

APPENDIX 4E (Listing Rule 4.3A)
EVOLUTION MINING LIMITED ACN 084 669 036
AND CONTROLLED ENTITIES
YEAR END FINANCIAL REPORT
For the year ended 30 June 2013

Results for Announcement to the Market

	Consolidated Year ended 30 June 2013 \$'000	Consolidated Year ended 30 June 2012 \$'000	Percentage increase / (decrease)
Revenue from ordinary activities	605,034	469,484	29%
(Loss)/ profit from ordinary activities after tax attributable to members	(307,421)	37,313	(924%)
Net (loss)/ profit for the period attributable to members	(307,421)	31,543	(1,075%)
Net Tangible Assets per share	\$1.45	\$1.47	
Basic (loss)/ earnings cents per share	(43.43)	7.10	
Interim dividend per share	Nil	Nil	
Final dividend per share (unfranked, cents per share)	Nil	Nil	
Dividend date paid	N/a	N/a	

Explanation of Results

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



Evolution Mining Limited

ABN 74 084 669 036

**Appendix 4E and
Annual Financial Report
for the year ended 30 June 2013**

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

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Share Register

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Auditors

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Stock Exchange Listing

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

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Evolution Mining Limited (formerly known as Catalpa Resources Limited) and its subsidiaries. The financial statements are presented in the Australian currency, unless otherwise stated.

Comparative year results and balances reflect twelve months of Catalpa Resources Limited (100% Catalpa, 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.

The financial statements were authorised for issue by the Directors on 30 August 2013. The Directors have the power to amend and reissue the financial statements.

The Directors present their report on Evolution Mining Limited (referred to hereafter as “Evolution”, “the Group” or “Company”), consisting of Evolution and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

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

Jacob Klein	Executive Chairman
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

INFORMATION ON DIRECTORS

The qualifications and experience of Directors in office at any time during or since the end of the financial year are:

Jacob Klein, BCom Hons, ACA **Executive Chairman**

Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest and Catalpa approved by shareholders at an Extraordinary General Meeting. Previously he served as the Executive Chairman of Conquest from May 2010 up until the merger and the resultant formation of Evolution Mining Limited. Prior to that, Mr Klein was President and CEO of Sino Gold Mining Limited, where along with Mr Askew (Director from 2002 and Chairman from 2005 of Sino Gold) he managed the development of that Company into the largest foreign participant in the Chinese gold industry. Sino Gold Mining Limited was listed on the ASX in 2002 with a market capitalisation of \$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over \$2 billion. Sino Gold Mining Limited was an ASX 100 Company, operating two award-winning gold mines and engaging over 2,000 employees and contractors in China. Mr Klein resigned as a Director of Sino Gold Mining Limited in December 2009.

Prior to joining Sino Gold Mining Limited (and its predecessor) in 1995, Mr Klein was employed at Macquarie Bank and PricewaterhouseCoopers.

Mr Klein is currently a Non-Executive Director of Lynas Corporation Limited (since August 2004) and OceanaGold Corporation (since December 2009), both companies being listed on the ASX. Mr Klein is a past President of the NSW Branch of the Australia China Business Council and previously served on the NSW Asia Business Council.

James Askew, BE (Mining), MEngSci, FAusIMM, MCIMM, MSME (AIME) **Non-Executive Director** **Chairman of the Risk Committee and Member of the Nomination and Remuneration Committee**

Mr Askew is a mining engineer with over 40 years broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. He has also served on the boards of numerous resource public companies, which currently include Inova Limited (since June 2011), OceanaGold Limited (Chairman since November 2006) and PMI Gold Ltd (Chairman since April 2013).

Mr Askew served as Director of Conquest from May 2010 until the merger with Catalpa and the formation of Evolution Mining Limited in October 2011. He also served as a Director of Sino Gold Mining Limited (October 2002 to December 2009), Chairman of Sino Gold Mining Limited (2005 - 2009) and Director of Eldorado Gold Corporation (December 2009 to May 2010). Mr Askew was previously a Non-Executive Director of Ausdrill Limited (April 1986 to June 2011).

Lawrie Conway B Bus, CPA **Non-Executive Director and Member of the Audit and Nomination and Remuneration Committees**

Mr Conway is the current Newcrest Executive General Manager (Commercial and West Africa) responsible for Newcrest's group Supply and Logistics, Marketing, Information Technology, and Laboratory functions as well as Newcrest's business in West Africa.

Mr Conway has more than 21 years commercial experience in the resources sector across a diverse range of commercial and financial activities at Newcrest and previously at BHP Billiton. Mr Conway has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile.

Graham Freestone, BEc (Hons)
Lead Independent Director and Chairman of the Audit Committee

Mr Freestone has a broad finance, corporate and commercial background obtained in Australia and internationally through senior finance positions with the Shell Group, Acacia Resources Limited and AngloGold. He was Acacia Resources Limited's Chief Financial Officer and Company Secretary from 1994 until 2001. From 2001 to 2009 he was a Non-Executive Director of Lion Selection Limited and its Audit Committee Chair. He became a Director and Chair of the Audit and Risk Committee of Catalpa in 2009. Mr Freestone has not held any other listed company directorships within the last three years.

Paul Marks, BEng (Chem), MAppFin
Non-Executive Director and Member of the Audit Committee

Mr Marks has 35 years of experience across a range of industries from foreign exchange and commodities trading, chemical and hydrocarbon processing. Mr Marks has previously held the positions of Vice-President of Foreign Exchange with Prudential-Bache Securities, Senior Strategist Foreign Exchange AEFC, the merchant banking arm of the Commonwealth Bank of Australia and Senior Foreign Exchange Strategist with National Australia Bank.

Previously Mr Marks served as Director of Conquest from December 2009 until the merger with Catalpa and the formation of Evolution Mining Limited in October 2011 and has also served on the board of Prana Biotechnology Ltd. Mr Marks is currently the Executive Chairman of Nimrod Resources Ltd.

John Rowe, BSc (Hons) ARSM, MAusIMM
Non-Executive Director, Chairman of Nomination and Remuneration Committee, and Member of the Risk Committee

Mr Rowe was appointed as Non-Executive Director to the Westonia Mines Limited board (being the previous name of Catalpa) on 12 October 2006. He was Non-Executive Chairman of Westonia Mines Limited from January 2008 to December 2009. Mr Rowe brings a wealth of geological and business development skills to the Company. Mr Rowe has some 40 years' experience within the gold and nickel industries. He has held a variety of positions in mine management, exploration and business development and has consulted for John Rowe and Associates since 2006.

Mr Rowe is also a Non-Executive Director of Panoramic Resources Limited (since 2006) and Southern Cross Goldfields Limited (since 2010). Mr Rowe was appointed Non-Executive Chairman of Magma Metals Limited in June 2012, which was then delisted at the end of June 2012.

Peter Smith, F Aus IMM, GAICD, MBA USQ
Non-Executive Director and Member of the Risk Committee

Mr Smith has over 36 years mining experience across a broad spectrum of responsibilities, including a range of senior corporate roles with WMC Resources Ltd, Rio Tinto and Lihir Gold Limited. Most recently, Mr Smith was the Newcrest Executive General Manager Australia and Indonesia Operations (appointed in September 2010, following Newcrest's merger with Lihir Gold Limited).

Mr Smith has previously held the positions of Chief Operating Officer at Lihir Gold Limited and, prior to that, Executive Director of Western Metals Ltd.

INFORMATION ON COMPANY SECRETARY

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

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

PRINCIPAL ACTIVITIES

Evolution Mining Limited was formed in November 2011 through the merger of Catalpa and Conquest on 17 October 2011 and the concurrent acquisition of Newcrest Mining Limited's 70% interest in the Cracow Gold Mine and 100% interest in the Mt Rawdon Gold Mine on 2 November 2011.

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

During the year, the Company also engaged in exploration activities in and around its operations.

DIVIDENDS

Consistent with the Company's previously announced dividend policy, the board has determined to pay a dividend of one cent per share on 26 September 2013. Due to impairment losses in the 2013 financial year, Evolution had no available reserves or earnings from which to distribute a dividend payment at 30 June 2013. Consequently, to meet its commitment, the Evolution Board has determined to pay an unfranked dividend out of 2014 financial year profits. Evolution shares will trade excluding entitlement to the dividend on 5 September 2013, with the record date of 11 September 2013 and a payment date of 26 September 2013.

REVIEW OF OPERATIONS AND FINANCIAL RESULT

1. Overview

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

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

To build a sustainable business, Evolution maintains a strong commitment to growth through exploration and a disciplined approach to business development through opportunistic, logical, value-accretive acquisitions. The Company is actively involved in these activities within Australia. Australia is a highly attractive destination due to the location of the Company's asset base and management knowledge, low political risk, high gold endowment, weakening Australian dollar (which benefits US dollar denominated gold revenue) and an environment of cost deflation.

The gold price fell 24% from US\$1,584/oz at 30 June 2012 to US\$1,198/oz at 30 June 2013. The fall in Australian dollar terms over the same period was not as severe but nonetheless significant with a 17% reduction from \$1,554/oz to \$1,291/oz. Evolution has responded to the lower gold price environment by implementing a number of productivity and efficiency initiatives across all of its operations and maintaining a strict discipline in relation to all expenditure.

The full year review of the Company's asset carrying values, in the context of the continuing lower gold price environment, combined with a compression of valuations in the gold industry and other factors, has resulted in the impairment of the carrying value of some assets. The review has resulted in the recognition of a total impairment loss of \$384.285 million, comprising goodwill (\$18.365 million), mine development and exploration assets (\$358.233 million) and investments (\$7.687 million).

The reported loss for the period was \$307.421 million after the \$384.285 million of asset and investment impairments. Underlying profit¹ for the period was \$44.443 million with profit in the second half of the financial year strongly impacted by reduced commodity prices.

Sales revenue for the period was \$605.034 million, some 29% higher than the prior period of \$469.484 million, primarily due to 30% higher gold sales. The average Australian dollar gold price realised from sales was \$1,582/oz, with 63% of sales sold on spot markets at an average price of \$1,605/oz, with the remaining 37% sold into the hedge book at an average price of \$1,543/oz.

¹ Underlying profit is a non-IFRS financial term and is not subject to audit. Underlying profit for the period is defined as the reported profit or loss adding back or subtracting the non-recurring items. In this financial year, the non-recurring item is the assets and investments impairment loss and the associated tax effects.

Gold production for the period was 392,920 ounces, some 40% higher than the prior period of 280,401 ounces, primarily due to full year ownership of Mt Rawdon, Cracow, Pajingo in the current year and the initial contribution from Mt Carlton. On a 100% mine basis, production increased by 13% on the prior year due to increased output at Edna May (up 18%), Pajingo (up 13%) and Mt Rawdon (up 11%) and the first contribution from Mt Carlton during the commissioning phase.

