APPENDIX 4E (Listing Rule 4.3A)

EVOLUTION MINING LIMITED ACN 084 669 036
AND CONTROLLED ENTITIES
YEAR END FINANCIAL REPORT
For the year ended 30 June 2014

Results for Announcement to the Market

	Consolidated Year ended 30 June 2014 $'000	Consolidated Year ended 30 June 2013 $'000	Percentage increase / (decrease)
Revenue from ordinary activities	634,420	605,034	5%
Profit/ (loss) from ordinary activities after tax attributable to members	50,017	(307,421)	-
Net profit/ (loss) for the period attributable to members	49,264	(307,421)	-
EBITDA	207,556	211,725	(2%)
NET TANGIBLE ASSETS			
Net Tangible Assets per share	$1.56	$1.45	8%
EARNINGS PER SHARE			
Basic earnings/(loss) cents per share	7.06	(43.43)	-
Diluted earnings/(loss) cents per share	6.83	-	N/A

DIVIDEND INFORMATION	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking
2014 Final Dividend per share	1	-	N/A
Interim Dividend per share	1	-	N/A
2013 Final Dividend per share (paid out of current year profits)	1	-	N/A

Explanation of Results

Please refer to the commentary included in the Directors' Report and accompanying Australian Securities Exchange ("ASX") releases for an explanation of results.

Evolution Mining Limited

ABN 74 084 669 036

Appendix 4E and
Annual Financial Report
for the year ended 30 June 2014

CORPORATE INFORMATION

ABN 74 084 669 036

Directors

Jacob Klein	(Executive Chairman)
Lawrie Conway	(Finance Director and Chief Financial Officer)
James Askew	(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

Registered Office
Level 30, 175 Liverpool Street
SYDNEY NSW 2000

Postal Address
Level 30, 175 Liverpool Street
SYDNEY NSW 2000

Tel: +61 2 9696 2900
Fax: +61 2 9696 2901

Share Register
Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000

Tel: 1300 554 474 or
+61 2 9315 2333
Fax: +61 2 9287 0303

Email: registrars@linkmarketservices.com.au

Auditors
PricewaterhouseCoopers
201 Sussex Street
SYDNEY NSW 2000
Tel: (+612) 8266 0000

Internet Address
www.evolutionmining.com.au

Stock Exchange Listing
Evolution Mining Limited (ASX:EVN) shares are listed on the Australian Securities Exchange.

TABLE OF CONTENTS

These financial statements are the consolidated financial statements of the consolidated entity consisting of Evolution Mining Limited and its subsidiaries. Evolution Mining Ltd was formed in November 2011 following the successful merger of Catalpa Resources Limited and Conquest Mining Limited. The financial statements are presented in the Australian currency, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 27 August 2014. The Directors have the power to amend and reissue the financial statements.

The Directors present their report on Evolution Mining Limited (referred to hereafter as "Evolution", "the Group" or "the Company"), consisting of Evolution and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

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

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

(i) Appointed as Finance Director and Chief Financial Officer on 1 August 2014 previously a Non-Executive Director.
(ii) Appointed 30 September 2013.
(iii) Appointed 1 February 2014.
(iv) Resigned 30 September 2013.
(v) Resigned 4 November 2013.

INFORMATION ON DIRECTORS

The information on Directors in office at any time during or since the end of the financial year are:

Jacob Klein, BCom Hons, ACA, Executive Chairman		
Experience and expertise	Appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited approved by shareholders at an Extraordinary General Meeting. Previously served as the Executive Chairman of Conquest Mining Limited from May 2010 up until the merger and the resultant formation of Evolution Mining Limited. Former President and CEO of Sino Gold Mining Limited ("Sino Gold"), where along with Mr Askew (Director from 2002 and Chairman from 2005 of Sino Gold) he managed the development of that Company into the largest foreign participant in the Chinese gold industry. Sino Gold Mining Limited was listed on the ASX in 2002 with a market capitalisation of $100 million and was purchased by Eldorado Gold Corporation in late 2009 for over $2 billion. Sino Gold Mining Limited was an ASX 100 Company, operating two award-winning gold mines and engaging over 2,000 employees and contractors in China. Mr Klein resigned as a Director of Sino Gold Mining Limited in December 2009. Prior to joining Sino Gold Mining Limited (and its predecessor) in 1995, Mr Klein was employed at Macquarie Bank Ltd and PricewaterhouseCoopers. Mr Klein is a past President of the NSW Branch of the Australia China Business Council and previously served on the NSW Asia Business Council.	
Other current directorships	Non-Executive Director of Lynas Corporation Limited (since August 2004)	
Former directorships in last 3 years	OceanaGold Corporation (From December 2009 to July 2014)	
Special responsibilities		
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	6,117,002
	Options over ordinary shares - EVN	4,677,436
	Rights over ordinary shares - EVN	3,704,090

Lawrie Conway B Bus, CPA, Finance Director and Chief Financial Officer		
Experience and expertise	Former Newcrest Executive General Manager (Commercial and West Africa), responsible for Newcrest's group Supply and Logistics, Marketing, Information Technology, and Laboratory functions as well as Newcrest's business in West Africa. Mr Conway has more than 24 years' commercial experience in the resources sector across a diverse range of commercial and financial activities while at Newcrest and previously at BHP Billiton. Mr Conway has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile. Mr Conway was a Non-Executive Director until he was appointed as a Finance Director and Chief Financial Officer on 1 August 2014.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Finance Director and Chief Financial Officer	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	-
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

James Askew, BE (Mining), MEngSci, FAusIMM, MCIMM, MSME (AIME), Non-Executive Director		
Experience and expertise	Mining engineer with over 40 years broad international experience as a Director and chief executive officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. Former Director of Conquest Mining Limited from May 2010 until the merger with Catalpa Resources Limited and the formation of Evolution Mining Limited in October 2011, Sino Gold Mining Limited (October 2002 to December 2009) and Eldorado Gold Corporation (December 2009 to May 2010).	
Other current directorships	Chairman of OceanaGold Limited (since November 2006) and Asian Mineral Resources Ltd (since 2012)	
Former directorships in last 3 years	Non-executive Director of Ivanhoe Limited, Golden Star Resources Ltd and PMI Gold Ltd	
Special responsibilities	Chair of the Risk Committee and Member of the Nomination and Remuneration Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	500,000
	Options over ordinary shares - EVN	488,651
	Rights over ordinary shares - EVN	-

Graham Freestone, BEc (Hons), Lead Independent Director		
Experience and expertise	Broad finance, corporate and commercial background obtained in Australia and internationally through senior finance positions with the Shell Group, Acacia Resources Limited and AngloGold. Chief Financial Officer and Company Secretary at Acacia Resources Limited's from 1994 until 2001. Former Non-Executive Director of Lion Selection Limited and its Audit Committee Chair (2001-2009) and Catalpa Resources Limited (Director and Chair of the Audit and Risk Committee) (2009-2011).	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Lead Independent Director and Chair of the Audit Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	68,523
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

Colin Johnstone, BEng (Mining), Non-Executive Director		
Experience and expertise	Mining engineer with over 30 years' experience in the resources sector. Has worked as General manager at some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, the Olympic Dam Mine in South Australia and the Northparkes Mine in New South Wales. Former Vice-President of Operations and Chief Operating Officer at Equinox Minerals Limited, prior to the C$7.6 billion acquisition by Barrick Gold Corporation. Prior to that role, Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited. Appointed on 30 September 2013.	
Other current directorships	Metallum Ltd	
Former directorships in last 3 years	Reed Resources Ltd	
Special responsibilities	Member of the Risk Committee and Member of the Audit Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	67,567
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

Thomas McKeith, BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director		
Experience and expertise	Geologist with 25 years' experience in various mine geology, exploration and business development roles. Former Executive Vice President: Growth and International Projects for Gold Fields Ltd where he was responsible for global greenfields exploration and project development and CEO of Troy Resources Ltd. Previously held Non-Executive Director roles at Sino Gold Ltd and Avoca Resources. Appointed on 1 February 2014.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Audit Committee and Member of the Nomination and Remuneration Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	100,000
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

John Rowe, BSc (Hons) ARSM, MAusIMM, Non-Executive Director		
Experience and expertise	40 years' experience within the gold and nickel industries. Has held a variety of positions in mine management, exploration and business development and has consulted for John Rowe and Associates since 2006. Appointed as Non-Executive Director to the Westonia Mines Limited board (being the previous name of Catalpa Resources Limited) on 12 October 2006. Mr Rowe brings a wealth of geological and business development skills to the Company.	
Other current directorships	Non-Executive Director of Panoramic Resources Limited (since 2006)	
Former directorships in last 3 years	Non-Executive Director of Southern Cross Goldfields Limited (2010-September 2013). Non-Executive Chairman of Magma Metals Limited since June 2012, which was then delisted at the end of June 2012.	
Special responsibilities	Chair of Nomination and Remuneration Committee and Member of the Risk Committee.	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	112,582
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

Peter Smith, F Aus IMM, GAICD, MBA USQ, Non-Executive Director		
Experience and expertise	36 years mining experience across a broad spectrum of responsibilities, including a range of senior corporate roles with WMC Resources Ltd, Rio Tinto and Lihir Gold Limited. Most recently, Mr Smith was the Newcrest Executive General Manager Australia and Indonesia Operations (appointed in September 2010, following Newcrest's merger with Lihir Gold Limited). Previously held the positions of Chief Operating Officer at Lihir Gold Limited and, Executive Director of Western Metals Ltd. Resigned on 30 September 2013.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Former member of the Risk Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	-
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

Paul Marks, BEng (Chem), MAppFin, Non-Executive Director		
Experience and expertise	35 years of experience across a range of industries from foreign exchange and commodities trading, chemical and hydrocarbon processing. Previously held the positions of Vice-President of Foreign Exchange with Prudential-Bache Securities, Senior Strategist Foreign Exchange AEFC, the merchant banking arm of the Commonwealth Bank of Australia and Senior Foreign Exchange Strategist with National Australia Bank. Former Director of Conquest from December 2009 until the merger with Catalpa and the formation of Evolution Mining Limited in October 2011 and has also served on the board of Prana Biotechnology Ltd. Resigned on 4 November 2013.	
Other current directorships	Executive Chairman of Nimrod Resources Ltd	
Former directorships in last 3 years	None	
Special responsibilities	Former member of the Audit Committee	
Interest in shares, rights and options	Ordinary shares - Evolution Mining Limited (EVN)	-
	Options over ordinary shares - EVN	-
	Rights over ordinary shares - EVN	-

INFORMATION ON COMPANY SECRETARY

Evan Elstein, BCom (Accounting and Finance), ACA, GradDipACG
Company Secretary and Vice President Information Technology and Community Relations

Mr Elstein is the Company Secretary and Vice President for Information Technology and Community Relations. He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia. He has over 20 years experience in senior financial, commercial and technology roles, where his responsibilities have included the roll out of IT projects and services, business improvement initiatives and merger and acquisition activities. He has held senior positions with IT consulting companies in Australia, and previously served as the Chief Financial Officer and Company Secretary of Hartec Limited. Prior to that, Mr Elstein was employed by Dimension Data and Grant Thornton in South Africa.

PRINCIPAL ACTIVITIES

The Company owns and operates five gold mines in Queensland and Western Australia. The Company's key assets are 100% interests in the Edna May Gold Mine, the Cracow Gold Mine, the Pajingo Gold Mine, the Mt Rawdon Gold Mine and the Mt Carlton gold, silver, copper operation in North Queensland.

During the year, the Company agreed to enter into a joint venture arrangement with Emmerson Resources Ltd (ASX:ERM) over the Tennant Creek gold-copper project in Northern Territory where exploration activities will be carried out. Throughout the year Evolution also engaged in exploration activities in and around its current operations.

DIVIDENDS

In accordance with the Board's adopted policy of, whenever possible, paying a half-yearly dividend equivalent to 2% of Evolution's gold equivalent sales revenue. The Company paid a maiden dividend (relating to the six months period to 30 June 2013) of $7.086 million in September 2013. Evolution also paid an interim dividend for the six months ended 31 December 2013 of one cent per share, totalling $7.087 million in March 2014. The Board has decided that despite the challenging market conditions, Evolution is in a position to confirm a final dividend for the current period to 30 June 2014 of one cent per share, totalling $7.100 million. Evolution shares will trade excluding entitlement to the dividend on 5 September 2014 with the record date of 9 September 2014 and a payment date of 3 October 2014.

During the year, the Board of Directors approved the implementation of a Dividend Reinvestment Plan ("DRP") as part of the Evolution's existing dividend policy. 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 participation rate in the DRP for the FY14 interim dividend was 17.43% of the Company's ordinary issued shares, with 1,337,086 shares issued at 91.92 cents per share. The allotted shares in respect of the FY14 interim dividend were issued at a 5.0% discount to the daily volume-weighted average price ("VWAP") for the 5 days immediately after the record date.

Dividends paid to members during the financial year were as follows:

	30 June 2014 $'000	30 June 2013 $'000
Final ordinary dividend for the year ending 30 June 2013 of 1 cent (2012: Nil) per fully paid share paid on 26 September 2013.	7,086	-
Interim ordinary dividend for the period ending 31 December 2013 of 1 cent (2012: Nil) per fully paid share paid on 26 March 2014.	7,087	-
	14,173	-

REVIEW OF OPERATIONS AND FINANCIAL RESULT

1. Overview

Evolution is a leading, growth-focused Australian gold miner. The Company operates five wholly-owned gold mines: Cracow, Mt Carlton, Mt Rawdon and Pajingo in Queensland and Edna May in Western Australia.

Evolution's strategy is to deliver shareholder wealth through efficient gold production, growing gold reserves and acquiring undervalued gold projects. Since its formation in November 2011, Evolution has a record of achieving reliable and consistent production and operating cost guidance. This has been achieved primarily as a result of Evolution owning a number of similar sized mines, rather than a single mine or one dominant mine like many of its peers. This portfolio approach to production provides Evolution with a Group-wide level of operational stability and predictability that single mine companies find very hard to achieve. In addition, Evolution's high-performance team culture, clearly defined business plans and goals, and location solely within Australia, a low-risk first world jurisdiction, further contribute to delivering reliable and consistent results.

To build a sustainable business, Evolution maintains a strong commitment to growth through exploration and a disciplined methodical approach in place to business development through opportunistic, logical, value-accretive acquisitions. The Company is actively involved in these activities within Australia. Australia is a highly attractive destination due to the location of the Company's asset base and management knowledge, low political risk, high gold endowment, weakening Australian dollar (which benefits US dollar denominated gold revenue) and an environment of cost deflation. Evolution has also entered into a farm-in and joint venture arrangement with Emmerson Resources Ltd ("Emmerson Resources") over the highly prospective Tennant Creek gold-copper project located in central Northern Territory, Australia. Historically one of Australia's highest grade gold and copper fields, having produced more than 5.560 million ounces of gold and 0.488 million tonnes of copper from a variety of deposits, many of which are located within Emmerson Resources' tenement portfolio.

After a 24% fall in gold price during the financial year ending 30 June 2013, average realised gold price in the current year was 9% lower than the previous year. The average realised gold price was A$1,442/oz compared to the previous year's average realised price of A$1,582/oz. The average realised silver price was also lower by 27% during the financial year at A$22.07/oz compared to prior year's average realised price of A$28.09/oz. Evolution has responded to the lower price environment by implementing a number of productivity and efficiency initiatives across all of its operations and maintaining a strict discipline in relation to all expenditure.

The Group's profit after tax for the period was $50.017 million as compared to a loss in prior year of $307.421 million, which was impacted primarily by the impairment of assets. Before the impact of impairment in 2013, the 2014 underlying profit increased by 13% to $50.017 million compared to $44.443 million in 2013. The increased profit was a result of a combination of the Company's Mt Carlton operation coming into commercial production from 1 July 2013 and continued cost reduction focus at all mines.

Sales revenue for the period was $634.420 million, 5% higher than the prior period sales of $605.034 million, primarily due to commercial production from the Company's Mt Carlton operation in the current year and resultantly 747% higher silver and 2% higher gold sales. The average Australian dollar gold price realised from sales was $1,442/oz, with 80% of sales sold on spot markets at an average price of $1,415/oz, with the remaining 20% sold into the hedge book at an average price of $1,553/oz.

Gold production[(1)] for the period was 427,703 ounces, 9% higher than the prior period of 392,920 ounces, primarily due to the Company's newest mine Mt Carlton delivering gold equivalent production of 87,952 ounces in the first year of commercial production from 1 July 2013. In comparison to the prior year, production was lower at the Company's other operations with Cracow (down 7%), Edna May (down 7%), Pajingo (down 29%), Mt Rawdon (down 2%) primarily due to lower grade of ore processed.

Total cost of sales for the period increased by 8% to $539.806 million compared to the prior period of $498.757 million. The increase in the majority of the costs is explained by volume variances on costs due to higher volume of ore processed, higher selling and transportation costs due to shipments of Mt Carlton concentrate, stock value adjustments related to the lower gold price at year end and an increase in depreciation and amortisation primarily from Mt Carlton commencing production. Total cost of sales excluding Mt Carlton decreased by 19%.

Operating cash flow for the period was lower by 13% to $202.197 million, compared to the prior period of $232.990 million due to reduced operating creditors and higher interest payments. Investment cash outflows were $169.865 million, a reduction of 63% compared to the prior year outflows of $457.066 million as a result of the completion of Mt Carlton construction project at the end of June 2013 and strict capital discipline for the current period by way of prioritising and rescheduling capital projects where appropriate. Cash outflows from financing activities were $14.387 million compared to an inflow of $95.954 million in the prior year. Closing cash balance was $31.607 million.

Capital expenditure for the period was $154.386 million, consisting of $76.419 million of sustaining capital and $77.967 million of growth capital.

(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, 1:62.5 for the March quarter 2014 and 1:65.6 for the June quarter 2014.

The Company ended the year with net debt of $106.735 million (30 June 2013: $117.618 million) and a gearing ratio of 12% (net debt to net debt plus equity). The Company maintains available credit of $73.216 million on its $200 million credit facility established in November 2012.

In accordance with the Board's announcement for dividend as part of the annual financial statements for prior year, the Company paid its maiden dividend in September 2013 equivalent to 2% of its gold equivalent sales revenue equating to $7.086 million. Based on a good half yearly performance for the period ending 31 December 2013 the Company declared an interim dividend of 1 cent per share amounting to $7.087 million in March 2014.

The Board has also approved a final dividend of 2% of gold equivalent sales revenue for the year ended 30 June 2014, payable on 3 October 2014.

Financial Summary for the year ended	**30 June 2014 $'000**	**30 June 2013 $'000**	**% Change**
Gold price received (A$/oz)	1,442	1,582	(9%)
Silver price received (A$/oz)	22.07	28.09	(21%)
Total Revenue	634,420	605,034	5%
Cost of sales (excluding D&A)	(397,060)	(358,286)	(11%)
Corporate, Admin, Exploration and other costs	(29,804)	(35,023)	15%
EBITDA [(1)]	207,556	211,725	(2%)
EBIT [(1)]	63,732	70,340	(9%)
Reported Net Profit/(Loss)	**50,017**	**(307,421)**	-
Unit Operating Cost (A$/oz)	781	790	1%
Capital Expenditure	154,386	374,745	59%

(1) EBITDA and EBIT are non-IFRS financial information and are not subject to audit.

2. Key highlights during the year

The key highlights during the year included:

- On 1 July 2013 Cracow transitioned to owner mining contributing to a 32% reduction in the unit operating cost of mining compared to the prior year.

- On 18 July 2013 the Company announced the commencement of commercial production at Mt Carlton effective 1 July 2013 following the successful commissioning of all key components of the processing plant. Mt Carlton performed strongly throughout its first year of operation with gold equivalent production of 87,952 ounces at a C1 cash cost of $675/oz and AISC of $886/oz.

