity		**776,518**	**747,329**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013 $'000	31 December 2012 $'000
Cash flows from operating activities		
Receipts from sales	312,724	322,763
Payments to suppliers and employees	(193,859)	(220,314)
Other revenue	166	-
Interest received	82	1,432
Interest paid	(5,143)	(2,924)
Net cash inflow from operating activities	**113,970**	**100,957**
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,145)	(19,400)
Payment for mine development and exploration	(74,228)	(199,276)
Transfer (to)/from term deposits	(5)	53
Stamp duty paid	-	(21,431)
Proceeds on the disposal of investments	145	-
Net cash outflow from investing activities	**(102,233)**	**(240,054)**
Cash flows from financing activities		
Repayment of interest bearing liabilities	(4,622)	(31,308)
Dividends paid	(7,087)	-
Proceeds from short term borrowings	8,260	-
Proceeds from borrowings (net of borrowing costs)	15,000	77,234
Proceeds from issue of equity securities	-	609
Net cash inflow from financing activities	**11,551**	**46,535**
Net increase/ (decrease) in cash and cash equivalents	23,288	(92,562)
Cash and cash equivalents at the beginning of the period	13,662	141,784
Cash and cash equivalents at the end of the period	**36,950**	**49,222**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Consolidated	Issued capital	Share-based payments reserve	Fair value Revaluation Reserve	Cash flow hedge reserve	Accumulated Earnings/ (Losses)	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2012	1,045,751	15,042	(5,613)	-	(6,781)[i]	1,048,399
Profit for the half-year	-	-	-	-	40,687	40,687
Fair value loss on available-for-sale financial assets, net of tax	-	-	(1,338)	-	-	(1,338)
Total comprehensive income for the half-year	-	-	(1,338)	-	40,687	39,349
Issue of share capital	609	-	-	-	-	609
Issue of share capital on asset acquisition	835	-	-	-	-	835
Recognition of share-based payments	-	953	-	-	-	953
Balance at 31 December 2012	**1,047,195**	**15,995**	**(6,951)**	**-**	**33,906**	**1,090,145**

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

(i) Opening Accumulated Earnings (losses) at 1 July 2012 were adjusted by $8.019 million in accordance with the transitional provisions of Interpretation 20. Refer to the changes in accounting policy note for further detail.

Consolidated	Issued capital	Share-based payments reserve	Fair value Revaluation Reserve	Cash flow hedge reserve	Accumulated Earnings/ (Losses)	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	1,047,195	17,243	-	-	(317,109)	747,329
Profit for the half-year	-	-	-	-	35,449	35,449
Other comprehensive income for the year:	-	-	-	-	-	-
Changes in fair value of cash flow hedges	-	-	-	(240)	-	(240)
Total comprehensive income for the half-year	-	-	-	(240)	35,449	35,209
Recognition of share-based payments	-	1,067	-	-		1,067
Dividends paid	-	-	-	-	(7,087)	(7,087)
Balance at 31 December 2013	**1,047,195**	**18,310**	**-**	**(240)**	**(288,747)**	**776,518**

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

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Act 2001.*

This condensed consolidated interim 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 Report for the year ended 30 June 2013 and any public announcements made the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(a) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group currently only designates derivatives as cash flow hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions). There are no fair value hedges or net investment hedges, nor are there any derivatives that do not classify for hedge accounting.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 3: Fair Value Measurement of Financial Instruments. Movements in the hedging reserve are shown in the Cash flow hedge reserve in the Consolidated Statement of Changes in Equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast transaction that is hedged takes place). The gain or loss relating to the ineffective portion of interest rate swaps (hedging variable rate borrowings) are recognised in profit or loss within ‘finance costs’.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(b) New and amended standards adopted by the Group

The Group has applied the following standards and amendment for the first time in their half-year annual reporting period commencing 1 July 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13;*

- AASB 119 *Employee Benefits and* AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 ;*

- ASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities;*

- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual provements 2009-2011 Cycle;*

- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period; and

- *AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20.*

The adoption of AASB 119 and AASB Interpretation 20 resulted in adjustments to the amounts recognised in the financial statements. These are explained and summarised below. The other standards only affected the disclosures in the notes to the financial statements.

