**APPENDIX 4D (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 2012**

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

### KEY INFORMATION

| | 31 December 2012 $'000 | 31 December 2011 $'000 | Up/(down) $'000 | % Movement |
|---|---|---|---|---|
| Revenues from ordinary activities | 321,642 | 154,615 | 167,027 | 108% |
| Profit/(loss) from ordinary activities after tax attributable to members | 40,687 | (17,946) | 58,633 | 327% |
| Net profit/(loss) attributable to members | 40,687 | (17,946) | 58,633 | 327% |
| EBITDA | 135,468 | 54,066 | 81,402 | 151% |

### DIVIDEND INFORMATION

| | Amount per share (cents) | Franked amount per share (cents) | Tax rate for franking |
|---|---|---|---|
| Interim dividend per share | nil | nil | n/a |

### NET TANGIBLE ASSETS

| | 31 December 2012 ($) | 31 December 2011 ($) |
|---|---|---|
| Net tangible assets per security | 1.92 | 1.58 |

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

# Evolution Mining Limited

**ABN 74 084 669 036**

**Half-Year Financial Report**
**for the six months ended 31 December 2012**

## CORPORATE INFORMATION

**ABN 74 084 669 036**

**Directors**

| | |
|---|---|
| Jacob Klein | (Executive Chairman) |
| James Askew | (Non-Executive Director) |
| Lawrie Conway | (Non-Executive Director) |
| Graham Freestone | (Lead Independent Director) |
| Paul Marks | (Non-Executive Director) |
| John Rowe | (Non-Executive Director) |
| Peter Smith | (Non-Executive Director) |

**Company Secretary**
Evan Elstein

**Registered Office**
Level 28, 175 Liverpool Street
SYDNEY NSW 2000

**Postal Address**
Level 28, 175 Liverpool Street
SYDNEY NSW 2000

Tel: (+612) 9696 2900
Fax: (+612) 9696 2901

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

Tel: 1300 554 474 or (+612) 9315 2333
Fax: (+612) 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 (EVN) shares are listed on the Australian Securities Exchange.

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by Evolution Mining Limited (formerly Catalpa Resources Limited) during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Comparative year results and balances reflect six months of Catalpa Resources (100% Edna May and 30% of Cracow operations), the consolidation of Conquest Mining Limited from 17 October 2011 and the consolidation of Mt Rawdon and an 70% interest in Cracow from 2 November 2011.

## DIRECTORS' REPORT

The Directors present their report on Evolution Mining Limited (referred to hereafter as "Evolution" or "Company"), (formerly known as Catalpa Resources Limited), consisting of Evolution Mining Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

Comparative year results and balances reflect six months of Catalpa Resources (100% Edna May and 30% of Cracow operations), the consolidation of Conquest Mining Limited from 17 October 2011 and the consolidation of Mt Rawdon and an 70% interest in Cracow from 2 November 2011.

### DIRECTORS

The following persons were Directors of the Company for the duration of the half-year and up to the date of this report:

| | |
|---|---|
| Jacob Klein | (Executive Chairman) |
| James Askew | (Non-Executive Director) |
| Lawrie Conway | (Non-Executive Director) |
| Graham Freestone | (Lead Independent Director) |
| Paul Marks | (Non-Executive Director) |
| John Rowe | (Non-Executive Director) |
| Peter Smith | (Non-Executive Director) |

### REVIEW OF OPERATIONS

Evolution's gold production for the half-year ended 31 December 2012 was 196,110 ounces (31 December 2011 attributable: 99,130 ounces) at a C1 cash operating cost of $749 per ounce (31 December 2011 attributable: $732 per ounce) and remains within the company's full year guidance of 370,000 – 410,000 ounces at $730 - $790 per ounce.

The Cracow Gold Mine, QLD (100%), produced 54,324 ounces (31 December 2011 attributable: 28,444 ounces) of gold at a cash cost of $802 per ounce (31 December 2011 attributable: $630 per ounce). Costs increased in the current half due to changes in the mine plan and increased mining contractor costs. Record underground lateral development was completed in the half-year to secure future operational flexibility and performance.