- On 2 September 2013 Evolution announced an increase in the gold hedge volume to 225,684 ounces at A$1,590 per ounce. The objective of the additional hedging was to provide sufficient cash flows for the Group and to underpin the projected returns from the Edna May gold mine and ensure that the mine not only generates sufficient cash flow to self-fund all of its near-term capital expenditure (major stripping) but also provides an appropriate return on the capital commitment.

- On 17 April 2014 Evolution announced that the Board had approved a change to owner-operator of the load and haul function at Mt Rawdon. The changeover occurred at the beginning of the first quarter in FY15 with the transition process undertaken during the fourth quarter of FY14.

- On 12 June 2014 Evolution announced that it has entered into a farm-in and joint venture arrangement with Emmerson Resources (ASX:ERM) over the highly prospective Tennant Creek gold copper project located in the Northern Territory. The Tennant Creek Mineral Field is historically one of Australia's highest grade gold and copper fields, having produced more than 5.560 million ounces of gold and 0.488 million tonnes of copper from a variety of deposits many of which are located in Emmerson Resources tenement profile. As part of the agreement the Company paid $0.5 million to Emmerson Resources for the initial exploration expenditure.

- On 25 June 2014 the Company announced an updated Mineral Resource and Ore Reserve estimate as at 31 December 2013. Group Ore Reserves are now estimated at 52.07 million tonnes at 1.57g/t gold equivalent ("AuEq") for 2.625 million ounces gold equivalent, a decrease of approximately 0.945 million ounces compared with the estimate at 31 December 2012 of 75.9 million tonnes at 1.50g/t AuEq for 3.570 million ounces gold equivalent. Group Mineral Resources are estimated at 106.96 million tonnes at 1.66g/t AuEq for 5.700 million ounces gold equivalent, a decrease of approximately 1.991 million ounces compared with the estimate at 31 December 2012 of 147.7 million tonnes at 1.6g/t AuEq for 7.691 million ounces gold equivalent. The change has occurred from the depletion by mining, the use of more conservative economic parameters and modelling techniques and a more stringent application of economic constraints appropriate to the type of individual ore body concerned.

- 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 Catalpa Resources Ltd carry forward losses due to passing the Continuity of Ownership Test and $17.868 million of Conquest Mining Ltd carry forward losses due to passing the Same Business Test.

- One of the key financial highlights for the year was that all five mine sites were profitable and generated a positive cash flow for the year. Mt Rawdon and Cracow were the two largest contributors to profit and Mt Carlton and Cracow were biggest cash contributors.

- During the year Evolution successfully reduced the Company's net debt position from $117.618 million for the year ending 30 June 2013 to $106.735 million. This was achieved through a higher closing cash balance of $31.607 million, slightly offset by an increase in short term debt with the revolving credit facility outstanding balance of $126.784 million remaining unchanged.

3. Group operating performance

Group safety performance saw a continued improvement over the last 12 months. The total recordable injury frequency rate per million work hours reduced from 19.9 to 11.7 and the lost time injury frequency rate was also reduced from 3.7 to 1.7. Strategies to continuously identify and manage risks in the workplace remain a high priority.

Evolution's gold equivalent production for the year ended 30 June 2014 was 427,703 ounces (2013: 392,920 ounces) at a unit cash cost of $781/oz (2013: $790/oz) and was within the Company's original guidance of 400,000 - 450,000 ounces at $770/oz - $820/oz.

The Group Key Metrics table provides key operating and financial metrics for Evolution relative to the prior financial year. This table shows Evolution has invested significantly across the asset portfolio to enhance operational predictability.

Group Key Metrics for the year ended	30 June 2014	30 June 2013	% Change
Total UG ore mined (kt)	829	827	-%
Total lateral development (m)	11,083	13,449	(18%)
OP ore mined (kt)	6,631	7,532	(12%)
OP waste mined (kt)	18,127	37,169	(51%)
Processed tonnes (kt)	7,720	7,172	8%
Grade processed (g/t gold)	1.98	1.90	4%
Gold Production (oz)	**427,703**	**392,920**	**9%**
Unit cash operating cost ($/oz)	781	790	1%
All in sustaining cost ($/oz)	1,083	1,228	12%

Production volumes

Gold production increased by 9% overall with the company's newest mine Mt Carlton performing very well producing 87,952oz in its first year of production to offset lower production at the other four mines due to lower grade and lower tonnes processed.

Edna May produced 7% lower production due to lower head grade (8% lower grade), while Pajingo had 29% lower production (35% reduced throughput), and Mt Rawdon had 2% lower production (9% lower grade). Cracow had 7% lower production (6% lower grade). The Group's focus in the low gold price environment was for each mine to reduce costs and deliver positive cash flows.

Total Gold Production (oz) for the year ended	30 June 2014	30 June 2013	% Change
Cracow	95,064	102,560	(7%)
Pajingo	60,766	85,918	(29%)
Edna May	80,165	86,216	(7%)
Mt Rawdon	103,756	106,089	(2%)
Mt Carlton (1)	87,952	12,138	625%
Group Total	**427,703**	**392,921**	**9%**

(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, 1:62.5 for the March quarter 2014 and 1:65.6 for the June quarter 2014.

Production costs

The Group's unit cash cost of $781/oz was 1% lower than the prior year despite rising input costs (predominantly labour and power).

Cracow unit costs reduced by 16% on the back of the transition to owner mining from 1 July 2013. Unit mining costs reduced by 32% during the year.

Pajingo and Edna May had lower operating costs (3% to 6%) driven by cost reduction focus and lower throughput. Unit costs however experienced increases (11% - 13%) driven by lower grade and throughput.

Mt Rawdon incurred 7% higher operating costs during the year at $69.538 million due to longer ore haul distance and transition costs associated with the commencement of owner mining operations from 1 July 2014.

Unit Cash Operating Costs ($/oz) for the year ended	30 June 2014	30 June 2013	% Change
Cracow	728	867	16%
Pajingo	894	807	(11%)
Edna May	1,017	900	(13%)
Mt Rawdon	670	613	(9%)
Mt Carlton	675	N/A	N/A
Weighted Average	**781**	**790**	**1%**

Capital costs

Total capital investment across the Group decreased by 59% to $154.386 million for the year. The primary drivers of the reduction in capital expenditure were the completion of construction at Mt Carlton and the disciplined approach to sustaining capital through a reduction in underground development and open pit capital waste. Excluding Mt Carlton, capital investment decreased by 37% during the year with all sites achieving large reductions through concerted efforts to prioritise and reschedule capital expenditure and capital waste movements.

Capital Expenditure	30 June 2014 $'000	30 June 2013 $'000	% Change
Cracow	29,556	47,237	37%
Pajingo	26,926	57,892	53%
Edna May	17,381	34,036	49%
Mt Rawdon	55,312	67,139	18%
Mt Carlton	25,211	168,441	85%
Group total	**154,386**	**374,745**	**59%**

Further split of capital expenditure is summarised below:

Sustaining Capital Expenditure	30 June 2014 $'000	30 June 2013 $'000	% Change
Cracow	24,142	35,241	31%
Pajingo	19,693	32,486	39%
Edna May	10,882	10,474	(4%)
Mt Rawdon	12,086	12,923	6%
Mt Carlton	9,616	N/A	N/A
Group total	**76,419**	**91,124**	**16%**

The reduction in sustaining capital expenditure during the year reflects strong discipline from sites to prioritise, reduce and reschedule capital expenditure, where it could be appropriately done without compromising future operational performance.

Growth Capital Expenditure	30 June 2014 $'000	30 June 2013 $'000	% Change
Cracow	5,415	11,900	55%
Pajingo	7,233	25,405	72%
Edna May	6,499	23,562	72%
Mt Rawdon	43,225	54,216	20%
Mt Carlton	15,595	164,413	91%
Group total	**77,967**	**279,496**	**72%**

Growth capital expenditure for the year ended 30 June 2014 of $77.967 million was $201.530 million or 72% lower with the completion of Mt Carlton construction project and all other sites reduced mine development activity at all other sites.

The primary driver of capital investment at sites is mine development, with the key metric for underground mines being lateral development while for the open pit mines the key metric is the amount of waste material removed. For this financial year there was a significant decrease in both underground lateral development and open pit waste material removal.

The amount of lateral development metres decreased significantly at Cracow, in response to the configuration of ore sources with development access completed last financial year. High levels of lateral development were maintained at Pajingo with commensurate improvements to mine scheduling and optimisation of reserves.

Total Lateral Development (m)	30 June 2014	30 June 2013	% Change
Cracow	6,095	8,021	(24%)
Pajingo	4,988	5,428	(8%)
Group total	**11,083**	**13,449**	**(18%)**

Open pit waste mined was 51% lower due to cessation of open pit activity at Pajingo, reducing stripping of Edna May Stage 2 and lower Mt Carlton waste stripping following the initial cut backs of A39 and V2 during construction.

Total Open Pit Waste Mined (kt)	30 June 2014	30 June 2013	% Change
Pajingo	N/A	5,413	N/A
Edna May	2,052	6,524	(69%)
Mt Rawdon	11,264	15,325	(26%)
Mt Carlton	4,811	9,907	(51%)
Group Total	**18,127**	**37,169**	**(51%)**

4. Site operating performance

Cracow

The Cracow Gold Mine produced 95,064 ounces (30 June 2013: 102,560 ounces) of gold at a unit cash cost of $728/oz (30 June 2013: $867/oz), compared to guidance of 82,500 – 90,000 oz at $840/oz - $890/oz.

The table below displays the key operating metrics for Cracow. Cracow has successfully achieved gold production above the market guidance from good operations and strong gold grades. The reduced production is driven primary by a 6% reduction in processed head grade compared to prior year.

Cracow - for the year ended	30 June 2014	30 June 2013	% Change
Total UG ore mined (kt)	519	495	5%
Total lateral development (m)	6,095	8,021	(24%)
Processed tonnes (kt)	514	522	(2%)
Grade processed (g/t gold)	6.12	6.53	(6%)
Gold production (oz)	**95,064**	**102,560**	**(7%)**
Unit cash operating cost ($/oz)	728	867	16%
All in sustaining cost ($/oz)	1,058	1,446	27%
Capital expenditure ($'000)	29,556	47,237	37%

Decreased mining costs during the period were primarily due to the transition to owner-mining on 1 July 2013 and resultant drop in mining costs reducing the unit cash operating costs by 16% to $728/oz (2013 : $867/oz).

Cracow has also focused on reducing capital expenditure as evident from the reduction in lateral development to 6,095m. The operation was able to successfully reduce lateral development, as there has been a large focus on the capital development to open up new sections of the mine in the prior year.

Pajingo

The Pajingo Gold Mine, produced 60,766 ounces of gold (30 June 2013: 85,918 ounces) at a unit cash cost of $894/oz (30 June 2013: $807/oz) compared to guidance of 72,500 – 80,000 oz at $800/oz - $850/oz.

The table below displays the key operating metrics for Pajingo. Gold production reduced by 29%, due to lower plant throughput, cessation of open pit operations and 6% lower ore from underground mining operations during the year. This impact was partly offset by higher grade of ore processing during the year. Unit cost increase was contained to 11% despite 29% lower production. This was achieved from continued focus on cost control and cost reduction projects. Pajingo achieved sustainable cost reductions by organisational restructuring and reduction in fixed costs such as reduction in the plant contractor costs.

Cash operating costs were $15.007 million lower in the year due to no open pit mining activity and significant cost reduction focus, resulting in overall unit operating cost at $894/oz. Reduced capital expenditure of 53% during the year was a result of no open pit mining activity and 8% lower underground development activity.

Pajingo - for the year ended	30 June 2014	30 June 2013	% Change
Total UG ore mined (kt)	310	331	(6%)
Total lateral development (m)	4,988	5,428	(8%)
OP ore mined (kt)	-	357	N/A
OP waste mined (kt)	-	5,413	N/A
Processed tonnes (kt)	398	611	(35%)
Grade processed (g/t gold)	4.96	4.57	9%
Gold production (oz)	**60,766**	**85,918**	**(29%)**
Unit cash operating cost ($/oz)	894	807	(11%)
All in sustaining cost ($/oz)	1,291	1,461	12%
Capital expenditure ($'000)	26,926	57,892	53%

In response to lower gold prices, the mine placed strong focus on cost reduction during the year and achieved an 21% reduction in production drilling costs (all-in). 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 undertaken at Pajingo has resulted in total site costs (including capital) per month being 41% lower (FY14 average of A$6.874 million) when compared to FY13 average monthly total site costs of A$11.734 million.

Edna May

The Edna May Gold Mine produced 80,165 ounces of gold (30 June 2013: 86,216 ounces) at a unit cash cost of $1,017/oz (30 June 2013: $900/oz), compared to guidance of 85,000 - 95,000 oz at $800/oz - $850/oz.

The table below displays the key operating metrics for Edna May. Lower production during the year (7%) was a result of an 8% reduction in the grade processed compared to the previous year.

Edna May - for the year ended	30 June 2014	30 June 2013	% Change
OP ore mined (kt)	2,101	2,856	(26%)
OP waste mined (kt)	2,052	6,524	(69%)
Processed tonnes (kt)	2,547	2,607	(2%)
Grade processed (g/t gold)	1.04	1.13	(8%)
Gold production (oz)	**80,165**	**86,216**	**(7%)**
Unit cash operating cost ($/oz)	1,017	900	(13%)
All in sustaining cost ($/oz)	1,213	1,163	(4%)
Capital expenditure ($'000)	17,381	34,036	49%

Numerous cost reduction initiatives were achieved during the year with sustained savings in power and camp costs. The secondary crushing trials were completed in the year and the hired mobile crusher was demobilised. In response to the lower gold prices, total material movement was significantly reduced, following a move to mining on day-shift only during the year. The operation achieved a 69% reduction in total capital and operating waste movement during the year due to rescheduling the Stage 2 cutback. The operation has also deployed a larger capacity mining fleet to improve productivity in FY15.

Mt Rawdon

The Mt Rawdon Gold Mine produced 103,756 ounces of gold (30 June 2013: 106,089 ounces) at a unit cash cost of $670/oz (30 June 2013: $613/oz), compared to guidance of 95,000 - 110,000oz at $725/oz - $775/oz.

The table below displays the key operating metrics for Mt Rawdon. A strong operating performance and reliable process plant delivered good gold production. The low unit cash costs compared to guidance were able to be achieved from productivity improvements including infrastructure development reducing the load and haul times and improved blasting techniques using electronic detonators and larger diameter holes. The increase in unit cash operating costs (9%) in comparison to the prior year was caused by decreased gold production, a result of the lower grade processed of 0.98g/t.

Mt Rawdon - for the year ended	30 June 2014	30 June 2013	% Change
OP ore mined (kt)	3,638	3,753	(3%)
OP waste mined (kt)	11,264	15,325	(26%)
Processed tonnes (kt)	3,574	3,329	7%
Grade processed (g/t gold)	0.98	1.08	(9%)
Gold production (oz)	**103,756**	**106,089**	(2%)
Unit cash operating cost ($/oz)	670	613	(9%)
All in sustaining cost ($/oz)	854	882	3%
Capital expenditure ($'000)	55,312	67,139	18%

The operation mined a total of 26% less waste at 11,264kt (2013: 15,325kt) during the year due to a major focus on maintaining ore supply to the mill.

Mt Rawdon has over the last 14 years employed a contractor for load and haul services with this contract finishing 30 June 2014. Following the success of the Cracow transition and a detailed review, several cost benefits were identified highlighting the significant advantage of operating as an owner miner. Mt Rawdon successfully transitioned the load and haul function during the fourth quarter of FY14.

Mt Carlton

The Mt Carlton gold-silver-copper mine commenced commercial production during the 2014 financial year producing 87,952 ounces of gold equivalent significantly above the guidance of 65,000oz – 75,000oz at a unit cash cost of $675/oz, well below guidance of $700/oz-$750/oz.

Mt Carlton produces two distinct precious metal concentrates, a gold-silver-copper concentrate from the V2 deposit and a silver-copper concentrate from the A39 deposit. The mining and processing of these two ore bodies was done in approximately 3 month campaigns. Concentrate production has been delivered to off take customers within specific requirements. Mining for the current campaign of the A39 deposit was finished in FY14 with remaining material to be processed in the first quarter of FY15.

In its first year of commercial production, Mt Carlton had a very strong performance with gold equivalent production of 87,952oz.

The table below displays the key metrics for Mt Carlton. Production for the 2014 financial year was from both the A39 silver deposit and V2 gold deposit. With a total of 2,894,028 ounces payable silver contained in 30,522 dry metric tonnes (dmt) of silver concentrate produced with average silver recoveries of 83.62%, and a total of 42,245 ounces payable gold contained in 25,255 dmt of gold concentrate was also produced with an average gold recovery of 87.06%.

Mt Carlton - for the year ended	**30 June 2014**	**30 June 2013**	**% Change**
OP ore mined (kt)	893	567	57%
OP waste mined (kt)	4,811	9,907	(51%)
Processed tonnes (kt)	687	103	567%
Grade processed (g/t gold) [1]	5.80	6.16	(6%)
Gold equivalent production (oz) [1]	**87,952**	**12,138**	**625%**
Unit cash operating cost ($/oz)	675	N/A	N/A
All in sustaining cost ($/oz)	886	N/A	N/A
Capital expenditure ($'000)	25,211	168,441	85%

(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, 1:62.5 for the March quarter 2014 and 1:65.6 for the June quarter 2014.

In order to obtain efficiencies and reduce costs from the operation, further cost reduction strategies are being employed including reduction in power costs, an increase in mill throughput from 800,000tpa to 900,000tpa, improvement in the product recovery through plant process control, and further improvements to the efficiency of the concentrate bagging system by the use of larger bags.

5. Group financial performance

The Company reported a profit of $50.017 million compared to a loss of $307.421 million in the prior year. Before non-recurring items, the underlying net profit was $50.017 million compared to $44.443 million in the prior year.

Financial Summary – for the year ended	30 June 2014 $'000	30 June 2013 $'000	% Change
Total Revenue	634,420	605,034	5%
Cost of Sales (excluding D&A) [1]	(397,060)	(358,286)	(11%)
Corporate, Admin, Exploration and other costs	(29,803)	(35,023)	15%
Underlying EBITDA [1]	**207,556**	**211,725**	(2%)
Depreciation and Amortisation (D&A)	**(143,824)**	**(141,384)**	(2%)
Underlying EBIT [1]	**63,732**	**70,340**	(9%)
Net interest expense [2]	(13,715)	(6,851)	(106%)
Underlying tax expense [3]	-	(19,047)	N/A
Underlying Net Profit [1]	**50,017**	**44,443**	**13%**
Asset and investment impairments	-	(384,285)	N/A
Other Tax effected amounts	-	32,421	N/A
Reported Net Profit/(Loss)	**50,017**	**(307,421)**	**-**
Cash flow from operating activities	**202,197**	**232,990**	**(13%)**

(1) Cost of sales excluding depreciation and amortisation ("D&A"), earnings before interest, taxes, depreciation and amortisation ("EBITDA"), earnings before interest and tax ("EBIT") and underlying net profit are non-IFRS financial information and are not subject to audit. Underlying profit is the reported profit for the period before non-recurring income or expenses.

(2) Net interest expense is interest and other income less interest charged for the period.

(3) Underlying tax expense is the estimated tax expense on underlying earnings before any tax impacts generated by non-recurring income or expense.

Performance relative to the previous financial year

The underlying net profit increased by 12% from $44.443 million to $50.017 million despite a decrease of 9% in average gold price at $1,442/oz (2013: $1,582/oz). Revenue increased by 5% while EBITDA decreased by 2% during the year. Production volume increased by 9% and cash cost reduced by 1%.