Change in accounting policy: Employee Benefits

The adoption of the revised AASB 119 *Employee* Benefits results in a change to the definition of short term benefits. The distinction between short term and other long term benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The revised standard has changed the accounting for the Group's annual leave obligations. As the entity does not expect all annual leave to be taken within 12 months of the respective service being provided, a portion of annual leave obligations are now classified as long-term employee benefits. This change resulted in a $5.002 million reclassification of the annual leave provision from current to non-current provisions.

Change in accounting policy: Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

The Interpretations Committee issued Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* (IFRIC 20). Prior to the issuance of Interpretation 20, the accounting for production stripping costs had been based on general IFRS principles and the *Framework,* as IFRS had no specific guidance.

Interpretation 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. It states that these costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body, the costs relating to the improved access to that component can be measured reliably and it is probable that future economic benefits associated with the stripping activity (improved access to the ore body) will flow to the entity.

Evolution has adopted Interpretation 20 from 1 July 2013 by identifying components of the ore bodies at its open pit mines and will capitalise the stripping costs where the relevant criteria are met. The stripping activity asset will be depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity.

In accordance with the transitional provisions of Interpretation 20, this new policy has been applied prospectively from the start of the comparative period. As at 1 July 2013, there was a deferred stripping balance of $8.019 million. This deferred stripping asset balances was written off on adoption of Interpretation 20 via the opening retained earnings at 1 July 2012.

Change in accounting policy: Fair Value Measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 3: Fair Value Measurement of Financial Instruments.

2. SEGMENT INFORMATION

(a) Description of segments

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

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 operating decision makers) in assessing performance and in determining the allocation of resources.

The Group's five 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.

The presentation of segment information has changed since the previous half-year reporting period as a result of the Mt Carlton gold-silver-copper mine being treated as a separate operating segment during the year. This follows successful commissioning of all key components of the processing plant in July 2013.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period. The comparative corporate results from the prior year include the development costs of Mt Carlton as an asset under construction.

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

(b) Segment information

	Edna May	Cracow	Pajingo	Mt Rawdon	Mt Carlton	Exploration	Corporate	Total
	$'000	$'000	$'000	$'000	$000	$'000	$'000	$'000
Half-year 31 December 2013								
Segment revenue	58,969	68,577	46,022	82,993	64,373	-	-	**320,934**
EBITDA	18,965	28,636	12,122	43,415	19,634	(2,928)	(8,971)	**110,873**
EBIT	10,824	14,085	4,815	20,396	5,012	(2,928)	(9,501)	**42,703**
Half-year 31 December 2012 (Restated)								
Segment revenue	81,220	88,847	66,462	85,113	-	-	-	**321,642**
EBITDA	35,111	39,270	29,458	48,567	-	(5,401)	(11,537)	**135,468**
EBIT	25,401	19,582	15,895	20,076	-	(5,401)	(11,953)	**63,600**
Capital Additions(1)								
Half-year ended 31 December 2013	12,777	24,628	11,220	35,005	13,282	10,861	215	**107,988**
Half-year ended 31 December 2012 (Restated)	16,049	21,303	29,686	29,709	109,463	21,655	472	**228,337**

(1) Note that capital additions include assets that were acquired under finance lease during the period.

(c) Segment reconciliation

	31 December 2013	31 December 2012
	$'000	$'000
Reconciliation of profit/(loss) before income tax		
EBITDA	110,873	135,468
Depreciation and amortisation	(68,170)	(71,868)
Interest income	93	1,432
Finance costs	(7,347)	(6,499)
Profit (loss) before income tax	**35,449**	**58,533**

3. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Group's assets measured and recognised at fair value at 31 December 2013 and 30 June 2013.

