Appendix 4D (Listing Rule 4.2A.3)

EVOLUTION MINING LIMITED ACN 084 669 036

AND CONTROLLED ENTITIES

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2014

Results for Announcement to the Market

Key Information

	31 December 2014 $'000	31 December 2013 $'000	Up / (down) $'000	% increase/ (decrease)
Revenues from ordinary activities	325,031	320,934	4,097	1%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	131,771	110,873	20,898	19%
Profit / (loss) from ordinary activities after income tax attributable to members	43,074	35,449	7,625	22%

Dividend Information

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

Net Tangible Assets

	31 December 2014 $	31 December 2013 $
Net tangible assets per share	1.60	1.53

Earnings Per Share

	31 December 2014 Cents	31 December 2013 Cents
Basic earnings per share	6.04	5.00

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

Evolution Mining Limited

ABN 74 084 669 036

Appendix 4D and
Half-Year Financial Report
for the period ended 31 December 2014

Evolution Mining Limited
Half-Year Financial Report

Corporate Information

ABN 74 084 669 036

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
James Askew	Non-Executive Director
Graham Freestone	Lead Independent Director
Colin (Cobb) Johnstone	Non-Executive Director
Thomas (Tommy) McKeith	Non-Executive Director
John Rowe	Non-Executive Director

Company Secretary

Evan Elstein

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Share Register

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Auditor

PricewaterhouseCoopers
201 Sussex Street
SYDNEY NSW 2000

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Website

www.evolutionmining.com.au

Stock Exchange Listing

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

Evolution Mining Limited
Half-Year Financial Report

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Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2014

Directors' Report

The Directors present their report on the consolidated entity ("the Group") consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014 ("the period").

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer*
James Askew	Non-Executive Director
Graham Freestone	Lead Independent Director
Colin (Cobb) Johnstone	Non-Executive Director
Thomas (Tommy) McKeith	Non-Executive Director
John Rowe	Non-Executive Director

* Appointed as Finance Director and Chief Financial Officer on 1 August 2014, previously a Non-Executive Director

Company Secretary

The name of the Company Secretary during the whole of the half-year ended 31 December 2014 and up to the date of this report is as follows:

Evan Elstein

Review of operations

Operational and Financial Performance Summary

Evolution posted a record half-year net profit after tax of $43.074 million, an increase of 22% in the half-year ended 31 December 2014 (31 December 2013: $35.449 million), driven by record production and a strong focus on cost control. This was achieved despite lower gold and silver prices.

Total production for the half-year increased 3% to 220,444oz at an average gold equivalent grade of 2.11g/t, an increase of 6% compared to the half-year ended 31 December 2013.

All operations produced positive cash flows totalling $56.971 million after all sustaining and major capital expenditure, including capital stripping, representing a 38% improvement over the prior corresponding half-year.

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

Key Business Metrics	31 December 2014	31 December 2013	% Change
Total UG ore mined (kt)	460	406	13%
Total lateral development (m)	5,782	5,512	5%
OP ore mined (kt)	3,336	3,014	11%
OP waste mined (kt)	10,350	11,209	(8)%
Processed tonnes (kt)	4,045	3,835	5%
Gold equivalent grade processed (g/t)	2.11	1.99	6%
Gold equivalent production (oz)	**220,444**	**214,396**	**3%**
Unit cash operating costs (A$/oz)	710	766	7%
All in sustaining costs (A$/oz)	1,035	1,049	1%
Gold price achieved (A$/oz)	1,429	1,444	(1)%
Silver price achieved (A$/oz)	20.74	22.49	(8)%

Review of operations (continued)

Operational and Financial Performance Summary (continued)

Key Business Metrics	31 December 2014	31 December 2013	% Change
Total Revenue	325,031	320,934	1%
Cost of sales (excluding D&A)	(181,329)	(198,162)	8%
Corporate, Admin, Exploration and other costs (excluding D&A)	(11,931)	(11,899)	-%
EBIT	50,539	42,703	18%
EBITDA	131,771	110,873	19%
Report Net Profit/(Loss)	**43,074**	**35,449**	**22%**
Capital Expenditure	89,538	90,794	1%

* EBITDA and EBIT are non-IFRS financial information and are not subject to audit.

Mining Operations

The site by site production and sales results for the current and prior period are summarised below. All $ figures refer to Australian dollars (A$'000) unless otherwise stated.

Key Statistics For the half-year ended 31 December 2014	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / average
Gold equivalent production (oz)	45,084	32,185	51,217	53,606	38,352	220,444
Gold sales (oz)	44,912	32,006	52,503	54,527	27,619	211,567
Silver sales (oz)	25,315	25,112	15,571	52,908	808,958	927,864
Copper sales (t)	-	-	-	-	449	449
Av Gold sales price (A$/oz)*	1,397	1,406	1,536	1,396	1,373	1,429
Av Silver sales price (A$/oz)	19.69	20.22	20.34	20.12	20.83	20.74
Av Copper sales price (A$/t)	-	-	-	-	7,480	7,480
Total revenue ($'000)	63,229	45,500	80,965	77,202	58,135	325,031

Key Statistics For the half-year ended 31 December 2013	Cracow	Pajingo	Edna May	Mt Rawdon	Mt Carlton	Total / average
Gold equivalent production (oz)	47,367	29,204	40,251	55,923	41,651	214,396
Gold sales (oz)	47,714	31,607	38,643	57,573	17,919	193,456
Silver sales (oz)	27,505	25,784	15,913	49,720	1,567,930	1,686,852
Copper sales (t)	-	-	-	-	485	485
Av Gold sales price (A$/oz)*	1,424	1,437	1,517	1,422	1,421	1,444
Av Silver sales price (A$/oz)	22.79	23.02	22.97	22.86	22.45	22.49
Av Copper sales price (A$/t)	-	-	-	-	7,644	7,644
Total revenue ($'000)	67,950	46,022	58,969	82,993	64,373	320,307

* Edna May includes hedged gold sales price.