Total cost of sales for the period increased by 48% to \$498.757 million compared to the prior period of \$337.697 million. The majority of the cost increase is explained by volume variances on costs and depreciation from full year ownership, higher mining levels, and stock value adjustments related to the lower gold price at year end.

Operating cash flow for the period increased by 35% to \$232.990 million, compared to the prior period of \$172.284 million. Investment cash outflows were \$457.067 million relating to capital expenditure, discovery, and includes \$21.431 million of payments relating to prior year acquisition stamp duty costs and capital creditors. Cash inflows from debt drawdown was \$95.345 million and with a net cash outflow during the year of \$128.122 million, led to a closing cash balance of \$13.662 million.

Capital expenditure for the period was \$374.744 million with 45% or some \$168.441 million invested at Mt Carlton in construction costs, mine development and commissioning costs. Of the \$206.303 million invested across the other sites, over 70% of this amount was invested in mine development.

The Company ended the year with net debt of \$117.618 million and a gearing ratio of 13% (net debt to net debt plus equity). The Company maintains available credit of \$73.216 million on its \$200 million credit facility established in November 2012.

During the year, the Board approved a gold linked dividend policy equal to 2% of gold equivalent sales revenue. The first distribution is planned for the six month period ended 30 June 2013, payable on 26 September 2013.

2. Key events during the year

The key events during the year included:

- On 26 July 2012, Evolution announced achieving its financial year 2012 production and cash unit cost guidance. Actual production of 346,979 ounces was in-line with guidance of 335,000 - 375,000 ounces and unit cash cost² of \$771/oz was significantly below guidance of \$800 - \$850/oz. Attributable production in the 2012 financial year was 280,401 ounces.
- On 6 November 2012, the Company announced that it had secured a \$200 million Corporate Loan Facility ("Facility"). This new Facility was used to refinance the \$31.5 million debt under the Edna May Syndicated Facility Agreement and for short term working capital requirements. The Facility matures in November 2015.
- The key project highlight for the year was the completion of construction of the Mt Carlton gold-silver-copper project in Queensland. On 27 December 2012 the Company announced that project commissioning had commenced at Mt Carlton, followed by the production of first concentrate on 25 March 2013. The first payment for the sale of A39 silver concentrate to Chinese customers was confirmed on 3 June 2013. Commissioning was declared complete as from 1 July 2013.
- On 21 February 2013 the Company reported a net profit of \$40.687 million for the six months to 31 December 2012. The Board approved gold linked dividend policy equal to 2% of gold equivalent sales revenue.
- On 23 April 2013 the Company announced an updated Mineral Resource and Ore Reserve estimate as at 31 December 2012. Group Mineral Resources were estimated at 7.7 million ounces gold equivalent, an increase of 10% compared to the June 2012 estimate of 7.0 million ounces. Group Ore Reserves were estimated at 3.6 million ounces gold equivalent, an increase of 7% compared to the June 2012 estimate of 3.3 million ounces.

3. Group operating performance

Group safety performance saw a sustained improvement over the last 12 months. The total recordable injury frequency rate reduced significantly from 26.2 to 19.9 and the lost time injury frequency rate was also reduced from 7.1 to 3.7. Strategies to continuously identify and manage risks in the workplace remain a high priority.

Evolution's gold production for the year ended 30 June 2013 was 392,920 ounces (30 June 2012 attributable: 280,401 ounces) at a unit cash cost of \$790/oz (30 June 2012 attributable: \$771/oz) and was within the Company's original guidance of 370,000 - 410,000 ounces at \$730/oz - \$790/oz.

² Unit cash operating costs or C1 cash cost represents costs in the relevant period of mining, processing and site administration after accounting for movements in inventory (predominantly ore stockpiles) divided by production in the relevant period. The cost includes the net proceeds from by-products as a credit, but excludes the cost of royalties and capital costs for exploration, mine development and plant and equipment.

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The Group Key Metrics table provides key operating and financial metrics for Evolution relative to the prior financial year³. The physical metrics for financial year 2012 are based on 100% ownership, rather than attributable ownership to display actual mine performance. This table shows Evolution invested significantly across the asset portfolio to enhance operational predictability. The increased capital and operating investment was a result of a significant increase in key operating physicals, such as ore tonnes mined, waste tonnes mined, underground lateral development and tonnes processed.

Group Key Metrics	FY13	FY12	% Change
Total UG ore mined (kt)	827	761	9%
Total lateral development (m)	13,450	11,063	22%
OP ore mined (kt)	7,532	6,345	19%
OP waste mined (kt)	37,168	20,100	85%
Processed tonnes (kt)	7,172	6,822	5%
Grade (g/t gold)	1.90	1.70	9%
Gold Production (oz)	392,920	346,979	13%
Attributable Gold Production (oz)	392,920	280,401	40%
Unit cash operating cost (\$/oz)	790	771	3%

Note: UG = Underground, OP = Open pit

Evolution's production increased by 13% on a total mine basis and 40% on an attributable basis at a similar unit cash cost. Maintaining unit cash costs was challenging during a year of continued cost inflation driven by external factors.

▪ **Production volumes**

Gold production increased by 40% based on attributable ownership, however, a significant portion of the growth was delivered by 100% ownership of assets for the full year.

A more meaningful comparison of performance is production growth based on the performance of individual mine assets, relative to the prior year. The table below displays the performance on a 100% basis relative to the prior year.

Total Gold Production (oz)	FY13	FY12	% Change
Cracow	102,560	102,565	<1%
Pajingo	85,918	75,747	13%
Edna May	86,216	73,264	18%
Mt Rawdon	106,089	95,403	11%
Mt Carlton	12,138	-	N/a
Total	392,920	346,979	13%

On a 100% basis, the production growth was strong at 13% relative to the prior year. Edna May delivered 18% more ounces (increased throughput and grade), with Pajingo up 13% (increased throughput), and Mt Rawdon up 11% (higher head grade). Mt Carlton delivered its first production from commissioning activity. The contribution from Mt Carlton is not included in sales revenue as the project remained in the commissioning phase at year end.

▪ **Production costs**

Despite rising input costs (predominantly labour and power) the Group's unit cash cost of \$790/oz was contained to 3% higher than the prior year.

Cracow experienced the highest increase in unit costs due predominantly to mining narrower ore bodies and higher mining contractor costs. To mitigate further mining cost inflation and to increase management control, the site moved from contractor to owner-mining at year end (for further discussion please see Cracow section).

Pajingo and Edna May experienced significant increases in total operating costs (12% - 17%). The increased costs were associated with increased activity that delivered increased production, which either moderated or offset the unit cost increases.

³ Comparative year results and balances reflect twelve months of Catalpa Resources Limited (100% Catalpa, 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.

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Mt Rawdon's operating cost was steady at \$65.058 million, however, increased production was delivered with the same cost base (due to higher ore grade), hence unit cash operating cost reduced 10% compared to the prior year.

Unit Cash Operating Cost (\$/oz)	FY13	FY12	% Change
Cracow	867	678	28%
Pajingo	807	780	3%
Edna May	900	949	(5%)
Mt Rawdon	613	684	(10%)
Average	790	771	3%

▪ Capital costs

Total capital investment across the Group increased by 54% to \$374.744 million for the year. The primary driver of increased expenditure was investment at the Mt Carlton project development. However, excluding Mt Carlton, capital investment at other sites increased by 38% during the year (see the Mt Carlton section for further details on new project capital investment).

Capital Expenditure (\$ million)	FY13	FY12	% Change
Cracow	47.237	31.786	49%
Pajingo	57.892	43.763	32%
Edna May	34.036	30.074	13%
Mt Rawdon	67.139	44.157	52%
Mt Carlton	168.441	94.172	79%
Group total	374.744	243.952	54%

The primary driver of capital investment at operating sites is mine development. A significant increase in both underground lateral development and open pit stripping occurred during the year.

At the underground mines, the lateral development metres increased significantly at Cracow, in response to the configuration of ore sources, but also to secure access to future ore sources. High levels of development were maintained at Pajingo. The development completed at both mines has prepared the operations to withstand a lower gold price environment, with development rates forecast to reduce at both operations.

Total Lateral Development (m)	FY13	FY12	% Change
Cracow	8,021	5,658	42%
Pajingo	5,428	5,405	<1%
Group total	13,450	11,063	22%

At sites with open pit mining, the amount of waste rock removal associated with stripping campaigns drives the amount of capital investment. The 85% increase in waste removal during the year was a key driver of increased capital investment at Pajingo, Edna May and Mt Rawdon. Pajingo waste removal increased sharply with the mining of Venue Open pit. Mining within the pit was completed at year end. Two large cut backs are occurring at Edna May (Stages 1 and 2) and Mt Rawdon (Stages 3 and 4) with the increased waste removal being part of the scheduled mine plans.

Total Open Pit Waste Mined (kt)	FY13	FY12	% Change
Pajingo	5,413	996	443%
Edna May	6,524	5,470	19%
Mt Rawdon	15,325	13,634	12%
Mt Carlton	9,907	-	N/a
Total	37,168	20,100	85%

4. Site operating performance

▪ Cracow

The Cracow Gold Mine (100%) produced 102,560 ounces (30 June 2012 attributable: 78,779 ounces) of gold at a unit cash cost of \$867 per ounce (30 June 2012 attributable: \$678/oz), compared to guidance of 90,000 – 100,000 oz at \$780/oz - \$820/oz.

The table below displays the key operating metrics for Cracow on a 100% ownership basis. Cracow delivered steady gold production whilst undertaking a marked increase in underground lateral development (a record at over 8,021m) as well as a solid increase in ore tonnes mined.

Increased mining costs during the period was due to the extraction of narrower vein deposits in the mine plan and increased mining contractor costs.

Cracow	FY13	FY12	% Change
Total UG ore mined (kt)	495	457	8%
Total lateral development (m)	8,021	5,658	42%
Processed tonnes (kt)	522	527	(1%)
Grade (g/t gold)	6.53	6.47	1%
Gold Production (oz)	102,560	102,565	<1%
Attributable Gold Production (oz)	102,560	78,779	30%
Unit cash operating cost (\$/oz)	867	678	28%
Capital expenditure (\$ million)	47.237	32.786	49%

The high levels of underground lateral development has secured future operational flexibility and performance. This work has enabled the planned reduction of lateral development in the 2014 financial year as the mine moves from three development jumbos to two.