	31 December 2013				30 June 2013			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements								
Financial assets								
Available-for-sale financial assets								
Shares available-for-sale	1,500	-	-	1,500	1,640	-	-	1,640
Total financial assets	**1,500**	**-**	**-**	**1,500**	**1,640**	**-**	**-**	**1,640**
Financial liabilities	-	-	-	-	-	-	-	-
Derivatives used for hedging	-	240	-	240	-	-	-	-
Total financial liabilities	**-**	**240**	**-**	**240**	**-**	**-**	**-**	**-**

(b) Valuation techniques used to derive level 2 and level 3 fair values

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 instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate 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 level 2. There are no financial instruments included in level 3 for the half-year ended 31 December 2013.

The Group also has a number of financial instruments which are not measured at fair value in the statement of financial position. These had the following fair values as at 31 December 2013:

	Carrying amount $'000	Fair value $'000
Current borrowings		
Finance lease liabilities	7,883	7,883
Other borrowings	12,756	12,756
Non-current borrowings		
Corporate loan facility	141,784	141,784
Finance lease liabilities	8,566	8,566

4. COST OF SALES

	31 December 2013 $'000	31 December 2012 $'000
Mine operating costs	181,988	154,165
Depreciation and amortisation	67,639	71,452
Royalty and other selling costs	16,174	15,071
	265,801	**240,688**

5. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

(a) Income tax expense:

	31 December 2013 $'000	31 December 2012 $'000
Current tax	2,070	18,733
Deferred tax	(2,070)	(887)
Total income tax expense	**-**	**17,846**

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

Profit/ (loss) before income tax	35,449	58,533
Tax at the Australian tax rate of 30% (2012: 30%)	10,635	17,560
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payment expense	320	286
Other	1	-
Previously unrecognised losses now recognised to reduce current tax expense	(10,956)	-
Total income tax expense	**-**	**17,846**

During the period, the Group received two favourable private rulings from the Australian Taxation Office confirming the availability of an additional $35.436 million in tax losses. The rulings related to $17.568 million of allowable Catalpa carry forward losses due to passing the Continuity of Ownership Test and $17.868 million of allowable Conquest carry forward losses due to passing the Same Business Test. This has resulted in the recognition of $10.956 million of tax benefit in the current period.

As a result, current year income tax expense consists of tax expense of $10.635 million on the current period's net profit (representing 30% tax effect on profit) and a credit of $10.956 million of tax benefit from recognised tax losses, resulting in a nil net income tax expense.

6. OTHER FINANCIAL ASSETS

	31 December 2013 $'000	30 June 2013 $'000
Non-current		
Available-for-sale investments carried at fair value		
Shares in Renaissance Minerals Limited	-	140
Shares in Monto Minerals Limited	1,500	1,500
Total	**1,500**	**1,640**

The shares in Renaissance were sold on 16 August 2013.

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $'000	Plant and equipment $'000	Total $'000
At 30 June 2013			
Cost	9,817	324,475	334,292
Accumulated depreciation	-	(58,234)	(58,234)
Net carrying amount	**9,817**	**266,241**	**276,058**
Half-Year ended 31 December 2013			
Carrying amount at the beginning of the year	9,817	266,241	276,058
Additions	-	36,790	36,790
Transfers to Mine Development and Exploration	-	(1,206)	(1,206)
Reclassifications[(i)]	-	219,068	219,068
Depreciation and amortisation	-	(23,692)	(23,692)
Carrying amount at the end of the period	**9,817**	**497,201**	**507,018**
At 31 December 2013			
Cost	9,817	579,127	588,944
Accumulated depreciation	-	(81,926)	(81,926)
Net carrying amount	**9,817**	**497,201**	**507,018**
Carrying amount of lease assets	-	23,429	23,429
Carrying amount of assets under construction	-	43,155	43,155
	-	**66,584**	**66,584**

[(i)] Reclassification relates to Mt Carlton assets being reclassified from the Mines under construction category in Note 8: Mine development and Exploration to Property, Plant and Equipment. This follows the successful commissioning of all key components of the Mt Carlton processing plant in July 2013.