Review of operations (continued)

Mining Operations (continued)

Cracow

The half-year ended 31 December 2014 saw gold production at Cracow decrease 5% to 45,084oz at a C1 cash cost of $733/oz and an AISC of $1,110/oz (31 December 2013: 47,367oz, $736/oz, $1,059/oz). A total of 267kt of ore was mined at an average grade of 5.65g/t (31 December 2013: 259kt, 6.11g/t). The reduced production is driven primarily by a 9% decrease in the average processed grade of 5.57g/t (31 December 2013: 6.11g/t).

Underground development focused on establishing drilling platforms, comprising 1,373m of operating development and 1,615m of capital development (31 December 2013: 1,786m, 1,166m). Backfilling was a priority along with production drilling to improve stoping flexibility as were diamond drill platforms for resource definition drilling. Stoping flexibility improved during the period with ore development at the Empire ore zone extremities reduced with multiple stoping areas becoming available.

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

- Conversion of a Pajingo truck to a water truck and commencement of a Pajingo ROM loader thereby delivering reduced costs and reduced contractor dependency.
- Implementation of a service vehicle for the underground providing for increased productivity of loaders and drill rigs (less travelling time to surface).

Pajingo

The half-year ended 31 December 2014 saw a 22% reduction in C1 cash costs to $777/oz (31 December 2013: $1,000/oz) and a 18% decrease in AISC to $1,193/oz (31 December 2013: $1,454/oz) as a result of continued efforts to reduce operating costs. Gold production increased 10% to 32,185oz (31 December 2013: 29,204oz), driven primarily by a 36% increase in the average processed grade to 5.51g/t. Prior period average processed grade of 4.05g/t included open pit stock of approximately 88kt at an average grade of 1.24g/t in addition to underground stock of 146k at an average grade of 5.74g/t. A total of 193kt of ore was mined at an average grade of 5.47g/t (31 December 2013: 147kt, 5.81g/t).

Underground diamond drilling was a focus with 24,141m of grade control and resource definition drilling completed during the period. Underground development, comprising 1,626m of operating development and 1,168m of capital development (31 December 2013: 1,355m, 1,205m) was also successful in opening up more available areas for stoping.

Total development cost has reduced 21% to $5,926/m largely due to improved productivity and removing delays such as slow blast fume entry times.

Capital projects commissioned during the period include:

- A tailings dam lift allowing for approximately two years of tailings storage at the current production rate.
- A ventilation/escapeway rise.

Review of operations (continued)

Mining Operations (continued)

Edna May

The half-year ended 31 December 2014 saw a 26% reduction in C1 cash costs to $701/oz (31 December 2013: $947/oz) and a 28% decrease in AISC to $854/oz (31 December 2013: $1,190/oz) as a result of realised efficiencies and higher production. Gold production increased 27% to 51,217oz (31 December 2013: 40,251oz), driven primarily by a 12% increase in the average processed grade to 1.22g/t (31 December 2013: 1.09g/t) due to mining remnant underground material left behind from historical mining activity. A total of 1,217kt of ore was mined at an average grade of 1.25g/t (31 December 2013: 1,069kt at 1.08g/t).

In addition to the higher grades processed, increased gold production can also be attributed to improved throughput of 1,383kt (31 December 2013: 1,219kt) as a result of better fragmentation of blasted ore, use of the new mobile crusher, controlled blending practices, and process control consistency. Mill utilisation has also increased largely due to the capital investment in a mobile crusher to allow direct feeding of the SAG mill while the primary crusher is unavailable due to planned maintenance.

The Stage 2 cutback was a heavy focus during the period with total material movement increasing 94% to 4,651kt. The waste mined comprised 454kt of operating waste from the Stage 1 pit cutback and 2,760kt of capital waste from the Stage 2 pit cutback.

The March 2015 quarter will see the transition back to 24-hour mining operation to achieve planned volumes from Stage 2 cutback over at least an 18 month period.

Mt Rawdon

The half-year ended 31 December 2014 saw Mt Rawdon continue as a low cost producer with a gold production of 53,606oz at a C1 cash cost of $646/oz and an AISC of $921/oz (31 December 2013: 55,923oz, $592/oz, $766/oz). A total of 1,716kt of ore was mined at an average grade of 1.02g/t (31 December 2013: 1,511kt, 1.10g/t). The reduced production is driven primarily by a 2% decrease in the average processed grade of 1.03g/t (31 December 2013: 1.05g/t) and lower processed ore tonnes.

Total ore processed for the half-year was 1,781kt, achieving this through sustained ore delivery to the processing plant and the plants reliability (31 December 2013: 1,793kt). Additionally, two shutdowns were completed during the half-year without incident with the plant on both occasions able to quickly ramp back up to full production on time.

The Northern Wall of the Stage 4 pit cutback was a large focus for the period despite a 9% reduction in total material moved to 7,400kt. The Northern Wall is the narrowest section of the cutback with capital waste of 4,340kt. Operating waste movements of 1,281kt involved opening up the floor of the Stage 3 pit to expose ore to be used in production for the remainder of the 2015 financial year.

The owner-miner transition on 1 July 2014 was completed without disruption, with both equipment and personnel performing well.