The Edna May Gold Mine, WA (100%), produced 48,687 ounces of gold (31 December 2011: 37,089 ounces) at a cash cost of $792 per ounce (31 December 2011 attributable: $870 per ounce). The operation has successfully increased throughput and reliability of the processing circuit. Improved throughput and strong head grade delivered record production in the half-year.

Mt Rawdon Gold Mine, QLD (100%) produced 53,107 ounces of gold (31 December 2011 attributable: 12,367 ounces) at a cash cost of $616 per ounce (31 December 2011 attributable: $893 per ounce). A strong operating performance was delivered by reliable process plant throughput and strong gold grades in the open pit.

The Pajingo Gold Mine, QLD (100%), produced 39,991 ounces of gold (31 December 2011 attributable: 21,229 ounces) at a cash cost of $801 per ounce (31 December 2011 attributable: $535 per ounce). Gold production in the first half was impacted by delayed access to scheduled ore sources. Production for the second half of the year is planned to increase due to processing of higher grade underground ore. Costs increased in the current period due to reduction in head grade relative to the prior period due to the delay in accessing high grade ore sources in the current period.

The Mt Carlton gold-silver-copper project, QLD (100%), is Evolution's key organic growth asset and is planned to expand the Company's portfolio of 100% owned, Australian producing mines from four to five during the 2013 financial year. Construction of the project has largely been completed and commissioning commenced at the end of December 2012. First concentrate production is expected to commence in the March 2013 quarter. The project is planned to deliver approximately 720,000 ounces of gold, 14.4 million ounces of silver and 25,000 tonnes of copper over a 12 year life.

### FINANCIAL PERFORMANCE

The Group generated net profit after tax of $40.687 million for the six months ended 31 December 2012 representing 327% increase over the corresponding half in 2011 (31 December 2011: Net loss of $17.946 million).

Total sales revenue of $321.642 million was 108% higher than the prior half-year, predominantly due to significantly higher gold production. Average realised gold price was $1,630 per ounce which was the same as the 31 December 2011 period. The Group generated gold sales revenue of $316.637 million from the sale of 194,219 ounces of gold and silver sales revenue of $5.005 million from the sale of 164,490 ounces of silver.

Cost of sales increased by 107% to $240.688 million compared to the prior half- year, as a result of increased production in line with the higher output. Cost of sales for the half-year comprised of $154.165 million of mine operating costs, $71.452 million depreciation and amortisation and $15.071 million in royalty expenses. On a unit basis, group cash cost was $749 per ounce, a 2% increase on the prior period unit cash operating cost of $732 per ounce.

Corporate and other administration costs were $11.087 million (31 December 2011: $9.920 million) and Exploration costs expensed were $5.401 million (31 December 2011: $3.024 million).

Group depreciation and amortisation cost for the period was $71.868 million (31 December 2011: $30.178 million), representing a 138% increase. The increase was due to higher production and partial year ownership of assets in the prior half-year.

The Group cash inflow from operating activities was $100.957 million (31 December 2011: $41.513 million), representing a 143% increase. The increase reflects strong operating performance at all four operating mines and partial year ownership of assets in the prior half-year.

Group cash outflow from investing activities was $240.054 million (31 December 2011: $48.526 million), an increase of 394%. Significant investment occurred during the period on the Mt Carlton project, with commissioning commencing during December 2012. Investment in mine development activity at all sites, particularly waste stripping activity in the open pits, increased during the period.

Group cash inflow from financing activities for the period was $46.535 million (31 December 2011: $144.392 million). Activity reflects the repayment of an existing project finance loan and drawdowns under the new revolving credit facility.

Cash on hand at the end of the period was $49.222 million (30 June 2011: $141.784 million). At the end of the period, the Group had drawn down $81.784 under the revolving credit facility. Project debt at 30 June 2012 amounted to $31.5 million.

