Quarterly Report

For the period ending 31 March 2014

Highlights

- Group quarterly production of 101,408 ounces gold equivalent[1] at an average C1 cash cost of A$811 per ounce (US$727/oz[2]) and AISC[3] of A$1,079 per ounce (US$968/oz); in-line with guidance
- On target to meet unchanged full year cost and production guidance with year to date production of 315,804 ounces gold equivalent at an average C1 cash cost of A$781 (US$701) per ounce and AISC of A$1,074 (US$954) per ounce
- A standout performance at Mt Carlton, still in its first year of operation, with gold equivalent production of 26,109 ounces, a 15% increase on the December quarter, at an average C1 cash cost of A$454 per ounce and AISC of A$615 per ounce. Year to date production of 67,759 gold equivalent ounces at an average C1 cash cost A$603 per ounce represents the early achievement of full year production guidance (65,000 – 75,000 gold equivalent ounces) with cash costs substantially below guidance of A$700 – A$750 per ounce
- Pajingo delivered a significantly improved result in the March quarter – production increased 22% to 15,068 ounces of gold, cash costs fell by 19% to A$814 per ounce and AISC fell by 25% to A$1,114 per ounce compared to the previous quarter
- Continued Group-wide focus on cost reductions, capital discipline and productivity improvements including:
  - FY14 cost savings at Cracow as a result of the change to owner-miner are now estimated at approximately A$18 million – A$20 million (equivalent to a A$180 – $200 per ounce AISC saving) based on actual costs to March 2014 and projected to year end
  - Pajingo total site costs per month near halved (March quarter average of A$6.3 million) compared to FY13 average monthly total site cost (A$12.0 million)
  - Cost reductions locked in at Edna May for FY15 in the areas of power supply (9% saving) and camp costs (6% saving), and savings of ~A$1.0 million per annum due to reduced mill ball consumption
  - Mt Rawdon to be transitioned to owner-miner in the first quarter of FY15 following the positive outcome of a detailed cost analysis
  - Also at Mt Rawdon, larger diameter blast hole drilling combined with electronic detonation is resulting in significant cost savings and productivity improvements
- Surface diamond drilling program at Cracow to test 400m strike length between Empire South lode and Coronation lode successfully intersected mineralisation
- Operations again generated good cash flow providing for a cash balance of A$36.7 million plus unsold doré of A$8.1 million at quarter end after cash dividend payment of A$5.9 million (December quarter cash balance A$37.0 million)

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 March 2014 quarter of 0.897
3. AISC (All-in Sustaining Cost) includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration

MARCH 2014 QUARTER RESULT

Group gold production of 101,408oz was delivered at an average C1 cash cost of A$811/oz (US$727/oz) and an All-in Sustaining Cost ("AISC") of A$1,079/oz (US$968/oz). This compares with December 2013 quarter production of 107,201oz, at an average C1 cost of A$764/oz and AISC of A$1,053/oz.

The production result was driven by an exceptional performance from Mt Carlton of 26,109oz gold equivalent, a consistent performance from Cracow and an improved performance at Pajingo.

A strong finish to the year is expected with Group production for the June 2014 quarter forecast to be in excess of 100,000 ounces gold equivalent.

With five operations in production, delivering operational stability and predictability with successful, ongoing cost reduction initiatives, Evolution reiterates unchanged FY14 production guidance of 400,000 – 450,000 ounces with cash operating costs in the range of A$770 – A$820 per ounce (equivalent to US$690 – US$735 per ounce at the average AUD:USD exchange rate for the quarter of 0.897). The Group's full year total capital spend is anticipated to be below the lower end of the A$160 million to A$185 million guidance.

Consolidated Production and Sales Summary

	Units	Mar Qtr 2014	Dec Qtr 2013	Sep Qtr 2013	Year to Date
Gold produced[1]	oz	**101,408**	**107,201**	**107,195**	**315,804**
By-product silver produced	oz	191,827	60,388	234,259	486,474
C1 Cash Cost[2]	A$/oz	**811**	**764**	**769**	**781**
C3 Total Cost[3,5]	A$/oz	1,176	1,199	1,146	**1,173**
Gold sold	oz	92,669	96,246	97,211	286,125
Achieved gold price	A$/oz	1,461	1,412	1,475	**1,449**
Silver sold	oz	696,681	1,016,321	670,530	2,383,532
Achieved silver price	A$/oz	23	23	22	23
All-in Sustaining Cost[4,5]	A$/oz	**1,079**	**1,053**	**1,091**	**1,074**

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, 1:61.9 for the December quarter 2013 and 1:62.5 for the March quarter 2014
2. Before royalties and after by-product credits
3. Includes C1 cash cost, depreciation, amortisation, royalty and other expenses
4. Includes C1 cash cost, plus royalty expense, plus sustaining capital, plus general corporate and administration
5. C3 Total Cost increase by A$5/oz, and AISC increase by A$4/oz in the December quarter relates to a reconciliation adjustment after the release of the Q2 results

Group safety performance improved during the quarter with a sustained reduction in injury rates achieved. The Group total recordable injury frequency rate for the quarter was 13.3 (Dec 2013 qtr: 15.5) and lost time injury frequency rate was 2.6 (Dec 2013 qtr: 2.9).