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

- Installation of a real time monitoring application for the truck fleet providing benefits in relation to safety, material movement efficiency and reduced operating costs.
- Mill throughput improvements.
- Larger diameter pre-split drilling.
- Reduced consumable consumption.

Review of operations (continued)

Mining Operations (continued)

Mt Carlton

The half-year ended 31 December 2014 saw a gold equivalent production at Mt Carlton of 38,352oz at a C1 cash cost of $725/oz and an AISC of $947/oz (31 December 2013: 41,651oz, 696/oz, $921/oz). A total of 403kt of ore was mined at an average grade of 4.83g/t (31 December 2013: 434kt, 4.29g/t).

A change in mining activity focus towards the end of the period to the low and medium grade zones in Stage 2 of the V2 pit has resulted in lower average gold equivalent processed grade of 4.01 g/t. Campaign mining of both the A39 pit and V2 in the prior period yielded average gold equivalent processed grades of 5.72g/t.

A total of 38,352oz of payable gold equivalent contained in 22,753 wet metric tonnes (wmt) of gold and 3,542 wmt of silver concentrate was produced. The concentrate shipments for the half-year of 38,621 wet metric tonnes were split across four shipments of A39 and eight shipments of V2 concentrate.

Total material movement decreased 49% to 1,919kt as a result of the current positioning in the pit with a significant reduction in operating waste of 408kt (31 December 2013: 3,727kt, 1,891kt). Plant optimisation projects are underway to maximise plant efficiencies for V2 ore. Cost reduction initiatives included:

- More competitive market conditions have benefited tendering of various site contracts yielding reductions in administrative and service contract costs.
- A cost saving of $40,000 p.a. in assay costs through the purchase of customised certified reference material (blanks and standards).

Financial Performance

Profit or Loss

Revenue for the half-year ended 31 December 2014 was up by 1% at $325.031 million (31 December 2013: $320.934 million) due to record production offset by a reduction in the average gold price of 1% to $1,429/oz (31 December 2013: $1,444/oz).

Deliveries into the hedge book were 41,589oz at an average price of $1,572/oz. The remaining 169,978oz were sold at spot price achieving an average price of $1,395/oz. Additionally, the Company forward sold a further 225,000oz of gold during the period, with scheduled quarterly deliveries from April 2016 through to June 2018. The total hedge book now totals 347,730oz at an average price of $1,541/oz for deliveries to June 2018.

Operating costs decreased by 8% to $181.329 million which is a result of a stronger focus on cost control over operating activities. The decrease in operational costs was offset by an increase in depreciation and amortisation of 19% to $80.653 million which is driven by lower reserve and resource figures with record half-yearly production. Overall total cost of sales (inclusive of depreciation and amortisation) decreased 1% to $261.982 million.

The strengthening of cost control over operating activities also saw a decrease in C1 costs of 7% to $710/oz. The largest contributors to this decrease are Edna May and Pajingo with reductions of 26% and 22% respectively.

Total exploration expenditure for the half-year was $11.447 million with an exploration write-off of $0.374 million against income.

Review of operations (continued)

Financial Performance (continued)

Balance Sheet

The strong result for the period has been key in driving a reduction in the Group's gearing ratio to 9.7%, down 19% (or 2.3 percentage points) from 12.0% in the prior period.

The Group’s net assets increased by 5% to $823.547 million (30 June 2014: $785.304 million) which is primarily due to the increased cash balances and mine development capital expenditure at Mt Rawdon and Edna May which increased 6% to $518.975 million. At 31 December 2014, the Group held a cash balance of $47.444 million and total debt of $156.151 million. Total debt comprises $126.784 million of corporate debt, $21.235 million of finance leases and $9.403 million of other short-term debt.

Total assets increased during the period to $1,144.031 million, representing a 3% movement. This increase was due to increases in cash and mine development offset by decreases in trade receivables and property, plant and equipment of 11% and 8% respectively. Capital additions for property, plant and equipment totalled $24.160 million, incurred in-line with the transition of Mt Rawdon to owner miner. Property, plant and equipment depreciation across the Group totalled $30.266 million.

Total liabilities for the Group decreased 1% to $320.484 million. Current liabilities increased to $222.578 million as a result of reclassifying the revolving credit facility. The Group agreed terms to refinance the $200 million revolving credit facility in December 2014 and documentation was executed in February 2015. Upon execution the revolving credit facility will be reclassified to non-current liabilities. Derivative financial liabilities increased to $1.601 million as a result of the mark-to-mark movement related to diesel hedges while trade payables decreased 5% to $64.375 million.

Cash Flow

The half-year ended with a strong cash balance of $47.444 million, an increase of 28% (31 December 2013: $36.950 million). In addition to cash reserves, the Company has available credit of $73.216 million through its $200 million revolving credit facility.

Net cash inflow from operating activities was $135.754 million, an increase of $21.784 million (31 December 2013: $113.970 million). This increase can be attributed to increased sales receipts of $14.843 million and a reduction of $7.567 million in payments to suppliers due to a stronger focus on cost saving.

Net cash outflows from investment activities were $106.267 million, a $4.034 million increase (31 December 2013: $102.233 million). Capital investments for the period include property plant and equipment ($26.884 million), mine development and exploration ($77.510 million) and the investment in Emmerson Resources Limited ($1.872 million).

Net cash outflows from financing activities were $13.650 million, a decrease of $25.201 million (31 December 2013: inflow $11.551 million). Financing for the period included $5.624 million repayment of interest bearing liabilities, dividend payment of $5.870 million and a net repayment of $2.156 million for Mt Carlton shipment refinancing and insurance premiums.