**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 6 November 2012 the Company announced it had received a $200 million non-secured corporate loan facility. The new facility has initially been used to refinance the $31.5 million Edna May Syndicated Facility Agreement and to finance the Company's working capital requirements. The facility matures in November 2015.
- On 27 December 2012, the Company announced commencement of commissioning at its 100% owned Mt Carlton Gold-Silver-Copper mine.

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 half-year.

**SUBSEQUENT EVENTS**

Other than the matters discussed above there are no other matters or circumstances which have arisen since 31 December 2012 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**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.

**PERFORMANCE OF EVOLUTION MINING LIMITED**

The table below sets out summary information about the Company's earnings and movements in the Company's share price for the last 3 years.

| | 31 Dec 2012 $000 | 31 Dec 2011 $000 | 31 Dec 2010 $000 |
|---|---|---|---|
| Revenue | 321,642 | 154,615 | 48,060 |
| Net profit/(loss) before tax | 58,533 | (1,138) | 3,017 |
| Net profit/(loss) after tax | 40,687 | (17,946) | 1,981 |
| Basic earnings per share (cents per share) | 5.75 | (5.15) | 1.22 |

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration is included on page 7 of the half-year 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 half-year financial report are rounded to the nearest thousand dollars unless otherwise indicated.

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

On behalf of the Directors

**Jacob Klein**
Executive Chairman

**Graham Freestone**
Lead Independent Director and
Chair of the Audit Committee

Sydney
21 February 2013

# Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
21 February 2013

***PricewaterhouseCoopers, ABN 52 780 433 757***
*Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171*
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

| | | Consolidated Half-year ended | |
|---|---|---|---|
| | Notes | 31 December 2012 $'000 | 31 December 2011 $'000 |
| Sales revenue | | 321,642 | 154,615 |
| Cost of sales | 3 | (240,688) | (116,125) |
| **Gross profit** | | **80,954** | **38,490** |
| Interest income | | 1,432 | 1,759 |
| Fair value re-measurement of previously held interest in the Cracow gold mine | | - | 8,097 |
| Exploration and evaluation costs expensed as incurred | | (5,401) | (3,024) |
| Share-based payments expense | 10 | (953) | (1,588) |
| Corporate and other administration costs | | (11,087) | (9,920) |
| Costs related to business combinations | | - | (29,427) |
| Change in fair value of held for trading securities | | - | (150) |
| Other income | | 87 | 80 |
| Finance costs | | (6,499) | (5,455) |
| **Profit/(loss) before income tax expense** | | **58,533** | **(1,138)** |
| Income tax expense | 4 | (17,846) | (16,808) |
| **Profit/(loss) for the year attributable to owners of the parent** | | **40,687** | **(17,946)** |
| **Other comprehensive loss, net of income tax** | | | |
| *Items that may be reclassified to profit and loss:* | | | |
| Change in fair value of available for sale financial assets (net of tax) | | (1,338) | (524) |
| **Total comprehensive income/(loss) for the half-year attributable to owners of the parent** | | **39,349** | **(18,470)** |
| **Earnings per share** | | | |
| Basic profit/(loss) cents per share | 11 | 5.75 | (5.15) |
| Diluted profit/(loss) cents per share | 11 | 5.62 | (5.15) |