Cracow has for the past nine years employed a contractor to perform the underground mining services. With the underground contract expiring on 30 June 2013 a detailed review of the competitiveness of the contract was undertaken. The review highlighted a significant cost benefit, in the order of \$50/oz, in transitioning to owner-mining at Cracow. Consequently, Evolution implemented the change to owner-mining on 1 July 2013.

▪ Pajingo

The Pajingo Gold Mine (100%), produced 85,918 ounces of gold (30 June 2012 attributable: 57,154 ounces) at a unit cash cost of \$807/oz (30 June 2012 attributable: \$780/oz), compared to guidance of 85,000 - 90,000 oz at \$730/oz - \$780/oz.

The table below displays the key operating metrics for Pajingo on a 100% ownership basis. The table shows that Pajingo ran with a dual ore source strategy in financial year 2013 with an almost equal contribution of open pit and underground ore. Gold production increased by 13%, a result of a 25% increase in tonnes processed, offset by a 10% reduction in head grade due to the addition of lower grade open pit ore. The underground ore sources performed well, however the open pits proved to be more complex than originally envisaged and although the open pits delivered planned ounces, they did so at higher cost.

Cash operating costs were \$10.270 million higher in the year due to increased open pit activity, however, higher gold production levels delivered a similar unit cash cost to the prior year at \$807/oz. Increased capital expenditure during the year was related to the capitalised stripping of the Venue open pit.

Pajingo	FY13	FY12	% Change
Total UG ore mined (kt)	331	304	9%
Total lateral development (m)	5,428	5,405	<1%
OP ore mined (kt)	357	193	85%
OP waste mined (kt)	5,413	996	443%
Processed tonnes (kt)	611	487	25%
Grade (g/t gold)	4.57	5.08	(10%)
Gold Production (oz)	85,918	75,747	13%
Attributable Gold Production (oz)	85,918	57,154	50%
Unit cash operating cost (\$/oz)	807	780	3%
Capital expenditure (\$ million)	57.892	43.763	32%

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In response to lower gold prices, higher cost open pit mining was completed and the contractor demobilised, which resulted in a small number of redundancies. With open pit mining now complete, the operational focus is on higher grade underground ore sources.

▪ Edna May

The Edna May Gold Mine (100%) produced 86,216 ounces of gold (30 June 2012: 73,264 ounces) at a unit cash cost of \$900/oz (30 June 2012: \$949/oz), compared to guidance of 75,000 - 80,000 oz at \$840/oz - \$890/oz.

The table below displays the key operating metrics for Edna May. The operation successfully delivered record production during the year (up 18%) due mostly to a 10% increase in throughput and improved reliability of the processing circuit and a 5% improvement in head grade.

Edna May	FY13	FY12	% Change
OP ore mined (kt)	2,856	2,177	31%
OP waste mined (kt)	6,524	5,470	19%
Processed tonnes (kt)	2,607	2,373	10%
Grade (g/t gold)	1.13	1.07	5%
Gold Production (oz)	86,216	73,264	18%
Unit cash operating cost (\$/oz)	900	949	(5%)
Capital expenditure (\$ million)	34.036	30.074	13%

The operation achieved a 19% increase in total capital and operating waste movement during the year due to a major focus on advancing the Stage 1 and Stage 2 cutbacks. The other major activities in the year included the replacement of the SAG mill girth gear and pinion and the commencement of secondary crushing trials. The crushing trials, which involve the use of a hired mobile crushing circuit, commenced in January 2013 to assess the viability of increasing throughput through the SAG mill and assist with the design of an optimum process configuration.

In response to lower gold prices, the investment made in mine development has enabled the rescheduling of waste movements for mining to move to a day-shift only basis whilst maintaining gold production in the next financial year. Hence, waste mining (capital and operating) will decrease significantly in the 2014 financial year with a reduction of mining crews from four to two. The operation has also hired a larger capacity mining fleet to improve productivity in the 2014 financial year.

▪ Mt Rawdon

The Mt Rawdon Gold Mine (100%) produced 106,089 ounces of gold (30 June 2012 attributable: 71,205 ounces) at a unit cash cost of \$613/oz (30 June 2012 attributable: \$684/oz), compared to guidance of 95,000 - 110,000oz at \$600/oz - \$660/oz.

The site was impacted by extremely high rainfall from ex-tropical cyclone Oswald in January 2013, followed by further heavy rainfall in February and March 2013. The mine received 1,126mm of rain during the March quarter, the highest quarterly rainfall recorded since operations commenced in 2001. The site was well prepared and gold production was suspended for only two days.

The table below displays the key operating metrics for Mt Rawdon on a 100% ownership basis. The table shows that Mt Rawdon delivered a 11% increase in gold production driven by higher ore grades, due to the selective processing of mined ore. Lower unit cash costs were delivered during the year due to higher production levels delivered on a constant operating cost base.

Mt Rawdon	FY13	FY12	% Change
OP ore mined (kt)	3,753	3,976	(6%)
OP waste mined (kt)	15,325	13,634	12%
Processed tonnes (kt)	3,329	3,434	(3%)
Grade (g/t gold)	1.08	0.95	14%
Gold Production (oz)	106,089	95,403	11%
Attributable Gold Production (oz)	106,089	71,205	49%
Unit cash operating cost (\$/oz)	613	684	(10%)
Capital expenditure (\$ million)	67.139	44.157	52%

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The operation achieved a 12% increase in total capital and operating waste movements during the year due to a major focus on advancing Stage 3 and Stage 4 cutbacks.

In response to lower gold prices, the site is trialling larger diameter blast hole drilling and higher bench heights to reduce drill and blast costs in the 2014 financial year.

▪ Mt Carlton

The Mt Carlton gold-silver-copper mine (100%) is Evolution's key organic growth asset and has added a fifth mine to the Company's portfolio of 100% owned, Australian producing mines during the 2013 financial year.

Project construction activity was successfully completed during the year and commissioning activities of all key components of the processing plant commenced at the end of December 2012. First concentrate production commenced in the March 2013 quarter, with 12,138 ounces of gold equivalent production during the year. The first concentrate shipment to Humon Smelting Co was dispatched on 15 May 2013 transporting 476 dmt of A39 concentrate. Subsequent shipments saw a total of 3,320 dmt shipped during the June quarter.

Processing of V2 ore commenced subsequent to the end of the year and commercial production was declared as at 1 July 2013.

The table below displays the key metrics for Mt Carlton. As the mine remained in the construction and commissioning phase for all of financial year 2013, operating cost data is not recorded. The mining activity during the year was focused on significant pre-strip waste tonnages at A39 and V2.

Mt Carlton	FY13	FY12	% Change
OP ore mined (kt)	567	-	
OP waste mined (kt)	9,907	-	
Processed tonnes (kt)	103	-	
Grade (g/t gold)	6.16	-	
Gold Production (oz)	12,138	-	
Attributable Gold Production (oz)	12,138	-	
Unit cash operating cost (\$/oz)	N/a	-	

Due to the significant amount of mine development completed in the 2013 financial year, total material movements are planned to reduce by 50% in the 2014 financial year, whilst maintaining required levels of ore supply.

With commercial production declared as at 1 July 2013, the total amount invested in the project was \$262.736 million. This total is divided between project construction capital of \$184.100 million and other ancillary costs, as follows:

Mt Carlton Project Capital (\$ million)	FY13	FY12	Total
Project construction	99.100	85.260	184.360
Advanced mine development	48.800	-	48.800
Capitalised commissioning costs	11.300	-	11.300
Capitalised interest cost	3.968	-	3.968
Net other capital additions	5.300	9.008	14.308
Total	168.468	94.268	262.736

5. Group Financial Performance

The full year review of the Company's asset carrying values, in the context of a lower gold price environment combined with a compression of valuations in the gold industry and other factors, has resulted in the impairment of the carrying value of some assets. The review has resulted in the recognition of a total impairment loss of \$384.285 million, comprising a reduction in the carrying value of goodwill (\$18.365 million), mine development (\$288.941 million), exploration assets (\$69.292 million) and the fair value loss in the available for sale investments (\$7.687 million).

The Company incurred a net loss of \$307.421 million compared to a reported profit of \$37.313 million in the prior year. Before non-recurring items, the underlying Net Profit was \$44.443 million compared to \$63.395 million in the prior year.

The key non-recurring item is the total asset and investment impairment loss of \$384.285 million, together with a \$32.421 million tax benefit associated with the write down.

Financial Summary – for the year ended	30 June 2013	30 June 2012	% Increase/ (decrease)
	\$'000	\$'000	
Total Revenue	605,034	469,484	29%
Cost of Sales (excluding D&A) ⁽¹⁾	(358,286)	(244,094)	47%
Corporate, Admin, Exploration and other costs	(35,023)	(35,398)	(1%)
Underlying EBITDA ⁽¹⁾	211,725	189,991	11%
Depreciation and Amortisation (D&A)	(141,384)	(94,012)	50%
Underlying EBIT ⁽¹⁾	70,340	95,979	(27%)
Net interest expense ⁽⁴⁾	(6,851)	(3,736)	83%
Underlying tax expense ⁽⁵⁾	(19,047)	(28,848)	(34%)
Underlying Net Profit ⁽¹⁾	44,443	63,395	(30%)
Asset and investment impairments	(384,285)	-	
Business combination costs ⁽²⁾	-	(19,963)	
Fair value uplift of 30% Cracow ⁽³⁾	-	1,930	
Other Tax effected amounts	32,421	(8,050)	
Reported Net Profit/(Loss)	(307,421)	37,312	
Cash flow from operating activities	232,990	172,284	35%

⁽¹⁾ Cost of Sales (excluding D&A), EBITDA, EBIT and Underlying Net Profit are non-IFRS financial information and are not subject to audit. Underlying profit is the statutory profit for the period before non-recurring income or expenses.

⁽²⁾ Expenses relating to the acquisition of Conquest Mining Limited and the Newcrest mine assets.

⁽³⁾ The fair value uplift of Evolution's existing 30% interest in the Cracow Gold Mine (adjustment related to acquisition of 70% interest in Cracow from Newcrest Mining Limited).

⁽⁴⁾ Net interest expense is interest income less interest charged for the period

⁽⁵⁾ Underlying tax expense is the estimated tax expense on underlying earnings before any tax impacts generated by non-recurring income or expense.

▪ Performance relative to the previous financial year

Production volumes, revenue and EBITDA all increased during the year. However, Underlying Net Profit reduced by 30% from \$63.395 million to \$44.443 million.

The \$18.952 million reduction in Underlying Net Profit relative to the prior year is due to the combined effect of \$135.550 million increase in sales, offset by \$114.193 million higher costs, \$46.868 million higher depreciation and amortisation ("D&A") charge and \$6.832 million lower charge for tax, interest and corporate.