8. MINE DEVELOPMENT AND EXPLORATION

	Mines under construction $'000	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 30 June 2013				
Cost	287,365	532,272	50,150	869,787
Accumulated depreciation	-	(215,839)	(12,386)	(228,225)
Net carrying amount	**287,365**	**316,433**	**37,764**	**641,562**
Half-Year ended 31 December 2013				
Carrying amount at the beginning of the year	287,365	316,433	37,764	641,562
Additions	-	60,336	10,861	71,197
Transfers to property, plant and equipment	-	1,206	-	1,206
Reclassifications	(287,365)[(ii)]	68,297	-	(219,068)
Depreciation and amortisation	-	(44,551)	-	(44,551)
Write-off of exploration expenditure	-	-	(2,928)	(2,928)
Carrying amount at the end of the year	**-**	**401,721**	**45,697**	**447,418**
At 31 December 2013				
Cost	-	662,111	58,084	720,195
Accumulated depreciation	-	(260,390)	(12,386)	(272,777)
Net carrying amount	**-**	**401,721**	**45,698**	**447,418**

The amortisation of pre-production stripping costs is recorded as a cost of sale under depreciation and amortisation. The ultimate recoupment of costs carried forward for exploration and evaluation expenditure phases is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective areas.

[(ii)] Reclassification relates to Mt Carlton assets being reclassified from the Mines under construction category to Producing mines category in the above note and the Plant and Equipment category in Note 7: Property, Plant and Equipment. This follows the successful commissioning of all key components of the Mt Carlton processing plant in July 2013.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2013 $'000	30 June 2013 $'000
Non-current liabilities		
Interest rate swaps – cash flow hedges	240	-
Total non- current derivative financial instrument liabilities	**240**	**-**

(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's financial risk management policies.

(i) Interest rate swap contracts – cash flow hedges

During the period, the Company entered into an $81 million interest rate swap agreement to fix a portion of its borrowings under the Corporate loan facility that will mature in May 2015.

Bank loans of the Group currently bear an average variable interest rate of 5.4% - 6.2%. It is policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 57% (2012 – 0%) of the variable loan principal outstanding and are timed to mature as each loan repayment falls due. The fixed interest rate on the interest rate swap is effectively 5.64% and the variable rates are between 5.4% - 6.2%.

The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. 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 interest expense is recognised. There was no hedge ineffectiveness during the half-year.

10. INTEREST BEARING LIABILITIES

	31 December 2013 $'000	30 June 2013 $'000
Current		
Finance lease liabilities	7,883	4,030
Other borrowings	12,756	4,496
	20,639	**8,526**
Non-Current		
Corporate loan facility	141,784	126,784
Less: Borrowing costs	(2,766)	(3,520)
Finance lease liabilities	8,566	2,669
	147,584	**125,933**

In November 2012, the Group secured a $200 million corporate loan facility. The purpose of this facility was to refinance the $31.5 million Edna May loan facility. The facility is a senior unsecured revolving loan and will mature in November 2015. The corporate loan facility is based on a variable interest rate, calculated using the bank bill swap bid rate (BBSY) plus an applicable margin.

The lenders have placed covenants over the corporate loan 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.

The Group's undrawn borrowings amounted to $58.216 million at the end of the period.

Maturities of financial liabilities

The following are the Group's contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The amounts disclosed in the tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities and the earliest date on which the Group can be required to pay financial liabilities.