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2012

| | | Consolidated | |
|---|---|---|---|
| | | **31 December 2012** | **30 June 2012** |
| | **Notes** | **$'000** | **$'000** |
| **Current assets** | | | |
| Cash and cash equivalents | | 49,222 | 141,784 |
| Trade and other receivables | | 31,209 | 27,939 |
| Inventories | | 61,206 | 35,144 |
| Other current assets | | 22,667 | 14,306 |
| **Total current assets** | | **164,304** | **219,173** |
| | | | |
| **Non-current assets** | | | |
| Other financial assets | 5 | 2,376 | 3,714 |
| Property, plant and equipment | 6 | 265,933 | 265,079 |
| Mine development and exploration | 7 | 909,321 | 758,687 |
| Inventories | | 3,936 | 4,308 |
| Goodwill | | 18,365 | 18,365 |
| Other non-current assets | | 69 | 122 |
| **Total non-current assets** | | **1,200,000** | **1,050,275** |
| **Total assets** | | **1,364,304** | **1,269,448** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 95,971 | 110,440 |
| Interest bearing liabilities | 8 | 4,667 | 18,392 |
| Provisions | | 8,671 | 8,550 |
| **Total current liabilities** | | **109,309** | **137,382** |
| | | | |
| **Non-current liabilities** | | | |
| Interest bearing liabilities | 8 | 79,635 | 17,454 |
| Deferred tax liability | | 28,556 | 10,711 |
| Provisions | | 48,640 | 47,483 |
| **Total non-current liabilities** | | **156,831** | **75,648** |
| **Total liabilities** | | **266,140** | **213,030** |
| **Net assets** | | **1,098,164** | **1,056,418** |
| | | | |
| **Equity** | | | |
| Issued capital | 9 | 1,047,195 | 1,045,751 |
| Reserves | | 9,044 | 9,429 |
| Accumulated earnings | | 41,925 | 1,238 |
| **Total equity** | | **1,098,164** | **1,056,418** |

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

| | Consolidated Half-year ended 31 December 2012 $'000 | Consolidated Half-year ended 31 December 2011 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from sales | 322,763 | 150,283 |
| Payments to suppliers and employees | (220,314) | (107,693) |
| Interest received | 1,432 | 1,360 |
| Interest paid | (2,924) | (2,437) |
| Net cash inflow from operating activities | 100,957 | 41,513 |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (19,400) | (14,849) |
| Payment for mine development and exploration | (199,276) | (46,427) |
| Stamp duty paid | (21,431) | - |
| Maturity of/(investments in) term deposits | 53 | - |
| Cash acquired on acquisition of Conquest Mining Limited | - | 12,748 |
| Proceeds on the disposal of investments | - | 2 |
| Net cash outflow from investing activities | (240,054) | (48,526) |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings (net of borrowing costs) | 77,234 | - |
| Repayment of interest bearing liabilities | (31,308) | (9,278) |
| Proceeds from issue of equity securities | 609 | 158,261 |
| Transaction costs of issuing shares | - | (4,591) |
| Net cash inflow from financing activities | 46,535 | 144,392 |
| Net (decrease)/increase in cash and cash equivalents | (92,562) | 137,379 |
| Cash and cash equivalents at the beginning of the period | 141,784 | 30,051 |
| **Cash and cash equivalents at the end of the period** | **49,222** | **167,430** |

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

| **Consolidated** | **Issued capital** | **Share-based payment reserve** | **Fair value revaluation reserve** | **Accumulated earnings** | **Total equity** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 July 2011** | 185,465 | 5,144 | 157 | (30,772) | 159,994 |
| Loss for the period | - | - | - | (17,946) | (17,946) |
| *Other comprehensive loss for the period:* | | | | | |
| Fair value loss on available for sale financial asset | - | - | (524) | - | (524) |
| **Total comprehensive loss for the period** | **-** | **-** | (524) | (17,946) | (18,470) |
| Issue of share capital | 860,292 | - | - | - | 860,292 |
| Transaction costs on share issues | (3,563) | - | - | - | (3,563) |
| Cost of replacement options | - | 7,525 | - | - | 7,525 |
| Recognition of share-based payments | - | 1,588 | - | - | 1,588 |
| **Balance at 31 December 2011** | **1,042,194** | **14,257** | **(367)** | **(48,718)** | **1,007,366** |