Review of operations (continued)

Financial Performance (continued)

Taxation

As at half-year end, the balance sheet carried no deferred tax asset or liability as a result of a deferred tax asset being recognised in respect of available tax losses and prior year asset impairments.

The Company recognised a $13.435 million tax benefit in the current period from previously unrecognised tax losses to reduce the current tax expense. The Group has available tax losses of $185.287 million as at 31 December 2014 for returns lodged up to 30 June 2013.

Capital Expenditure

Capital expenditure has decreased 2% to $89.538 million (31 December 2013: $90.794 million) as a result of lower mine development activity. This consists of sustaining capital, including near mine exploration and resource definition of $34.966 million (31 December 2013: $31.761 million) and mine development of $54.573 million (31 December 2013: $58.702 million).

Financing

Total finance costs for the half-year were $7.651 million. Included in total finance costs is $1.816 million of debt establishment fee amortisation and discount unwinding on mine rehabilitation liabilities.

At 31 December 2014, the Company held an interest bearing revolving credit facility drawn to $126.784 million and was due to terminate in November 2015. In December 2014, the Company agreed terms by way of a letter of commitment to refinance its $200 million revolving credit facility and roll over the outstanding debt amount of $126.784 million. The term sheet was finalised with a syndicate of lenders to provide an $200 million Senior Secured Corporate Revolving Credit Facility (the “Facility”) with a $100 million Accordion Provision to 31 March 2018.

The rates and fees under the new Facility have been negotiated at materially better terms than the previous facility and equate to a saving of approximately $10 million over the term of the new Facility, based on the outstanding debt amount of $126.784 million.

The Accordion Provision is a new feature and allows the Group to request an additional $100 million to fund acquisition opportunities if and when they arise.

The new facility was executed on 12 February 2015 and is effective from this date, with the funds rolled over on 16 February 2015.

The Company holds an interest rate swap agreement for $81 million to fix interest rates for part of its borrowing under the revolving credit facility. The swap effectively fixes interest rate exposure on $81 million of the Company's debt at a rate of 5.64% p.a. out to May 2015.

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 final dividend (relating to production in the six months period to 30 June 2014) of $7.132million in October 2014. The Board has decided that despite the volatile market conditions, Evolution is in a sound position to confirm its commitment to pay an interim dividend for the current period of 1 cent per share (unfranked), totalling $7.149 million. Evolution shares will trade excluding entitlement to the dividend on 25 February 2015, with the record date being 27 February 2015 and payment date of 27 March 2015.

In relation to Evolution's dividend policy, the Board of Directors have approved the implementation of a Dividend Reinvestment Plan ("DRP"). The DRP will allow shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The allotted shares in respect of the first-half FY15 interim dividend will be issued at a 5.0% discount to the daily VWAP for the 5 days immediately after the record date.

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

	2014 $'000	2013 $'000
Final dividend	**7,132**	7,087

Matters subsequent to the end of the financial year

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

(a) On 12 February 2015, the Company signed the new financing agreement with a syndicate of lenders to provide an $200 million Senior Secured Corporate Revolving Credit Facility (the "Facility") with an $100 million Accordion Provision to 31 March 2018. The outstanding debt amount of $126.784 million was rolled over on 16 February 2015.

(b) On 21 January 2015, $5.657 million of performance bonds were returned, relating to Edna May as part of the establishment of the Western Australian Department of Mines and Petroleum's new Mining Rehabilitation Fund. This new levy system was implemented on 1 July 2014 and will now require all mining tenement holders to pay an annual non-refundable mining rehabilitation levy to the State and no longer requiring a performance bond to be held over the asset for rehabilitation purposes.

Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2014

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Rounding of amounts

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

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

Jacob (Jake) Klein	Graham Freestone
Executive Chairman	Lead Independent Director

Sydney
18 February 2015

Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 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 review; and

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

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

Tim Goldsmith

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
18 February 2015

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Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Sales revenue	4	**325,031**	320,934
Cost of sales	5	**(261,982)**	(265,801)
Gross Profit		**63,049**	55,133
Interest income	4	**186**	93
Other income	4	**146**	166
Exploration and evaluation costs expensed		**(374)**	(2,928)
Share based payments expense	14	**(1,258)**	(1,067)
Corporate and other administration costs		**(11,024)**	(8,601)
Finance costs	5	**(7,651)**	(7,347)
Profit before income tax expense		**43,074**	35,449
Income tax benefit/(expense)	6	**-**	-
Profit after income tax expense		**43,074**	35,449
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets		**(649)**	-
Changes in the fair value of cash flow hedges		**(1,448)**	(240)
Other comprehensive income, net of tax		**(2,097)**	(240)
Total comprehensive income		**40,977**	35,209
Total comprehensive income for the period is attributable to:			
Owners of Evolution Mining Limited		**40,977**	35,209
		40,977	35,209
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**6.04**	5.00
Diluted earnings per share		**5.81**	4.86

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Balance Sheet
As at 31 December 2014