Contractual maturities of financial liabilities (A$'000)	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount
31 December 2013						
Trade and other payables	73,979	-	-	-	73,979	73,979
Finance lease liabilities	8,665	6,422	2,525	-	17,612	16,448
Corporate loan facility	7,444	151,818	-	-	159,262	141,784
Other borrowings	12,756	-	-	-	12,756	12,756
Total liabilities	**102,844**	**158,240**	**2,525**	**-**	**263,609**	**244,967**
30 June 2013						
Trade and other payables	79,271	-	-	-	79,271	79,271
Finance lease liabilities	4,296	1,886	954	-	7,136	6,699
Corporate loan facility	6,973	6,973	129,210	-	143,156	126,784
Other borrowings	4,496	-	-	-	4,496	4,496
Total liabilities	**95,036**	**8,859**	**130,164**	**-**	**234,059**	**217,250**

11. ISSUED CAPITAL

	31 December 2013 $'000	30 June 2013 $'000
Issued capital comprises 708,652,367 fully paid ordinary shares (30 June 2013: 708,092,989)	1,047,195	1,047,195

Movement in issued shares for the period	31 December 2013		30 June 2013	
	No.	$'000	No.	$'000
Opening balance for the year	708,092,989	1,047,195	707,105,713	1,045,751
Shares issued on vesting of performance rights	559,378	-	-	-
Shares issued for asset acquisition	-	-	500,000	835
Shares issued on exercise of options	-	-	487,276	609
Closing balance for the year	**708,652,367**	**1,047,195**	**708,092,989**	**1,047,195**

During the period, 559,378 shares were issued upon the vesting of performance rights. These performance rights were granted for nil consideration as they have a nil exercise price.

12. DIVIDENDS

Dividends paid or provided for

	31 December 2013 $'000	31 December 2012 $'000
(a) Declared and paid during the period.		
Unfranked dividend for 2013: 1 cent per share paid in October 2013	**7,087**	**-**
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the Directors have determined the payment of an interim dividend of 1 cent per fully paid ordinary share, unfranked. The aggregate amount of the proposed dividend is expected to be paid in March 2014 from current period earnings, but not recognised as a liability at the end of the half-year, is:	**7,087**	**-**

13. SHARE-BASED PAYMENTS

(a) Types of share based payment plans

Evolution has two option and performance rights plans in existence:

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 plan 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..

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.

(b) Recognised share based payment expenses

	31 December 2013 $'000	31 December 2012 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**1,067**	**953**

(c) Fair value determination

Performance rights

During the period, Evolution issued three allotments of performance rights that will vest on 30 June 2015. They have three performance components being a Total Shareholder Return ("TSR") condition, an absolute TSR condition and a growth in Earnings per share ("EPS") 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 2016

iii) Growth in Earnings per Share

Evolution's 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 2016.

During the period, 9,806,880 performance rights were granted, 559,378 performance rights met the performance measures and vested, whilst 752,227 performance rights did not meet the performance measures and lapsed.

The following tables list the inputs to the models used for the performance rights granted for the year:

	TSR	Absolute TSR	Growth in EPS
September 2013 rights issue			
Number of rights issued	2,520,572	2,520,572	2,520,572
Spot price ($)	0.920	0.920	0.920
Risk-free rate (%)	2.79	2.79	2.79
Term (years)	2.8	2.8	2.8
Volatility (%)	55-60	55-60	55-60
November 2013 rights issue			
Number of rights issued	748,384	748,384	748,384
Spot price ($)	0.615	0.615	0.615
Risk-free rate (%)	2.84	2.84	2.84
Term (years)	2.6	2.6	2.6
Volatility (%)	55-60	55-60	55-60

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.