The increase in costs of \$114.193 million is made up of \$86.752 million higher costs due to full year ownership of assets and increased production volumes, \$8.469 million increase in costs related to unit price increases, a \$19.814 million charge associated with a write-down in the value of the inventory (for those stocks valued at Net Realisable Value). The \$46.868 million increase in D&A is a result of increased production volumes, a \$15.387 million impact of the full amortisation of costs associated with the Venue Open pit at Pajingo and changes in estimates during the year.

The \$19.814 million inventory charge is due to a reduction in Net Realisable Value of some 70,000 oz of low-grade stockpiles due to a \$311/oz reduction in the gold price used from 31 December 2012 of \$1,602/oz to the price at 30 June 2013 of \$1,291/oz.

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▪ Performance relative to first half year of financial year 2013

The Underlying Profit for the six months to 31 December 2012 was \$40.687 million, with the second half delivering \$3.756 million of Underlying Profit.

The key drivers of reduced earnings in the second half of financial year 2013 were a \$38.250 million reduction (12% decrease), in sales revenue (6% lower gold sales volumes at a 6% lower gold price), a \$17.381 million increase (7% increase) in Cost of Goods Sold (related mainly to the \$19.814 million inventory charge) and a \$16.645 million reduction in underlying tax expense.

▪ Historical Performance

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

	30 June 2013 \$000	30 June 2012 \$000	30 June 2011 \$000	30 June 2010 \$000	30 June 2009 \$000
Revenue	605,034	469,484	121,870	22,274	264
Net Profit/(Loss) before tax	(307,421)	66,483	3,955	(4,520)	(6,849)
Net Profit/(Loss) after tax	(307,421)	37,313	(2,303)	5,547	6,814
Underlying Net Profit/(Loss)	44,443	63,395	(1,621)	(2,209)	(6,840)
Share price at start of year(\$)	\$1.46	\$1.36	\$1.62	\$1.10	\$0.55
Share price at end of year(\$)	\$0.57	\$1.46	\$1.36	\$1.62	\$1.10
Dividends (per share)	-	-	-	-	-
Basic (loss)/earnings per share (cents per share)	(43.43)	7.10	(1.37)	3.93	(13.97)

5.1. Income statement commentary

▪ Asset impairment amounts

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

The primary impairment indicator has been the 24% reduction in the US dollar gold price over the 2013 financial year from US\$1,584/oz to US\$1,198/oz. The US dollar gold price strongly influences market valuations and market sentiment around gold equities. Whilst in dollar terms the price fell less, some 17% from \$1,554/oz to \$1,291/oz, it was significant enough to warrant a review of the carrying value of assets. The other main commodity which impacts revenue is silver, with the Australian dollar silver price reducing by 23% over the 2013 year from \$26.6/oz to \$20.3/oz.

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

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

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

▪ Sales

The Company delivered a 29% increase (\$135.550 million) in revenue to \$605.034 million. The contribution from gold sales revenue was \$596.389 million (2012: \$461.869 million) from the sale of 376,978 ounces of gold (2012: 288,617) at an average price of \$1,582/oz. Silver sales revenue generated of \$8.645 million (2012: \$ 7.696 million) was from the sale of 307,726 ounces (2012: 254,850 ounces) of silver at an average price of \$28/oz.

Approximately 63% of the volume was sold on spot markets at an average price of \$1,605/oz with the remaining 37% sold into the hedge book at an average price of \$1,543/oz.

At year end the Company had 85,422 ounces remaining in its hedge book at a flat forward price of \$1,573/oz for delivery from September 2014.

During the commissioning phase, Mt Carlton sold 302,640 ounces of silver (12,138 ounces of gold equivalent) which was credited against project capital and not recognised as revenue.

▪ **Cost of sales**

Reported cost of sales (including D&A) increased by 48%, some \$161.061 million to \$498.757 million compared to the prior year. The majority of the increase (\$114.192 million) can be explained by full year ownership, volume, price variances and stock value adjustments, with the remaining increase related to increased D&A associated with increased mining volumes.

For the year under review, the average D&A rate was \$371/oz (\$141.384 million D&A expense). As a result of the asset impairments, the average future rate of D&A is now expected to range around \$290/oz.

▪ **Corporate costs**

Administration cost for the year was \$25.020 million which was 13% lower than the \$28.762 million cost in the prior year. Cost reductions were a result of reduced consultancy and advisory expenses.

▪ **Discovery**

Exploration expenditure written off in the year was \$9.077 million, being \$3.595 million or 66% higher than attributable cost of \$5.482 million in the prior year. The actual spend on Discovery across the mine sites in the year to 30 June 2013 was \$26.269 million.

▪ **Finance costs**

Finance costs for the year were \$8.589 million, slightly less than the prior year cost of \$9.368 million. Finance costs comprise interest on debt finance, interest on lease finance, unwinding of discount on rehabilitation provision and amortisation of establishment costs relating to the revolving credit facility. Finance charges reduced during the year despite a higher debt draw on the Company's revolving credit facility related to the capitalisation of \$3.946 million interest associated with the Mt Carlton project during its development.

▪ **Income tax expense**

The reported income tax benefit of \$13.374 million. The gain was associated with the generation of a deferred tax asset through the asset impairment. A gain has been recognised only to the extent that deferred tax liabilities on the balance sheet are eliminated. At year end, the balance sheet carries no deferred tax asset or liability. In the estimate of underlying profit, an estimate of underlying tax has been prepared which represents a tax rate of 30% on underlying pre-tax profit.

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▪ **Segment performance**

The performance of Evolution's assets was relatively balanced at the EBITDA and EBIT level. Mt Rawdon was the Group's greatest contributor of EBITDA at 35% and EBIT at 34%. Edna May was the lowest contributor to EBITDA, at 17% of the Group, with Pajingo being the lowest contributor to EBIT at 19% of the Group.

Segment Performance	Edna May	Cracow	Pajingo	Mt Rawdon	Total Operations	Exploration	Corporate	Total
Gold sales (oz)	87,513	101,744	83,634	104,087			-	376,978
Average sales price (A\$/oz)	1,587	1,585	1,580	1,577			-	1,582
Mine Development and Exploration, Property Plant & Equipment Assets (\$'000)	116,236	119,114	130,270	251,684			300,316 ¹	917,620
Financial Results Summary	Edna May \$'000	Cracow \$'000	Pajingo \$'000	Mt Rawdon \$'000	Total Operations \$'000	Exploration \$'000	Corporate \$'000	Total \$'000
Revenue ²	139,894	163,652	134,446	167,042	605,034	-	-	605,034
Operating costs	(98,612)	(98,872)	(79,811)	(80,991)	(358,286)	(9,077)	(25,946)	(393,309)
Underlying EBITDA	41,282	64,780	54,635	86,051	246,748	(9,077)	(25,946)	211,725
% contribution to Total Operations	17%	26%	22%	35%				
Depreciation and amortisation	(19,070)	(37,628)	(34,124)	(49,648)	(140,471)		(914)	(141,384)
Total cost of sales	(117,682)	(136,501)	(113,935)	(130,639)	(498,757)			
Underlying EBIT	22,212	27,151	20,511	36,403	106,277	(9,077)	(26,859)	70,340
% contribution to total operations	21%	26%	19%	34%				

Reconciliation of Underlying EBIT to Reported Net Profit

Underlying EBIT	70,340
Interest income	1,738
Interest expense	(8,589)
Underlying Pre-Tax Profit	63,490
Income tax expense on underlying profit	(19,047)
Underlying Net Profit	44,443
Impairment of assets	(376,598)
Impairment of investments	(7,687)
Other tax effected amounts	32,421
Reported Net Profit	(307,421)

¹ Corporate Assets include \$299.105 million of Mt Carlton (Plant, Property and Equipment, Mine Development and Exploration).

² Revenue includes gold and silver sales.

5.2. Cash Flow Commentary

Cash flow from operating activities was \$232.990 million, some \$60.706 million or 35% higher compared to the attributable period in the prior year.

Cash flow from investment activities was an outflow of \$457.066 million compared to \$203.157 million for the attributable period in the prior year. The payments for capital expenditure related to the payment of opening capital creditors in 2013 (\$36.856 million), discovery expenditure (\$26.269), stamp duty costs associated with the formation of Evolution (\$21.431 million), Mt Carlton project development capex (\$168.472 million), and expenditure across the other mines (\$206.303 million). Mt Carlton project construction was completed during the year and the Company declared commercial production effective from 1 July 2013.

Cash inflow from financing activities was \$95.954 million, an increase of \$46.651 million from the prior year. The Company secured a revolving credit facility of \$200 million during the year. The drawdown from this facility as at 30 June 2013 was \$126.784 million. Part of the drawdown was utilised to pay off the Edna May project loan of \$31.5 million. The facility is a three year line of credit which enables Evolution to repay and withdraw the funds as required. The Company

has complied with all the covenants attached to the facility. Despite the recognition of asset impairments the gearing ratios attached to the credit facility remain unstressed at current levels.

The net cash outflow during the year was \$128.122 million and the closing cash balance at 30 June 2013 was \$13.662 million. The Company has available credit of \$73.216 million on its \$200 million credit facility.

5.3. Balance Sheet Commentary

Evolution's Net Assets and Total Equity reduced by \$301.070 million during the year to \$755.349 million due largely to the impact of the asset impairments of \$384.285 million.

The value of mine assets (Mine development, exploration and property, plant and equipment assets) reduced by 10%, or \$106.147 million, during the year to \$917.620 million. The mine asset impairment of \$358.323 million, offset the net capital additions during the period of \$252.176 million.

Of the \$358.323 million impairment to the mine development and exploration assets some 41% (\$148.638 million) was applied to the Mt Carlton asset, which effectively reverses the accounting fair value uplift completed at the time of the formation of Evolution. The remainder of the mine asset impairment was divided 22% at Pajingo (\$80.360 million), 17% at Edna May (\$60.753 million), 15% at Cracow (\$53.998 million) and 4% at Mt Rawdon (\$14.483 million).

Post impairment, Mt Carlton remains the Group's highest value asset with a book value of \$299.105 million. The ranking of book value of the other assets post impairment are Mt Rawdon at \$251.684 million, Pajingo at \$130.270 million, Cracow at \$119.114 million and Edna May at \$116.236 million.

As at 30 June 2013, the Company had net debt, comprising total interest-bearing debt less cash, of \$117.618 million. Total interest bearing debt was \$126.784 million, which was comprised of short term borrowings of \$4.496 million (mainly related to trade finance on Mt Carlton concentrate) and long term borrowings of \$126.784 million under the Company's revolving credit facility. Net debt increased during the period to fund the construction of the Mt Carlton project.