	Notes	31 December 2014 $'000	30 June 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**47,444**	31,607
Trade and other receivables		**24,807**	27,774
Inventories		**67,069**	64,262
Total current assets		**139,320**	123,643
Non-current assets			
Other financial assets	7	**2,123**	900
Inventories		**2,533**	2,533
Other non-current assets		**82**	80
Property, plant and equipment	8	**480,998**	489,172
Mine development and exploration	9	**518,975**	493,195
Total non-current assets		**1,004,711**	985,880
Total assets		**1,144,031**	1,109,523
LIABILITIES			
Current liabilities			
Trade and other payables		**64,375**	67,816
Derivative financial instruments	10	**1,601**	-
Interest bearing liabilities*	11	**145,759**	22,985
Provisions		**10,843**	10,572
Total current liabilities		**222,578**	101,373
Non-current liabilities			
Derivative financial instruments	10	**-**	153
Interest bearing liabilities	11	**10,392**	138,483
Provisions		**87,514**	84,210
Total non-current liabilities		**97,906**	222,846
Total liabilities		**320,484**	324,219
Net assets		**823,547**	785,304
EQUITY			
Issued capital	12	**1,051,564**	1,048,424
Reserves		**17,380**	18,219
Accumulated losses		**(245,397)**	(281,339)
Capital and reserves attributable to owners of Evolution Mining Limited		**823,547**	785,304
Total equity		**823,547**	785,304

* At 31 December 2014, the Company held an interest bearing revolving credit facility of $126.784 million due to terminate in November 2015 as a current liability. In December 2014, the Company agreed terms by way of a letter of commitment to refinance its existing $200 million revolving credit facility and roll over the outstanding debt amount of $126.784 million. Upon execution, the revolving credit facility will be classified as a non-current liability.

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2014

	Notes	Issued capital $'000	Share-based payments $'000	Fair value Revaluation Reserve $'000	Cash flow hedges $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2013		1,047,195	17,243	-	-	(317,109)	747,329
Profit after income tax expense		-	-	-	-	35,449	35,449
Changes in fair value of cash flow hedges		-	-	-	(240)	-	(240)
Total comprehensive income		**-**	**-**	**-**	**(240)**	**35,449**	**35,209**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	13	-	-	-	-	(7,087)	(7,087)
Recognition of share based payments	14	-	1,067	-	-	-	1,067
		-	1,067	-	-	(7,087)	(6,020)
Balance at 31 December 2013		**1,047,195**	**18,310**	**-**	**(240)**	**(288,747)**	**776,518**
Balance at 1 July 2014		1,048,424	18,972	(600)	(153)	(281,339)	785,304
Profit after income tax expense		-	-	-	-	43,074	43,074
Changes in fair value of available-for-sale financial assets		-	-	(649)	-	-	(649)
Changes in fair value of cash flow hedges		-	-	-	(1,448)	-	(1,448)
Total comprehensive income		**-**	**-**	**(649)**	**(1,448)**	**43,074**	**40,977**
Transactions with owners in their capacity as owners:							
Contributions of equity	12	3,140	-	-	-	-	3,140
Dividends provided for or paid	13	-	-	-	-	(7,132)	(7,132)
Recognition of share-based payments	14	-	1,258	-	-	-	1,258
		3,140	1,258	-	-	(7,132)	(2,734)
Balance at 31 December 2014		**1,051,564**	**20,230**	**(1,249)**	**(1,601)**	**(245,397)**	**823,547**

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
Cash flows from operating activities			
Receipts from sales		**327,567**	312,724
Payments to suppliers and employees		**(186,292)**	(193,859)
Other income		**146**	166
Interest received		**192**	82
Interest paid		**(5,859)**	(5,143)
Net cash inflow from operating activities		**135,754**	113,970
Cash flows from investing activities			
Payments for property, plant and equipment		**(26,884)**	(28,145)
Payment for mine development and exploration		**(77,510)**	(74,228)
Proceeds from sale of available-for-sale financial assets		**-**	145
Payments for available-for-sale financial assets		**(1,872)**	-
Investment in term deposits		**(1)**	(5)
Net cash outflow from investing activities		**(106,267)**	(102,233)
Cash flows from financing activities			
Payment of finance lease liabilities		**(5,624)**	(4,622)
Proceeds from short term borrowings		**28,721**	29,610
Repayment of short term borrowings		**(30,877)**	(21,350)
Proceeds from interest bearing liabilities		**-**	15,000
Dividends paid		**(5,870)**	(7,087)
Net cash (outflow)/inflow from financing activities		**(13,650)**	11,551
Net increase in cash and cash equivalents		**15,837**	23,288
Cash and cash equivalents at the beginning of the period		**31,607**	13,662
Cash and cash equivalents at end of period		**47,444**	36,950

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

1 Basis of preparation of half-year report

This consolidated Half-Year Financial Report for the half-year ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2014 and any public announcements made by Evolution Mining Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange.

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

(a) New and amended standards adopted by the Group

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

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

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the Group recognised $0.649 million of such losses in other comprehensive income.

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

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

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

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

2 Segment information

(a) Description of segments

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

The Group's 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.

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

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

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

(b) Segment information

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

	Cracow $'000	Pajingo $'000	Edna May $'000	Mt Rawdon $'000	Mt Carlton $'000	Exploration $'000	Corporate $'000	Total $'000
31 December 2014								
Segment Revenue	63,229	45,500	80,965	77,202	58,135	-	-	**325,031**
EBITDA	26,255	17,582	39,750	39,028	21,233	(374)	(11,703)	**131,771**
Capital additions*	14,817	13,281	17,413	25,949	15,162	15,091	(549)	**101,164**

The segment information for the reportable segments for the half-year ended 31 December 2013 is as follows:

	Cracow $'000	Pajingo $'000	Edna May $'000	Mt Rawdon $'000	Mt Carlton $'000	Exploration $'000	Corporate $'000	Total $'000
31 December 2013								
Segment Revenue	68,577	46,022	58,969	82,993	64,373	-	-	**320,934**
EBITDA	28,636	12,122	18,965	43,415	19,634	(2,928)	(8,971)	**110,873**
Capital additions*	24,628	11,220	12,777	35,005	13,282	10,861	215	**107,988**

* Capital additions include assets that were acquired under finance leases during the period.