| **Consolidated** | **Issued capital** | **Share-based payment reserve** | **Fair value revaluation reserve** | **Accumulated earnings** | **Total equity** |
|---|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at 1 July 2012** | 1,045,751 | 15,042 | (5,613) | 1,238 | 1,056,418 |
| Profit for the period | - | - | - | 40,687 | 40,687 |
| *Other comprehensive income for the period:* | | | | | |
| Fair value loss on available for sale financial asset | - | - | (1,338) | - | (1,338) |
| **Total comprehensive income for the period** | - | - | (1,338) | 40,687 | 39,349 |
| Issue of share capital on exercise of options | 609 | - | - | - | 609 |
| Issue of share capital on asset acquisition | 835 | - | - | - | 835 |
| Recognition of share-based payments | - | 953 | - | - | 953 |
| **Balance at 31 December 2012** | **1,047,195** | **15,995** | **(6,951)** | **41,925** | **1,098,164** |

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

## 1. BASIS OF PREPARATION

### (a) Basis of preparation and changes to the Group's accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2012 and any public announcements made by the Group during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Comparative year results and balances reflect six months of Catalpa Resources (100% Edna May and 30% of Cracow operations), the consolidation of Conquest Mining Limited from 17 October 2011 and the consolidation of Mt Rawdon and a 70% interest in Cracow from 2 November 2011.

### (b) New standards and interpretations not yet adopted

The Group did not adopt any new and/or revised Accounting Standards, Amendments and Interpretations from 1 July 2012 which had an effect on the financial position or performance of the Group.

The Group has not elected to early adopt any other new standards, amendments or interpretations that are issued but are not yet effective.

## 2. 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 presentation of segment information has changed since the previous half-year reporting period as a result of modified performance measures used for internal reporting purposes.

The Group's four operational mine sites 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 the Mt Carlton asset under construction. The remainder of Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the year.

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

### a) Segment information

| | Edna May $'000 | Cracow $'000 | Pajingo $'000 | Mt Rawdon $'000 | Exploration $'000 | Corporate/ Mt Carlton $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Half-year 31 December 2012** | | | | | | | |
| Segment revenue | 81,220 | 88,847 | 66,462 | 85,113 | - | - | **321,642** |
| EBITDA | 35,111 | 39,270 | 29,458 | 48,567 | (5,401) | (11,537) | **135,468** |
| **Half-year 31 December 2011 (Restated)** | | | | | | | |
| Segment revenue | 62,998 | 43,898 | 31,054 | 16,665 | - | - | **154,615** |
| EBITDA | 26,727 | 23,817 | 13,322 | 4,824 | (3,024) | (11,600) | **54,066** |
| **Capital Additions** | | | | | | | |
| 31 December 2012 | 16,049 | 21,303 | 29,686 | 29,709 | 21,655 | 109,935 | **228,337** |
| 30 June 2012 | 44,582 | 24,396 | 44,510 | 34,172 | 28,288 | 102,286 | **278,234** |

### b) Segment reconciliation

| | Half-year ended 31 December 2012 $'000 | Half-year ended 31 December 2011 $'000 |
|---|---|---|
| **Reconciliation of profit/(loss) before income tax** | | |
| EBITDA | 135,468 | 54,066 |
| Depreciation and amortisation | (71,868) | (30,178) |
| Costs related to business combinations | - | (29,427) |
| Fair value re-measurement of previously held interest in the Cracow gold mine | - | 8,097 |
| Interest income | 1,432 | 1,759 |
| Finance costs | (6,499) | (5,455) |
| **Profit (loss) before income tax** | **58,533** | **(1,138)** |

## 3. COST OF SALES

| | Half-year ended 31 December 2012 $'000 | Half-year ended 31 December 2011 $'000 |
|---|---|---|
| Cost of sales | | |
| Mine operating costs | 154,165 | 78,771 |
| Depreciation and amortisation | 71,452 | 30,178 |
| Royalty and other selling costs | 15,071 | 5,294 |
| Other | - | 1,882 |
| | **240,688** | **116,125** |

## 4. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

### a) Income tax expense:

| | Half-year ended 31 December 2012 $'000 | Half-year ended 31 December 2011 $'000 |
|---|---|---|
| Current Tax | 18,733 | 10,518 |
| Deferred tax | (887) | 6,290 |
| Total income tax expense | **17,846** | **16,808** |