The gearing ratio (net debt to net debt plus equity) as at 30 June 2013 was 13%.

5.4. Gold-linked dividend policy

The Board of Directors has adopted a policy of, whenever possible, paying a dividend of 2% of Evolution's gold equivalent production, payable in cash. Distributions to shareholders will be based on 2% of Evolution's gold equivalent production in the prior six month period multiplied by the average gold equivalent price received by the Company in the same period.

The first dividend under this policy is planned for payment on 26 September 2013 based on the six month period ending 30 June 2013 out of 2014 financial year profits. The unfranked dividend payment is planned to be \$7.081 million.

6. Future Outlook and Risks

Evolution is forecasting production in financial year 2014 of between 400,000 – 450,000 ounces gold equivalent. The increase in production, as compared to financial year 2013, is due to the addition of production from Mt Carlton. Unit cash costs are expected to be in the range of \$770/oz to \$820/oz which is similar to that achieved in the year under review. At an AUD:USD exchange rate of 0.90 this equates to globally competitive unit cash costs of US\$690/oz to US\$740/oz.

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

The additional costs of royalties, deferred open pit stripping, rehabilitation, sustaining capital and corporate overheads add approximately \$310/oz providing for Group All-in Sustaining Costs (AISC) of \$1,080/oz to \$1,130/oz. The main items are sustaining capital (approximately \$200/oz) and royalties (approximately \$80/oz). The AISC does not include an allocation for the discovery budget (\$20 million in financial year 2014) or the cost of major projects – being open pit cutbacks under way at Mt Rawdon (approximately \$45 million to \$50 million in financial year 2014) and Edna May (approximately \$15 million in financial year 2014) and advanced underground development at Cracow and Pajingo (approximately \$6 million – \$8 million per site). Discovery and major projects add costs equivalent to \$220/oz to \$240/oz to give an All-in Cost (AIC) of \$1,300/oz to \$1,370/oz.

Total Group capital expenditure, which includes all sustaining and growth capital, is planned to be in the range of \$160 million to \$185 million in financial year 2014. The bulk of the expenditure is associated with the open pit cutbacks at Mt Rawdon and Edna May and underground development at Cracow and Pajingo.

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

FY14 Guidance	Gold Equiv. Production (oz)	Unit Cash Costs (\$/oz)	Capital Expenditure (\$ million)
Cracow	82,500 - 90,000	840 - 890	30 - 35
Pajingo	72,500 - 80,000	800 - 850	30 - 35
Mt Rawdon	95,000 - 110,000	725 – 775	60 - 65
Edna May	85,000 - 95,000	800 – 850	25 - 30
Mt Carlton	65,000 - 75,000	700 – 750	15 - 20
Group Total	400,000 - 450,000	770 - 820	160 - 185

Mt Carlton produces two distinct precious metal concentrates, a gold-silver-copper concentrate from the V2 deposit and a silver-copper concentrate from the A39 deposit. Approximately 350,000 tonnes of V2 ore and 400,000 tonnes of A39 ore are expected to be processed in financial year 2014. This ore will be campaign processed over three month cycles commencing with V2 ore in the September 2013 quarter. Mt Carlton is forecast to produce approximately 35,000 – 38,000 ounces of payable gold from the V2 deposit and approximately 1.8 million – 2.0 million ounces of payable silver from the A39 deposit in financial year 2014.

Mt Carlton production guidance as shown in the table above refers to payable metal (i.e. after smelter deductions) and sums the gold produced from the V2 deposit and the silver produced from the A39 deposit after converting A39 silver production to a gold equivalent figure (on the basis of a commodity price ratio of \$1,400/oz for gold and \$23/oz for silver). Mt Carlton cash cost guidance is based on total cash operating costs across the V2 and A39 deposits less by-product credits from silver and copper in the V2 concentrate and copper in the A39 concentrate divided by the gold equivalent production figure. A silver price of \$23/oz and a copper price of \$2.85/lb is assumed for by-product credits.

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

Over the course of the 2013 financial year, the Australian dollar gold price fell 17% and the price of silver reduced by 20%. In addition to the price falls, major investment banks downgraded their gold price forecasts. This has culminated in significant falls in the share prices of gold mining companies and deterioration in stock market sentiment towards gold mining companies. Evolution has responded to the lower gold price environment by implementing a number of productivity and efficiency initiatives across all of its operations and strict discipline in relation to all capital expenditure.

Material business risks

Evolution prepares its business plan using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2013 are:

▪ **Fluctuations in the gold price**

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

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

▪ **Mineral reserves and resources**

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

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

▪ **Replacement of depleted reserves**

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

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

▪ **Mining risks and insurance risks**

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

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

▪ **Production and cost estimates**

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

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

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

▪ **Environmental, health and safety regulations; permits**

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

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

▪ **Community Relations**

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

Risk management

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

- On 6 November 2012 the Company announced it had completed negotiation of 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, with the first concentrate produced in March 2013 from the silver rich A-39 deposit.
- On 21 February 2013, the Company announced that the Board has adopted a policy of, wherever possible, paying a half-yearly dividend based on 2% of Evolution's gold equivalent production.
- On 25 March 2013, the Company advised that Mt Carlton produced its first concentrate from the silver rich A-39 deposit.
- On 10 April 2013, the Mt Carlton Gold-Silver-copper mine was officially opened by the Queensland Premier, Campbell Newman.
- On 23 April 2013, the Company announced its decision to transition to owner-mining at its Cracow mine, with the changeover to occur on 1 July 2013.

Apart from the above, or as noted elsewhere in this report, no significant changes in the state of affairs of the Company occurred during the financial year.

SUBSEQUENT EVENTS

- On 1 July 2013 the changeover to owner mining at Cracow occurred with minimal disruption to operations. The Company now directly employs 198 personnel at Cracow, an increase of 105 from 30 June 2013. The Company now directly owns all mining equipment at Cracow and has entered into hire purchase agreements to the amount of \$14.371 million.
- On 18 July 2013 the Company declared commercial production at Mt Carlton, with an effective date of 1 July 2013, following successful commissioning of all key components of the processing plant. Evolution will cease capitalising operating costs and begin reporting operating costs and revenues on its income statement from 1 July 2013 onward.
- On 30 August 2013 the Directors of the Company determined to pay an unfranked dividend out of financial year 2014 profits earned to that date. The total distribution to shareholders amounts to 1 cent per share.

FUTURE DEVELOPMENTS

Other likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company. Accordingly this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration, mining and processing activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' MEETINGS

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

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

A: Number of meetings held while in office.

B: Meetings attended.

DIRECTORS' INTERESTS

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

	Fully Paid Ordinary Shares	Share Options	Performance Rights
Jacob Klein	5,800,000	4,677,435	1,860,578 ⁴
James Askew	500,000	488,651	-
Lawrie Conway	-	-	-
Graham Freestone	68,523	-	-
Paul Marks	3,552,009	-	-
John Rowe	112,582	181,820	-
Peter Smith	35,000	-	-

⁴Subject to vesting conditions as described on page 30. None of the performance rights have vested as at the end of the financial year. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. As at the date of this report, 167,002 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation, whilst 234,638 Performance Rights did not meet the performance measures and are expected to lapse subject to Board confirmation.

REMUNERATION REPORT (AUDITED)

INTRODUCTION

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2013. This report contains details of the remuneration paid to the Directors and Key Management Personnel ("KMP") as well as the remuneration strategy and policies that were applicable in the 2013 financial year. The remuneration philosophy of the Board is to ensure that the Company remunerates fairly and responsibly. It is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and retain appropriately experienced Directors and employees. The remuneration strategies and practices in place have been designed to support this philosophy.

The remuneration report is presented under the following sections:

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

DIRECTOR AND KEY MANAGEMENT PERSONNEL DETAILS

Directors

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

Jacob Klein	Executive Chairman
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

Key Management Personnel

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

Tim Churcher	Vice President Finance & Chief Financial Officer
Aaron Colleran	Vice President Business Development and Investor Relations
Paul Eagle	General Manager People and Culture (appointed 1 January 2013)
Evan Elstein	Company Secretary & Vice President Information Technology and Community Relations
Mark Le Messurier	Chief Operating Officer
Roric Smith	Vice President Discovery (appointed 1 November 2012)
Adrian Pelliccia	General Manager Exploration Australia (employment terminated 28 February 2013)
Raelene Wyatt	General Manager Human Resources (employment terminated 24 December 2012)

SUMMARY OF KEY TERMS

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

Key Term	Definition
The Board of Directors ("the Board" or "the Directors")	The Board of Directors, the list of persons under the relevant section on page 24.
Key Management Personnel ("KMP")	Senior executives having the authority and responsibility for planning, directing and controlling the activities of the Company and are members of the senior leadership team. KMPs for the financial year ended 2013 are listed under the listed section on page 24.
Total Fixed Remuneration ("TFR")	Total Fixed Remuneration comprises a base salary plus superannuation. This is currently positioned at the median (50th percentile) of the industry benchmarking report.
Short Term Incentive ("STI") and Short Term Incentive Plan ("STIP")	STI is the short-term incentive component of Total Remuneration. The STI usually comprises a cash payment that is only received by the employee if specified annual goals are achieved. STIP refers to the plan under which the incentives are granted and paid.
Long Term Incentive ("LTI") and Long term Incentive Plan ("LTIP")	LTI is the long-term incentive component of Total Remuneration. The LTI comprises Options or Performance Rights, usually with a three year vesting period that are subject to specified vesting conditions established by the board. Further details of the vesting conditions associated with the performance rights are detailed in vesting conditions section. Options and Performance Rights cannot be exercised unless the vesting conditions have been satisfied. LTIP refers to the plan under which LTIs are granted and is aimed at retaining and incentivising KMPs and senior managers to achieve business objectives that are aligned with shareholder interests, and are currently provided via performance rights.
Total Annual Remuneration	Total Fixed Remuneration plus STI.
Total Remuneration	Total Fixed Remuneration plus STI and LTI.
Superannuation Guarantee Charge ("SGC")	This is the employer contribution to an employee nominated superannuation fund required by law. The percentage contribution was set at 9% in the reporting period, and will increase to 9.25% from 1 July 2013, and is capped in line with the SGC maximum quarterly payment.
Employees and Contractors Option Plan ("ECOP")	The plan permits the Company, at the discretion of the Directors, to grant options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules. The Plan is currently dormant and no further options will be issued under this plan.
Employee Share Option and Performance Rights Plan ("ESOP")	The plan permits the Company, at the discretion of the Directors, to grant both options and performance rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.
Total Shareholder Return ("TSR")	TSR is the total return on an ordinary share to an investor arising from growth in the share price plus any dividends received.
Key Performance Indicators ("KPIs")	A form of performance measurement for individual performance against a pre-defined set of goals.
Peer Group	20 comparator gold mining companies selected to be included in the Peer Group to measure the Company's performance within this selected Group.
Volume Weighted Average Share Price ("VWAP")	A 30 day volume weighted average share price quote on the Australian Stock Exchange (ASX). The VWAP is to be used when assessing Company performance for TSR.
C1 Cash Rank	Evolution's C1 cash cost per ounce performance relative to the Peer Group.