Group Safety Performance

Mar Qtr 2014	LTI	LTIFR	TRIFR
Cracow	0	1.6	18.8
Pajingo	0	4.0	14.0
Edna May	0	0.0	10.7
Mount Rawdon	1	1.6	18.2
Mount Carlton	0	7.6	11.3
Group	**1**	**2.6**	**13.3**

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

OPERATIONS

Cracow, Queensland (100%)

Cracow again delivered a consistent, reliable result with March quarter production of 24,321oz of gold at a cash cost of A$616/oz, and AISC of A$938/oz, a 13% reduction in cash cost compared to prior quarter (Dec 2013 qtr: 24,016oz, C1 A$712/oz, AISC A$1,034/oz).

During the quarter, the Empire primary ventilation fan was commissioned, allowing access to an entirely new mining area which additionally assists with the mine's overall ventilation. As part of the new mining area, the installation and commissioning of an innovative, Australian developed escape-way system is estimated to have saved approximately A$2 million compared to the traditional system using a winder and cage.

FY14 cost savings following owner-miner transition, based on actual costs to March 2014 and projected to year end, are estimated to be approximately A$18 million – A$20 million (equivalent to a A$180 – $200 per ounce AISC saving). Continued focus on productivity and expenditure continues with several smaller continuous improvement projects being worked on such as truck utilisation, optimisation of consumables, ground control and services.

A total of 129,195t of ore (Dec 2013 qtr: 125,466t) was mined at an average grade of 6.63g/t Au (6.15g/t Au). Primary ore sources were Roses Pride, Kilkenny, Phoenix and Tipperary orebodies.

Underground development of 1,398m (Dec 2013 qtr: 1,497m) was completed, comprising 759m of operating development and 639m of capital development.

A total of 127,591t of ore was processed at an average grade of 6.22g/t Au. Gold recovery was 95.3% with plant utilisation of 97.4% (Dec qtr: 126,871t grading 6.22g/t and 94.4% recovery, 91.6% utilisation).

Pajingo, Queensland (100%)

Pajingo delivered a significantly improved result in the March quarter with production of 15,068oz of gold, a 22% increase on prior quarter production of 12,346oz. Accordingly, cash costs fell by 19% to A$814/oz and AISC fell by 25% to A$1,114/oz compared to the previous quarter (Dec 2013 qtr: C1 A$1,004/oz, AISC A$1,481/oz).

A strong focus on cost reductions over the last six months has achieved a 45% reduction in production drilling costs (all-in). Additional drilled metres have also allowed for improved stoping options and productivity. Plant contractor costs have been reduced significantly as most maintenance and capital jobs are now able to be completed in-house in-between milling campaigns. The workforce and milling restructure that has been undertaken at Pajingo has now resulted in total site costs per month being almost halved (March quarter average of A$6.3 million) when compared to FY13 average monthly total site costs (A$12.0 million).

Mine planning improvements were a continued focus for the quarter with significant progress made in mine scheduling and optimisation.

Underground ore mined for the quarter increased to 76,111t grading 6.40g/t Au (Dec 2013 qtr: 67,006t grading 5.87g/t Au) and was sourced from Sonia, Sonia East, Eva, Faith, Veracity and both Zed East/West. Stoping in Sonia continued to be a success with efficient mining of the high-grade blocks achieved. The focus on efficient extraction of ore blocks and reduction in stope dimensions (dilution reduction) will continue to impact positively on results.

Total underground development for the quarter increased to 1,162m (Dec 2013 qtr: 972m) comprising 656m of capital development and 506m of operating development.

Ore treated was 76,253t grading 6.42g/t Au at 95.7% gold recovery (Dec 2013 qtr: 81,682t grading 4.93g/t Au, 95.5% gold recovery). Only underground ore was processed and no major processing issues were encountered. A planned 12 day shutdown was completed early in the quarter to allow underground stocks to build, therefore enabling efficient milling of the ore. This also reduced variable costs by allowing the mill to operate efficiently in-line with the underground deliveries.

Overall, the quarter was markedly better than the prior quarter as identified improvements in processes and efficiencies were realised and operational excellence embraced. The benefits of an owner-miner model at both of Evolution's underground operations were highlighted by the sharing of equipment and resources which resulted in productivity improvements at both Pajingo and Cracow at minimal cost.

Edna May, Western Australia (100%)

Gold production of 17,879oz was achieved in the March quarter at a cash cost of A$1,263/oz and AISC of A$1,434/oz (Dec 2013 qtr: 20,382oz, cash cost A$978/oz, AISC A$1,172/oz). Unit costs increased due to lower grade, lower recovery, an unplanned shutdown due to power outages and an extended unplanned shutdown due to quality issues with the SAG mill liners.