The $5.574 million increase in underlying net profit relative to the prior year is due to the combined effect of $29.386 million increase in sales, offset by $38.774 million higher costs, $2.440 million higher depreciation and amortisation charge and $16.997 million lower charge for tax, interest and corporate. The higher costs and D&A relates predominately to a full year of production at Mt Carlton offset by lower production driven D&A and lower asset base due to impairment expense in the prior year across all other sites.

Performance relative to first half year of financial year 2014

The Underlying Profit for the six months to 31 December 2013 was $35.449 million, with the second half delivering $14.568 million of Underlying Profit.

The key drivers of reduced earnings in the second half of financial year 2014 were a $7.448 million reduction (2%) in sales revenue (3% lower gold sales volumes), an $11.639 million increase in cost of sales and $3.515 million higher charge for interest and corporate. A $2.293 million depreciation and amortisation charge in recognition of revised and Board approved mineral reserves and resources. In addition $7.189 million of Mt Carlton A39 run-of-mine ("ROM") inventory was also written off on a conservative basis due to lower stockpile grade. The Company is reviewing different options to commercially convert this material.

Historical Performance

The table below sets out summary information about the Company's earnings and movements in the Company's share price for the last 5 years.

	30 June 2014 $'000	30 June 2013 $'000	30 June 2012 $'000	30 June 2011 $'000	30 June 2010 $'000
Revenue	634,420	605,034	469,484	121,870	22,274
Net Profit/(loss) before tax	50,017	(320,795)	66,483	3,955	(4,520)
Net Profit/(loss) after tax	50,017	(307,421)	37,313	(2,303)	5,547
Underlying Net Profit/(loss)	50,017	44,443	63,395	(1,621)	(2,209)
Share price at start of year($)	$0.57	$1.46	$1.36	$1.62	$1.10
Share price at end of year($)	$0.70	$0.57	$1.46	$1.36	$1.62
Dividends (cents per share)	2	1[(1)]	-	-	-
Basic earnings/(loss) per share (cents per share)	7.06	(43.43)	7.10	(1.37)	3.93

[(1)] 2013 dividend was paid out of the 2014 profits.

Asset impairment amounts

Accounting standards require an entity to assess at each reporting date whether there is an indication that an asset book value may be impaired. Where the indicators are present, a full review of the recoverable amount of the assets at the cash generating unit ("CGU") level is required. Any excess of asset book value at the reporting period, over the recoverable value, is impaired.

At the reporting date, the Company conducted the review of its tangible and other assets and no assets were found to be impaired.

In the 2013 financial year the primary impairment indicator was the 24% reduction in the US dollar gold price from US$1,584/oz to US$1,198/oz. With the US dollar gold price strongly influencing market valuations and market sentiment around gold equities. Whilst in Australian dollar terms the price fell less, some 17% from $1,554/oz to $1,291/oz, it was significant enough to warrant a review of the carrying value of assets. The other main commodity which impacts revenue was silver, with the Australian dollar silver price reducing by 24% over the 2013 year from $26.62/oz to $20.34/oz.

The review for FY13 resulted in the recognition of a total impairment loss of $384.285 million, comprising a reduction in the carrying value of goodwill ($18.365 million), mine development ($288.941 million), exploration assets ($69.292) and the fair value loss in the available for sale investments ($7.687 million).

This impairment effectively reversed the fair value uplift of $343.055 million that was applied to assets in November 2011 following the formation of Evolution.

The impairment was a non-cash item and therefore had no impact on the Company's cash position. The written down asset values did not create any concern with regard to covenants around the Company's debt facility.

Revenue

Revenue	$'000	$'000
Total Sales Revenue for the twelve months ended 30 June 2013		605,034
Changes in revenues:		
Volume		
Gold	9,818	
Silver	70,056	
Copper	8,496	88,370
Price		
Gold	(53,521)	
Silver	(5,463)	(58,984)
Total Sales Revenue for the twelve months ended 30 June 2014		**634,420**

Evolution delivered a 5% increase ($29.386 million) in revenue to $634.420 million, despite a 9% reduction in the average realised gold price and 21% reduction in the average realised silver price. The contribution from gold sales revenue was $552.722 million (2013: $596.389 million) from the sale of 383,184 ounces of gold (2013: 376,978 ounces) at an average realised price of $1,442/oz. Silver sales generated revenue of $73.201 million (2013: $8.645 million) from the sale of 3,312,830 ounces (2013: 307,726 ounces) of silver at an average price of $22.10/oz. Copper sales generated revenue of A$8.497 million (2013: Nil).

Approximately 80% of the volume was sold on spot markets at an average price of $1,414/oz with the remaining 20% sold into the hedge book at an average price of $1,553/oz.

Increased sales revenue was achieved due to the full year contribution of sales volumes from the Mt Carlton gold-silver-copper mine which commenced commercial production on 1 July 2013.

Of the silver sales, 2,762,111 ounces of silver was from Mt Carlton A39 mine generating revenue of $60.782 million. Copper by-product revenue in the Mt Carlton V2 and A39 concentrate contributed to $8.497 million of revenue.

On 2 September 2013 Evolution announced an increase in the gold hedge volume to 225,684 ounces at A$1,590 per ounce. The objective of the additional hedging was to provide sufficient cash flows for the Group and to underpin the projected returns from the Edna May gold mine and ensure that the mine not only generates sufficient cash flow to self-fund all of its near-term capital expenditure (major stripping) but also provides an appropriate return on the capital commitment.

At year end the Company had delivery of 164,319 ounces remaining in its hedge book at an average deliverable price of A$1,597/oz.

Cost of sales

Cost of Sales	30 June 2014 $'000	30 June 2013 $'000	Change $'000	% Change
Site production costs	344,408	361,579	17,171	5%
Royalties	32,497	30,428	(2,069)	(7%)
Selling and transportation costs	12,244	2,137	(10,107)	(473%)
Inventory movements	7,911	(35,858)	(43,769)	-
Operating costs	397,060	358,286	(38,774)	(11%)
D&A	142,746	140,471	(2,275)	(2%)
Cost of sales	**539,806**	**498,757**	**(41,049)**	**(8%)**

Excluding the additional costs associated with the introduction of Mt Carlton, the cost of sales at Cracow, Pajingo, Edna May and Mt Rawdon reduced by 16% relative to the prior period. Cost of sales, inclusive of depreciation and amortisation ("D&A") and Mt Carlton increased by 8% to $539.806 million from $498.757 million.

Included in Cost of Sales was $397.060 million of operating costs and $142.746 million of D&A expense. Operating costs included $144.501 million of mine operating costs, $143.631 million of processing $32.497 million of royalty expense, $35.573 million of site administration and $12.243 million of transport, selling and distribution expenses. Higher inventory movement costs in the current year relate to lower Ore and Metal in Circuit inventory associated with drawdown of stocks, compared to build up ROM stocks in the prior year.

Mine Operating Costs

Relative to the prior period, Group unit cash operating costs decreased by 1% or $9/oz. The current year result included Mt Carlton for the first time, with Cracow showing a vast improvement and Edna May having significantly higher unit costs due to lower production caused predominantly by lower grade.

Unit cash operating cost at Cracow decreased by 16% to A$728/oz, from A$867/oz in the prior year. This reduction in unit cost was primarily due to the move to owner mining from 1 July 2013. Reducing mining costs while still achieving higher volumes of ore mined which increased by 5%. Cracow was still able to achieve this despite a 6% reduction in head grade from 6.53g/t in the prior period to 6.12g/t.

Unit cash operating cost at Mt Rawdon increased by 9% to A$670/oz, from A$613/oz in the prior period. This was caused by a decrease in production by a 9% reduction from lower head grade and lower ore mined 2,564kt compared to 3,753kt in the prior 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 13% to A$1,017/oz, from A$900/oz in the prior period. This increase was driven by a 8% reduction of grade to 1.04 g/t, (2013: 1.13 g/t) and an 28% reduction in the amount of ore mined to 2,066kt (prior period 2,856kt). Significant work is currently underway to improve processing throughput and plant availability. The Knelson Concentrator tails redirection project was prioritised during the second quarter based on some of the learning from the now completed secondary crushing trial. Significant improvement was made across production volumes and mill ball consumption which is already evident with the processed tonnes despite the lower mining tonnes only reducing by 2%.

Unit cash operating cost at Pajingo increased by 11% to A$894/oz in the year, from A$807/oz in the prior period. This increase was predominantly caused by a 29% decrease in production largely due to timing issues associated with accessing high-grade stoping panels in the Sonia ore body. Pajingo was able to achieve some cost reductions through mine and technical organisational structure reviews and restructuring with employment levels in mining and processing reduced, which has delivered lower operating costs with mining costs reducing 10% from the prior period.

During its first year of operations, Mt Carlton performed well with unit cash operating cost of $675/oz. Utilising ore coming from both the A39 silver and the V2 gold pits during the period. Mt Carlton produced 87,952 ounces(1) at an average gold equivalent grade of 5.80g/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 increased by 1% to $142.746 million, compared to $140.741 million in the prior period. This included a charge of $30.856 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 year reduced by $28.851 million or 20% compared to the prior period, driven by the reduced asset base as a result of recognition of an asset impairment in June 2013 partly offset by a lower resource multiple as part of the updated reserves and resources.

Other Expenses

Administration cost for the year was $20.868 million which was 17% lower than the $25.020 million cost in the prior year. Cost reductions were a result of reduced consultant and advisory labour expenses.

Discovery

Evolution's Discovery program is focused on making a transformational discovery and expediting mine life extensions within the prospective 5,965 square kilometre 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.
- 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).

Total Discovery expenditure during the year was $17.028 million, a $9.241 million reduction compared to the prior year expenditure of $26.269 million. The total Exploration portion of the Discovery expenditure which was expensed through the profit and loss for the year was $6.252, $2.825 million lower than the prior year of $9.077 million. A total of 28,623ms of drilling was completed throughout the year for underground resource definition and exploration.

Financing

Finance costs for the year were $14.384 million or 67% higher than the prior year costs of $8.589 million. Finance costs comprise interest on debt finance, interest on lease finance, unwinding of discount on rehabilitation provision and amortisation of establishment costs relating to the revolving credit facility. Increased costs were driven by the first full year of borrowing costs under the Company's Revolving Credit Facility, compared to partial year borrowing costs in the prior year. Higher interest costs were also driven by the lease financing of mining equipment at the Cracow mine as a result off the transition to owner mining and for the prior year the Mt Carlton portion of finance costs being capitalised while it was under construction.

(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, 1:62.5 for the March quarter 2014 and 1:65.6 for the June quarter 2014.

Taxation

In the current year, no income tax expense or benefit has been recognised. As at year end, the balance sheet carried no deferred tax asset or liability which is a result of a deferred tax asset being recognised in respect of an asset impairment. We note that the deferred tax asset has been recognised up to the amount of the deferred tax liability. 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 Resources Ltd carry forward losses due to passing the Continuity of Ownership Test and $17.868 million of allowable Conquest Mining Ltd carry forward losses due to passing the Same Business Test. The company recognised a $23.503 million tax benefit in the current period.

Segment performance

The performance of Evolution's assets varied across all sites for the underlying mine EBIT level. Mt Rawdon and Cracow were the Group's greatest contributors of EBIT at 27% and 28% each with Pajingo the lowest contributor to EBIT, at 14% of the Group. Mt Carlton performed well throughout the year contributing 15% of EBIT during its first year of commercial operation.

Financial Results Summary 30 June 2014	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total
Revenue	139,040	91,074	120,751	148,795	134,760	**634,420**
Operating Costs	(80,467)	(64,513)	(85,143)	(79,330)	(89,913)	**(399,366)**
D & A	(31,695)	(16,015)	(20,566)	(43,614)	(30,856)	**(142,746)**
Total Cost of Sales	(112,162)	(80,528)	(105,709)	(122,944)	(120,769)	**(542,112)**
Underlying Mine EBIT	26,878	10,546	15,042	25,851	13,991	**92,308**
Corporate, admin, exploration and other						**(28,576)**
Net finance costs						**(13,715)**
Net income tax expense						**0**
Net Profit/(loss)						**50,017**

Cash flow

Cash flow from operating activities was $202.197 million, a $30.793 million reduction from the prior year (2013: $232.990 million).

Cash flow from investment activities was an outflow of $169.865 million, $287.201 million lower compared to $457.066 million for the prior year. The payments for capital expenditure related to the payment of opening capital creditors in 2014 ($11.455 million), property plant and equipment ($42.972 million), mine development ($106.980 million) and discovery expenditure ($20.037 million).

Cash outflows from financing activities were $14.387 million, a decrease of $110.341 million from the prior year. The outflows of $8.505 million for the repayment of interest bearing liabilities and the dividend payment of $14.173 million were offset against the pre-financing of the Mt Carlton shipment and insurance premium funding ($7.062 million).

The net cash inflow during the year was $17.945 million and the closing cash balance at 30 June 2014 was $31.607 million. The Company has available credit of $73.216 million on its $200.000 million credit facility.

Cash flow summary for the year ending	30 June 2014 $'000	30 June 2013 $'000	% Change
Cash flows from operating activities	202,197	232,990	(13%)
Cash flows from investing activities	(169,865)	(457,066)	63%
Cash flows from financing activities	(14,387)	95,954	-
Net increase in cash and cash equivalents	17,945	(128,122)	-
Cash and cash equivalents at the beginning of the year	13,662	141,784	(90%)
Cash and cash equivalents at the end of the year	**31,607**	**13,662**	**131%**

Balance sheet

Evolution's Net Assets and Total Equity increased by $38.049 million during the year to $785.304 million.

The value of mine assets (mine development, exploration and property, plant and equipment assets) increased by 7%, or $64.747 million, during the year to $982.367 million. This included an increase of $29.685 million in the Company's rehabilitation provision as a result of a review by an external consultant.

Mt Carlton remains the Group's highest value asset with a book value of $309.637 million. The book values of the other assets are Mt Rawdon at $286.786 million, Pajingo at $136.804 million, Cracow at $134.295 million and Edna May at $112.803 million.

As at 30 June 2014, the Company had net debt, comprising total interest-bearing debt less cash, of $106.735 million. Total interest bearing debt was $138.342 million, which was comprised of short term borrowings of $11.559 million (mainly related to trade finance on Mt Carlton concentrate) and long term borrowings of $126.784 million under the Company's revolving credit facility. Net debt reduced during the period as the result of the higher closing cash balance, partly offset by higher short term debt whilst debt under the revolving credit facility remained unchanged.

The gearing ratio (net debt to net debt plus equity) as at 30 June 2014 was 12%.

Balance Sheet Summary 30 June 2014	**Jun-14 $'000**	**Jun-13 $'000**	**Jun-12 $'000**
Current Assets	123,643	102,649	219,174
Non-current Assets	985,880	919,321	1,050,276
Total Assets	**1,109,523**	**1,021,970**	**1,269,449**
Current Liabilities	(101,373)	(98,542)	(137,382)
Non-current Liabilities	(222,846)	(176,173)	(75,648)
Net Assets	**785,304**	**747,255**	**1,056,419**
Equity	(785,304)	(747,255)	(1,056,419)

Dividend

The Company paid its maiden dividend in September 2013 of $7.086 and an interim dividend of 1 cent per share amounting to $7.087 million which was paid in March 2014.

The Board of Directors also approved the implementation of a Dividend Reinvestment Plan ("DRP"). The DRP allows shareholders to elect to reinvest all or part of any dividends payable to acquire additional Evolution shares. The allotted shares in respect of the first-half FY14 interim dividend was issued at a 5% discount to the daily volume-weighted average price ("VWAP") for the 5 days immediately after the record date equating to a price of 91.92 cents per share.

The Company maintains its policy of, whenever possible, paying a dividend equivalent to 2% of Evolution's gold equivalent sales revenue. The Board has decided that despite the challenging gold market conditions, Evolution is in a sound financial position and is able to confirm its commitment to pay a dividend for the current period of one cent per share, totalling $7.100 million. Evolution shares will trade excluding entitlement to the dividend on 5 September 2014 with the record date of 9 September 2014 and a payment date of 3 October 2014.

6. Future outlook and risks

Evolution is forecasting production in FY15 of between 400,000 – 440,000 ounces gold equivalent, in line with FY14. Unit cash costs are expected to be in the range of $750/oz to $820/oz which is similar to that achieved in the year under review. At an AUD:USD exchange rate of 0.925 this equates to globally competitive unit cash costs of US$695/oz to US$760/oz.

Unit cash costs represent the costs for mining, processing and administration after accounting for movements in inventory (predominantly ore stockpiles). It includes net proceeds from by-product credits, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

The additional costs of royalties, rehabilitation, sustaining capital and corporate overheads add approximately $300/oz providing for Group All-in Sustaining Costs ("AISC") of $1,050/oz to $1,130/oz. The main items are sustaining capital (approximately $187/oz) and royalties (approximately $80/oz). The AISC does not include an allocation for the discovery budget ($20 million in FY15) or the cost of major projects – being open pit cutbacks underway at Mt Rawdon (approximately $35 million to $40 million in FY15), Edna May (approximately $20 million to $25 million in FY15), Mt Carlton (approximately $15 million to $20 million in FY15) and advanced underground development at Cracow and Pajingo (approximately $5 million – $7.5 million per site). Discovery and major projects add costs equivalent to $220/oz to $290/oz to give an All-in Cost (AIC) of $1,300/oz to $1,400/oz.

Total Group capital expenditure, which includes all sustaining and growth capital is planned to be in the range of $135 million to $175 million for the FY15. Approximately 60% of the expenditure is associated with the open pit cutbacks at Mt Rawdon and Edna May and underground development at Cracow and Pajingo.

A mine-by-mine breakdown of production, cash costs and capital expenditure forecasts is provided in the table below:

FY15 Guidance	**Gold Equiv. Production (oz)**	**Unit Cash Costs ($/oz)**	**All in Sustaining Costs ($/oz)**	**Capital Expenditure ($ million)**
Cracow	90,000-95,000	660-730	1,000-1,080	25-32.5
Pajingo	65,000-72,500	700-770	1,050-1,120	20-27.5
Mt Rawdon	100,000-110,000	660-730	880-950	45-55
Edna May	80,000-90,000	980-1,060	1,120-1,200	25-30
Mt Carlton	65,000-72,500	760-840	1,020-1,100	20-30
Group Total	**400,000-440,000**	**750-820**	**1,050-1,130**	**135-175**

Mt Carlton produces two distinct precious metal concentrates, a gold-silver-copper concentrate from the V2 deposit and a silver-copper concentrate from the A39 deposit. Mining of the current A39 deposit has now ceased and A39 stockpiled ore will continue to be treated in the first quarter of FY15. Thereafter, production will come entirely from the V2 deposit. Mt Carlton is forecast to produce approximately 52,500 – 60,000 ounces of payable gold from the V2 deposit and approximately 740,000 ounces of payable silver from the A39 deposit in FY15.

Mt Carlton production guidance shown earlier in this section refers to payable metal (i.e. after smelter deductions) and is the total of the gold produced from the V2 deposit and the silver produced from the A39 deposit after converting A39 silver production to a gold equivalent figure (on the basis of a commodity price ratio of A$1,400/oz for gold and A$23/oz for silver). Mt Carlton cash cost guidance is based on total cash operating costs across the V2 and A39 deposits less by-product credits from silver and copper in the V2 concentrate and copper in the A39 concentrate, divided by the gold equivalent production figure. A silver price of A$23/oz and a copper price of A$3.30/lb is assumed for by-product credits.

Cracow, Pajingo, Mt Rawdon and Edna May guidance shown in the table above refers only to gold production (i.e. silver production has not been included as a gold equivalent co-product but accounted for as a by-product). A silver price of A$23/oz is assumed in the unit cash cost guidance.