REMUNERATION GOVERNANCE

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

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

INDUSTRY CONTEXT

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

As at 30 June 2013, the Company workforce comprised of 771 Evolution employees and 540 contractors. Evolution competes nationally for labour in the wider resources industry as skills are generally transferable across commodities and States.

With the significant change in the gold price environment in the last quarter of the current financial year, companies in this sector have responded with a range of measures aimed at adjusting the operating cost structure to a sustainable level. The Company’s remuneration strategy is aimed at finding an appropriate balance between recognising the considerable effort on building the Company since its formation in 2011 and the need to demonstrate appropriate restraint across remuneration decisions in the current climate. This is essential in order to ensure we have motivated and engaged employees to enable the successful delivery of the financial year 2014 business plan.

In response to the changed conditions, Board and Management have implemented a freeze on salary increases for financial year 2014, other than those employees who received a promotion or if they are covered under an Enterprise Agreement which prescribes a specific increase, such increases will be applied.

As a reflection of prevailing conditions, the Executive Chairman has elected not to take any portion of the short term incentive plan (“STIP”) award due to him, which for financial year 2013, amounted to \$345,600 and all other STIP awards due have also been reduced appropriately, including the senior management team, whose STIP awards have been reduced by more than 50% compared to the previous financial year.

REMUNERATION STRATEGY AND PHILOSOPHY

The remuneration strategy was established in the previous financial year with the assistance of Mercer Australia Pty Limited (remuneration specialists), which included the setting of STIP and long term incentive plans (“LTIP”) to align with objectives of the newly established entity. During the financial year ended 30 June 2013, new STIP and LTIP measures were agreed and aligned to the key objectives of the Group.

Evolution’s target remuneration philosophies are:

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

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

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

REMUNERATION POLICY

Executive Chairman and Key Management Personnel Remuneration Policy

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

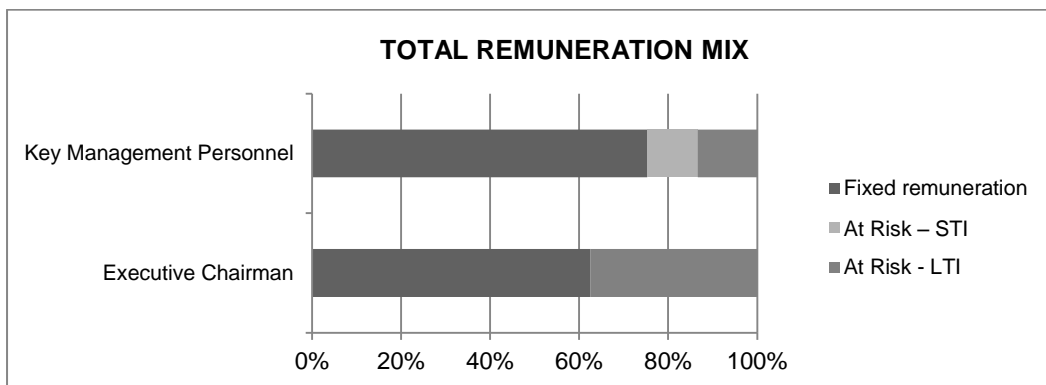
Evolution defines and applies its remuneration policy and elements by considering the overall business plan, external market conditions, key employee value drivers, individual employee performance and industry benchmark data.

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

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

Directors and KMPs receive a superannuation guarantee contribution (“SGC”) required by Law, which is currently 9% (moving to 9.25% in financial year 2014 and capped in line with the SGC maximum quarterly payment), and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

To ensure that executive remuneration is aligned to company performance, a portion of the Executive Chairman and KMP target pay is at risk. Target remuneration mix for the year ended 30 June 2013 was:



Non-Executive Director remuneration policy

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

RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

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

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

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

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

1. The Corporate Plan

The Corporate STIP applies to employees at the level of Manager and above across the Company. The Corporate STIP is a cash bonus, up to a maximum percentage of TFR based on the employee position band. It is assessed and paid annually conditional upon the achievement of key corporate objectives, which for the current financial year were in areas of safety, predictably meeting budget, Mt Carlton ramp up and Edna May operational performance goals, as well as individual key performance indicators (“KPI”). The Corporate STIP is currently set at between 40% and 60% of TFR for on target achievement, with a maximum of 60%-90% of TFR, depending on the employee position band.

A Corporate STIP bonus totalling \$1.397million was awarded to the eligible group at 30 June 2013 to be communicated and paid in September 2013 (2012: \$2.3 million).

Details of Corporate STIP’s and bonuses paid to the Directors and KMPs are shown in the Remuneration Table on page 33.

2. The Production Bonus

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

3. The Annual Performance Bonus

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

LONG TERM INCENTIVE PLANS

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

Employees and Contractors Option Plan (“ECOP”)

The ECOP was established and approved at the Annual General Meeting on 27 November 2008. The plan permits the Company, at the discretion of the Directors, to grant options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules.

Options under ECOP

During the year 227,276 options were exercised and there were 2,034,111 options outstanding at 30 June 2013 (2012: 2,261,387), all of which were on issue to Directors and KMPs.

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

	30 June 2013	30 June 2012
	Number	Number
Outstanding balance at the beginning of the year (1 July)	2,261,387	2,000,018
Issued during the period	-	488,651
Exercised during the period	(227,276)	(227,282)
Expired during the period	-	-
Outstanding balance at the end of the year	2,034,111	2,261,387

The Employee Share Option and Performance Right Plan (“ESOP”)

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

Under the ESOP, the options and performance rights, issued for nil consideration, are granted in accordance with performance guidelines established by the Directors of the Company. In exercising their discretion under the rules, the Directors will take into account matters such as the position of the eligible person, the role they play in the Company, the nature or terms of their employment or contract and the contribution they make to the Company as a whole. The options and performance rights are issued for a specified period and each option or performance right is convertible into one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, is based on the market price of a share on invitation date, grant date, or another specified date after grant close. All options and performance rights expire on the earlier of their expiry date or termination of the employee's employment subject to

Director discretion. Options and performance rights do not vest until a specified period after granting and their exercise is conditional on the achievement of certain performance hurdles that are aligned with shareholder interests.

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

Options under ESOP

During the year 260,000 options were exercised and there were 8,895,087 options outstanding at 30 June 2013 (2012: 9,215,087), of which 6,346,436 were issued to Directors and KMPs (2012: 6,941,436)

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

	30 June 2013 Number	30 June 2012 Number
Outstanding balance at the beginning of the year (1 July)	9,215,087	5,856,542
Issued during the period	-	8,586,087
Exercised during the period	(260,000)	(5,068,319)
Expired during the period	(60,000)	(159,223)
Outstanding balance at the end of the year	8,895,087	9,215,087

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

Performance rights under ESOP

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

During the year the Company issued 4,921,274 Performance Rights to employees. The movement in Performance Rights under this plan is summarised in the table below:

	30 June 2013 Number	30 June 2012 Number
Outstanding balance at the beginning of the year (1 July)	3,580,758	1,151,000
Performance rights granted during the period	4,921,274	3,668,344
Exercised during the period	-	(1,026,000)
Lapsed during the period	-	(125,000)
Forfeited during the year	(1,453,403)	(87,586)
Outstanding balance at the end of the year	7,048,629	3,580,758

None of the performance rights have vested as at the end of the financial year. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. As at the date of this report, 559,378 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation, whilst 752,227 Performance Rights did not meet the performance measures and are expected to lapse subject to Board confirmation. There are 1,311,606 Performance Rights granted in financial year 2012 which will be subject to performance testing as at 30 June 2014.

VESTING CONDITIONS OF PERFORMANCE RIGHTS

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

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

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

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

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

(i) TSR Performance

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

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

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

Alacer Gold Corp	CGA Mining Ltd ²	Medusa Mining Ltd	Resolute Mining Ltd
Alamos Gold Inc	Dundee Precious Metals Inc	New Gold Inc	Semafo Inc
Allied Gold Ltd ¹	Golden Star Resources Ltd	OceanaGold Corp	Silver Lakes ⁴
Aurico Gold Inc	Intrepid Mines Ltd ³	Perseus Mining Ltd	St Barbara Ltd
Centamin Egypt Inc	Kingsgate Consolidated Ltd	Regis Resources NL	Troy Resources NL

- Allied Gold has been acquired and has been replaced with Beadell Resources for the FY14 LTIP's.
- CGA Mining has been acquired and has been replaced with Endeavour Mining Corporation for the FY14 LTIP's.
- Intrepid Mines has been replaced with Northern Star Resources for the FY14 LTIP's.
- Northgate Minerals Corp has been replaced with Silver Lake for the FY12 LTIP's.

The Board has the discretion to adjust the composition and number of the companies in the Peer Group to take into account events including, but not limited to, takeovers, mergers and demergers that might occur during the performance period.

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

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

(ii) C1 Cash Costs Performance

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

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

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

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

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

(iii) Increasing Mine Life

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

(iv) Absolute TSR performance

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

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

Growth in Earnings Per Share

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

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

Performance Right valuation for current year grants

The Performance Rights have four performance components: a market-based TSR condition, and three non-market based conditions, being the C1 condition, the increased mine life condition and continued employment at the vesting date.

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

In accordance with the rules of the plan, the valuation of the C1 Performance Rights (non-market based performance condition) is based on information from other companies in the Peer Group and not a market price or market condition. The fair value before considering expected C1 rankings against the Comparator is essentially the share price on grant date as dividends are not considered as future dividends cannot be reliably estimated.

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

	TSR	C1	Mine life
September 2012 rights issue			
Number of rights issued	2,002,648	667,549	667,549
Spot price (\$)	1.89	1.89	1.89
Risk-free rate (%)	2.8	2.8	2.8
Term (years)	2.78	2.78	2.78
Volatility (%)	45-50	45-50	45-50
FV at Grant Date	1.115	1.89	1.89
November 2012 rights issue			
Number of rights issued	634,379	211,460	211,460
Spot price (\$)	1.87	1.87	1.87
Risk-free rate (%)	2.8	2.8	2.8
Term (years)	2.59	2.59	2.59
Volatility (%)	40-45	40-45	40-45
FV at Grant Date	1.080	1.87	1.87
January 2013 rights issue			
Number of rights issued	315,737	105,246	105,246
Spot price (\$)	1.64	1.64	1.64
Risk-free rate (%)	2.78	2.78	2.78
Term (years)	2.43	2.43	2.43
Volatility (%)	40-45	40-45	40-45
FV at Grant Date	0.87	1.64	1.64

For details of Director and KMP interests in options at year end, refer to Note 24: Related Party Transactions.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

YEAR ENDED 30 JUNE 2013

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

(i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.