2 Segment information (continued)

(c) Segment Reconciliation

	31 December 2014 $'000	31 December 2013 $'000
Reconciliation of profit before income tax expense		
EBITDA	**131,771**	110,873
Depreciation and amortisation	**(81,232)**	(68,170)
Interest income	**186**	93
Finance costs	**(7,651)**	(7,347)
Profit before income tax expense	**43,074**	35,449

3 Fair value measurement of assets and liabilities

(a) Fair value hierarchy

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

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

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2014				
Assets				
Other financial assets				
Shares available for sale	**2,123**	**-**	**-**	**2,123**
Total assets	**2,123**	**-**	**-**	**2,123**
Liabilities				
Derivative financial instruments				
Derivatives used for hedging	**-**	**1,601**	**-**	**1,601**
Total liabilities	**-**	**1,601**	**-**	**1,601**

3 Fair value measurement of assets and liabilities (continued)

(a) Fair value hierarchy (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2014				
Assets				
Other financial assets				
Shares available for sale	**900**	**-**	**-**	**900**
Total assets	**900**	**-**	**-**	**900**
Liabilities				
Derivative financial instruments				
Derivatives used for hedging	**-**	**153**	**-**	**153**
Total liabilities	**-**	**153**	**-**	**153**

The Group did not measure any financial assets or financial liabilities on a non-recurring basis as at 31 December 2014.

(b) Valuation techniques

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

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

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

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

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

All of the resulting fair value estimates are included in either level 1 or 2. There are no financial instruments included in level 3 for the half-year ended 31 December 2014.

4 Revenue

	31 December 2014 $'000	31 December 2013 $'000
Sales revenue		
Gold sales	**302,435**	279,300
Silver sales	**19,240**	37,931
Copper sales	**3,356**	3,703
	325,031	320,934
Other revenue		
Interest income	**186**	93
Other income	**146**	166
	332	259

5 Expenses

	31 December 2014 $'000	31 December 2013 $'000
Cost of sales		
Mine operating costs	**164,515**	181,988
Depreciation and amortisation	**80,653**	67,639
Royalty and other selling costs	**16,814**	16,174
	261,982	265,801
Finance costs		
Finance leases	**742**	580
Amortisation of debt establishment costs	**754**	754
Unwinding of discount on provisions	**1,062**	1,090
Interest expense	**5,093**	4,923
	7,651	7,347
Depreciation and amortisation		
Cost of sales	**80,653**	67,639
Corporate and other administrative costs	**579**	531
	81,232	68,170

6 Income tax expense

(a) Income tax expense

	31 December 2014 $'000	31 December 2013 $'000
Current tax	**-**	2,070
Deferred tax	**13,435**	(2,070)
Recognition of previously unrecognised deferred tax assets	**(13,435)**	-
Total income tax expense	**-**	-

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

Profit before income tax expense	**43,074**	35,449
Tax at the Australian tax rate of 30% (2013 - 30%)	**12,922**	10,635
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**377**	320
Other	**136**	1
Previously unrecognised tax losses now recouped to reduce current tax expense	**(13,435)**	(10,956)
Total income tax expense	**-**	-

The Group has available tax losses of $185.287 million as at 31 December 2014 for returns lodged up to 30 June 2013.

7 Other Financial Assets

	31 December 2014 $'000	30 June 2014 $'000
Non-current		
Available-for-sale investments carried at fair value		
Shares in Monto Minerals Limited	**600**	900
Shares in Emmerson Resources Limited	**1,523**	-
	2,123	900

On 7 July 2014, the Company subscribed to purchase 49.144 million shares from Emmerson Resources Limited at the weighted 20 day average price of $0.0381 per share as part of the Tenant Creek Mineral Field Farm-in Agreement. Under the share subscription terms these shares will be held in escrow for 12 months from the date of issue.

At 31 December 2014, The share price of Emmerson was $0.0310. The Company holds the investment at fair value and has recognised $0.349 million of fair value adjustments in other comprehensive income.

8 Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 30 June 2014			
Cost	10,365	592,679	603,044
Accumulated depreciation	-	(113,872)	(113,872)
Net book 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
Half-year ended 31 December 2014			
Opening net book amount	10,365	478,807	489,172
Additions	-	24,160	24,160
Transfers to Mine Development and Exploration	-	(2,068)	(2,068)
Reclassifications	(10)	10	-
Depreciation charge	-	(30,266)	(30,266)
Closing net book amount	10,355	470,643	480,998
At 31 December 2014			
Cost	10,355	614,781	625,136
Accumulated depreciation	-	(144,138)	(144,138)
Net book amount	10,355	470,643	480,998
Included in above			
Carrying amount of lease assets	-	20,198	20,198
Carrying amount of assets under construction	-	27,638	27,638
	-	47,836	47,836

9 Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 30 June 2014			
Cost or fair value	769,038	40,568	809,606
Accumulated depreciation	(304,025)	(12,386)	(316,411)
Net book amount	465,013	28,182	493,195
Half-year ended 31 December 2014			
Opening net book amount	465,013	28,182	493,195
Additions	61,964	13,088	75,052
Transfers from property, plant and equipment	2,068	-	2,068
Reclassifications	5,574	(5,574)	-
Depreciation	(50,966)	-	(50,966)
Write-Off	-	(374)	(374)
Closing net book amount	483,653	35,322	518,975
At 31 December 2014			
Cost	838,644	47,708	886,352
Accumulated depreciation	(354,991)	(12,386)	(367,377)
Net book amount	483,653	35,322	518,975