Total material movement increased to 891,960t, comprising 505,501t of ore at 0.94g/t Au and 386,459t of waste (Dec 2013 qtr: 744,845t comprising 363,520t of ore at 1.09g/t Au and 381,325t of waste). In addition, 76,118t of stockpiled ore was re-handled to the ROM pad. The waste mined comprised of 124,029t of capital waste from Stage 2 and 262,430t of operating waste from Stage 1. Campaign mining to match mill throughput continued through March quarter. Deferred open pit waste mining is currently scheduled to recommence in FY15 with a move back to 24 hour mining from 1 July 2014.

A total of 667,110t of ore was treated at an average grade of 0.90g/t Au with gold recovery of 93.1% (Dec 2013 qtr: 644,459t at 1.04g/t Au and 94.4% gold recovery). Average plant throughput lifted to 7,412tpd (~145,000tpa improvement) (Dec 2013 qtr: 7,005tpd) due to changes made to the ball mill water flow at the end of the December quarter.

This quarter saw the successful implementation of the variable speed drive project for the SAG mill to allow for a more stable production profile and longer liner life. A move to steel liners later in FY15 should further improve processing costs.

Cost reductions have been locked in for FY15 in the areas of power (9% saving) and camp costs (6% saving), with work continuing in the explosive and reagent area. Mill ball consumption continues to reduce following changes to the ball mill (optimisation of mill ball steel composition) with an annualised cost benefit of ~A$1.0 million. Further cost reductions are planned with the move to bulk deliveries in this area.

The operation will focus on improved ore blend control in the June quarter. Appropriate characterisation of ROM blend fingers will improve plant stability, throughput and recovery with the aim of sustaining a 3.0Mtpa processing rate.

Evolution has recently received expressions of interest from a number of parties interested in purchasing the Edna May mine. The Evolution Board and management are currently considering various options in relation to the mine, from continuing ownership to potential divestment.

Edna May open pit at 31 March 2014: Stage 1 (base of pit)

Mt Rawdon, Queensland (100%)

Gold production of 18,033oz was achieved in the March quarter at a cash cost of A$1,139/oz and AISC of A$1,285/oz (Dec 2013 qtr: 27,710oz, cash cost A$520/oz, AISC A$674/oz). As flagged in the December 2013 quarter report, production for the March 2014 quarter was expected to reduce due to lower ore tonnes and lower grade being mined from the Stage 3 pit. Actual production was below expectations due to slowed progress around localised poor wall conditions, rainfall in the later part of the quarter restricting mining access, and lower grades in the upper areas of the Stage 3 pit. The Stage 3 pit is now seeing ore grades being mined which are in-line with resource expectations.

Total material movement for the quarter was 3,384,843t, comprising 731,110t of ore at 0.70g/t Au and 2,653,733t of waste (Dec 2013 qtr: 4,223,403t total, 912,409t ore at 1.05g/t Au and 3,310,995t of waste). Total waste mined comprised 1,774,235t of capital waste and 879,498t of operating waste.

Ore feed to the mill consisted of ore mined from Stage 3 and stockpiled Stage 2 ore. The mill operated for 95.9% of the total hours. A total of 910,656t of ore graded at 0.68g/t Au was treated in the quarter and gold recovery of 90% was achieved (Dec 2013 qtr: 887,829t at 1.05g/t Au, 93% gold recovery). Average throughput for the quarter was 9,898tpd (Dec 2013 qtr: 9,650tpd).

A number of productivity improvements are underway at Mt Rawdon. The western waste dump clearing and infrastructure construction is well advanced and will provide much shorter haulage distances for Stage 4 waste. Preliminary indications from the change to larger diameter (203mm) blast hole drilling, combined with electronic detonation, show productivity improvements and cost savings in the order of A$5 million per annum, as anticipated. As a result of the improved productivity the drill fleet has been reduced by 33% and production blast holes have been reduced by over 45%. This reduction in blast holes should further improve as the pit transitions from 10 metre benches (Stage 2) to 15 metre benches in the new pit design. Blasting fragmentation improvements have also translated to improved mill throughput. Early results show a 10% increase in throughput when processing harder volcaniclastic ores. This work will be verified as more of this material is mined over the coming months.

Mt Rawdon open pit at 31 March 2014

Mt Rawdon has employed a contractor to provide and perform load and haul mining services since 2000 when it commenced operation. Following the success of the transition to owner-miner at Cracow, a detailed assessment of moving to owner-operator based on taking on the existing contract mining fleet was undertaken. In parallel, a review of tendered contract mining rates for load and haul was also conducted. This work showed that the most beneficial action would be to move to owner-operator. As a result, the Board has approved a change to owner-operator of the load and haul function at Mt Rawdon. The changeover is planned for the first quarter of FY15 with the transition process occurring during the fourth quarter of FY14. The experience Evolution gained in successfully transitioning the Cracow operation to owner-operator will be utilised to ensure a smooth process, with little impact to production expected. Evolution would like to thank Golding, the existing contractor, for the outstanding service they have provided to the Mt Rawdon mine for well over a decade. Golding's commitment to ensuring a smooth transition is greatly appreciated. Evolution would also like to acknowledge Golding's long term commitment to supporting local communities in the region.