The gold price fell 24% during the FY13 and another 9% during the FY14. In addition to the price falls, major investment banks downgraded their gold price forecasts. This has culminated in significant falls in the share prices of gold mining companies and deterioration in stock market sentiment towards gold mining companies. Evolution has responded to the lower gold price environment by implementing a number of productivity and efficiency initiatives across all of its operations and strict discipline in relation to all capital expenditure.

Material business risks

Evolution prepares its business plan using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2014 are:

Fluctuations in the gold price and Australian dollar

The Group's revenues are exposed to both fluctuations in the gold price and movements in the Australian dollar. Volatility in the gold price and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar gold price fall.

Declining gold prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

Mineral reserves and resources

Evolution's ore reserves and mineral resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold, silver or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any part or all of Evolution's mineral resources constitute or will be converted into reserves.

Market price fluctuations of gold and silver as well as increased production and capital costs may render Evolution's ore reserves unprofitable to develop at a particular site or sites for periods of time or may render mineral reserves containing relatively lower grade mineralisation uneconomic. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require Evolution to reduce its mineral reserves and resources, which could have a negative impact on Evolution's financial results.

Replacement of depleted reserves

Evolution must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Evolution's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower reserve base. The mineral base of Evolution may decline if reserves are mined without adequate replacement and Evolution may not be able to sustain production beyond the current mine lives, based on current production rates.

Mining risks and insurance risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, cave-ins, and weather conditions (including flooding and bushfires), most of which are beyond the Company's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Company's financial performance, liquidity and results of operation.

Evolution maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and cost estimates

Evolution prepares estimates of future production, cash costs and capital costs of production for particular operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on Evolution's future cash flows, profitability, results of operations and financial condition.

Evolution's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, and floods; and unexpected labour shortages or strikes.

Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, the cost of commodities, general inflationary pressures and currency exchange rates.

Environmental, health and safety regulations; permits

Evolution's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species. Evolution's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with Evolution's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect Evolution's operations, including its ability to continue operations.

While Evolution has implemented extensive health, safety and community initiatives at its sites to ensure the health and safety of its employees, contractors and members of the community affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property, and in certain instances such occurrences could give rise to regulatory fines and/or civil liability.

Community Relations

Evolution has an established community relations function, both at a corporate level and at each of the operations. The corporate function has developed a community engagement framework, including a set of principles, policies and procedures designed to provide a structured and consistent approach to community activities across our sites whilst recognising that, fundamentally, Community Relations is about people connecting with people. Evolution recognises that a failure to appropriately manage local community stakeholder expectations may lead to dissatisfactions which has the potential to disrupt production and exploration activities.

Risk management

Evolution manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Company's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed.

The financial reporting and control mechanisms are reviewed during the year by management, the Audit Committee and the external auditors.

Evolution has policies in place to manage risk in the areas of Health and Safety, Environment and Equal Employment Opportunity.

The Leadership Team, the Risk Committee and the Board regularly review the risk portfolio of the business and the effectiveness of the Company's management of those risks.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

- On 1 July 2013 the changeover to owner mining at Cracow occurred with minimal disruption to operations. The Company now directly employs 198 personnel at Cracow, an increase of 105 from 30 June 2013. The Company now directly owns all mining equipment at Cracow and has entered into hire purchase agreements to the amount of $14.371 million.

- On 18 July 2013 the Company announced the commencement of commercial production from 1 July 2013 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 Evolution announced an increase in the gold hedge volume to 225,684 ounces at A$1,590 per ounce. The objective of the additional hedging was to provide sufficient cash flows for the Group and to underpin the projected returns from the Edna May gold mine and ensure that the mine not only generates sufficient cash flow to self-fund all of its near-term capital expenditure (major stripping) but also provides an appropriate return on the capital commitment.

- On 19 March 2014 the Company advised that the Dividend Reinvestment Plan price for the interim dividend in respect of the half year ended 31 December 2013 was 91.92 cents per share with the participation rate of 17.43% of the Company's ordinary issued shares.

- On 17 April 2014 the Company announced its decision to transition to owner mining at Mt Rawdon mine, with the changeover to occur from 1 July 2014. The Company now directly owns all mining equipment at Mt Rawdon and has entered into hire purchase agreements to the amount of $14.263 million.

- On 27 May 2014 Evolution announced that its Chief Financial Officer Mr Tim Churcher had tendered his resignation with Mr Churcher remaining with the Company until 1 July 2014.

- On 6 June 2014 Evolution announced the appointment of Mr Lawrie Conway as Finance Director and Chief Financial Officer effective from 1 August 2014.

- On 12 June 2014 the Company announced that it had entered into a joint venture arrangement with Emmerson Resources over the highly prospective Tennant Creek gold-copper project located in central Northern Territory, Australia. As part of the agreement the Company paid $0.5 million to Emmerson Resources for the initial exploration expenditure.

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 financial year.

SUBSEQUENT EVENTS

- On 1 July 2014 the changeover to owner mining at Mt Rawdon occurred with minimal disruption to operations. The Company now directly employs 178 personnel at Mt Rawdon, an increase of 83 from 30 June 2014. The Company now directly owns all mining equipment at Mt Rawdon and has entered into hire purchase agreements to the amount of $14.263 million.

- On 7 July 2014 Evolution announced that as part of the a farm in and joint venture arrangement with Emmerson Resources (ASX:ERM) ("Emmerson") over the high prospective Tennant Creek gold copper project they had purchased 49,144,000 new shares in Emmerson (13%) at the weighted 20 day average of $0.0381 for $1.872 million to be held in escrow for 12 months. With Evolution also issuing 2,504,383 new shares to Emmerson for a non-cash consideration per share of $0.7986 totalling $2.000 million, to be held in escrow for 12 months.

- Edna May Operations Pty Ltd, a wholly owned subsidiary of Evolution, received a Writ Of Summons from the Supreme Court of Western Australia on 9 July 2014 together with a Statement Of Claim filed by Mineral Crushing Services (WA) Pty Ltd claiming damages of approximately $3 million in relation to contract crushing services provided at the Edna May operation. Evolution will vigorously defend the claim.

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 breach of environmental legislation for the year under review.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

	Board Meetings		Audit Committee Meetings		Risk Management Meetings		Nomination and Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
J Klein	8	8	-	-	-	-	-	-
J Askew	8	8	-	-	3	3	2	2
L Conway	8	7	4	4	-	-	2	2
G Freestone	8	8	4	4	-	-	-	-
C Johnstone	7	6	-	-	3	3	-	-
P Marks	2	2	2	2	-	-	-	-
T McKeith	5	5	1	1	-	-	-	-
J Rowe	8	7	-	-	3	3	2	2
P Smith	1	1	-	-	-	-	-	-

A: Number of meetings held while in office.
B: Meetings attended.

DIRECTORS' INTERESTS

The following table sets out each Director's relevant interest in shares or options in shares of the Company as at the date of this report:

	Fully Paid Ordinary Shares	Share Options	Performance Rights
Jacob Klein	6,117,002	4,677,436	3,704,090[1]
Lawrie Conway	-	-	-
James Askew	500,000	488,651	-
Graham Freestone	68,523	-	-
Colin Johnstone	67,567	-	-
Thomas McKeith	100,000	-	-
John Rowe	112,582	-	-

[1]Subject to vesting conditions as described on page 35. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013.167,002 Performance Rights met the performance measures and 234,638 Performance Rights did not meet the performance right measures and therefore lapsed. The second tranche of Performance Rights were tested as at 30 June 2014. As at the date of this report, 241,626 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation, whilst 160,013 Performance Rights did not meet the performance measures and are expected to lapse subject to Board confirmation.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2014. This report contains details of the remuneration paid to the Directors and Key Management Personnel ("KMP") as well as the remuneration strategy and policies that were applicable in the 2014 financial year. The remuneration philosophy of the Board is to ensure that the Company remunerates fairly and responsibly. It is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and retain appropriately experienced Directors and employees. The remuneration strategies and practices in place have been designed to support this philosophy.

The remuneration report is presented under the following sections:

- Director and KMP details
- Summary of key terms
- Industry context
- Remuneration strategy and philosophy
- Remuneration policy
- Relationship between the remuneration policy and Company performance
- Remuneration of Directors and KMPs
- Executive service agreements
- Share-based compensation and performance rights

DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS

Directors

Except as noted, the named persons held their current positions for the whole of the financial year and up to the date of this report:

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

(i) Lawrie Conway was appointed as Finance Director and Chief Financial Officer with effect from 1 August 2014 and was a Non-Executive Director up until this date.
(ii) Appointed 30 September 2013.
(iii) Appointed 1 February 2014.
(iv) Resigned 30 September 2013.
(v) Resigned 4 November 2013.

Key Management Personnel

Except as noted, the named persons held their current positions for the whole of the financial year and up to the date of this report:

Aaron Colleran	Vice President Business Development and Investor Relations
Paul Eagle	General Manager People and Culture
Evan Elstein	Company Secretary & Vice President Information Technology and Community Relations
Mark Le Messurier	Chief Operating Officer
Roric Smith	Vice President Discovery
Tim Churcher	Vice President Finance & Chief Financial Officer (employment terminated 1 July 2014)

SUMMARY OF KEY TERMS

Below is a list of key terms with definitions used within the Director's Report:

Key Term	Definition
The Board of Directors ("the Board" or "the Directors")	The Board of Directors, the list of persons under the relevant section on page 28.
Key Management Personnel ("KMP")	Senior executives having the authority and responsibility for planning, directing and controlling the activities of the Company and are members of the senior leadership team. KMPs for the financial year ended 2014 are listed under the listed section on page 28.
Total Fixed Remuneration ("TFR")	Total Fixed Remuneration comprises a base salary plus superannuation. This is currently positioned at the median (50th percentile) of the industry benchmarking report.
Short Term Incentive ("STI") and Short Term Incentive Plan ("STIP")	STI is the short-term incentive component of Total Remuneration. The STI usually comprises a cash payment that is only received by the employee if specified annual goals are achieved. STIP refers to the plan under which the incentives are granted and paid.
Long Term Incentive ("LTI") and Long term Incentive Plan ("LTIP")	LTI is the long-term incentive component of Total Remuneration. The LTI comprises Options or Performance Rights, usually with a three year vesting period that are subject to specified vesting conditions established by the Board. Further details of the vesting conditions associated with the performance rights are detailed in vesting conditions section. Options and Performance Rights cannot be exercised unless the vesting conditions have been satisfied. LTIP refers to the plan under which LTIs are granted and is aimed at retaining and incentivising KMPs and senior managers to achieve business objectives that are aligned with shareholder interests, and are currently provided via performance rights.
Total Annual Remuneration	Total Fixed Remuneration plus STI.
Total Remuneration	Total Fixed Remuneration plus STI and LTI.
Superannuation Guarantee Charge ("SGC")	This is the employer contribution to an employee nominated superannuation fund required by law. The percentage contribution was set at 9.25% in the reporting period, and will increase to 9.50% from 1 July 2014, and is capped in line with the SGC maximum quarterly payment.
Employees and Contractors Option Plan ("ECOP")	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. The Plan is currently dormant and no further options will be issued under this plan.
Employee Share Option and Performance Rights Plan ("ESOP")	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.
Total Shareholder Return ("TSR")	TSR is the total return on an ordinary share to an investor arising from growth in the share price plus any dividends received.
Key Performance Indicators ("KPIs")	A form of performance measurement for individual performance against a pre-defined set of goals.
Peer Group	20 comparator gold mining companies selected to be included in the Peer Group to measure the Company's performance within this selected Group.
Volume Weighted Average Share Price ("VWAP")	A 30 day volume weighted average share price quote on the Australian Stock Exchange (ASX). The VWAP is to be used when assessing Company performance for TSR.
C1 Cash Cost Rank	Evolution's C1 cash cost per ounce performance relative to the Peer Group.
Fees	Fees paid to Executive and Non-Executive Directors for services as a Director, including sub-committee fees as applicable.

REMUNERATION GOVERNANCE

The Board of Directors ("the Board") established a Nomination and Remuneration Committee, consisting solely of Non-Executive Directors, with the delegated responsibility to report on and make recommendations to the Board on the:

- appropriateness of the remuneration policies and systems, having regard to whether they are:
  - relevant to the Company's wider objectives and strategies;
  - legal and defensible;
  - in accordance with the human resource objectives of the Company;
- performance of the Executive Directors (on an annual basis) and ensure there is a process for determining key performance indicators for the ensuing period; and
- remuneration of the Executive and Non-Executive Directors, in accordance with approved Board policies and processes.

INDUSTRY CONTEXT

Evolution is a growth focused gold producer and owns and operates five mines. The Company has four operating mines in Queensland; comprising two underground operations and two open pit operations. The Group also has an open pit operation in Western Australia. The company holds 100% interest in all of its operations.

As at 30 June 2014, the Company workforce comprised 817 Evolution employees and 293 contractors. Evolution competes nationally for labour in the wider resources industry as skills are generally transferable across commodities and States.

The latter part of FY13 saw significant changes in the gold price environment and a level of gold price volatility has continued throughout FY14. As a result, Evolution has consistently been challenged to demonstrate responsiveness and agility in the market, particularly in the face of a bearish market sentiment toward the gold industry more broadly, a heavy focus on effective cost management, cash flow and delivering on market guidance.

Evolution has long maintained a view that the size of our organisation enables us to be more flexible and adaptive in the face of such challenges, more so than our larger gold mining counterparts, where levels of bureaucracy and red-tape often dampen efforts at improved efficiencies and productivity. Throughout FY14, Evolution has challenged its workforce to become leaner and to 'do more with less' and our people have responded well. Our FY14 results aptly confirm our successful delivery on key performance indicators across our business. In addition, the business has taken measures to further boost efficiencies throughout our business, with Project Sustain at Pajingo being a prime example of how a whole of operation review can deliver significant opportunities for restructuring and re-alignment to drive business objectives in a far more efficient way. Further to this, Cracow offered an example of a successful transition to an owner miner operation, with Mt Rawdon following suit and transitioning to owner miner as of 1 July 2014 – again, both projects have pursued a more cost efficient method of mining to deliver greater outcomes and returns to our shareholders, while contributing to a more sustainable operation in the longer term. Evolution has also managed to pay its shareholders $14.173 million through its dividend program.

We firmly believe that we still have the right vision and strategy and our remuneration strategy aims to ensure that we have the right mix of responding to the prevailing conditions, protecting the good work done to date over the last 12 months and ensuring that we have motivated and engaged employees to enable the successful delivery of short term goals and longer term strategic objectives.

REMUNERATION STRATEGY AND PHILOSOPHY

The remuneration strategy was set in FY12 with the assistance of Mercer Australia ("remuneration consultants"), which included the setting of short term ("STIP") and long term incentive plans ("LTIP") to align with objectives of the newly established entity. For FY14, new STIP and LTIP measures were agreed and aligned to the key objectives for the Evolution group.

Evolution's target remuneration philosophies are:

- **Total Fixed Remuneration** (TFR being base salary plus superannuation) positioned at the median (50th percentile) based on the industry benchmark McDonald report (an industry recognised gold and general mining remuneration benchmarking survey covering 143 organisations within the industry);
- **Total Annual Remuneration** (TFR plus STIP) at the 75th percentile; and
- **Total Remuneration** (TFR plus STIP plus LTIP) at the 75th percentile, with flexibility to provide up to the 90th percentile levels for critical roles.

The overarching objectives and principles of Evolution's remuneration strategy are that:

- total remuneration for each level of the workforce is appropriate and competitive;
- total remuneration comprises a competitive fixed component and a sizeable "at risk" component based on performance hurdles;
- short term incentives are appropriate with hurdles that are measureable, transparent and achievable;
- incentive plans are designed to motivate and incentivise for high performance and delivery on organisational objectives;
- the corporate long term incentives are focused on shareholder value; and
- the principles and integrity of the remuneration review process deliver fair and equitable outcomes.

REMUNERATION POLICY

Executive Directors and Key Management Personnel Remuneration Policy

The Evolution remuneration policy has been designed to align Executive Directors and Key Management Personnel objectives with shareholder and business objectives by providing a TFR component and offering specific "at risk" short and long-term incentives based on key performance areas affecting the Company's financial performance. The Nomination and Remuneration committee was formed to review the specifics of Directors and KMP remuneration and oversee all Company compensation changes and principles. The Board of Evolution believes the remuneration policy to be strategic, appropriate and effective in its ability to attract and retain Executive Directors and KMPs and to operate and manage the Company effectively.

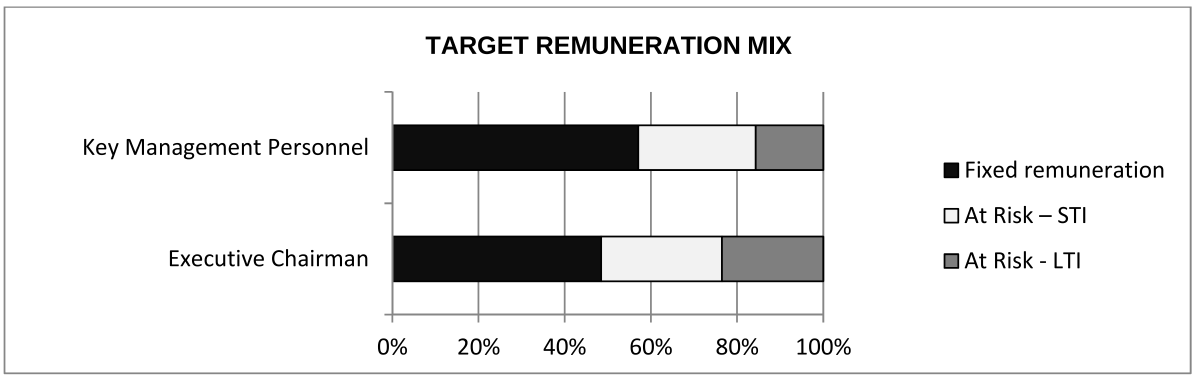
Evolution defines and applies its remuneration policy and elements by considering the overall business plan, external market conditions, key employee value drivers, individual employee performance and industry benchmark data.

All KMP receive a remuneration package in line with the overall Company policy and additionally takes into account factors such as length of service and experience. The Nomination and Remuneration Committee reviews executive packages annually by reference to the Company's performance, individual KMP performance and comparable information from industry sectors and surveys as well as other listed companies in similar industries.

The remuneration elements offered by Evolution include TFR, which consists of a base salary plus superannuation and a variable or "at risk" remuneration component provided through short and long term incentive plans. Every permanent employee has eligibility under the Company's various STIPs.

Executive Directors and KMPs receive a superannuation guarantee contribution ("SGC") required by law, which moved from 9.25% to 9.5% in financial year 2015 and capped in line with the SGC maximum quarterly payment, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

To ensure that executive remuneration is aligned to company performance, a portion of the Executive Directors and KMP target pay is at risk. Target remuneration mix for the year ended 30 June 2014 was:



Non-Executive Director remuneration policy

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and Remuneration Committee determines Non-Executive Directors fees and reviews this annually, based on market practice, their duties and areas of responsibility. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders (currently $750,000 per annum). Fees for Non-Executive Directors are not linked to the performance of the Company and they do not participate in the Company's STIP or LTIP.

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

The remuneration policy has been designed to align individual and team accountabilities with the Group's business plan goals.

A cornerstone element of the remuneration policy is the introduction of various incentive plans for eligible employees, addressing both short and long term goals. The purpose of these incentives is to encourage the alignment of employee effort with business goals and shareholder interests.

The Company believes its incentive policy is effective in increasing shareholder wealth and delivering appropriate and motivational reward to all employees.

Every eligible permanent employee has the opportunity to participate in one of the Company's STIPs, and are measured consistently against outcomes at Threshold, Target and Stretch milestones.