10 Derivative Financial Liabilities

	31 December 2014 $'000	30 June 2014 $'000
Current liabilities		
Interest rate swap - cash flow hedge	**77**	-
Diesel swap - cash flow hedge	**1,524**	-
Total current derivative financial instrument liabilities	**1,601**	-
Non-current liabilities		
Interest rate swap - cash flow hedge	**-**	153
Total non-current derivative financial instrument liabilities	**-**	153

(a) Instruments used by the group

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

10 Derivative Financial Liabilities (continued)

(a) Instruments used by the group (continued)

(i) Interest rate swap contracts - cash flow hedges

The Group holds an $81 million interest rate swap agreement to fix a portion of its borrowings under the current revolving credit facility that will mature in May 2015.

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

Swaps currently in place cover approximately 64% (2013: 64%) of the variable loan principal outstanding and are timed to mature as each loan repayment falls due. The fixed interest rate on the interest rate swap is effectively 5.64% and the variable rates are between 5.39% - 5.52%.

The contracts require settlement of net interest receivable or payable each 30 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The contracts are settled on a net basis.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. There was no hedge ineffectiveness during the half-year ended 31 December 2014.

(ii) Diesel swap contracts - cash flow hedges

During the period, the Group entered into a 13 million litre diesel swap agreement to fix approximately 90% of the Group's planned diesel consumption to June 2015.

While diesel costs represent between 5 -7% of total mine costs, the Group's risk management objective is to take advantage of lower diesel prices and also mitigate cash flow fluctuations arising on diesel purchases impacted by adverse movements in diesel prices, reducing the variability of future cash flows by locking in the payment of a fixed, lower than budgeted diesel price.

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

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged diesel expense is recognised. There was no hedge ineffectiveness during the half-year ended 31 December 2014.

11 Interest Bearing Liabilities

	31 December 2014 $'000	30 June 2014 $'000
Current		
Bank loans - revolving credit facility*	**126,784**	-
Less: Borrowing costs	**(1,270)**	-
Finance lease liabilities	**10,842**	11,426
Other borrowings	**9,403**	11,559
	145,759	22,985
Non-Current		
Bank loans - revolving credit facility	**-**	126,784
Less: Borrowing costs	**-**	(2,024)
Finance lease liabilities	**10,392**	13,723
	10,392	138,483
Total interest bearing liabilities	**156,151**	161,468

* In December 2014, the Company entered into a refinancing arrangement by way of a letter of commitment to refinance its A$200 million revolving credit facility. The final executed agreement was signed on 12 February 2015 with the outstanding debt amount of A$126.784 million rolled over on 16 February 2015. The facility is with a syndicate of lenders to provide a A$200 million Senior Secured Corporate Revolving Credit Facility (the "Facility") with a A$100 million Accordion Provision until March 2018.

The facility acts as a line of credit that allows the Group to draw funds, up to the A$200 million limit, as required. With the roll-over of the outstanding debt amount from the previous facility in February 2015, this new facility will effectively be drawn to A$126.784 million and re-classified as a non-current liability in future reporting periods. The borrowing costs of the existing facility will be amortised to nil at the same time. The Accordion Provision is a new feature and allows the Group to request an additional A$100 million to fund acquisition opportunities if and when they arise.

(a) Financing arrangements

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

	31 December 2014 $'000	31 December 2013 $'000
Bank Loans - revolving credit facility		
Expiring within one year	**73,216**	-
Expiring beyond one year	**-**	73,216
	73,216	73,216

11 Interest Bearing Liabilities (continued)

(b) Contractual maturities of interest bearing liabilities

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

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
At 31 December 2014						
Bank loans - revolving credit facility*	**133,440**	**-**	**-**	**-**	**133,440**	**126,784**
Finance lease liabilities	**11,857**	**7,907**	**2,934**	**-**	**22,698**	**21,234**
Other borrowings	**9,403**	**-**	**-**	**-**	**9,403**	**9,403**
	154,700	**7,907**	**2,934**	**-**	**165,541**	**157,421**
At 30 June 2014						
Bank loans - revolving credit facility	6,656	133,440	-	-	140,096	126,784
Finance lease liabilities	12,659	10,088	4,353	-	27,100	25,149
Other borrowings	11,559	-	-	-	11,559	11,559
	30,874	143,528	4,353	-	178,755	163,492

* The revolving credit facility will terminate within 2-5 years following the execution of agreements in February 2015 related to the new loan facility.

(c) Debt covenants

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

12 Issued Capital

(a) Share capital

	31 December 2014 Shares	31 December 2014 $'000	30 June 2014 Shares	30 June 2014 $'000
Fully paid ordinary shares	**714,921,647**	**1,051,564**	709,989,453	1,048,424
	714,921,647	**1,051,564**	709,989,453	1,048,424

(b) Movements in ordinary share capital

	31 December 2014 Shares	31 December 2014 $'000	30 June 2014 Shares	30 June 2014 $'000
Opening balance	**709,989,453**	**1,048,424**	708,092,989	1,047,195
Shares issued on vesting of performance rights	**724,811**	**-**	559,378	-
Shares issued for interim dividend	**1,703,000**	**1,140**	1,337,086	1,229
Issue of shares to Emmerson Resources Limited	**2,504,383**	**2,000**	-	-
	714,921,647	**1,051,564**	709,989,453	1,048,424

During the period, 724,811 shares were issued upon vesting of performance rights (30 June 2014: 559,378). These performance rights were granted for nil consideration as they have a nil exercise price.

The Board of Directors approved the implementation of a DRP as part of the Groups 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 final dividend was 16.05% of the Company’s ordinary issued shares, with 1,703,000 shares issued at 66.89 cents per share.

13 Dividends

(a) Ordinary Shares

	31 December 2014 $'000	31 December 2013 $'000
Dividends provided for or paid during the half-year		
Final dividend	**7,132**	7,087

13 Dividends (continued)

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

In addition to the above dividends, since period end the Directors have recommended the payment of an interim dividend of 1 cent per fully paid ordinary share (31 December 2013 - 1 cent) unfranked. The aggregate amount of the proposed dividend expected to be paid on 27 March 2015 out of retained earnings at 31 December 2014, but not recognised as a liability at the half-year, is $7.149 million.

	31 December 2014 $'000	31 December 2013 $'000
Interim dividend	**7,149**	7,087

14 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 latest plan was approved at the Annual General Meeting on 26 November 2014 and permits the Company, at the discretion of the Directors, to grant both options and performance rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

(2) Employees and Contractors Option Plan (ECOP)

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

(b) Recognised share based payment expenses

	31 December 2014 $'000	31 December 2013 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**1,258**	1,067

(c) Fair value determination

During the period, Evolution issued four allotments of performance rights that will vest on 30 June 2017. They have four performance components being a Total Shareholder Return ("TSR") condition, an absolute TSR condition, a Growth in Earnings per share ("EPS") condition and a Growth in Ore Reserves condition.

14 Share-based payments (continued)

(c) Fair value determination (continued)

(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

The growth in Earnings per Share is measured as the cumulative annual growth rate in EPS, excluding non recurring items over the three year period ending 30 June 2017.

(iv) Growth in Ore Reserves per Share

The growth in Ore Reserves per share is measured by comparing the Baseline measure of the ore reserves as at 31 December 2013, to the Ore Reserves as at 31 December 2016 on a per share basis, with testing to be performed at 30 June 2017.

During the period, 10,371,370 performance rights were granted, 724,809 performance rights met the performance measures and vested, whilst 522,765 performance rights did not meet the performance measures and lapsed.

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

September 2014 rights issue	**TSR**	**Absolute TSR**	**Growth in EPS**	**Growth in Ore Reserves**
Number of rights issued	1,901,265	1,901,265	1,901,265	1,901,265
Spot price ($)	0.765	0.765	0.765	0.765
Risk-free rate (%)	2.70	2.70	2.70	2.70
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	55-65	55-65	55-65	55-65
Fair value at grant date ($)	0.380	0.475	0.710	0.710
November 2014 rights issue				
Number of rights issued	691,578	691,578	691,578	691,578
Spot price ($)	0.610	0.610	0.610	0.610
Risk-free rate (%)	2.54	2.54	2.54	2.54
Term (years)	2.6	2.6	2.6	2.6
Volatility (%)	55-65	55-65	55-65	55-65
Fair value at grant date ($)	0.375	0.320	0.560	0.560

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

The weighted average fair value of performance rights granted during the half-year ended 31 December 2014 was $0.538 (31 December 2013 $0.531)

15 Related party transactions

Newcrest during the period provided certain accounting, information technology and administration to the Company. Fees paid to Newcrest in the period in this regard amounted to $33,930 (2013: $45,791).

Directors fees in the amount of $56,250 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:$46,591).

Directors fees in the amount of $56,250 was paid to John Rowe and Associates, a company of which Mr John Rowe is a Director for services provided during the period (2013: $51,250).

Directors fees in the amount of $100,000 was paid to DAK Corporation, a company of which Mr Jacob Klein is a Director for services provided during the period (2013:$100,000).

Directors fees in the amount of $54,375 was paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (2013: $23,664).

16 Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 31 December 2014			
Within one year	**81,820**	**1,588**	**129,930**
Later than one year but not greater than five years	**265,910**	**1,526**	**405,779**
	347,730		**535,709**
As at 30 June 2014			
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

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

17 Contingencies

The Group has provided bank guarantees in favour of various government authorities and service providers with respect to site restoration, contractual obligations and premises at 31 December 2014. The total of these guarantees at 31 December 2014 was $61.250 million with various financial institutions (30 June 2014: $57.256 million).

18 Events occurring after the reporting period

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

(a) On 12 February 2015, the Company signed the new financing agreement with a syndicate of lenders to provide an $200 million Senior Secured Corporate Revolving Credit Facility (the “Facility”) with an $100 million Accordion Provision to 31 March 2018. The outstanding debt amount of $126.784 million was rolled over on 16 February 2015.

(b) On 21 January 2015, $5.657 million of performance bonds were returned, relating to Edna May as part of the establishment of the Western Australian Department of Mines and Petroleum's new Mining Rehabilitation Fund. This new levy system was implemented on 1 July 2014 and will now require all mining tenement holders to pay an annual non-refundable mining rehabilitation levy to the State and no longer requiring a performance bond to be held over the asset for rehabilitation purposes.

Evolution Mining Limited
Half-Year Financial Report
Directors' Declaration
31 December 2014

In the Directors' opinion:

(a) the financial statements and notes set out on pages 11 to 30 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date, and

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

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

Jacob (Jake) Klein	Graham Freestone
Executive Chairman	Lead Independent Director

Sydney
18 February 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Evolution Mining Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Evolution Mining Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Evolution Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Sydney
18 February 2015