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

| | | |
|---|---|---|
| Profit/ (loss) before income tax | 58,533 | (1,138) |
| Tax at the Australian tax rate of 30% (2011: 30%) | 17,560 | (341) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Costs of business combinations | - | 8,828 |
| Share-based payment expense | 286 | 476 |
| Tax losses written off | - | 6,290 |
| Other | - | 1,555 |
| | **17,846** | **16,808** |

## 5. OTHER FINANCIAL ASSETS

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| **Non-current** | | |
| *Available-for-sale investments carried at fair value* | | |
| Shares in Renaissance Minerals Limited | 546 | 504 |
| Shares in Monto Minerals Limited | 1,800 | 3,000 |
| Options in Monto Minerals Limited | 30 | 210 |
| **Total** | **2,376** | **3,714** |

The 150,000,000 Monto Minerals options are exercisable at 3 cents on or before 30 June 2014.

## 6. PROPERTY, PLANT AND EQUIPMENT

| | Freehold Land<br>$'000 | Plant and equipment<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| **30 June 2012** | | | |
| Cost | 9,261 | 291,117 | 300,378 |
| Accumulated depreciation | - | (35,299) | (35,299) |
| **Net carrying amount** | **9,261** | **255,818** | **265,079** |
| | | | |
| **Half-year ended 31 December 2012** | | | |
| Carrying amount at the beginning of the period | 9,261 | 255,818 | 265,079 |
| Additions | 567 | 14,292 | 14,859 |
| Reclassifications | - | 323 | 323 |
| Disposals | - | (46) | (46) |
| Depreciation* | - | (14,282) | (14,282) |
| **Carrying amount at the end of the period** | **9,828** | **256,105** | **265,933** |
| | | | |
| **At 31 December 2012** | | | |
| Cost | 9,828 | 305,686 | 315,514 |
| Accumulated depreciation | - | (49,581) | (49,581) |
| **Net carrying amount** | **9,828** | **256,105** | **265,933** |
| | | | |
| Carrying amount of lease assets | - | 7,616 | 7,616 |
| Carrying amount of assets under construction | - | 17,080 | 17,080 |
| | **-** | **24,696** | **24,696** |

*amount includes capitalised depreciation for assets used in construction activities.

## 7. MINE DEVELOPMENT AND EXPLORATION

| | Mines under construction $'000 | Producing mines $'000 | Exploration and evaluation $'000 | Total $'000 |
|---|---|---|---|---|
| **30 June 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** |
| **Half-year ended 31 December 2012** | | | | |
| Carrying amount at the beginning of the period | 247,380 | 432,738 | 78,569 | 758,687 |
| Additions | 106,638 | 85,185 | 21,655 | 213,478 |
| Reclassifications | 16,411 | 12,037 | (28,771) | (323) |
| Write-off of exploration expenditure | - | - | (4,860) | (4,860) |
| Depreciation and amortisation | - | (55,873) | (1,788) | (57,661) |
| **Carrying amount at the end of the period** | **370,429** | **474,087** | **64,805** | **909,321** |
| **At 31 December 2012** | | | | |
| Cost | 370,429 | 627,419 | 79,503 | 1,077,351 |
| Accumulated depreciation | - | (153,332) | (14,698) | (168,030) |
| **Net carrying amount** | **370,429** | **474,087** | **64,805** | **909,321** |

## 8. INTEREST BEARING LIABILITIES

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| **Current** | | |
| Corporate loan facility | - | 16,500 |
| Less: Borrowing costs | - | (1,151) |
| Finance lease liabilities | 2,936 | 3,043 |
| Other borrowings | 1,731 | - |
| **Total** | **4,667** | **18,392** |
| | | |
| **Non-Current** | | |
| Corporate loan facility | 81,784 | 15,000 |
| Less: Borrowing costs | (4,321) | (1,150) |
| Finance lease liabilities | 2,172 | 3,604 |
| **Total** | **79,635** | **17,454** |

In November 2012, the Group secured a $200 million corporate loan facility. The purpose of this facility was to refinance the $31.5 million Edna May loan facility 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 $118.216 million at the end of the period.