SHORT TERM INCENTIVE PLANS

1. The Corporate Plan

The Corporate STIP applies to employees at the level of Manager and above across the Company. The Corporate STIP is a cash bonus, up to a maximum percentage of TFR based on the employee position band. It is assessed and paid annually conditional upon the achievement of key corporate objectives, which for the current financial year were in the areas of safety, group cash contribution, production and costs, as well as individual key performance indicators ("KPI"). The Corporate STIP is currently set at between 20% and 60% of TFR for on target achievement, with a maximum of 60%-90% of TFR for stretch achievement, depending on the employee position band.

A Corporate STIP bonus totalling $4.070 million was awarded to the eligible group at 30 June 2014 to be communicated and paid in September and October 2014 (2013: $1.397 million).

Details of Corporate STIP's and bonuses paid to the Directors and KMPs are shown in the Remuneration Table on page 40.

2. The Production Bonus

The Production Bonus is a cash award which applies to all employees at Operating Sites who are not eligible for the Corporate STIP. It is determined on a quarterly basis based on the achievement of each Operating Site's KPIs. The Production Bonus is currently set at 10% of TFR for on target achievement, with a maximum of 20% of TFR for stretch achievement.

3. The Annual Performance Bonus

The Annual Performance Bonus applies to corporate employees and those employees who, by exception, are not included in a Corporate STIP or Production Bonus Plan. The Annual Performance Bonus is targeted at up to a maximum of 20% for stretch achievement (target of 10%), as a cash bonus on TFR, paid annually against the outcomes of individual KPIs.

LONG TERM INCENTIVE PLANS

The Company has two long term incentive plans currently in existence, specifically the Employees and Contractors Option Plan ("ECOP") and the Employee Share Option and Performance Rights Plan ("ESOP"), together and separately also referred to as the Long Term Incentive Plan ("LTIP"). The ECOP is now effectively dormant with no new options to be issued under this plan.

Employees and Contractors Option Plan ("ECOP")

The 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.

Options under ECOP

During the year 1,545,460 options expired and there were 488,651 options outstanding at 30 June 2014 (2013: 2,034,111), all of which were on issue to Directors and KMPs.

The movement in the options under this plan is summarised in the table below:

	2014 Number	2013 Number
Outstanding balance at the beginning of the year (1 July)	2,034,111	2,261,387
Issued during the period	-	-
Exercised during the period	-	(227,276)
Expired during the period	(1,545,460)	-
Outstanding balance at the end of the year	**488,651**	**2,034,111**

The Employee Share Option and Performance Right 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.

Under the ESOP, the options and performance rights, issued for nil consideration, are granted in accordance with performance guidelines established by the Board. In exercising their discretion under the rules, the Directors will take into account matters such as the position of the eligible person, the role they play in the Company, the nature or terms of their employment or contract and the contribution they make to the Company as a whole. The options and performance rights are issued for a specified period and each option or performance right is convertible into one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the market price of a share on invitation date, grant date, or another specified date after grant close. All options and performance rights expire on the earlier of their expiry date or termination of the employee's employment subject to Director discretion. Options and performance rights do not vest until a specified period after granting and their exercise is conditional on the achievement of certain performance hurdles that are aligned with shareholder interests.

There are no voting or dividend rights attached to the options or performance rights. Voting rights will attach to the ordinary shares when the options have been exercised or the performance rights vested. Unvested options and performance rights cannot be transferred and will not be quoted on the ASX.

Options under ESOP

During the year no options were exercised and there were 8,895,087 options outstanding at 30 June 2014 (2013: 8,895,087), of which 6,312,436 were issued to Directors and KMPs (2013: 6,346,436).

The movement in the options under this plan is summarised in the table below:

	2014 Number	2013 Number
Outstanding balance at the beginning of the year (2013)	8,895,087	9,215,087
Issued during the period	-	-
Exercised during the period	-	(260,000)
Expired during the period	-	(60,000)
Outstanding balance at the end of the year	**8,895,087**	**8,895,087**

No further options will be issued under ESOP as Performance Rights are the selected long term incentive mechanism.

Performance rights under ESOP

The LTIP approved by shareholders on 23 November 2010 provided for the issuance of performance rights to Executive Directors and eligible employees. The LTIP was introduced for employees at the level of Manager and above, effective from 1 July 2011 and provides equity based "at risk" remuneration, up to maximum percentages, based on, and in addition to, each eligible employee's TFR. These incentives are aimed at retaining and incentivising KMPs and senior managers on a basis that is aligned with shareholder interests, and are provided via performance rights.

During the year the Company issued 10,498,408 Performance Rights to employees. The movement in Performance Rights under this plan is summarised in the table below:

	2014 Number	2013 Number
Outstanding balance at the beginning of the year (1 July)	7,048,629	3,580,758
Performance rights granted during the period	10,498,408	4,921,274
Vested during the period	(559,378)	-
Lapsed during the period	(752,227)	-
Forfeited during the year	(1,918,543)	(1,453,403)
Outstanding balance at the end of the year	**14,316,889**	**7,048,629**

The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. 559,378 Performance Rights met the performance measures and vested whilst 752,227 Performance Rights did not meet the performance measures and lapsed. The second tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2014. As at the date of this report 724,809 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation and 522,765 Performance Rights are expected to lapse subject to Board confirmation. There are 3,412,021 Performance Rights granted in financial year 2013 which will be subject to performance testing as at 30 June 2015.

VESTING CONDITIONS OF PERFORMANCE RIGHTS

Performance Rights issued under the LTIP generally have a term of up to 3 years (other than a two year period for the First Tranche that were granted in the previous financial year) and vest based on the achievement of specific targets.

Refer below for a summary of the specific targets that performance rights will be tested against:

Performance target	Description	Weighting for FY12 grants	Weighting for FY13 grants	Weighting for FY14 grants	Weighting for FY15 grants
(i) TSR Performance	Evolution's relative total shareholder return (TSR) measured against the TSR for a peer Company of 20 comparator gold mining companies (Peer Group)	60%	60%	33.33%	25%
(ii) C1 Cash Costs Performance	Evolution's net C1 cash costs per ounce ranking amongst the Peer Group	40%	20%	-	
(iii) Increasing Mine Life	Increasing mine life to 8 year mine life at June 2015 production rates	-	20%	-	
(iv) Absolute TSR performance	Evolution's absolute TSR return	-	-	33.33%	25%
(v) Growth in Earnings per share	Growth in Evolution's Earnings per share	-	-	33.33%	25%
(vi) Increase in ore reserves per share	Increasing the ore reserves per share over a 3 year period	-	-	-	25%

The performance testing date (hereinafter referred to as the "Relevant Date") for the various grants are summarised below:

- Year ended 30 June 2012: Performance rights that were granted in the previous financial year were split into two tranches. The First Tranche of performance rights were tested as at 30 June 2013 and the Second Tranche of performance rights have been tested as at 30 June 2014.
- Year ended 30 June 2013: Performance rights that were granted last financial year ended 30 June 2013 will be tested as at 30 June 2015.
- Year ended 30 June 2014: Performance rights that were granted in the financial year ended 30 June 2014 will be tested as at 30 June 2016.
- Year ended 30 June 2015: Performance rights that will be granted in the current financial year will be tested as at 30 June 2017.

(i) TSR Performance

A proportion of Performance Rights will be tested against Evolution's TSR performance relative to the Peer Group on the Relevant Date.

Evolution's TSR will be based on the percentage by which its 30-day volume weighted average share price quoted on ASX ("VWAP") at the close of trade on the Relevant Date (plus the value of any dividends paid during the performance period) has increased over the company's applicable 30-day VWAP at the close of trade, relating to the grant of Performance Rights for that period.

The TSR for the Peer Group will be based on the percentage by which the Peer Group's 30-day VWAP at the close of trade on the Relevant Date (plus the value of any dividends paid during the performance period) has increased over that company's applicable 30-day VWAP at the close of trade, relating to the grant of Performance Rights for that period. The current year Peer Group selected by the Board is:

Alacer Gold Corp	Centamin Egypt Inc	Medusa Mining Ltd	Regis Resources NL
Alamos Gold Inc	Dundee Precious Metals Inc	New Gold Inc	Resolute Mining Ltd
Argonaut Gold Inc[1]	Endeavour Mining Corporation[3]	Northern Star Resources NL[4]	Semafo Inc
Aurico Gold Inc	Golden Star Resources Ltd	Oceana Gold Corp	Silver Lake Resources[5]
Beadell Resources Limited[2]	Kingsgate Consolidated Ltd	Perseus Mining Ltd	Troy Resources

[1] Argonaut Gold Inc. has replaced St Barbara Ltd for the FY15 Peer Group of comparator companies.
[2] Beadell Resources Limited replaced Allied Gold Ltd for the FY14 Peer Group of comparator companies.
[3] Endeavour Mining Corporation replaced CGA Mining Ltd for the FY14 Peer Group of comparator companies.
[4] Northern Star Resources NL replaced Intrepid Mines for the FY14 Peer Group of comparator companies.
[5] Silver Lake Resources replaced Northgate Mineral Corp Ltd for the FY12 Peer Group of comparator companies.

The Board has the discretion to adjust the composition and number of the companies in the Peer Group to take into account events including, but not limited to, takeovers, mergers and demergers that might occur during the performance period. For the FY15 Peer Group, the Board has exercised its discretion and replaced St Barbara Ltd with Argonaut Gold Inc.

The proportion of the TSR Performance Rights that will vest will be based on the Relevant Date TSR as compared to the Peer Group TSRs. The proportion of the TSR Performance Rights that will vest will be determined as follows:

Level of performance achieved	Evolution TSR performance as compared to the Peer Group TSR	% of TSR Performance Rights vesting
Threshold	Top 50th percentile	33%
	Above the top 50th percentile and below the top 25th percentile	Straight-line pro-rata between 33% and 66%
Target	Top 25th percentile	66%
	Above the top 25th percentile and below the top 10th percentile	Straight-line pro-rata between 66% and 100%
Exceptional	Top 10th percentile or above	100%

(ii) C1 Cash Costs Performance

A proportion of Performance Rights will be tested against Evolution's C1 cash costs per ounce performance relative to the Peer Group Companies ("C1 Performance Rights"). This target is applicable to Performance Rights that were granted during the financial years ended 30 June 2012 and 30 June 2013.

The net C1 cash costs per ounce (in Australian dollars) for Evolution and the Peer Group Company will be determined for the period ended on the Relevant Date ("Cash Costs").

The Company's Cash Costs will be ranked against the Cash Costs for the Peer Group ("Evolution's C1 Rank").

The proportion of the C1 Costs Performance Rights that will vest will be determined based on Evolution's C1 Rank as follows:

Level of performance achieved	Evolution's C1 Rank	% of C1 Performance Rights vesting
Threshold	Top 70th percentile	33%
	Above the top 70th percentile and below the top 50th percentile	Straight-line pro-rata between 33% and 66%
Target	Top 50th percentile	66%
	Above the top 50th percentile and below the top 35th percentile	Straight-line pro-rata between 66% and 100%
Exceptional	Top 35th percentile or above	100%

(iii) Increasing Mine Life

A proportion of Performance Rights granted during the year ended 30 June 2013 will be tested against Evolution's ability to increase its mine life to 8 years calculated at 30 June 2015 production rates, with reference to its ore reserves at that date.

(iv) Absolute TSR performance

A proportion of Performance Rights granted during the year ended 30 June 2014 and 30 June 2015 will be tested against Evolution's absolute TSR performance relative to the 30 days VWAP (Absolute TSR Performance Rights) as at 30 June 2013 and 30 June 2014 respectively, measured as the cumulative annual TSR over the three year performance period.

Level of performance achieved	Evolution Absolute TSR performance	% of TSR Performance Rights vesting
Threshold	10% Per Annum Return	33%
	Above 10% Per Annum Return and below 15% Per Annum Return	Straight-line pro-rata between 33% and 66%
Target	15% Return Per Annum	66%
	Above 15% Per Annum Return and below 20% Per Annum Return	Straight-line pro-rata between 66% and 100%
Exceptional	Above 20% Per Annum Return	100%

(v) Growth in Earnings Per Share

A proportion of Performance Rights granted during the year ended 30 June 2014 and 30 June 2015 will be tested against Evolution's growth in Earnings Per Share, calculated by excluding any Non-Recurring Items, and measured as the cumulative annual growth rate over the three year performance period.

Level of performance achieved	Evolution Earnings per share performance	% of TSR Performance Rights vesting
Threshold	7% Per Annum Growth in EPS	33%
	Above 7% Per Annum Growth in EPS and below 11% Per Annum Growth in EPS	Straight-line pro-rata between 33% and 66%
Target	11% Per Annum Growth in EPS	66%
	Above 11% Per Annum Growth in EPS and below 15% Per Annum Growth in EPS	Straight-line pro-rata between 66% and 100%
Exceptional	Above 15% Per Annum Growth in EPS	100%

(vi) Growth in Ore Reserves per share

A proportion of Performance Rights that will be granted during the year ended 30 June 2015 will be tested against Evolution's ability to grow its Ore Reserves, calculated by measuring the growth over the three year performance period by comparing the baseline measure of the Ore Reserves as at 31 December 2013 ("Baseline Ore Reserves") to the Ore Reserves as at 31 December 2016 on a per share basis, with testing to be performed at 30 June 2017.

Level of performance achieved	Growth in Ore Reserves per share	% of TSR Performance Rights vesting
Threshold	80% of Baseline Ore Reserves	33%
	Above 80% of Baseline Ore Reserves but below 100% Baseline Ore Reserves	Straight-line pro-rata between 33% and 66%
Target	100% Baseline Ore Reserves	66%
	Above 100% of Baseline Ore Reserves and below 120% of Baseline Ore Reserves	Straight-line pro-rata between 66% and 100%
Exceptional	120% and above of Baseline Ore Reserves	100%

Performance Rights valuation for FY14 grants

The Performance Rights have four performance components: two market-based TSR conditions, being a relative and an absolute TSR condition, and two non-market based conditions, being the EPS growth condition, the increased ore reserve condition in addition to continued employment at the vesting date.

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.

The following tables list the model inputs for the Performance Rights granted during the financial year, the fair value of Performance Rights at grant date and number of Performance Rights granted during the year:

	TSR	Absolute TSR	Growth in EPS
September 2013 rights issue			
Number of rights issued	2,520,576	2,520,576	2,520,576
Spot price ($)	0.920	0.920	0.920
Risk-free rate (%)	2.79	2.79	2.79
Term (years)	2.8	2.8	2.8
Volatility (%)	55-60	55-60	55-60
FV at Grant Date	0.315	0.570	0.860
November 2013 rights issue			
Number of rights issued	748,384	748,384	748,384
Spot price ($)	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
FV at Grant Date	0.235	0.275	0.570
February 2014 rights issue			
Number of rights issued	230,509	230,509	230,509
Spot price ($)	0.615	0.615	0.615
Risk-free rate (%)	2.84	2.84	2.84
Term (years)	2.4	2.4	2.4
Volatility (%)	55-60	55-60	55-60
FV at Grant Date	0.136	0.271	0.566

For details of Director and KMP interests in options at year end, refer to page 46.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Directors and the Company executives received the following amounts as compensation for their services as Directors and executives of the Company during the period:

YEAR ENDED 30 JUNE 2014

	TOTAL FIXED REMUNERATION		POST EMPLOYMENT BENEFITS	STI	LTI		
Name	Base Salary and Fees	Non-Monetary Benefits (vii)	Superannuation	Bonus	Amortised value (viii)	Termination	Total
Directors							
Jacob Klein	984,065	-	17,775	580,000	485,973	-	2,067,813
Lawrie Conway (i)	97,883	-	2,117	-	-	-	100,000
James Askew	102,500	-	-	-	-	-	102,500
Graham Freestone	105,263	-	9,737	-	-	-	115,000
Colin Johnstone (ii)	69,375	-	-	-	-	-	69,375
Thomas McKeith (iii)	35,279	-	3,263	-	-	-	38,542
John Rowe	102,500	-	-	-	-	-	102,500
Peter Smith (iv)	23,125	-	-	-	-	-	23,125
Paul Marks (v)	29,965	-	1,958	-	-	-	31,923
Key Management Personnel							
Aaron Colleran	398,180	-	17,775	200,000	141,888	-	757,843
Paul Eagle	272,225	-	17,775	135,000	46,908	-	471,908
Evan Elstein	307,225	-	17,775	175,000	87,371	-	587,371
Mark Le Messurier	418,225	9,234	17,775	300,000	149,132	-	894,366
Roric Smith	398,180	9,234	17,775	230,000	152,513	-	807,702
Tim Churcher (vi)	398,180	-	27,093	161,000	143,674	236,908	966,855
Total	**3,742,170**	**18,468**	**150,818**	**1,781,000**	**1,207,459**	**236,908**	**7,136,823**

(i) Mr Conway received remuneration in the capacity of a Non- Executive Director during the year. Mr Conway was appointed as Finance Director and CFO on 1 August 2014.
(ii) Appointed as a Director on 30 September 2013.
(iii) Appointed as a Director on 1 February 2014.
(iv) Resigned as a Director on 30 September 2013.
(v) Resigned as a Director on 4 November 2013.
(vi) Employment terminated on 1 July 2014.
(vii) Non-monetary benefits relate to car parking benefits provided by the Company.
(viii) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

YEAR ENDED 30 JUNE 2013

Name	TOTAL FIXED REMUNERATION Base Salary and Fees	Non-Monetary Benefits (v)	POST EMPLOYMENT BENEFITS Superannuation	STI Bonus	LTI Amortised value (vi)	Termination	Total
Directors							
Jacob Klein	983,530	-	16,470	-	598,487	-	1,598,487
James Askew	102,500	-	-	-	-	-	102,500
Lawrie Conway	100,000	-	-	-	-	-	100,000
Graham Freestone	105,505	-	9,495	-	-	-	115,000
John Rowe	102,500	-	-	-	-	-	102,500
Peter Smith	92,500	-	-	-	-	-	92,500
Paul Marks	84,862	-	7,638	-	-	-	92,500
Key Management Personnel							
Tim Churcher	398,530	-	16,470	60,000	139,899	-	614,899
Aaron Colleran	398,530	-	16,470	80,000	156,110	-	651,110
Paul Eagle (i)	121,765	-	8,235	45,000	11,017	-	186,017
Evan Elstein	273,530	-	16,470	46,400	71,196	-	407,596
Mark Le Messurier	418,530	9,002	16,470	100,000	159,949	-	703,951
Roric Smith (ii)	265,687	6,002	10,980	80,000	59,638	-	422,307
Adrian Pelliccia (iii)	182,353	6,002	13,831	-	-	84,111	286,297
Raelene Wyatt (iv)	126,765	-	16,470	-	-	149,682	292,917
Total	**3,757,087**	**21,006**	**148,999**	**411,400**	**1,196,296**	**233,793**	**5,768,581**

(i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.
(ii) Employment commenced on 1 November 2012.
(iii) Employment terminated on 28 February 2013.
(iv) Employment terminated on 24 December 2012.
(v) Non-monetary benefits relate to car parking benefits provided by the Company.
(vi) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At Risk – STI		At Risk – LTI (vii)	
Name	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Directors						
Jacob Klein	48.4%	62.6%	28.1%	-	23.5%	37.4%
Lawrie Conway (i)	100.0%	100.0%	-	-	-	-
James Askew	100.0%	100.0%	-	-	-	-
Graham Freestone	100.0%	100.0%	-	-	-	-
Colin Johnstone (ii)	100.0%	-	-	-	-	-
Thomas McKeith (iii)	100.0%	-	-	-	-	-
John Rowe	100.0%	100.0%	-	-	-	-
Peter Smith (iv)	100.0%	100.0%	-	-	-	-
Paul Marks (v)	100.0%	100.0%	-	-	-	-
Key Management Personnel						
Aaron Colleran	54.9%	63.7%	26.4%	12.3%	18.7%	24.0%
Paul Eagle	61.5%	69.9%	28.6%	24.2%	9.9%	5.9%
Evan Elstein	55.3%	71.1%	29.8%	11.4%	14.9%	17.5%
Mark Le Messurier	49.8%	63.1%	33.5%	14.2%	16.7%	22.7%
Roric Smith	52.6%	67.0%	28.5%	18.9%	18.9%	14.1%
Tim Churcher (vi)	68.5%	67.4%	16.6%	9.8%	14.9%	22.8%

(i) Mr Conway received remuneration in the capacity of a Non- Executive Director during the year. Mr Conway was appointed as Finance Director and CFO on 1 August 2014.
(ii) Appointed as a Director on 30 September 2013.
(iii) Appointed as a Director on 1 February 2014.
(iv) Resigned as a Director on 30 September 2013.
(v) Resigned as a Director on 4 November 2013.
(vi) Employment terminated on 1 July 2014.
(vii) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

EXECUTIVE SERVICE AGREEMENTS

Remuneration and other key terms of employment for the Executive Directors and Key Management Personnel are formalised in the Executive Services Agreements table below:

Name	Term of Agreement	Total Fixed Remuneration ($)	Notice Period by Executive	Notice Period by Evolution	Termination Payment
Existing Executive Directors and Key Management Personnel					
Jacob Klein Executive Chairman	Open	800,000 200,000 fixed Director's fees	6 months	6 months	12 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	415,955	3 months	6 months	6 month Total Fixed Remuneration
Lawrie Conway Finance Director and Chief Financial Officer (i)	Open	450,000 95,000 fixed Director's fees	3 months	6 months	6 month Total Fixed Remuneration
Paul Eagle General Manager - People and Culture	Open	320,000	3 months	6 months	6 month Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President - Information Technology and Community Relations	Open	340,000	3 months	6 months	6 month Total Fixed Remuneration
Mark Le Messurier Chief Operating Officer	Open	450,000	3 months	6 months	6 month Total Fixed Remuneration
Roric Smith Vice President Discovery and Chief Geologist	Open	425,000	3 months	6 months	6 month Total Fixed Remuneration
Timothy Churcher Chief Financial Officer (ii)	Open	415,000	3 months	6 months	6 month Total Fixed Remuneration

(i) Appointed as Finance Director and CFO on 1 August 2014.
(ii) Employment terminated on 1 July 2014.