Production in the June quarter is expected to be well above the prior quarter and therefore should bring Mt Rawdon's annual production back in-line with full year guidance of 95,000 – 110,000oz at cash costs of A$725 – A$775/oz.

Mt Carlton, Queensland (100%)

March quarter production was from both the A39 silver deposit and V2 gold deposit. A39 ore was processed during the first 10 days of January with the remainder of the quarter being V2 ore. Processing for the June quarter will be predominately A39 ore after changing over to A39 ore on 2 April 2014.

A total of 178,322oz silver contained in 1,327 dry metric tonnes (dmt) of silver concentrate was produced with average silver recoveries of 86%. A total of 28,807oz gold contained in 13,678 dmt of gold concentrate was also produced with average gold recovery of 91%.

Cash costs were 43% lower than the December quarter, falling to A$454/oz. AISC were reduced by 38% to A$615/oz (Dec 2013 qtr: C1 $795/oz, AISC $986/oz). This was primarily due to the processing of higher grades and to a lesser extent by-product credits from V2 (no V2 ore processed in the prior quarter).

Total material movement for the quarter from the V2 open pit was 1,059,540t comprising 100,875t of ore and 958,665t of waste. Material moved from the A39 pit totalled 20,169t which consisted of 17,297t of ore and 2,972t of waste. Combined total waste mined from V2 and A39 comprised of 492,975t of capital waste and 468,562t of operating waste. Material movement from V2 pit was reduced in the quarter, facilitated by the availability of higher ore grades and blending strategies.

A total of 148,011 dry tonnes of V2 ore grading 6.7 g/t Au and 12,261 dry tonnes of A39 ore grading 526 g/t Ag were treated during the quarter (Dec 2013 qtr: A39 161,614t grading 405g/t Ag). Plant utilisation was 89.5% for the quarter with 93.4% achieved in March. The metallurgical performance of the V2 ore continued to improve during the quarter with the steady-state plant operation. Metallurgical test work identified opportunities to further reduce circuit losses and increase gold grade-recovery performance and will be a focus in the coming months.

Concentrate shipments for the March quarter were 16,363 wet metric tonnes (wmt) consisting of both A39 and V2 material. There were a total of 6,522 wmt across two shipments of A39 concentrate. A total of 9,841 wmt of V2 concentrate was dispatched across six shipments.

Current cost reduction strategies to reduce unit processing costs include a reduction in power costs, an increase in mill throughput from 800,00tpa to 900,000tpa and further improvements to the efficiency of the concentrate bagging system by the use of larger bags.

Mt Carlton's year to date production of 67,749 gold equivalent ounces is already within full year production guidance (65,000 – 75,000 gold equivalent ounces). Year to date cash costs of A$603/oz are significantly below guidance of A$700 – A$750/oz.

March 2014 Quarter Production

March 2014 Quarter	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / Average
UG lateral development - capital	m	639	656	-	-	-	1,295
UG lateral development - operating	m	759	506	-	-	-	1,265
Total UG lateral development	m	1,398	1,163	-	-	-	2,561
UG ore mined	kt	129	76	-	-	-	205
UG grade mined	g/t	6.63	6.40	-	-	-	6.54
OP capital waste	kt	-	-	124	1,774	493	2,391
OP operating waste	kt	-	-	262	879	469	1,610
OP ore mined	kt	-	-	506	731	118	1,355
OP grade mined	g/t	-	-	0.94	0.70	9.68	1.57
Total ore mined	kt	129	76	506	731	118	1,560
Total tonnes processed	kt	128	76	667	911	160	1,942
Grade processed[1]	g/t	6.22	6.42	0.90	0.68	6.80	1.85
Recovery	%	95	96	93	90	90	93
Gold produced[1]	**oz**	**24,321**	**15,068**	**17,879**	**18,033**	**26,109**	**101,408**
Silver produced	oz	43,559	9,510	7,277	28,223	240,645	329,215
Copper produced	t	-	-	-	-	364	364
Gold sold	oz	26,204	15,458	18,008	17,399	15,600	92,669
Achieved gold price	A$/oz	1,433	1,468	1,563	1,442	1,403	1,461
Silver sold	oz	43,559	9,510	7,277	28,223	608,111	696,681
Achieved silver price	A$/oz	23	23	23	23	23	23
Copper sold	t	-	-	-	-	321	321
Achieved copper price	A$/t	-	-	-	-	7,919	7,919
Cost Summary							
Mining	A$/oz	411	466	439	477	172	374
Processing	A$/oz	**194**	233	602	489	259	341
Administration and selling costs	A$/oz	95	146	119	87	251	146
Stockpile adjustments	A$/oz	(43)	(17)	111	122	(9)	26
By-product credits	A$/oz	(41)	(14)	(9)	(36)	(219)	(76)
C1 Cash Cost	**A$/oz**	**616**	**814**	**1,263**	**1,139**	**454**	**811**
Royalties	A$/oz	70	71	66	67	97	76
Other[2]	A$/oz	(1)	(0)	(43)	(47)	(11)	(19)
Depreciation & Amortisation	A$/oz	305	272	204	417	329	308
C3 Total Cost	**A$/oz**	**990**	**1,157**	**1,490**	**1,575**	**868**	**1,176**