*Maturities of financial liabilities*

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

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

| Contractual maturities of financial liabilities (A$'000) | Less than 1 year | 1-2 years | 2-5 years | Over 5 years | Total contractual cash flows | Carrying amount |
|---|---|---|---|---|---|---|
| **31 December 2012** | | | | | | |
| Trade and other payables | 95,971 | - | - | - | 95,971 | 95,971 |
| Finance lease liabilities | 3,138 | 2,175 | - | - | 5,313 | 5,108 |
| Corporate loan facility | 4,703 | 4,703 | 85,752 | - | 95,158 | 81,784 |
| Other borrowings | 1,731 | - | - | - | 1,731 | 1,731 |
| **Total liabilities** | **105,543** | **6,878** | **85,752** | **-** | **198,173** | **184,594** |
| | | | | | | |
| **30 June 2012** | | | | | | |
| Trade and other payables | 110,440 | - | - | - | 110,440 | 110,440 |
| Finance lease liabilities | 3,232 | 3,092 | 632 | - | 6,956 | 6,646 |
| Corporate loan facility | 18,518 | 13,773 | 2,029 | - | 34,320 | 31,500 |
| **Total liabilities** | **132,190** | **16,865** | **2,661** | **-** | **151,716** | **148,586** |

## 9. ISSUED CAPITAL

| | 31 December 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| Issued capital comprises 708,092,989 fully paid ordinary shares (30 June 2012: 707,105,713) | 1,047,195 | 1,045,751 |

| | 6 months to 31 December 2012 | | 12 months to 30 June 2012 | |
|---|---|---|---|---|
| **Movement in issued shares for the period** | **No.** | **$'000** | **No.** | **$'000** |
| **Opening balance for the period** | 707,105,713 | 1,045,751 | 178,095,822 | 185,465 |
| Shares issued for merger | - | - | 180,401,006 | 311,733 |
| Shares issued for asset acquisition | 500,000 | 835 | 231,082,631 | 390,299 |
| Placement of shares | - | - | 105,144,047 | 152,459 |
| Shares issued on exercise of options | 487,276 | 609 | 11,356,207 | 10,887 |
| Shares issued on conversion of performance rights | - | - | 1,026,000 | - |
| Costs associated with the issue of shares (net of tax) | - | - | - | (5,092) |
| **Closing balance for the period** | **708,092,989** | **1,047,195** | **707,105,713** | **1,045,751** |

The Company issued 487,276 fully paid ordinary shares on conversion of options.

The Company also issued 500,000 fully paid ordinary shares to Independence Group NL in exchange for the asset acquisition of the Holleton gold project.

## 10. SHARE-BASED PAYMENTS

### a) Types of share-based payment plans

Evolution has two share based payment plans in existence:

**Employee Share Option and Performance Rights Plan ("ESOP")**
ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The plan permits the Company, at the discretion of the Directors, to grant both options and performance rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

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

| | Half-year ended 31 December 2012 $'000 | Half-year ended 31 December 2011 $'000 |
|---|---|---|
| Expense arising from equity settled share-based payment transactions recognised in profit and loss | 953 | 1,588 |

During the period, Evolution issued two allotments of performance rights that will vest on 30 June 2015. They have three performance components: a market-based TSR condition, and two non-market based conditions, being a C1 cash costs per ounce condition (C1 condition) and a mine life condition. The performance rights also require continued employment at the vesting date.

### c) Fair value determination

#### i) TSR Performance Right valuation
The fair value of the TSR Performance Rights (market-based condition) was estimated at the date of grant using a Monte Carlo simulation, taking into account the terms and conditions upon which the awards were granted.