(ii) Employment commenced on 1 November 2012.

(iii) Employment terminated on 28 February 2013.

(iv) Employment terminated on 24 December 2012.

(v) Non-monetary benefits relate to car parking benefits provided by the Company.

(vi) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

EVOLUTION MINING LIMITED
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YEAR ENDED 30 JUNE 2012

Name	TOTAL FIXED REMUNERATION		POST EMPLOYMENT BENEFITS	STI	LTI	Termination	Total
	Base Salary and Fees	Non-Monetary Benefits (ix)	Superannuation	Bonus	Amortised value (x)		
Directors							
Jacob Klein (i)	\$484,931	-	\$11,079	\$390,600	\$223,093	-	\$1,109,703
James Askew (i)	\$68,333	-	-	-	-	-	\$68,333
Lawrie Conway (i)	\$70,274	-	-	-	-	-	\$70,274
Graham Freestone	\$94,037	-	\$8,463	-	-	-	\$102,500
Paul Marks (i)	\$61,033	-	\$4,773	-	-	-	\$65,806
John Rowe	\$99,635	-	\$3,881	-	-	-	\$103,516
Peter Smith (i)	\$65,003	-	-	-	-	-	\$65,003
Peter Maloney (ii)	\$37,205	-	\$3,348	-	-	-	\$40,553
Bruce McFadzean (iii)	\$435,891	\$37,725	\$17,980	\$70,000	\$578,955	\$625,019	\$1,765,570
Murray Pollock (ii)	\$23,333	-	\$2,100	-	-	-	\$25,433
Barry Sullivan (ii)	\$21,104	-	\$1,899	-	-	-	\$23,003
Key Management Personnel							
Tim Churcher (iv)	\$265,017	-	\$10,517	\$128,767	\$32,782	-	\$437,083
Aaron Colleran (i)	\$269,418	-	\$11,479	\$188,000	\$39,403	-	\$508,300
Evan Elstein (i)	\$178,227	-	\$11,079	\$122,600	\$17,731	-	\$329,637
Mark Le Messurier (i)	\$271,980	\$6,377	\$11,079	\$189,880	\$39,797	-	\$519,113
Adrian Pelliccia	\$240,395	\$9,002	\$18,997	\$166,300	\$122,549	-	\$557,243
Raelene Wyatt	\$226,868	-	\$14,799	\$100,000	\$51,876	-	\$393,543
John Fraser (v)	\$181,987	-	\$19,691	-	-	-	\$201,678
Paul Mason (vi)	\$109,610	-	\$9,567	-	\$43,338	\$45,005	\$207,520
Erik Palmbachs (vii)	\$232,809	\$25,602	\$48,766	\$38,000	\$191,040	\$298,000	\$834,217
Stuart Pether (viii)	\$337,039	\$23,493	\$18,850	\$146,000	\$256,749	\$391,527	\$1,173,658
Total	\$3,774,129	\$102,199	\$228,347	\$1,540,147	\$1,597,313	\$1,359,551	\$8,601,686

(i) Employment commenced on 19 October 2011.

(ii) Employment terminated on 18 October 2011.

(iii) Employment terminated on 25 January 2012.

(iv) Employment commenced on 24 October 2011.

(v) Employment terminated on 23 December 2011.

(vi) Employment terminated on 27 January 2012.

(vii) Employment terminated on 29 February 2012.

(viii) Employment terminated on 30 June 2012.

(ix) Non-monetary benefits relate to fully maintained vehicles provided by the Company.

(x) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

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

Name	Fixed Remuneration		At Risk – STI		At Risk – LTI (v)	
	2013	2012	2013	2012	2013	2012
Directors						
Jacob Klein	62.6%	44.7%	-	35.2%	37.4%	20.1%
James Askew	100.0%	100.0%	-	-	-	-
Lawrie Conway	100.0%	100.0%	-	-	-	-
Graham Freestone	100.0%	100.0%	-	-	-	-
Paul Marks	100.0%	100.0%	-	-	-	-
John Rowe	100.0%	100.0%	-	-	-	-
Peter Smith	100.0%	100.0%	-	-	-	-
Key Management Personnel						
Tim Churcher	67.4%	63.0%	9.8%	29.5%	22.8%	7.5%
Aaron Colleran	63.7%	55.3%	12.3%	37.0%	24.0%	7.7%
Paul Eagle (i)	69.9%	-	24.2%	-	5.9%	-
Evan Elstein	71.1%	57.4%	11.4%	37.2%	17.5%	5.4%
Mark Le Messurier	63.1%	55.8%	14.2%	36.6%	22.7%	7.6%
Roric Smith (ii)	67.0%	-	18.9%	-	14.1%	-
Adrian Pelliccia (iii)	100.0%	48.2%	-	29.8%	-	22.0%
Raelene Wyatt (iv)	100.0%	61.4%	-	25.4%	-	13.2%

(i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.

(ii) Employment commenced on 1 November 2012.

(iii) Employment terminated on 28 February 2013.

(iv) Employment terminated on 24 December 2012.

(v) Comprises share options and performance rights expensed as share based payments during the year.

EXECUTIVE SERVICE AGREEMENTS

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

Name	Term of Agreement	Total Fixed Remuneration (\$)	Notice Period by Executive	Notice Period by Evolution	Termination Payment
Existing Executive Directors and Key Management Personnel					
Jacob Klein Executive Chairman	Open	800,000 200,000 fixed Director's fees	6 months	6 months	12 month Total Fixed Remuneration
Timothy Churcher Chief Financial Officer	Open	415,000	3 months	6 months	6 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	415,000	3 months	6 months	6 month Total Fixed Remuneration
Paul Eagle General Manager - Human Resources (i)	Open	290,000	3 months	6 months	6 month Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President - Information Technology and Community Relations	Open	325,000	3 months	6 months	6 month Total Fixed Remuneration
Mark Le Messurier Chief Operating Officer	Open	435,000	3 months	6 months	6 month Total Fixed Remuneration
Roric Smith Vice President Discovery and Chief Geologist (ii)	Open	415,000	3 months	6 months	6 month Total Fixed Remuneration
Terminated Executive Directors and Key Management Personnel					
Adrian Pelliccia General Manager – Exploration (Australia) (iii)	Open	290,000	3 months	6 months	6 month Total Fixed Remuneration
Raelene Wyatt General Manager - Human Resources (iv)	Open	270,000	3 months	6 months	6 month Total Fixed Remuneration

(i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.

(ii) Employment commenced on 1 November 2012.

(iii) Employment terminated on 28 February 2013.

(iv) Employment terminated on 24 December 2012.

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executives' total fixed remuneration as at 30 June 2013.

Management have implemented a freeze on salary increases for financial year 2014, other than those employees who received a promotion or if they are covered under an Enterprise Agreement which prescribes a specific increase, such increases will be applied.

SHARE-BASED COMPENSATION AND PERFORMANCE RIGHTS

Options

The following share options granted to Directors and Key Management Personnel as remuneration were outstanding at the beginning of the period:

	Awarded No.	Grant date	Expiry date	Fair value per award \$	Fair value of options at grant date	Exercise price	Vested %
Directors							
J Rowe	45,455	23/12/2008	23/12/2013	0.20	9,091	1.049	100%
	45,455	23/12/2008	23/12/2013	0.18	8,182	1.269	100%
	45,454	23/12/2008	23/12/2013	0.10	4,545	1.489	100%
	45,456	23/12/2008	23/12/2013	0.14	6,364	0.829	100%
	181,820				28,182		
Key Management Personnel							
A Pelliccia (i)	34,000	01/07/2010	30/06/2015	0.98	33,320	1.690	100%
	34,000				33,320		

(i) Employment terminated on 28 February 2013.

All share options listed above were outstanding at the end of the year. No grants of share-based payment compensation to Directors and KMP lapsed or were exercised during the financial year. No share options were granted to Directors and KMP during the year.

Performance rights

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

Name	Grant Date	Max No. of Performance Rights Granted	Value of Performance Rights at Grant Date
Directors			
Jacob Klein (i)	17/09/2012	1,057,299	\$1,475,989
Key Management Personnel			
Tim Churcher	17/09/2012	235,060	\$334,961
Aaron Colleran	17/09/2012	235,060	\$334,961
Paul Eagle (ii)	17/09/2012	43,425	\$61,880
Evan Elstein	17/09/2012	109,506	\$156,046
Mark Le Messurier	17/09/2012	246,388	\$351,103
Roric Smith (iii)	17/09/2012	235,060	\$334,961
Adrian Pelliccia (iv)	17/09/2012	109,506	\$156,046
Raelene Wyatt (v)	17/09/2012	101,954	\$145,284

(i) Grant of Performance Rights was subject to shareholder approval at the Annual General Meeting, which occurred on 27 November 2012.

(ii) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.

(iii) Employment commenced on 1 November 2012.

(iv) Employment terminated on 28 February 2013.

(v) Employment terminated on 24 December 2012.

Details of the performance rights plan and vesting conditions are provided on page 30 of this report.

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

SHARES UNDER OPTION

At the date of this report, the Company has 10,929,198 unissued shares under option with exercise prices ranging between \$0.609 and \$2.412 and with expiry dates between 23 December 2013 and 25 November 2016.

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

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

Date	Details	Opening Balance as at 1 July 2012	No. of Options Converted into Ordinary Shares	Amount Paid for the Shares	Amount Unpaid for the Shares	Options Expired	Closing Balance
	Unlisted Options	13,726,474					
05/08/2012	Expired					60,000	13,666,474
16/10/2012	Conversion		56,819	\$0.609			13,609,655
16/10/2012	Conversion		56,819	\$1.269			13,552,836
16/10/2012	Conversion		56,819	\$1.049			13,496,017
16/10/2012	Conversion		56,819	\$0.829			13,439,198
16/10/2012	Conversion		110,000	\$1.690			13,329,198
19/10/2012	Expired					1,650,000	11,679,198
30/11/2012	Conversion		150,000	\$1.400			11,529,198
26/02/2013	Expired					600,000	10,929,198
30/06/2013	Total	13,726,474	487,276			2,310,000	10,929,198

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

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

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

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

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are detailed in Note 25: Auditors Remuneration. The Directors are satisfied that the provision of non-audit services during the period by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services disclosed in Note 25: Auditors Remuneration to the financial statements do not compromise the external auditor's independence, based on the Auditor's representations and appraisal and advice received from the Audit Committee, for the following reasons:

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

AUDITOR'S INDEPENDENCE DECLARATION

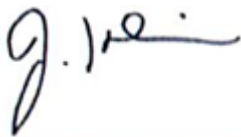
The Auditor's Independence Declaration is included on page 41 of the financial report.