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 1:62.5 based on the average gold and silver prices during the March 2014 quarter
2. Price related inventory adjustment for stockpiles held at net realisable value

Mt Carlton March 2013 Quarter Production

March 2014 Quarter	Units	A39	V2	Total/Average
Mining				
Capital waste	kt	0	493	493
Operating waste	kt	3	466	469
Ore mined	kt	17	101	118
Mined Grade - gold	g/t	-	8.82	8.82
Mined Grade - silver	g/t	948	29.76	164.13
Processing				
Ore processed	kt	12.3	148	160
Grade processed - gold	g/t	-	6.67	6.16
Grade processed - silver	g/t	526	46.09	83
Grade processed - gold and gold equivalent[1]	g/t	8.42	6.67	6.80
Gold recovery	%	-	91	91
Silver recovery	%	86	-	86
Production				
Concentrate produced	t	1,328	13,678	15,006
Gold[2]	oz	-	23,910	23,910
Silver[2]	oz	137,388	103,257	240,645
Copper[2]	t	0	364	364
Gold and gold equivalent[1,2]	oz	2,199	23,910	26,109
Sales				
Concentrate	dmt	5,623	9,045	14,668
Payable gold	oz	-	15,600	15,600
Payable silver	oz	547,495	60,616	608,111
Payable copper	t	95	227	321

1. Gold and gold equivalent is Mt Carlton A39 silver as gold equivalent using gold to silver ratio of 1:62.5
2. Production is equivalent to payable metal

FY14 Production Summary

YTD Jul 2013 – March 2014	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / Average
UG lateral development - capital	m	1,805	1,862	-	-	-	3,667
UG lateral development - operating	m	2,544	1,861	-	-	-	4,406
Total UG lateral development	m	4,349	3,723	-	-	-	8,072
UG ore mined	kt	388	223	-	-	-	612
UG grade mined	g/t	6.28	6.01	-	-	-	6.18
OP capital waste	kt	-	-	931	8,163	1,894	10,988
OP operating waste	kt	-	-	779	1,084	2,359	4,223
OP ore mined	kt	-	-	1,575	2,242	553	4,369
OP grade mined	g/t	-	-	1.04	0.97	5.44	1.56
Total ore mined	kt	388	223	1,575	2,242	553	4,981
Total tonnes processed	kt	384	311	1,886	2,703	492	5,777
Grade processed[1]	g/t	6.15	4.63	1.02	0.93	6.06	1.94
Recovery	%	95	96	94	92	87	92
Gold produced[1]	**oz**	**71,688**	**44,271**	**58,130**	**73,956**	**67,759**	**315,804**
Silver produced	oz	71,064	35,294	23,190	77,943	1,847,687	2,055,178
Copper produced	t	-	-	-	-	937	937
Gold sold	oz	73,918	47,065	56,651	74,972	33,519	286,125
Achieved gold price	A$/oz	1,427	1,447	1,531	1,426	1,412	1,449
Silver sold	oz	71,064	35,294	23,190	77,943	2,176,041	2,383,532
Achieved silver price	A$/oz	23	23	23	23	23	23
Copper sold	t	-	-	-	-	806	806
Achieved copper price	A$/t	-	-	-	-	7,753	7,753
Cost Summary							
Mining	A$/oz	431	473	357	228	254	338
Processing	A$/oz	195	274	572	377	296	339
Administration and selling costs	A$/oz	109	155	116	85	277	147
Stockpile adjustments	A$/oz	(17)	55	8	60	(21)	15
By-product credits	A$/oz	(23)	(18)	(9)	(24)	(203)	(59)
C1 Cash Cost	**A$/oz**	**695**	**937**	**1,044**	**725**	**603**	**781**
Royalties	A$/oz	77	74	61	68	96	76
Other[2]	A$/oz	(0)	1	8	7	7	5
Depreciation & Amortisation	A$/oz	306	258	203	411	342	313
C3 Total Cost	**A$/oz**	**1,078**	**1,270**	**1,315**	**1,211**	**1,049**	**1,173**

1. Gold and Mt Carlton payable silver as gold equivalent using a gold to silver ratio of 1:62.1 for the nine months to March 2014.
2. Price related inventory adjustment for stockpiles held at net realisable value

EXPLORATION

Evolution's discovery program is focused on making a transformational discovery and expediting mine life extensions within the prospective 5,965km^2 land package it controls around its five operating mines. Evolution's strategy is to refine exploration targeting to bring forward discovery in a timely and cost effective manner and includes:

- Application of oil and gas exploration technology (seismic) in the gold industry – thinking like scientists
- 4D studies (integrating geological time) – unravelling the geological evolution of mature fields to determine potential areas of gold enrichment
- Continual assessment of acquisition and joint venture opportunities
- Driving exploration efficiencies – e.g. real time management of data (performance management)

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 porphyry-epithermal systems which host the Cracow, Pajingo and Mt Carlton operations.