**ii) C1 Performance Right valuation and Mine life rights valuation**

The fair value of the C1 and mine life performance rights (non-market based conditions) is the share price on grant date as future dividends cannot be reliably estimated.

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

| | Allotment 1 | Allotment 2 |
|---|---|---|
| Grant date | 17 September 2012 | 27 November 2012 |
| Spot price ($) | 1.89 | 1.87 |
| Risk-free rate (%) | 2.8% | 2.8% |
| Term (years) | 2.78 | 2.59 |
| Volatility | 45% - 50% | 40 - 45% |

The weighted average fair value of performance rights granted during the period was $1.418 (2011: $1.363).

## 11. EARNINGS PER SHARE

| | Half-year ended 31 December 2012 | Half-year ended 31 December 2011 |
|---|---|---|
| Basic profit /(loss) per share (cents per share) | 5.75 | (5.15) |
| Diluted profit /(loss) per share (cents per share) | 5.62 | (5.15) |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 707,655,550 | 348,316,566 |
| *Effect of dilution:* | | |
| Share options and performance rights | 16,604,263 | - |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 724,259,813 | 348,316,566 |

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

## 12. RELATED PARTY TRANSACTIONS

Directors Fees were paid to Newcrest Mining Limited for the services of two Non-Executive Directors, Mr Lawrie Conway and Mr Peter Smith, in the amount of $96,250 (2011: $39,027)

Newcrest also provided certain accounting, information technology and administration services to the Company. Fees paid to Newcrest in the period in this regard amounted to $38,522 (2011: $574,375)

### 13. GOLD DELIVERY COMMITMENTS

| As at 31 December 2012 | Gold for physical delivery | Contracted sales price | Value of committed sales |
|---|---|---|---|
| | (ounces) | $ | $'000 |
| Within one year | 68,669 | 1,573 | 108,016 |
| Later than one year but not greater than five years | 120,700 | 1,573 | 189,861 |
| | **189,369** | | **297,877** |

| As at 30 June 2012 | Gold for physical delivery | Contracted sales price | Value of committed sales |
|---|---|---|---|
| | (ounces) | $ | $'000 |
| Within one year | 66,589 | 1,573 | 104,744 |
| Later than one year but not greater than five years | 157,588 | 1,573 | 247,886 |
| | **224,177** | | **352,630** |

The counterparty to the physical gold delivery contract is Macquarie Bank Limited ('Macquarie'). The contracts are settled on a quarterly basis by physical delivery of gold per Macquarie's instructions. The contracts are accounted for as sale contracts with revenue recognised once the gold has been delivered to Macquarie or its agent. The physical gold delivery contract is considered a contract to sell a non-financial item and is therefore out of the scope of AASB 139. As a result no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

### 14. 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 2012. The total of these guarantees at 31 December 2012 was $34.053 million with various financial institutions.(30 June 2012: $30.130 million).

In addition to the above guarantees, Newcrest Mining Limited ('Newcrest') is holding $13.550 million in performance bonds relating to Cracow and Mt Rawdon operations on behalf of the Group (30 June 2012: $13.550 million). These bonding obligations will be transferred to Evolution once the asset sale agreements have been stamped by the Queensland Office of State Revenue.

### 15. EVENTS AFTER THE BALANCE SHEET DATE

No other matter or circumstance has arisen since 31 December 2012 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**

In the directors' opinion:

a) The financial statements and notes set out on pages 8 to 20 are in accordance with the *Corporations Act 2001,* including:
   i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   ii. Giving a true and fair view of the consolidated entities financial position as at 31 December 2012 and of its performance for the half-year ended on that date, and
b) There are reasonable grounds to believe that Evolution Mining Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

**Jacob Klein**
Executive Chairman

**Graham Freestone**
Lead Independent Director and
Chair of the Audit Committee

Sydney
21 February 2013

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

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Evolution Mining Limited, which comprises the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Evolution Mining Limited (the consolidated entity). The consolidated entity comprises both Evolution Mining Limited (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 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 2012 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 2012 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Sydney
21 February 2013

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