The weighted average fair value of performance rights granted during the period was $0.531 (2012 $1.418)

14. EARNINGS PER SHARE

	Half-year ended 31 December 2013	Half-year ended 31 December 2012
Basic earnings (loss) /profit per share (cents per share)	5.00	5.75
Diluted earnings profit per share (cents per share)	4.86	5.62
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	708,472,022	707,655,550
Effect of dilution:		
Share options and performance rights	21,495,736	16,604,263
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	729,967,758	724,259,813

Basic earnings per share ("EPS") is calculated by dividing the net profit/ (loss) after income tax attributable to members of the Company by the weighted average number of ordinary shares of the Company outstanding during the financial year. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

15. RELATED PARTY TRANSACTIONS

Directors Fees were paid to Newcrest Mining Limited for the services of two non-executive Directors, Mr Lawrie Conway and Mr Peter Smith for the amount of $73,125 (2012: $96,250).

Newcrest also provided certain accounting, information technology and administration to the Company. Fees paid to Newcrest in the period in this regard amounted to $45,791 (2012: $38,522).

Directors fees in the amount of $46,591 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (2012: $25,625).

Director's fees in the amount of $51,250 were paid to John Rowe and Associates, a company of which Mr John Rowe is a Director for services provided during the period (2012: $51,250).

Directors fees in the amount of $100,000 were paid to DAK Corporation, a company of which Mr Jacob Klein is a Director for services provided during the period (2012: $100,000).

Directors fees in the amount of $23,664 were paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (2012: $0).

Directors fees in the amount of $8,798 were paid to P Marks Investment Pty Ltd, a company of which Mr Paul Marks is a Director, for services provided during the period (2012: $0).

16. GOLD DELIVERY COMMITMENTS

As at 31 December 2013	Gold for physical delivery (ounces)	Average contracted sales price A$/oz	Value of committed sales $'000
Within one year	82,499	1,575	129,961
Later than one year but not greater than five years	122,730	1,604	196,885
	205,229		**326,846**

As at 30 June 2013	Gold for physical delivery (ounces)	Average contracted sales price A$/oz	Value of committed sales $'000
Within one year	-	-	-
Later than one year but not greater than five years	85,422	1,573	134,368
	85,422		**134,368**

The counterparties to the physical gold delivery contracts are Macquarie Bank Limited (Macquarie) and Australia and New Zealand Banking Group Limited (ANZ). Contracts are settled on a quarterly basis by the physical delivery of gold per Macquarie's and ANZs instructions. The contracts are accounted for as sale contracts with revenue recognised once the gold has been delivered to Macquarie, ANZ 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. As a result no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

17. CONTINGENCIES

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 30 June 2013. The total of these guarantees at 31 December 2013 was $42.334 million with various financial institutions. (30 June 2013: $36.486 million).

In addition to the above guarantees, Newcrest Mining Limited is holding $14.957 million in performance bonds relating to Cracow and Mt Rawdon operations on behalf of the Group (30 June 2013: $14.957 million). These bonding obligations will be transferred to Evolution once the asset sale agreements have been processed for stamp duty purposes by the Queensland Office of State Revenue.

18. EVENTS AFTER THE BALANCE SHEET DATE

- On 3 February 2014, the Company advised that 691,528 performance rights were issued under the Evolution Mining Share Option and Performance Rights Plan and 481,493 options were forfeited as a result of employee departures.

- On 20 February 2014, the Directors of the Company determined to pay an unfranked interim dividend. The total distribution to shareholders amounts to 1 cent per share. Evolution shares will trade excluding entitlement to the dividend on 4 March 2014, with the record date of 11 March and a payment date of 26 March 2014.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) The financial statements and notes set out on pages 15 to 32 are in accordance with the *Corporations Act 2001,* including:
   i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   ii. Giving a true and fair view of the consolidated entities financial position as at 31 December 2013 and of its performance for the half-year ended on that date and
b) There are reasonable grounds to believe that Evolution Mining Limited 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 the Directors.

On behalf of the Directors

Jacob Klein

Executive Chairman

Graham Freestone

Lead Independent Director and
Chair of the Audit Committee

Sydney
21 February 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

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, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and 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 half-year 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 2013 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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INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

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 entity's financial position as at 31 December 2013 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
21 February 2014