Exploration expenditure during the quarter was A$3.0 million. Total expenditure year to date is A$10.8 million. Drilling was undertaken at Cracow and Pajingo with 16,280m and 5,844m of underground resource definition and exploration drilling respectively.

Expenditure will increase in the June 2014 quarter but remains in-line with annual budget of A$20 million as work focuses on drill testing prioritised targets developed from the 4D studies at Cracow, Pajingo and Mt Carlton and the completion of the 3D surveys at Cracow and Pajingo.

The drilling completed at Pajingo (three holes), Cracow (five holes) and Mt Carlton (three holes) in the prior quarter did not return ore grade intercepts but provided proof of concept that the seismic can be used as a direct targeting tool at Pajingo and Cracow, which has justified commencement of our 3D seismic programs.

During the June 2014 quarter, work will focus on the completion of 2D and 3D seismic surveys at Cracow and Pajingo and will move towards completion of the 4D studies. Drilling to test the concepts emerging from the 4D work is being advanced simultaneously at Cracow, Pajingo and Mt Carlton.

Pajingo, Queensland

At Pajingo the commencement of the 3D survey was delayed as the environmental and the cultural clearance process was extended. Data acquisition will commence in the June quarter after completion of the 2D and 3D surveys at Cracow.

Regional

Whilst results from the drilling completed in the prior quarter did not return economic intercepts it provided proof of concept for defining associated vein and fault systems on the seismic survey and in indicating an approximate 900m normal displacement on the Vera Nancy fault. JMRD3943, drilled on the seismic line, intersected the interpreted faults and an epithermal quartz vein with anomalous gold and silver to the south-east of Jandam and Zed.

4D Study

A 3D seismic survey over an area of 1.6km x 1.2km will commence in the June quarter. This will result in a high-resolution seismic cube, within which fault geometries, stratigraphy and potentially alteration may be mapped. The objectives of the 3D survey are to map the south-eastward extension of the Vera-Nancy fault beyond the Jandam and Zed orebodies and better define the structures that control the gold-silver mineralisation at Moonlight, Lynne and Io. It is anticipated that new faults will be defined and the structural complexity in the area of the survey resolved. This will see drilling commence in the September 2014 quarter within the area of the 3D survey.

Cracow, Queensland

Near Mine

A wide-spaced, brownfields surface diamond drilling program to test a 400m strike length between Empire South lode and Coronation lode commenced. The Empire South structure was successfully intersected by 3 drill holes and drilling is continuing.

Regional

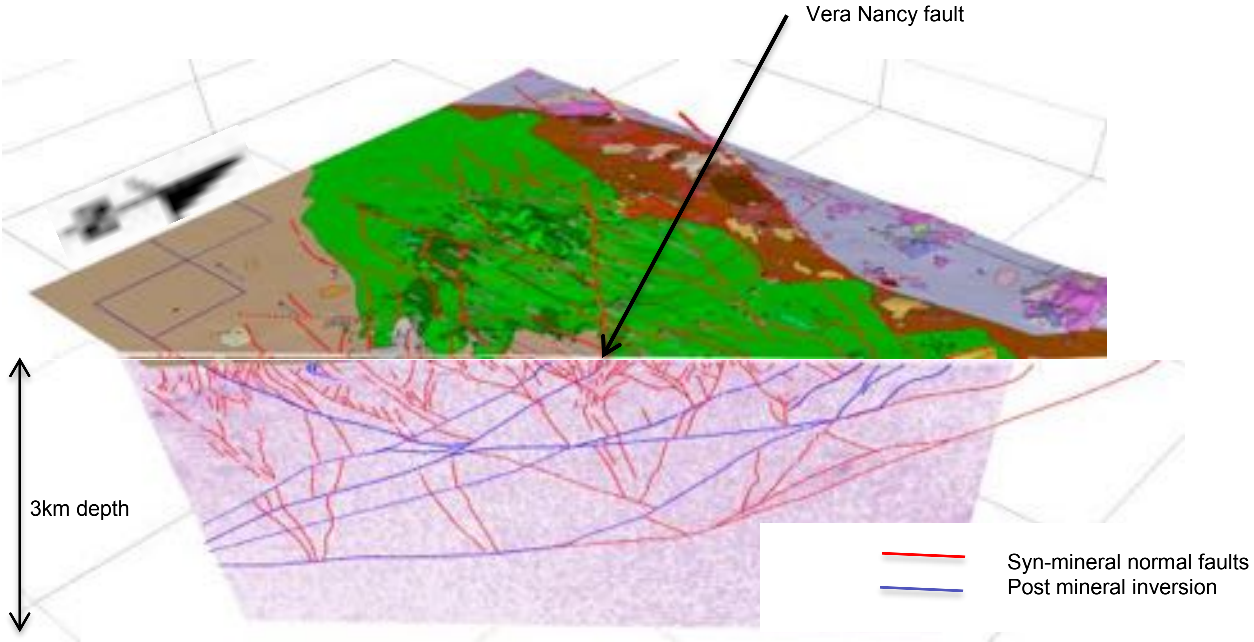
Three exploration diamond holes drilled in the December quarter and a further two holes drilled in the March quarter, designed to test structures potentially hosting epithermal veins identified on the eastern end of the 2D seismic line, returned anomalous gold and silver values with associated tellurium and molybdenum.

Gold mineralisation was intersected within a silica breccia and several anomalous gold and silver values were associated with quartz stockwork veins between 450m and 500m down hole. Assay results show a strong gold-silver-tellurium association, similar to the historic Golden Plateau deposit located 500 metres to the north.

Some of these zones of metal enrichment are accompanied by significant alteration. The current interpretation suggests that we have drilled the base of a potentially mineralised vein system. An additional three to four holes will be drilled in the June quarter to test fault structures at depths shallower than 400 vertical metres.

At Cracow the 4D study has been significantly progressed with the 3D model near completion and ready for interrogation.

A 3D seismic survey over an area of 1.0km x 1.2km over the Royal-Phoenix vein system has commenced. This will result in a high-resolution seismic cube, within which we will be able to map fault geometries, stratigraphy and potentially alteration. In addition 14.8km of 2D and of 2½D seismic will be collected. Provisional results are anticipated 30 days after acquisition, while detailed processing and results will take 90 days. This will see drilling commencing in the September quarter within the area of the 3D survey. It is anticipated that the survey work at Cracow will be completed in the June quarter, following which the survey at Pajingo will commence with completion anticipated by mid-May.



3D perspective figure showing the regional geology, seismic line and interpreted faults at Pajingo

Mt Carlton, Queensland

Near Mine

Exploration work focused on collection of alteration (ASD spectra) and litho-geochemistry data and their integration on geological sections to identify any favourable stratigraphic and structural positions for drill testing along strike from and close to the V2 deposit. A drill program to test a number of targets will commence in the June quarter.

Regional

Assay results were received for three drill holes drilled in the December quarter testing porphyry targets characterised by chargeability and magnetic anomalies along the Capsize trend, 5km east of the V2 pit. All holes intersected porphyry-style mineralisation containing low grades of copper and molybdenum. These mineralised bodies are interpreted as porphyry dykes intruded along a regional fault, but linked to an intrusive centre, where drilling will be undertaken in FY15.

Mt Rawdon, Queensland

Near mine exploration activities focused on litho-geochemical studies with samples from 34 holes submitted for multi-element analysis and interpretation of results underway.

A 680m diamond hole (MTRRCD0096) drilled in the December 2013 quarter to test a chargeability anomaly 330m south-west of the pit intersected weak mineralisation in dacitic volcaniclastic rocks. No further drilling will be undertaken until work to improve our understanding of the controls on mineralisation is completed.

CORPORATE

Dividend and Dividend Re-investment Plan

During the quarter, the Board agreed to pay an interim dividend of 1 cent per share. The dividend payment was based on Evolution's dividend policy of, whenever possible, paying a dividend equal to the value of 2% of Evolution's revenue from gold equivalent production.

The record date for the dividend was 11 March 2014 and payment was made on 26 March 2014.

Evolution has a Dividend Reinvestment Plan (”DRP”) which allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The participation rate in the DRP for the interim dividend was 17.43% of the ordinary issued shares of Evolution – such that 1,337,086 new shares were issued. DRP shares were allocated to DRP participants on 26 March 2014.

Financial Performance

Quarterly revenue was A$154 million which comprised of revenue from the sale of gold doré of A$115 million and revenue from sale of Mt Carlton concentrate of A$39 million.

The Group achieved gold sales of 92,669oz at an average price of A$1,461/oz (which includes gold concentrate sales from the Mt Carlton V2 pit of 15,600oz). Silver concentrate sales from the Mt Carlton A39 pit were 547,495oz (equivalent to 8,817oz gold) at A$23.53/oz. Sales of silver by-product in V2 concentrate were 60,616oz at A$21.76/oz and doré by-product silver sales were 88,570oz at A$22.92/oz. Copper by-product sales were 227 tonnes in V2 concentrate and 95 tonnes in A39 concentrate, at A$7,919/t.

Mt Carlton continued to deliver good results in its first year of operation. The A$39 million revenue generated during the quarter consisted of A$21.9 million from the sale of V2 concentrate, A$12.9 million from the sale of A39 concentrate, A$3.1 million from sales of by-product copper and silver in V2 concentrate and A$0.8 million from sales of by-product copper in A39 concentrate. The site delivered an operating cash flow of A$12.3 million.

Deliveries into the hedge book were 20,455oz at an average price of A$1,566/oz. The Group's remaining gold was delivered on spot markets at an average price of A$1,431/oz. Evolution's total gold hedge book at quarter end was 184,774oz at an average price of A$1,595/oz.

Group C1 cash operating costs were A$82.2 million, or A$811/oz (Dec 2013 qtr: A$764/oz). Royalties accounted for an additional expense of A$7.7 million.

Total depreciation and amortisation expenses were A$31.3 million, or A$308/oz (Dec 2013 qtr: A$316/oz). Discovery costs in the quarter were A$3.0 million (Dec 2013 qtr: A$4.0 million).

Corporate

Corporate administration costs were A$4.5 million (Dec 2013 qtr: A$4.3 million).

The debt drawn under the Evolution's Revolving Credit Facility remained unchanged at A$141.8 million with available credit of A$58.2 million. As a result of strong operational cash flow, the Company expects to be in a position to repay A$15 million of the Facility during the June quarter, reducing the debt under the Facility to A$126.8 million.

Net inflows from the trade finance of bagged Mt Carlton concentrate in the March quarter were A$1.1 million, comprising of new finance of A$11.7 million, offset by the repayment of the December quarter balance of A$10.6 million. Repayment of the March pre-financed amount will be made during the months of April and May, upon receipt of funds from customers.

Cash flow

The quarter ended with a strong cash balance of A$36.7 million after payment of the interim dividend of A$5.9 million (prior quarter cash balance of A$37.0 million). In addition, due to particularly robust production in the last week of March, A$8.1 million of gold doré sold in March was not converted to cash until the first week of April.

Operations delivered a robust cash contribution of A$27.6 million after all sustaining and major project capital expenditure. Combined corporate administration expenditure and Discovery costs were also lower this quarter at A$7.5 million. This delivered an operating cash inflow of A$20.1 million, representing a 32% increase over the December quarter.

Financing cash outflows for the quarter were A$20.2 million consisting of the interim dividend payment of A$5.9 million, an interest outflow of A$3.2 million, net short term Mt Carlton inventory financing inflow of A$1.1 million, an increase in receivables of A$11.0 million (A$8.1 million relating to several large gold shipments made late in the quarter, A$4.5 million relating to concentrate, partly offset by a reduction in receivables of A$1.6 million) and a net increase in other working capital of A$1.3 million.

Capital Expenditure

Total capital expenditure of A$31.6 million in the quarter was 28% lower than the prior quarter spend of A$43.6 million, reflecting a concerted effort on reducing both capital expenditure and capital waste movements. Capital expenditure consisted of A$15.0 million of sustaining capital and A$16.6 million of major project spend.

The growth expenditure of A$16.6 million was invested on major capital projects supporting future cash flows which consisted of Mt Rawdon Stage 4 stripping of A$8.4 million, Mt Carlton Stage 2 stripping of the V2 orebody of A$4.3 million, A$1.5 million at each of Pajingo and Cracow, and A$0.9 million at Edna May.

Capital expenditure is planned to be approximately A$30.0 million in the June quarter. With the year to date spend of A$122.1 million, the full year total capital spend is anticipated to be below the lower end of the A$160 million to A$185 million guidance.

All-in Sustaining Cost March 2014 Quarter

	Units	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Group
C1 Cash Cost	A$/oz	616	814	1,263	1,139	454	811
Royalty	A$/oz	70	71	66	67	97	76
Sustaining Capex	A$/oz	252	229	105	79	64	148
Administration costs	A$/oz	-	-	-	-	-	44
All-in Sustaining Cost[1]	**A$/oz**	**938**	**1,114**	**1,434**	**1,285**	**615**	**1,079**
Major project capital	A$/oz	62	100	49	464	166	164
Discovery	A$/oz	-	-	-	-	-	29
All-in Cost[2]	**A$/oz**	**1,000**	**1,213**	**1,483**	**1,748**	**781**	**1,271**

1. All-in Sustaining Cost includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration expenses.
2. All-in Cost includes AISC plus growth (major project) capital plus discovery.

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 Standard Time ("AEST") on Thursday 17 April 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 AEST on Thursday 17 April 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

Thursday 17 April 2014, 11.00am (AEST) – 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: 519106#

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
Colin (Cobb) Johnstone	Non-Executive Director
Tommy McKeith	Non-Executive Director
John Rowe	Non-Executive Director

Company Secretary

Evan Elstein

Investor Enquiries

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Investor Relations Manager
Evolution Mining Limited
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Stock Exchange Listing

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

Issued Share Capital

At 31 March 2014 issued share capital was 709,989,453 ordinary shares