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executive Directors and KMP's total fixed remuneration as at the date of this report.

SHARE-BASED COMPENSATION AND PERFORMANCE RIGHTS

Options

The following share options granted to Directors and Key Management Personnel as remuneration lapsed before the end of the year. No grants of share-based payment compensation to Directors and KMP were exercised during the financial year. No share options were granted to Directors and KMP during the year.

	Awarded No.	Grant date	Expiry date	Fair value per award $	Fair value of options at grant date	Exercise price	Vested %
Directors							
J Rowe	45,455	23/12/2008	23/12/2013	0.20	9,091	1.049	100%
	45,455	23/12/2008	23/12/2013	0.18	8,182	1.269	100%
	45,454	23/12/2008	23/12/2013	0.10	4,545	1.489	100%
	45,456	23/12/2008	23/12/2013	0.14	6,364	0.829	100%
	181,820				**28,182**		

Performance rights

The following performance rights were granted to Executive Directors and KMP as remuneration during the year.

Name	Grant Date	Max No. of Performance Rights Granted	Value of Performance Rights at Grant Date
Directors			
Jacob Klein (i)	03/09/2013	2,245,152	808,255
Key Management Personnel			
Aaron Colleran	03/09/2013	499,145	290,336
Paul Eagle	03/09/2013	232,000	134,947
Evan Elstein	03/09/2013	390,000	226,850
Mark Le Messurier	03/09/2013	523,201	304,328
Roric Smith	03/09/2013	499,145	290,336
Tim Churcher (ii)	03/09/2013	499,145	290,336

(i) Grant of Performance Rights was subject to shareholder approval at the Annual General Meeting, which occurred on 26 November 2013.
(ii) Employment terminated on 1 July 2014.

Details of the performance rights plan and vesting conditions are provided on page 34 of this report.

The value of share-based payments granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

SHARES UNDER OPTION

At the date of this report, the Company has 9,383,738 unissued shares under option with exercise prices ranging between $1.267 and $2.412 and with expiry dates between 1 June 2015 and 25 November 2016.

The holders of these options, which are unlisted, do not have the right, by virtue of the option, to participate in any share issue of the Company.

Details of shares issued during and up to the date of this report as a result of exercise of unlisted and listed options issued by the Company are:

Date	Details	Opening Balance as at 1 July 2013	No. of Options Converted into Ordinary Shares	Amount Paid for the Shares	Amount Unpaid for the Shares	Options Expired	Closing Balance
	Unlisted Options	10,929,198	-	-	-	-	-
23/12/2013	Expired	-	-	-	-	1,090,912	9,838,286
11/03/2014	Expired	-	-	-	-	454,548	983,738
30/06/2014	**Total**	**10,929,198**	**-**	**-**	**-**	**1,545,460**	**9,383,738**

(a) Director and KMP equity holdings

(i) Fully paid ordinary shares of Evolution:

2014

	Balance at start of year or date of appointment	Received on exercise of options and performance rights	Net other change	Balance at end of year
Directors				
Jacob Klein	5,800,000	167,002	150,000	6,117,002
Lawrie Conway (i)	-	-	-	-
James Askew	500,000	-	-	500,000
Graham Freestone	68,523	-	-	68,523
Colin Johnstone (ii)	-	-	-	-
Thomas McKeith (iii)	-	-	-	-
John Rowe	112,582	-	-	112,582
Peter Smith (iv)	35,000	-	(35,000)	-
Paul Marks (v)	3,552,009	-	(3,552,009)	-
Key Management Personnel				
Aaron Colleran	82,946	43,137	200	126,283
Paul Eagle	-	-	-	-
Evan Elstein	3,529	19,412	249	23,190
Mark Le Messurier	22,176	43,568	473	66,217
Roric Smith	7,042	-	76	7,118
Tim Churcher (vi)	-	35,888	390	36,278

(i) Mr Conway received remuneration in the capacity of a Director during the year. Mr Conway was appointed as a Finance Director and CFO on 1 August 2014.
(ii) Appointed as a Director on 30 September 2013.
(iii) Appointed as a Director on 1 February 2014.
(iv) Resigned as a Director on 30 September 2013.
(v) Resigned as a Director on 4 November 2013.
(vi) Employment terminated on 1 July 2014.

(ii) Options

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Evolution and other KMPs of the Group, including their personally related parties, are set out below:

2014

					At end of year			
	Balance at start of year	Granted as compensation	Exercised	Net other change	Balance at year end	Balance vested	Vested & exercise-able	Unvested
Directors								
Jacob Klein	4,677,436	-	-	-	4,677,436	4,677,436	4,677,436	-
Lawrie Conway (i)	-	-	-	-	-	-	-	-
James Askew	488,651	-	-	-	488,651	488,651	488,651	-
Graham Freestone	-	-	-	-	-	-	-	-
Colin Johnstone (ii)	-	-	-	-	-	-	-	-
Thomas McKeith (iii)	-	-	-	-	-	-	-	-
John Rowe	181,820	-	-	(181,820)	-	-	-	-
Peter Smith (iv)	-	-	-	-	-	-	-	-
Paul Marks (v)	-	-	-	-	-	-	-	-
Key Management Personnel								
Aaron Colleran	1,080,000	-	-	-	1,080,000	1,080,000	1,080,000	-
Paul Eagle	-	-	-	-	-	-	-	-
Evan Elstein	105,000	-	-	-	105,000	105,000	105,000	-
Mark Le Messurier	450,000	-	-	-	450,000	450,000	450,000	-
Roric Smith	-	-	-	-	-	-	-	-
Tim Churcher (vi)	-	-	-	-	-	-	-	-

(i) Appointed as Finance Director and CFO on 1 August 2014.
(ii) Appointed as a Director on 30 September 2013.
(iii) Appointed as a Director on 1 February 2014.
(iv) Resigned as a Director on 30 September 2013.
(v) Resigned as a Director on 4 November 2013.
(vi) Employment terminated on 1 July 2014.

(iii) Performance rights

The numbers of performance rights held during the financial year by each Director of Evolution and other KMPs of the Group, including their personally related parties, are set out below:

2014

	Balance at start of year	Granted as compen-sation	Converted	Net other change	At end of year: Balance at year end	Balance vested	Vested & exerci-sable	Unvested
Directors								
Jacob Klein	1,860,578	2,245,152	(167,002)	(234,638)	3,704,090	167,002	167,002	3,704,090
James Askew	-	-	-	-	-	-	-	-
Lawrie Conway (i)	-	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-	-
Colin Johnstone (ii)	-	-	-	-	-	-	-	-
Thomas McKeith (iii)	-	-	-	-	-	-	-	-
John Rowe	-	-	-	-	-	-	-	-
Peter Smith (iv)	-	-	-	-	-	-	-	-
Paul Marks (v)	-	-	-	-	-	-	-	-
Key Management Personnel								
Aaron Colleran	431,781	499,145	(43,137)	(55,224)	832,565	43,137	43,137	832,565
Paul Eagle	43,425	232,000	-	-	275,425	-	-	275,425
Evan Elstein	198,031	390,000	(19,412)	(24,851)	543,768	19,412	19,412	543,768
Mark Le Messurier	445,077	523,201	(43,568)	(55,776)	868,934	43,568	43,568	868,934
Roric Smith	235,060	499,145	-	-	734,205	-	-	734,205
Tim Churcher (vi)	398,725	499,145	(35,888)	(45,944)	816,038	35,888	35,888	816,038

(i) Appointed as Finance Director and CFO on 1 August 2014.
(ii) Appointed as a Director on 30 September 2013.
(iii) Appointed as a Director on 1 February 2014.
(iv) Resigned as a Director on 30 September 2013.
(v) Resigned as a Director on 4 November 2013.
(vi) Employment terminated on 1 July 2014.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretaries and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act* 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company;
- The provision of Directors and Officers Liability Insurance; and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are detailed in Note 28: Auditors Remuneration. The Directors are satisfied that the provision of non-audit services during the period by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act* 2001.

The Directors are of the opinion that the services disclosed in Note 28: Auditors Remuneration to the financial statements do not compromise the external auditor's independence, based on the Auditor's representations and appraisal and advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed to ensure they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is included on page 50 of the financial report.

ROUNDING OFF 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
27 August 2014

Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2014, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Tim Goldsmith

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
27 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 June 2014 $'000	30 June 2013 $'000
Sales revenue	4	634,420	605,034
Cost of sales	5	(539,806)	(498,757)
Gross profit		**94,614**	**106,277**
Interest income	4	264	1,738
Other income	4	405	362
Exploration and evaluation costs expensed		(6,252)	(9,077)
Share based payments expense	9	(1,729)	(2,201)
Corporate and other administration costs	5	(20,868)	(25,020)
Impairment of available-for-sale investments		-	(7,687)
Property, plant and equipment asset write off	16	(2,033)	-
Impairment loss on assets		-	(376,598)
Finance costs	5	(14,384)	(8,589)
Profit/(loss) before income tax expense		**50,017**	**(320,795)**
Income tax benefit/ (expense)	7	-	13,374
Profit/(loss) for the year attributable to owners of the parent		**50,017**	**(307,421)**
Other comprehensive income, net of income tax			
Items that may be reclassified to profit and loss:			
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges	21	(153)	-
Change in fair value of available-for-sale financial assets	23	(600)	-
Total comprehensive income for the year attributable to owners of the parent		**49,264**	**(307,421)**
Earnings per share			
Basic profit/(loss) cents per share	10	7.06	(43.43)
Diluted profit cents per share	10	6.83	-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	30 June 2014 $'000	30 June 2013 $'000
Current assets			
Cash and cash equivalents	11	31,607	13,662
Trade and other receivables	12	27,774	16,199
Inventories	13	64,262	72,788
Total current assets		**123,643**	**102,649**
Non-current assets			
Other financial assets	14	900	1,640
Inventories	13	2,533	-
Other non-current assets	15	80	61
Property, plant and equipment	16	489,172	276,058
Mine development and exploration	17	493,195	641,562
Total non-current assets		**985,880**	**919,321**
Total assets		**1,109,523**	**1,021,970**
Current liabilities			
Trade and other payables	18	67,816	79,271
Interest bearing liabilities	20	22,985	8,526
Provisions	19	10,572	10,745
Total current liabilities		**101,373**	**98,542**
Non-current liabilities			
Derivative Liabilities	21	153	-
Interest bearing liabilities	20	138,483	125,933
Provisions	19	84,210	50,240
Total non-current liabilities		**222,846**	**176,173**
Total liabilities		**324,219**	**274,715**
Net assets		**785,304**	**747,255**
Equity			
Issued capital	22	1,048,424	1,047,195
Reserves	23	18,219	17,243
Accumulated (losses)/ earnings	24	(281,339)	(317,183)
Total equity		**785,304**	**747,255**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Fair value Revaluation Reserve $'000	Cash Flow Hedge Reserve $'000	Accumulated Earnings/ (Losses) $'000	Total Equity $'000
Balance at 1 July 2012	**1,045,751**	**15,042**	**(5,613)**	**-**	**(6,855)[(i)]**	**1,048,325**
Loss for the year	-	-	-	-	(307,421)	(307,421)
Other comprehensive income for the year:						
Fair value loss on available-for-sale financial assets, net of tax	-	-	(2,074)	-	-	(2,074)
Impairment of available-for-sale assets	-	-	7,687	-	-	7,687
Total comprehensive income for the year	-	-	5,613	-	(307,421)	(301,808)
				-		
Issue of share capital	1,444	-	-	-	-	1,444
Prior period tax adjustments	-	-	-	-	(2,907)	(2,907)
Recognition of share-based payments	-	2,201	-	-	-	2,201
Balance at 30 June 2013	**1,047,195**	**17,243**	**-**	-	**(317,183)**	**747,255**

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 $8.094 million in accordance with the transitional provisions of AASB Interpretation 20. Refer to the changes in accounting policy note for further detail.

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Fair value Revaluation Reserve $'000	Cash Flow Hedge Reserve $'000	Accumulated Earnings/ (Losses) $'000	Total Equity $'000
Balance at 1 July 2013	**1,047,195**	**17,243**	**-**	**-**	**(317,183)**	**747,255**
Profit for the year	-	-	-	-	50,017	50,017
Fair value loss on available-for-sale financial assets, net of tax	-	-	(600)	-	-	(600)
Changes in fair value of cash flow hedges	-	-	-	(153)	-	(153)
Total comprehensive income for the year	-	-	(600)	(153)	50,017	49,264
Recognition of share-based payments	-	1,729	-	-	-	1,729
Dividends paid and issued capital (Note 8 and 22)	1,229	-	-	-	(14,173)	(12,944)
Balance at 30 June 2014	**1,048,424**	**18,972**	**(600)**	**(153)**	**(281,339)**	**785,304**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30 June 2014 $'000	30 June 2013 $'000
Cash flows from operating activities			
Receipts from sales		618,980	613,782
Payments to suppliers and employees		(405,963)	(380,121)
Other income	4	405	362
Interest received		252	1,744
Interest paid		(11,477)	(2,533)
Income tax paid		-	(244)
Net cash inflow from operating activities	**25**	**202,197**	**232,990**
Cash flows from investing activities			
Purchase of property, plant and equipment		(42,972)	(37,414)
Payment for mine development and exploration		(127,017)	(398,491)
Maturity of/(investments in) term deposits		(20)	61
Proceeds on the disposal of AFS investments		144	-
Stamp duty paid		-	(21,431)
Proceeds on the sale of property, plant and equipment		-	209
Net cash (outflow)/inflow from investing activities		**(169,865)**	**(457,066)**
Cash flows from financing activities			
Repayment of interest bearing liabilities		(8,505)	(26,952)
Proceeds from issue of equity securities		-	609
Dividends Paid		(12,944)	-
Proceeds from borrowings (net of borrowing costs)		7,062	122,297
Net cash (outflow)/inflow from financing activities		**(14,387)**	**95,954**
Net increase/(decrease) in cash and cash equivalents		**17,945**	**(128,122)**
Cash and cash equivalents at the beginning of the year		13,662	141,784
Cash and cash equivalents at the end of the year	11	**31,607**	**13,662**

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

CONTENTS OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The financial statements are for the consolidated entity consisting of Evolution Mining Limited and its subsidiaries (hereafter referred to as "Evolution", "the Group", or "Company").

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act* 2001. Evolution is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain available-for-sale financial assets. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2: Critical Accounting Judgements and Key Sources of Estimation Uncertainty.

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

(b) New and amended standards adopted by the Group

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

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosures of Interests in Other Entities*;
- AASB 128 *Investments in Associates and Joint Ventures;*
- 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 Improvements 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;
- *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*; and
- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.*

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.

With the adoption of revised standards 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 $3.847 million of the annual leave provision reclassified 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 2012, there was a deferred stripping balance of $8.094 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 26: Financial Risk Management.

Change in accounting policy: Removal of Individual Key Management Personnel Disclosures

In July 2011 the AASB decided to remove the individual Key Management Personnel ("KMP") disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act* 2001. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and could not be adopted early. The *Corporations Act* 2001 requirements in relation to remuneration reports will remain.

Change in accounting policy: Offsetting Financial Assets and Financial Liabilities

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment did not have an impact on the financial statements.

(c) New standards and interpretations not yet adopted

The Group has not elected to early adopt any new standards, amendments or interpretations that are issued but are not yet effective. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable for the Group until 1 July 2016 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

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

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets and AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements.

AASB 2012-3 and AASB 2013-6 have made three amendments to the disclosures required for 136 Impairment of Assets. Firstly, they removed the requirement to disclose the recoverable amount of all cash generating units ("CGU") that contain goodwill or identifiable assets with indefinite lives if no impairment has occurred. Secondly they require the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed to be disclosed. Lastly detailed disclosure is also now required of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

(d) Parent entity financial information

The financial information for the parent entity Evolution Mining Limited, disclosed in Note 29: Parent Entity Note has been prepared on the same basis as the consolidated financial statement.

(e) Principles of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Joint venture arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group classifies its interest in a joint arrangement as a joint venture or joint operation. Joint ventures are accounted for using the equity method of accounting whereas for a joint operation the Group recognises' its share of the assets, liabilities, revenue and expenses of the joint operation.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are reviewed regularly by the entity's chief operating decision makers.

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.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

Metal Sales

Revenue from sales of refined metals is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured, which means the following:

- The product is in a form suitable for delivery and no further processing is required by or on behalf of the consolidated entity;
- The quantity and quality (grade) of the product can be determined with reasonable accuracy;
- The product has been dispatched to the customer and is no longer under the physical control of the consolidated entity;
- The selling price can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the consolidated entity; and
- The costs incurred, or expected to be incurred, in respect of the transaction can be measured reliably.

As a result of the above policy generally revenue is recognised at the time of shipment. Where metal is delivered into physical gold delivery contracts, revenue is recognised at the time of the metal transfer into the buyer's metals account. Refined bullion at the mint awaiting metal transfer to buyer's account is treated as inventory as significant risks and rewards have not passed to the buyer.

Concentrate Sales

Contract terms for the Group's concentrate sales allow for an adjustment in sales value based on final assay of the concentrates based on the final metal content. Initial recognition of the sales revenue for these commodities is based on the most recently determined estimate of product specifications with a subsequent adjustment made to revenue upon final determination. The terms of concentrate sales contracts with third parties contain provisional pricing arrangements. The selling price for metal in concentrate is based on prevailing spot prices at the time of shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices based on prevailing spot prices during specified future period after the shipment (the "quotation period"). The period between provisional invoicing and final settlement can be between two to three months.