ROUNDING OFF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded to the nearest thousand dollars unless otherwise indicated.

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

On behalf of the Directors



Jacob Klein
Executive Chairman



Graham Freestone
Lead Independent Director and
Chair of the Audit Committee

Sydney
30 August 2013



Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink that reads 'Tim Goldsmith'.

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
30 August 2013

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Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
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Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated Year ended	
		30 June 2013 \$'000	30 June 2012 \$'000
Sales revenue		605,034	469,484
Cost of sales	5	(498,757)	(337,697)
Gross profit		106,277	131,787
Interest income		1,738	5,633
Fair value re-measurement of previously held interest in the Cracow gold mine		-	2,757
Exploration and evaluation costs expensed as incurred		(9,077)	(5,482)
Share based payments expense	22	(2,201)	(2,299)
Corporate and other administration costs	5	(25,020)	(28,762)
Impairment of available-for-sale investments	10	(7,687)	-
Impairment loss on assets	5,14	(376,598)	-
Costs related to business combinations		-	(28,518)
Other income		362	735
Finance costs	5	(8,589)	(9,368)
(Loss)/ profit before income tax expense		(320,795)	66,483
Income tax benefit/ (expense)	6	13,374	(29,170)
(Loss)/ profit for the year attributable to owners of the parent		(307,421)	37,313
Other comprehensive income, net of income tax			
<i>Items that may be reclassified to profit and loss:</i>			
Change in fair value of available-for-sale financial assets (net of tax)		-	(5,770)
Tax effect of comprehensive income items		-	-
Total comprehensive income for the year attributable to owners of the parent		(307,421)	31,543
Earnings per share			
Basic (loss)/ profit cents per share	23	(43.43)	7.10
Diluted profit cents per share	23	-	6.94

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

EVOLUTION MINING LIMITED
YEAR END FINANCIAL REPORT



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	Consolidated	
		30 June 2013 \$'000	30 June 2012 \$'000
Current assets			
Cash and cash equivalents	21	13,662	141,784
Trade and other receivables	7	16,199	27,939
Inventories	8	72,788	35,144
Other current assets	9	8,094	14,306
Total current assets		110,743	219,173
Non-current assets			
Other financial assets	10	1,640	3,714
Other non-current assets	11	61	122
Property, plant and equipment	12	276,058	265,079
Mine development and exploration	13	641,562	758,687
Inventories	8	-	4,308
Goodwill	14	-	18,365
Total non-current assets		919,321	1,050,275
Total assets		1,030,064	1,269,448
Current liabilities			
Trade and other payables	15	79,271	110,440
Interest bearing liabilities	17	8,526	18,392
Provisions	16	10,745	8,550
Total current liabilities		98,542	137,382
Non-current liabilities			
Interest bearing liabilities	17	125,933	17,454
Deferred tax liability	6	-	10,711
Provisions	16	50,240	47,483
Total non-current liabilities		176,173	75,648
Total liabilities		274,715	213,030
Net assets		755,349	1,056,418
Equity			
Issued capital	18	1,047,195	1,045,751
Reserves	19	17,243	9,429
Accumulated (losses)/ earnings	20	(309,089)	1,238
Total equity		755,349	1,056,418

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

EVOLUTION MINING LIMITED
YEAR END FINANCIAL REPORT



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

Consolidated	Issued capital \$'000	Share-based payments reserve \$'000	Fair value Revaluation Reserve \$'000	Accumulated Earnings/ (Losses) \$'000	Total Equity \$'000
Balance at 1 July 2011	185,465	5,144	157	(36,075)	154,691
Profit for the year	-	-	-	37,313	37,313
Other comprehensive income for the year:					
Fair value loss on available-for-sale financial assets, net of tax	-	-	(5,770)	-	(5,770)
Total comprehensive income for the year	-	-	(5,770)	37,313	31,543
Issue of share capital (Note 18)	865,377	-	-	-	865,377
Transaction costs on share issues	(5,091)	-	-	-	(5,091)
Cost of replacement options	-	7,525	-	-	7,525
Other	-	74	-	-	74
Recognition of share-based payments	-	2,299	-	-	2,299
Balance at 30 June 2012	1,045,751	15,042	(5,613)	1,238	1,056,418

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

Consolidated	Issued capital \$'000	Share-based payments reserve \$'000	Fair value Revaluation Reserve \$'000	Accumulated Earnings/ (Losses) \$'000	Total Equity \$'000
Balance at 1 July 2012	1,045,751	15,042	(5,613)	1,238	1,056,418
Profit for the year	-	-	-	(307,421)	(307,421)
Other comprehensive income for the year:					
Fair value loss on available-for-sale financial assets, net of tax	-	-	(2,074)	-	(2,074)
Impairment of available-for-sale assets	-	-	7,687	-	7,687
Total comprehensive income for the year	-	-	5,613	(307,421)	(301,808)
Issue of share capital (Note 18)	1,444	-	-	-	1,444
Prior period tax adjustments (Note 6d)	-	-	-	(2,906)	(2,906)
Recognition of share-based payments	-	2,201	-	-	2,201
Balance at 30 June 2013	1,047,195	17,243	-	(309,089)	755,349

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	Consolidated	
		30 June 2013	30 June 2012
		\$'000	\$'000
Cash flows from operating activities			
Receipts from sales		613,782	448,499
Payments to suppliers and employees		(380,121)	(275,499)
Other revenue		362	-
Interest received		1,744	5,559
Interest paid		(2,533)	(6,275)
Income tax paid		(244)	-
Net cash inflow from operating activities	21	232,990	172,284
Cash flows from investing activities			
Purchase of property, plant and equipment		(37,414)	(55,783)
Payment for mine development and exploration		(398,491)	(161,019)
Cash acquired on acquisition of Conquest		-	12,748
Maturity of/(investments in) term deposits		61	895
Proceeds on the disposal of investments		-	2
Stamp duty paid		(21,431)	-
Proceeds on the sale of property, plant and equipment		209	-
Net cash outflow from investing activities		(457,066)	(203,157)
Cash flows from financing activities			
Proceeds from issue of equity securities		609	163,346
Transaction costs of issuing shares		-	(5,091)
Repayment of interest bearing liabilities		(26,952)	(15,649)
Proceeds from borrowings (net of borrowing costs)		122,297	-
Net cash inflow from financing activities		95,954	142,606
Net (decrease) / increase in cash and cash equivalents		(128,122)	111,733
Cash and cash equivalents at the beginning of the year		141,784	30,051
Cash and cash equivalents at the end of the year	21	13,662	141,784

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Evolution Mining Limited and its subsidiaries (hereafter referred to as “Evolution”, “the Group”, or “Company”).

(a) Basis of preparation

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

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

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

The Group did not adopt any new 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 also not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

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

(b) Principles of consolidation

(i) Subsidiaries

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

(ii) Joint venture arrangements

Until the acquisition on 2 November 2011, the Group had an interest in a joint venture that was a jointly controlled operation being a 30% interest in Cracow. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(iii) Transactions eliminated on consolidation

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

(iv) Change in ownership interests

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

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial

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

(c) Operating Segments

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

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

(d) Revenue recognition

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

Metal Sales

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

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

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

Concentrate Sales

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

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

Interest Income

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

(e) Income tax

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

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

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

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

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

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

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

Tax Consolidation Legislation

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

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

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

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

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

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

(f) Leases

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

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

(g) Impairment of assets

Goodwill is not amortised and is tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. At each reporting date, the Group reviews the carrying amounts of its tangible and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash in-flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

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

(j) Inventories

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

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

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

(k) Investments and other financial assets

Classification

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

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

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

(ii) *Loans and receivables*

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

(iii) *Available-for-sale financial assets*

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

Recognition and de-recognition

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

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

Subsequent measurement

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

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

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

Fair value

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

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the

acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(l) Fair value estimation

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

(m) Mine development and exploration

(i) Mine development

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

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

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

(ii) Exploration and evaluation expenditure

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

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

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

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

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

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

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

(n) Deferred mining expenditure

The Group incurs costs of removing overburden and other waste during the production phase of a pit. Other than unusually high overburden removal in cutback campaigns (referred to Note 1(m): Mine Development), these costs are deferred where this is the most appropriate basis for matching the costs against the related economic benefits and the effect is material. This is generally the case where there are fluctuations in stripping costs over the life of a pit.

The amount of stripping costs expensed or deferred is based on the stripping ratio which is determined by dividing the tonnage of waste mined (excluding any waste associated with mine development) by the quantity of ore mined. Stripping costs incurred in the period are deferred as other assets to the extent that the current period stripping ratio exceeds the life of pit ratio. Such deferred costs are then expensed in subsequent periods to the extent that the current period stripping ratio falls short of the life of pit stripping ratio.

The impact of changes in the estimated life of pit stripping ratios is accounted for prospectively from when the change is determined.

Deferred mining expenditure is recognised in other current assets.

(o) Property, plant and equipment

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

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

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

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

(p) Goodwill

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

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

(q) Intangible Assets

Mining Tenements, Mining Rights and Mining Information

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

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

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

(r) Trade and other payables

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

(s) Borrowings

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

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

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

(t) Borrowing costs

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

Site restoration

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

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

Any changes in the estimates for the costs or other assumptions are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. The costs are determined on the basis that restoration will be completed within one year of abandoning a site.

(u) Royalties

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

(v) Employee benefits

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

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

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

(ii) Share based payments

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

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

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

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

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

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

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

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

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

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

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

(w) Issued capital

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

(x) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

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

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

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

(z) Rounding of amounts

All amounts are presented in Australian dollars, unless otherwise noted. The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise stated.

(aa) 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. Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective 1 January 2015)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable for the Group until 1 July 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

There will 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 de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

AASB 10 Consolidated Financial Statements (effective from 1 July 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Based on investments held by the Group as at 30 June 2013, the Standard is not expected to have a significant impact.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 July 2013)

AASB 13 was released in September 2011 and establishes a single source of guidance for determining the fair value of assets and liabilities and aims to enhance fair value disclosures. The Group is current assessing the impact that this standard will have on the financial position and performance. