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# **ASX Announcement**

**27 November 2012**

## **CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING**

Good afternoon. It is my pleasure to welcome you to the Annual General Meeting of Evolution Mining Limited. We are delighted that you have been able to join us this afternoon. I would like to take this opportunity to make some opening remarks before we begin the formal business of today's meeting. Following the closure of the meeting I will be providing a more detailed presentation about the Company.

Evolution Mining was formed little more than 12 months ago with the aim of creating a growth orientated, mid-tier gold producer with the ability to provide both operational predictability and the financial strength to deliver meaningful growth. This combination, we believe, is what global investors are demanding and will deliver the best returns for shareholders over time. I can confidently say that 12 months into this journey, the opportunity that presents itself before us today, far exceeds the expectations we had at the time of Evolution's formation. Let me try and explain why.

The outlook for gold remains strong and it is my firm belief that the current bull market has a long way to go. Central bank buying of gold is at its highest level since 1964 and it is not the usual suspects. It is the new developing economies which traditionally have had little or no gold in their portfolios. Last month it was Brazil, Russia, Turkey and Kazakhstan. The United States announced a third round of quantitative easing in September, now dubbed "QE Infinity" as it has no end date, the European Central Bank is still directionless and printing money, and other central banks such as Japan are involved in similar debasing of their currency. These are all good indicators that gold prices are heading further upwards.

A growing issue that has confronted investors has been a rising level of resource nationalism, a phenomenon that has destroyed investor wealth in a variety of ways across the globe. Recent hotspots have included South Africa, Kenya, Indonesia and Argentina and there are many more examples. In Australia, unfortunately, I believe we have done a good job of portraying ourselves in the most negative light possible after the recent fiscal changes that have directly impacted the mining industry. However, when considered in the context of our stable political system, high skill base, mineral prospectivity and sparse population, Australia is a fantastic place to be a gold miner.

In the past 12 months I have spoken at length with gold investors around the globe and what I am consistently told is that they are looking for operational predictability, delivery and growth. It is the ability of mid-tier companies in the sector, and I'm talking about those companies producing 400,000 – 800,000 ounces a year with a market cap of \$2 – \$5 billion, to deliver on these demands that has led to share price outperformance compared to smaller (junior) and larger (major) producers. And yet, even though Australia is today the world's second largest gold producer, we can only boast of having a single company, Newcrest, in the top ten global gold companies in terms of market capitalisation.

Until recently, Newcrest represented over half of the market capitalisation of the gold companies on the ASX and global gold investors often bemoaned the fact that outside of Newcrest, there was

a long tail of small, single asset companies with small market capitalisations and investment opportunities in Australia were very limited.

The reality is that a decade ago, Australia had a thriving mid-tier gold sector. I'm sure many of you remember names like Normandy Mining, Delta Gold, Samantha Gold, AurionGold and many others. That all changed between 1998 and 2003 when the Australian dollar was 50-60 cents and the majors acquired these companies. But confronted with a rising Australian dollar and undoubtedly the highest cost inflation in the world, the majors have retained, but not grown their asset base in Australia. Recently, there have been market rumours that some are looking at divesting these assets and at an exchange rate of A\$1.03 it would be rational to assume that these companies are more likely to be divestors rather than investors. We anticipate an exciting revitalisation of the Australian gold industry has already started and will ultimately result in a new group of globally relevant gold companies emerge in Australia. Evolution intends to be one of these! Remember, Australia is a great place to mine. It is mineral rich, highly skilled and resource friendly.

Evolution currently operates four mines: Cracow, Pajingo, Edna May and Mt Rawdon – as we move closer to the completion of construction of our fifth operation, Mt Carlton in Queensland. We have demonstrated that each of these assets is better off in Evolution than it was in its previous vehicle, be it Conquest Mining, Catalpa Resources or Newcrest Mining.

We have had a great first year – here are a few of the many highlights:

- Meeting our FY2012 production guidance while bringing our overall operating costs in well under guidance – lower our unit costs remains a key focus for Evolution;
- Achieving a 65% increase in annual production from Pajingo, a tribute to the hard work of Evolution's Pajingo team and the capital investment we have undertaken;
- Continuing to improve the plant reliability and mining efficiency at Edna May which resulted in a record production performance in the recent September quarter;
- A record 32,734 ounces produced at Mt Rawdon in the June quarter; and
- Achievement of a number of exploration successes across the group including the discovery of the high-grade Coronation Structure near current workings at Cracow, and extensions to mineralisation at the Greenfinch prospect at Edna May and the Moonlight prospect at Pajingo.

Evolution would not have been created without the vision and foresight of Newcrest. In every aspect of our relationship their unwavering support has exceeded our expectations and they have contributed to our successful start as a listed Company.

Ultimately it is the people at Evolution who make us a special company. I would like to thank the Board for their contribution and commitment and all of the Evolution employees who, I believe, have gone above and beyond their normal responsibilities to make this first year successful. As our slogan says "we are all Evolution".

So let me conclude by saying that we believe the rising tide of resource nationalism and the current high watermark for costs should result in Australia's risk rating falling in the minds of global investors. Evolution's portfolio of four 100% owned, Australian producing assets and a fifth soon to be in production, leaves it well positioned. I am delighted to be leading a group of motivated and highly skilled people as we continue to build this emerging group for you, our shareholders.



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**About Evolution Mining**

Evolution Mining is a leading, growth-focused Australian gold miner. The Company operates four wholly-owned Australian operations – Cracow, Edna May, Mt Rawdon and Pajingo – and is in construction at the Mt Carlton gold-silver-copper project. Group production for the current financial year is forecast at between 370,000 and 410,000 ounces gold equivalent with cash operating costs expected to be in the range of A\$730 per ounce to A\$790 per ounce.