These provisionally priced sales contracts contain an embedded derivative that is required to be separated from the host contract for accounting purposes. Accordingly, the embedded derivative, which does not qualify for hedge accounting, is recognised at fair value, with subsequent changes in fair value are recognised each period until final settlement, as an adjustment to revenue. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices.

Interest Income

Interest income is recognised based on the control of the right to receive the interest payment as it accrues in profit and loss using the effective interest method.

(h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

Tax Consolidation Legislation

Evolution and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Evolution is the head entity of the tax consolidated group and each member of the group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Evolution also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Evolution for any current tax payable assumed and are compensated Evolution for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Evolution under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(i) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the life of the mine.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(j) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash in-flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses for assets other than goodwill, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(k) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

(l) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(m) Inventories

Gold in solution form, gold dore, refined gold bullion, stockpiled ore, concentrates and work in progress are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(n) Investments and other financial assets

Classification

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date. The Group may choose to reclassify the financial assets depending on change in intentions and circumstances.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held-for-trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed to profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in profit or loss within other income or other expenses in the period in which they arise. Changes in the fair value of securities classified as Available-for-Sale are recognised in the other comprehensive income.

Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue when the Group’s right to receive payments is established.

Fair value

The fair values of quoted investments are based on last trade prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the last trade price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(p) 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 26: Financial Risk Management. 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.

(q) Mine development and exploration

(i) Mine development

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. During the development of a mine (or pit), before production commences, stripping costs are capitalised as mine development.

During the production stage of some pits, further development of the pit may require a phase of unusually high overburden removal activity that is similar in nature to pre-production pit development. This typically occurs when ‘cut-backs’ are made to gain access to a specific section of the ore body. The costs of such unusually high overburden removal activity are also capitalised as mine development.

Mine development costs are amortised on a units of production basis over the life of the pit to which they relate. In applying the units of production method, amortisation is calculated using the expected total contained ounces within the pit to achieve a consistent amortisation rate per ounce. To achieve this, the amortisation rate is based on the ratio of total pit development costs (incurred and anticipated) over the expected total contained ounces.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Early stage exploration expenditure on new areas of interest are expensed as incurred. Exploration and evaluation expenditure is capitalised in relation to areas of interest in or around producing mines or where management believes the costs are recoverable.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Administration costs that are not directly attributable to a specific exploration area are charged to the Statement of Comprehensive Income. Expenditure is transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

(r) Property, plant and equipment

Land is carried at historical cost. All plant and equipment is stated at historical cost less depreciation. Historical cost is fair value of the item at acquisition date and includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 10% and 33% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

(s) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration transferred over the fair value of the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment is determined by comparing the carrying amount of goodwill to the value of relevant assets. Impairment losses recognised for goodwill are not subsequently reversed.

(t) Intangible assets

Mining Tenements, Mining Rights and Mining Information

Mining tenements have a finite useful life and are carried at cost less, where applicable, any accumulated amortisation and accumulated impairment losses. The carrying values of mining tenements and mining rights are reviewed to ensure they are not in excess of their recoverable amounts. Amortisation of mining tenements and mining rights commences from the date when commercial production commences or in the case of the acquisitions, from the date of acquisition and is charged to the profit or loss. Mining tenements are amortised over the life of the mine using units of production basis in ounces.

Mining information has a finite useful life and is carried at cost less accumulated amortisation. Mining information amortisation is recognised over the period that the information is expected to remain relevant.

The amortisation of the above intangibles is classified as a cost of sale.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

(v) Borrowings

Borrowings are initially recognised at fair value, net of transaction and establishment costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(w) Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(x) Site restoration

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Costs of site restoration are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(y) Royalties

Western Australian State government royalties and other royalties payable under existing agreements are payable on production and are therefore recognised on delivery of gold dore to the refinery. Queensland State government royalties are payable on a revenue basis and therefore recognised at the time of revenue recognition.

(z) Employee benefits

(i) Wages and salaries, annual leave and other employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other short-term employee benefits are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(ii) Share based payments

The Group provides benefits to its employees (including Key Management Personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group provides awards to its employees and Directors through the Company's Employee Share Option and Performance Rights Plan. Shares and options may also be issued directly to other parties.

Vesting conditions that are linked to the price of shares of the Company (market conditions) are taken into account when determining the fair value of equity settled transactions. Other vesting conditions such as service conditions are excluded from the measurement of fair value but are considered in estimating the number of investments that may ultimately vest.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. A Monte Carlo simulation in conjunction with the Black Scholes model is applied to take into account any market conditions associated with an award and determine its fair value at grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period").

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already recognised in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Company or the participant, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(aa) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds.

(bb) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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.

(cc) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(dd) Rounding of amounts

All amounts are presented in Australian dollars, unless otherwise noted. The Company is a company of the kind referred to in Australian Securities and Investments Commission ("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 off to the nearest thousand dollars, unless otherwise stated.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgments, estimates and assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the financial statements are discussed below.

(i) Determination of mineral resources and ore reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code"). The information on mineral resources and ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, impairment assessments and provisions for decommissioning and restoration.

(ii) Estimation for the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value of money. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and change in the timing of cashflows. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(iii) Recovery of deferred tax assets

Deferred tax assets are recognised for tax losses and deductible temporary differences to the extent management considers that it is probable that future taxable profits will be available to utilise those tax losses and temporary differences.

(iv) Impairment of non-current assets

The group undertakes an impairment review to determine whether any indicators of impairment are present. Where an indicator of impairment exists, an estimate of the recoverable amount of the CGU is made. Each mine is considered to be a separate CGU.

In 2013, the group recognised significant impairment losses in each CGU following the significant decline in the gold price, and related market valuations and sentiment around gold equities. At 30 June 2014, an indicator of potential impairment was the company's market capitalisation relative to its book value and the group assessed the recoverable amounts of each CGU. No CGU was evaluated to be impaired at 30 June 2014.

The recoverable amount has been determined based on the higher of the CGU's fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as reserves and anticipated mine operating lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates. Given the impairment expense recognised in 2013, a significant negative change in these assumptions in isolation would likely result in an additional impairment expense.

3. SEGMENT INFORMATION

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 this year as a result of the Mt Carlton gold-silver-copper mine being treated as a separate operating segment during the year (part of the corporate segment in prior years). 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.

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

a) Segment information

	Edna May	Cracow	Pajingo	Mt Rawdon	Mt Carlton	Exploration	Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 30 June 2014								
Segment revenue	120,751	139,040	91,074	148,795	134,760	-	-	**634,420**
EBITDA	35,609	58,573	26,561	69,464	44,846	(6,252)	(21,245)	**207,556**
Year ended 30 June 2013								
Segment revenue	139,894	163,652	134,446	167,042	-	-	-	**605,034**
EBITDA	41,282	64,780	54,635	86,051	-	(9,077)	(25,946)	**211,725**
Capital Additions [(1)]								
30 June 2014	17,381	41,096	22,951	77,751	37,463	20,272	1,408	**218,322**
30 June 2013	39,854	42,181	54,419	65,310	171,893	37,564	879	**412,100**
Impairment losses								
30 June 2014	-	-	-	-	-	-	-	**-**
30 June 2013	(56,523)	(44,209)	(48,359)	(7,793)	(132,057)	(69,292)	(18,365)	**(376,598)**

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

b) Segment reconciliation

	30 June 2014	30 June 2013
	$'000	$'000
Reconciliation of profit/(loss) before income tax		
EBITDA	207,556	211,725
Depreciation and amortisation	(143,824)	(141,384)
Interest income	264	1,738
Other Income	405	
Finance costs	(14,384)	(8,589)
Impairment of available-for-sale investments	-	(7,687)
Impairment loss on assets	-	(376,598)
Profit (loss) before income tax	**50,017**	**(320,795)**

4. REVENUE AND OTHER INCOME

	30 June 2014 $'000	30 June 2013 $'000
Sales Revenue		
Gold Sales	552,722	596,389
Silver Sales	73,201	8,645
Copper Sales	8,497	-
	634,420	**605,034**
Other Income		
Interest income	264	1,738
Other income	405	362
	669	**2,100**

5. EXPENSES

Profit before income tax includes the following specific items:

	30 June 2014 $'000	30 June 2013 $'000
Cost of sales		
Mine operating costs	364,563	327,858
Depreciation and amortisation	142,746	140,471
Royalty and other selling costs	32,497	30,428
	539,806	**498,757**
Corporate administration costs		
Depreciation and amortisation	1,078	913
Operating lease payments	1,431	1,283
Employee wages and salaries	13,189	13,620
Contractor, consultants and advisory expense	4,918	6,508
Other administrative	252	2,696
	20,868	**25,020**
Finance costs		
Finance leases	1,024	390
Amortisation of debt establishment costs	1,496	3,268
Unwinding of discount on provisions	1,992	1,902
Interest expense	9,872	3,029
	14,384	**8,589**
Impairment losses and asset write offs		
Goodwill	-	18,365
Property, Plant and Equipment	2,033	-
Exploration and evaluation assets	6,252	69,292
Mine Development	-	288,941
	8,285	**376,598**

6. DEPRECIATION

	30 June 2014 $'000	30 June 2013 $'000
Depreciation Expense		
Cost of Sales	142,746	140,471
Corporate and other administration costs	1,078	913
	143,824	**141,384**

7. INCOME TAX

a) Income tax (benefit)/ expense:

	30 June 2014 $'000	30 June 2013 $'000
Current Tax	**-**	(33,046)
Deferred tax	14,258	19,672
Previously unrecognised tax loss now recognised	(14,258)	**-**
Total income tax (benefit)/ expense	-	**(13,374)**

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

Profit/ (loss) before income tax	50,017	(320,795)
Tax at the Australian tax rate of 30% (2013: 30%)	15,005	(96,239)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment loss on assets (net of tax)	-	79,690
Share based payment expense	519	-
Impairment of available-for-sale assets	-	2,306
Other	(1,266)	869
Previously unrecognised tax loss now recognised	(14,258)	-
	-	**(13,374)**

c) Recognised deferred tax balances

	30 June 2014 $'000	30 June 2013 $'000
Inventories	286	116
Exploration and evaluation expenditure	(24,006)	(20,115)
Property, plant and equipment	(2,352)	(1,892)
Mine development	(4,848)	16,582
Deferred stripping costs	-	(1,583)
Employee benefits	4,530	3,296
Provisions	4,717	4,119
Capitalised interest	(1,191)	(1,191)
Other	(1,719)	(412)
Deferred tax balances from temporary differences	(24,583)	(1,080)
Tax losses carried forward	24,583	1,080
Tax assets	**-**	-

d) Movement in deferred tax balances during the year

	Balance 1 July 2013 $'000	Recognised in profit or loss $'000	Balance 30 June 2014 $'000
Inventories	116	170	286
Exploration and evaluation expenditure	(20,115)	(3,891)	(24,006)
Property, plant and equipment	(1,892)	(460)	(2,352)
Mine development	16,582	(21,430)	(4,848)
Deferred stripping costs	(1,583)	1,583	-
Employee benefits	3,296	1,234	4,530
Provisions	4,119	598	4,717
Other	(412)	(1,307)	(1,719)
Capitalised interest	(1,191)	-	(1,191)
Tax losses carried forward	1,080	23,503	24,583
Deferred tax assets/ (liabilities)	**-**	**-**	**-**

The Group has available tax losses of $175.449 million at 30 June 2014 based on the 2013 lodged income tax return.

8. DIVIDENDS

	30 June 2014 $'000	30 June 2013 $'000
(a) Declared and paid during the period:		
2013 Final Dividend	7,086	-
2014 Interim Dividend	7,087	-
	14,173	**-**
(b) Dividends not recognised at the end of the year		
In addition to the above dividends, since the end of the financial year the Directors have determined the payment of a final dividend of 1 cent per fully paid ordinary share, unfranked. The aggregate amount of the proposed dividend is expected to be paid 3 October 2014.	7,100	-
	7,100	**-**

During the period Evolution announced the adoption of a Dividend Reinvestment Plan ("DRP'') allowing shareholders to invest all or part thereof to acquire additional Evolution shares. With the allotted shares in respect of the 2014 Interim dividend issued at a 5.0% discount to the daily volume weighted average price for the 5 days immediately after the record date. This was taken up for the issue of 1,337,086 shares at the issue price of 91.92 cents per share.

9. SHARE BASED PAYMENTS

(a) Types of share based payment plans

Evolution has two option and performance rights plans in existence:

1. **Employee Share Option and Performance Rights Plan ("ESOP")**

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The 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.

2. **Employees and Contractors Option Plan ("ECOP")**

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

(b) Recognised share based payment expenses

	30 June 2014 $'000	30 June 2013 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	1,729	2,201

(c) Summary and movement of options on issue

The following table illustrates the number and weighted average exercise prices ("WAEP") in Australian Dollars ($) of, and movements in, share options issued during the period:

	30 June 2014 Number	30 June 2014 WAEP ($)	30 June 2013 Number	30 June 2013 WAEP ($)
Outstanding at the beginning of the year (1 July 2013)	10,929,198	1.69	13,726,474	1.77
Exercised during the year	-	-	(487,276)	1.25
Expired during the year	(1,545,460)	1.09	(2,310,000)	2.25
Outstanding at the end of the year	**9,383,738**	1.79	**10,929,198**	**1.69**
Exercisable at the end of the year	**9,383,738**	1.79	**10,929,198**	**1.69**

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.91 years (2013: 2.58 years) with exercise prices ranging from $1.267 to $2.412. No options were granted during the year. The weighted average fair value of options granted in the previous financial year was $0.664.

The outstanding balance as at 30 June 2014 is represented by:

Options issued as part of the ECOP

- 403,580 options with an exercise price ranging from $1.472 to $1.936
- 85,071 options with an exercise price ranging from $2.072 to $2.412

Options issued as part of the ESOP

- 2,016,043 options with an exercise price ranging from $1.267 to $1.472
- 5,200,198 options with an exercise price ranging from $1.690 to $1.936
- 1,678,846 options with an exercise price ranging from $2.072 to $2.412

(d) Summary and movement of performance rights on issue as part of ESOP

The following table illustrates the number and movements in, performance rights issued during the year.

	30 June 2014 Number	30 June 2013 Number
Outstanding at the beginning of the year (1 July 2013)	7,048,629	3,580,758
Performance rights granted during the year	10,498,408	4,921,274
Vested during the year	(559,378)	-
Lapsed during the year	(752,227)	-
Forfeited during the year	(1,918,543)	(1,453,403)
Outstanding at the end of the year	**14,316,889**	**7,048,629**
Exercisable at the end of the year	**-**	**-**

Performance rights on issue as part of ESOP have a nil exercise price. The weighted average fair value of performance rights granted during the year was $0.517 (2013: $1.418).

During the period, 10,498,408 performance rights were granted. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. 559,378 Performance Rights have met the performance measures and were vested whilst 752,227 Performance Rights did not meet the performance measures and lapsed.

The second tranche of Performance rights awarded from financial year 2012 were tested as at 30 June 2014. As at the date of this report 724,809 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation and 522,765 Performance Rights are expected to lapse subject to Board confirmation. There are 3,647,081 Performance Rights granted in financial year 2013 which will be subject to performance testing as at 30 June 2015.

(e) Fair value determination

Performance rights

During the year, Evolution issued three allotments of performance rights that will vest on 30 June 2016. 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. The performance rights also require continued employment at the vesting date.

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 EPS is measured as the cumulative annual growth rate in EPS, excluding non-recurring items over the three year period ending 30 June 2016.

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	2,520,576	2,520,576	2,520,576
Spot price ($)	0.920	0.920	0.920
Risk-free rate (%)	2.79	2.79	2.79
Term (years)	2.8	2.8	2.8
Volatility (%)	55-60	55-60	55-60
FV at Grant Date	0.315	0.570	0.860
November 2013 rights issue			
Number of rights issued	748,384	748,384	748,384
Spot price ($)	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
FV at Grant Date	0.235	0.275	0.570
February 2014 rights issue			
Number of rights issued	230,509	230,509	230,509
Spot price ($)	0.615	0.615	0.615
Risk-free rate (%)	2.84	2.84	2.84
Term (years)	2.4	2.4	2.4
Volatility (%)	55-60	55-60	55-60
FV at Grant Date	0.136	0.271	0.566

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.

10. EARNINGS PER SHARE

	Year ended 30 June 2014	Year ended 30 June 2013
Basic earnings profit/(loss) per share (cents per share)	7.06	(43.43)
Diluted earnings profit per share (cents per share)	6.83	-
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	708,912,087	707,873,670
Effect of dilution:		
Share options and performance rights	23,591,193	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	732,503,280	707,873,670

Basic 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 EPS 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.

Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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.

11. CASH AND CASH EQUIVALENTS

	30 June 2014 $'000	30 June 2013 $'000
Cash at Bank	31,045	13,142
Deposits	562	520
	31,607	**13,662**

12. TRADE AND OTHER RECEIVABLES

	30 June 2014 $'000	30 June 2013 $'000
Trade receivables	20,005	6,820
GST refundable	4,068	6,178
Prepayment and other receivables	3,689	3,201
Accrued interest income	12	-
	27,774	**16,199**

No trade receivables were past due or impaired as at 30 June 2014 (2013: Nil).

13. INVENTORIES

	30 June 2014 $'000	30 June 2013 $'000
Current		
Stores	24,845	25,437
Ore	20,580	25,612
Dore and Concentrate	9,578	8,845
Metal in circuit	9,259	12,894
	64,262	**72,788**
Non-Current		
Stores	2,533	-
	2,533	**-**

The inventory expense for write downs to net realisable value for the year was $27.870 million. The write down of inventories to net realisable value is included in 'cost of sales' in the Consolidated Statement of Comprehensive Income.

14. OTHER FINANCIAL ASSETS

	30 June 2014 $'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	900	1,500
	900	**1,640**

15. OTHER NON CURRENT ASSETS

	30 June 2014 $'000	30 June 2013 $'000
Tenement security bonds	64	53
Administration and office bonds	16	8
	80	**61**

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Plant and equipment	Total
	$'000	$'000	$'000
At 1 July 2012			
Cost	9,261	291,117	300,378
Accumulated depreciation	-	(35,299)	(35,299)
Net carrying amount	**9,261**	**255,818**	**265,079**
Year ended 30 June 2013			
Carrying amount at the beginning of the year	9,261	255,818	265,079
Additions	556	42,866	43,422
Reclassifications	-	(8,709)	(8,709)
Disposals	-	(729)	(729)
Depreciation	-	(23,005)	(23,005)
Carrying amount at the end of the year	**9,817**	**266,241**	**276,058**
Included in above			
Carrying amount of lease assets	-	8,544	8,544
Carrying amount of assets under construction	-	27,376	27,376
	-	**35,920**	**35,920**
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**
Year ended 30 June 2014			
Carrying amount at the beginning of the year	9,817	266,241	276,058
Additions	548	67,538	68,086
Transfers to Mine Development and Exploration	-	(6,903)	(6,903)
Reclassifications	-	211,068	211,068
Disposals	-	(1,466)	(1,466)
Depreciation	-	(55,638)	(55,638)
Asset Write Off	-	(2,033)	(2,033)
Carrying amount at the end of the year	**10,365**	**478,807**	**489,172**
At 30 June 2014			
Cost	10,365	592,679	603,044
Accumulated depreciation	-	(113,872)	(113,872)
Net carrying amount	**10,365**	**478,807**	**489,172**
Included in above			
Carrying amount of lease assets	-	21,086	21,086
Carrying amount of assets under construction	-	35,179	35,179
	-	**56,265**	**56,265**

17. MINE DEVELOPMENT AND EXPLORATION

	Mines under construction $'000	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2012				
Cost	247,380	530,197	91,479	869,056
Accumulated depreciation	-	(97,459)	(12,910)	(110,369)
Net carrying amount	**247,380**	**432,738**	**78,569**	**758,687**
Year ended 30 June 2013				
Carrying amount at the beginning of the year	247,380	432,738	78,569	758,687
Additions	171,893	159,221	37,564	368,678
Reclassifications	150	11,311	-	11,461
Disposals	-	(11,574)	(9,077)	(20,651)
Depreciation and amortisation	-	(118,380)	-	(118,380)
Impairment	(132,058)	(156,883)	(69,292)	(358,233)
Carrying amount at the end of the year	**287,365**	**316,433**	**37,764**	**641,562**
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**
Year ended 30 June 2014				
Carrying amount at the beginning of the year	287,365	316,433	37,764	641,562
Additions	-	129,964	20,272	150,236
Transfers to Mine Development and Exploration	-	30,505	(23,602)	6,903
Reclassifications	(287,365)	76,297	-	(211,068)
Asset Write Off	-	-	-	-
Depreciation and amortisation	-	(88,186)	-	(88,186)
Expensed	-	-	(6,252)	(6,252)
Carrying amount at the end of the year	**-**	**465,013**	**28,182**	**493,195**
At 30 June 2014				
Cost	-	769,038	40,568	809,606
Accumulated depreciation	**-**	(304,025)	(12,386)	(316,411)
Net carrying amount	**-**	**465,013**	**28,182**	**493,195**

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.

18. TRADE AND OTHER PAYABLES

	30 June 2014 $'000	30 June 2013 $'000
Trade creditors and accruals	59,911	60,554
Other creditors	7,905	18,717
	67,816	**79,271**

19. PROVISIONS

	30 June 2014 $'000	30 June 2013 $'000
Current provisions		
Employee entitlements	10,572	10,745
Non-current provisions		
Employee entitlements	3,847	-
Long Service Leave	1,075	637
Rehabilitation provision	79,288	49,603
	84,210	**50,240**

Reconciliations of carrying amount movements of non-current provisions	Rehabilitation provision $'000	Long Service Leave $'000	Employee Entitlements $'000	Total $'000
Carrying amount at the beginning of the year	49,603	637	-	50,240
Charges during the year	-	438	3,847	4,285
Write-back of unused provisions	-	-	-	-
Unwinding of discount	1,992	-	-	1,992
Change in provision assumptions	27,693	-	-	27,693
Carrying amount at the end of the year	**79,288**	**1,075**	**3,847**	**84,210**

The increase in the rehabilitation provision in the year is a result of higher cost estimates made for rehabilitation of the Company's four mines in Queensland.

20. INTEREST BEARING LIABILITIES

	30 June 2014 $'000	30 June 2013 $'000
Current		
Finance lease liabilities	11,426	4,030
Other borrowings	11,559	4,496
	22,985	**8,526**
Non-Current		
Corporate loan facility	126,784	126,784
Less: Borrowing costs	(2,024)	(3,520)
Finance lease liabilities	13,723	2,669
	138,483	**125,933**

In November 2012, the Group secured a $200 million corporate loan facility. The purpose of this facility was to refinance the $31.500 million Edna May loan facility and to finance short term working capital requirements. 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 $73.216 million at the end of the period.

The Group pre-financed $11.251 million (2013: $3.696 million) of concentrate from the Mt Carlton mine in June 2014 on a fixed rate short term loan from Macquarie Bank Ltd, this was subsequently repaid in July 2014.

The Group leases various plant and equipment with a carrying amount of $21.086 million (2013: $11.080 million) based on the cost of the assets. These leases expire within one to five years and under the terms of the leases, at the expiry the ownership of the leased assets will transfer to the Group.

21. DERIVATIVE FINANCIAL LIABILITIES

	30 June 2014 $’000	30 June 2013 $’000
Non-current liabilities		
Interest rate swaps – cash flow hedges	153	-
Total non- current derivative financial instrument liabilities	**153**	**-**

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 the Group’s 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 64% (2013: 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 5.6% 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 year.

22. ISSUED CAPITAL

	30 June 2014 $'000	30 June 2013 $'000
Issued capital comprises 709,989,453 fully paid ordinary shares (30 June 2013: 708,092,989)	1,048,424	1,047,195

Movement in issued shares for the period		30 June 2014		30 June 2013
	Number	$'000	Number	$'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 interim dividend	1,337,086	1,229	-	-
Shares issued for asset acquisition	-	-	500,000	835
Shares issued on exercise of options	-	-	487,276	609
Closing balance for the year	**709,989,453**	**1,048,424**	**708,092,989**	**1,047,195**

During the period, 559,378 shares were issued upon the vesting of performance rights.

During the year, the Board of Directors approved the implementation of a DRP as part of Evolution's existing dividend policy. 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 participation rate in the DRP for the FY14 interim dividend was 17.43% of the Company's ordinary issued shares, with 1,337,086 shares issued at 91.92 cents per share.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt capital markets to fund capital investment in working capital and exploration and evaluation activities.

The Group monitors its liquidity through analysis of regular cash flow forecasts.

23. RESERVES

	30 June 2014 $'000	30 June 2013 $'000
Share based payment reserve	18,972	17,243
Fair Value revaluation reserve	(600)	-
Cash Flow Hedge reserve	(153)	-
	18,219	**17,243**

Share based payment reserve

Option reserve comprises the consideration received for the issue of options over unissued ordinary shares of the Company and the fair value of options over unissued ordinary shares granted as employee remuneration until the options are exercised or expire.

Options over ordinary shares	30 June 2014 $'000	30 June 2013 $'000
Options on issue at beginning of year	17,243	15,042
Share based payment expense recognised in profit and loss	1,729	2,201
Other	-	-
Balance at the end of year	**18,972**	**17,243**

At 30 June 2014 there were 9,383,738 options on issue (2013: 10,929,198). Refer to disclosure at Note 9: Share-based payments for further details.

Fair Value revaluation reserve

The fair value revaluation reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised.

	30 June 2014 $'000	30 June 2013 $'000
Balance at beginning of year	-	(5,613)
Change in fair value of available-for-sale listed securities	(600)	(2,074)
Impairment expense recognised in Statement of Comprehensive Income	-	7,687
Balance at end of year	**(600)**	**-**

This investment relates to 300 million fully paid ordinary shares in Monto Minerals Limited ("Monto") and 150 million options in Monto that were exercisable at 3 cents on or before 30 June 2014. Refer to Note 14: Other Financial Assets for further detail with respect to the available for-sale listed securities and unlisted options.

Cash Flow Hedge reserve

The fair value revaluation reserve includes the cumulative net change in the cash flow hedge until the contract finishes.

	30 June 2014 $'000	30 June 2013 $'000
Balance at beginning of year	-	-
Reclassification through profit and loss	(153)	-
Balance at end of year	**(153)**	**-**

This investment relates to the $81 million interest rate swap agreement used to fix a portion of its borrowings under the corporate loan facility.

24. ACCUMULATED (LOSSES)

Movements in retained earnings are as follows:

	30 June 2014 $'000	30 June 2013 $'000
Balance at the beginning of the year	(317,183)	(6,855)
Net profit/ (loss) for the year	50,017	(307,421)
Prior period tax adjustments	-	(2,907)
Dividends paid and issue of share capital	(14,173)	-
Balance at end of year	**(281,339)**	**(317,183)**

25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

	30 June 2014 $'000	30 June 2013 $'000
(a) Reconciliation of cash and cash equivalents		
Reconciliation of cash balance comprises:		
Cash at bank	31,045	13,142
Short term deposits	562	520
	31,607	**13,662**
(b) Reconciliation of profit/ (loss) to net cash inflow from operating activities:		
Profit/ (loss) for the year	50,017	(307,421)
Add/(less) items classified as investing/financing activities:		
Depreciation and amortisation	143,824	141,385
Share based payments	1,729	2,201
Unwind of discount in provisions	1,992	1,902
Amortisation of borrowing costs	1,496	3,268
Loss on disposal of assets	269	583
Write off of available-for-sale assets	-	7,687
Exploration assets written off during the period	6,252	9,077
Impairment of assets	-	376,598
Property, plant and equipment asset write off	2,033	-
Change in assets and liabilities during the financial year:		
(Increase)/decrease in other receivables	(11,574)	11,740
Decrease/(increase) in deferred mining expenditure	-	3,460
Decrease/(increase) in inventories	5,993	(33,335)
(Decrease)/increase in trade and other payables	(3,897)	14,839
Increase/(decrease) in provisions	4,063	14,624
Increase/(decrease) in deferred tax balance	-	(13,618)
Net cash provided by operating activities	**202,197**	**232,990**

26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has used derivative financial instruments such as interest rate swaps to hedge interest rate risk exposures.

Risk management is carried out at a corporate level under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors approves written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, gold price risk and use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	30 June 2014 $'000	30 June 2013 $'000
Financial Assets		
Cash and cash equivalents	31,607	13,662
Trade and other receivables	23,706	10,021
Other financial assets	900	1,640
	56,213	**25,323**
Financial liabilities		
Trade and other payables	67,816	79,271
Interest bearing liabilities	161,468	134,459
Derivative liabilities	153	-
	229,437	**213,730**

a) Market Risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional. As at 30 June 2014, the Group held USD$0.695million in a US dollar currency bank account and receivables of US$9.565 million outstanding relating to the Mt Carlton operation.

Management has set up a policy to manage their foreign exchange risk against their functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Commodity Price Risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold and silver currently produced from its gold mines. The Group has in place physical gold delivery contracts covering sales of 164,319 oz (2013: 85,422 oz) of gold at an average flat forward price of $1,597 per ounce.

Interest Rate Risk

The Group's interest rate risk arises from cash on hand invested in term deposits and borrowings. Short term deposits of $0.485 million (2013: $0.520 million) are placed with investment grade banks in Australia for time frames to ensure an appropriate balance between liquidity and interest rate earned. Borrowings of $126.784 million (2013: 126.784 million) incur interest at a variable rate and the Group has entered into interest rate swap agreement to fix a portion of its borrowings under the corporate loan facility that will mature in May 2015. An increase/decrease of variable interest rates of 0.25% will result in an increase/ decrease $633,919 in interest expense relating to debt and $1,405 in interest income relating to term deposits.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. At the balance sheet date there were no significant concentrations of credit risk given customers and banks have investment grade credit ratings. The total trade and other receivables outstanding at 30 June 2014 was $23.694 million (30 June 2013: $10.021 million).

c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Maturities of financial liabilities

The following are the Group's contractual maturities of 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 ($'000)	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount
30 June 2014						
Trade and other payables	67,816	-	-	-	67,816	67,816
Finance lease liabilities	12,659	10,088	4,353	-	27,100	25,149
Corporate loan facility	6,656	133,440	-	-	140,096	126,784
Other borrowings	11,559	-	-	-	11,559	11,559
Total liabilities	**98,690**	**143,528**	**4,353**	-	**246,571**	**231,308**
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**

d) Fair value hierarchy

AASB 13 *Fair Value Measurement* 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 30 June 2014 and 30 June 2013:

	30 June 2014				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								
Available-for-sale financial assets	-	-	-	-	-	-	-	-
Shares available-for-sale	900	-	-	900	1,640	-	-	1,640
Total financial assets	**900**	**-**	**-**	**900**	**1,640**	**-**	**-**	**1,640**
Financial liabilities								
Derivatives used for hedging	-	153	-	153	-	-	-	-
Total financial liabilities	**-**	**153**	**-**	**153**	**-**	**-**	**-**	**-**

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 in level 2 derivatives 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 either level 1 or 2, with no financial instruments included in level 3 for the year ending 30 June 2014.

27. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Evolution Mining Limited.

The balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(b) Equity interests in related parties

Equity interests in subsidiaries

Evolution Mining Limited has 100% interest in the Edna May Gold Mine, the Cracow Gold Mine, the Pajingo Gold Mine, the Mt Rawdon Gold Mine and the Mt Carlton gold, silver and copper project.

(c) Transactions with Directors and KMPs

KMP compensation

Details of KMP compensation are provided in the Remuneration Report of the Directors' Report designated as audited.

Loans to Directors and KMP

There were no loans to Directors or KMP during the period.

KMP Compensation

The aggregate compensation provided to Directors and KMPs is set out below:

	30 June 2014 $	30 June 2013 $
Short-term benefits	5,541,638	4,189,493
Post-employment benefits	150,818	148,999
Termination benefits	236,908	233,793
Share-based payments	1,207,459	1,196,296
Total	**7,136,823**	**5,768,581**

(d) Transactions with other related parties

Directors Fees were paid to Newcrest Mining Limited (“Newcrest”) up until May 2014 the for the services of two Non-Executive Directors, Mr Lawrie Conway and Mr Peter Smith. In the amount of $98,125 (2013: $192,500).

Newcrest also provided certain accounting, information technology and administration services and was reimbursed for the servicing cost on tenement security to the Company. Fees paid to Newcrest in the period in this regard amounted to $89,076 (2013: $53,569).

Directors fees in the amount of $102,500 was paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (2013:$102,500).

Directors fees in the amount of $102,473 was paid to John Rowe and Associates, a company of which Mr John Rowe is a Director for services provided during the period (2013: $102,500).

Directors fees in the amount of $200,000 was paid to DAK Corporation Pty Ltd, a company of which Mr Jacob Klein is a Director for services provided during the period (2013: $200,000).

Directors fees in the amount of $69,865 was paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnston is a Director for services provided during the period (2013: nil).

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 (2013: nil). Subsequent to Mr Paul Mark’s resignation as a Director, the company entered into a consultancy agreement with Mr Paul Marks whereby the company may call on Mr Paul Marks for advisory or consultancy services, as and when required, through until 30 June 2014. Consulting fees in this regard amounting to $200,000 were paid to P Marks Investment Pty Ltd during the period.

28. AUDITOR’S REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity:

	30 June 2014 $	30 June 2013 $
PwC Australia		
(a) Audit and other assurance services		
Audit and review of financial statements	257,608	286,116
Other assurance services	-	-
	257,608	**286,116**
(b) Taxation services – tax compliance and advice	-	365,970
(c) Other services – accounting advice and support	-	-
	-	**365,970**

29. INFORMATION RELATING TO EVOLUTON MINING LIMITED (THE PARENT ENTITY)

	30 June 2014 $'000	30 June 2013 $'000
Financial position of parent entity at year end		
Current assets	31,345	9,688
Total assets	**851,472**	**889,057**
Current liabilities	22,007	13,214
Total liabilities	**146,102**	**195,357**
Total equity of the parent entity comprising:		
Share capital	1,048,424	1,047,195
Reserves	18,746	17,169
Accumulated losses	(361,800)	(370,664)
Total equity	**705,370**	**693,700**
Result of parent entity		
Profit/ (loss) of the parent entity	23,037	(6,381)
Other comprehensive profit/ (loss)	-	-
Total comprehensive profit/ (loss) of the parent entity	**23,037**	**(6,381)**

The Parent Company has entered into a Deed of Cross Guarantee with its subsidiaries.

The Group has provided bank guarantees, as detailed in Note 30: Contingencies.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Investments in Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control such that significant operating and financial decisions require the unanimous consent of the parties sharing control. The Group classifies its interest in a joint arrangement as a joint venture or joint operation. Joint ventures are accounted for using the equity method of accounting whereas for a joint operation the Group recognises' its share of the assets, liabilities, revenue and expenses of the joint operation.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Change in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Evolution.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

30. 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 2014. The total of these guarantees at 30 June 2014 was $57.256 million with various financial institutions (30 June 2013 was $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 appropriately stamped by the Queensland Office of State Revenue.

31. GOLD DELIVERY COMMITMENTS

As at 30 June 2014	Gold for physical delivery	Contracted sales price	Value of committed sales
	(ounces)	A$	$'000
Within one year	82,499	1,577	130,101
Later than one year but not greater than five years	81,820	1,618	132,385
	164,319		**262,486**

As at 30 June 2013	Gold for physical delivery	Contracted sales price	Value of committed sales
	(ounces)	A$	$'000
Within one year	-	1,573	-
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 are therefore out of the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. As a result no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

32. CAPITAL AND LEASE COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements and meet exploration joint venture requirements the Group is required to perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. These obligations are subject to renegotiation when application for a mining lease is made and at various other times. These obligations are not provided for in the financial report and are payable:

	30 June 2014	30 June 2013
	$'000	$'000
Within one year	3,485	6,675
Later than one year but not greater than five years	5,125	-
More than five years	1,575	-
Total	**10,185**	**6,675**

Capital commitments

The Group has the following capital commitments in relation to capital projects at each of the operating mines.

	30 June 2014	30 June 2013
	$'000	$'000
Within one year	19,064	38,047
Later than one year but not greater than five years	2,500	-
Total	**21,564**	**38,047**

Non-cancellable operating lease expense commitments

The Group has the following operating lease commitments not provided for in the financial statements:

	30 June 2014	30 June 2013
	$'000	$'000
Within one year	26,626	26,338
Later than one year but not greater than five years	7,207	3,422
Total	**33,833**	**29,760**
Finance lease and hire purchase commitments		
Within one year	1,838	4,217
Within two to five years	954	2,945
Later than five years	-	-
Total minimum lease payments	2,792	7,162
Less amounts representing finance charges	(123)	(463)
Present value of minimum lease payments	**2,669**	**6,699**
Current portion	1,739	4,030
Non-current portion	930	2,669
Total	**2,669**	**6,699**

33. EVENTS AFTER THE BALANCE SHEET DATE

- On 1 July 2014 the changeover to owner mining at Mt Rawdon occurred with minimal disruption to operations. The Company now directly employs 178 personnel at Mt Rawdon, an increase of 83 from 30 June 2014. The Company now directly owns all mining equipment at Mt Rawdon and has entered into hire purchase agreements to the amount of $14.263 million.

- Subsequent to the 12 June 2014 announcement, on 7 July 2014 Evolution announced that as part of the a farm in and joint venture arrangement with Emmerson Resources (ASX:ERM) over the high prospective Tennant Creek gold copper project they had purchased 49,144,000 new shares in Emmerson (13%) at the weighted 20 day average of $0.0381 for $1.872 million to be held in escrow for 12 months. With Evolution also issuing 2,504,383 new shares to Emmerson for a non-cash consideration per share of $0.7986 totalling $2.000 million, to be held in escrow for 12 months.

- Edna May Operations Pty Ltd, a wholly owned subsidiary of Evolution, received a Writ Of Summons from the Supreme Court of Western Australia on 9 July 2014 together with a Statement Of Claim filed by Mineral Crushing Services (WA) Pty Ltd claiming damages of approximately $3 million in relation to contract crushing services provided at the Edna May operation. Evolution will vigorously defend the claim.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect, the operations of the Group, or the state of affairs of the Group and its controlled entities in subsequent periods

DIRECTORS' DECLARATION

The Directors declare that:

(a) The financial report of the Consolidated Entity, and the notes set out on pages 51 to 92 are in accordance with the *Corporations Act* 2001, including:

  (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2014; and of its performance for the financial year ended on that date; and

  (ii) complying with Accounting Standards and *Corporations Act* 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standard Board; and

The Directors have been given the declaration by the Chief Financial Officer required by section 295A of the *Corporations Act* 2001.

This declaration has been made in accordance with the resolution of the Directors.

Jacob Klein
Executive Chairman

Graham Freestone
Lead Independent Director and
Chair of the Audit Committee

Sydney
27 August 2014

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

Report on the financial report

We have audited the accompanying financial report of Evolution Mining Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Evolution Mining Limited group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Evolution Mining Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 28 to 49 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Sydney
27 August 2014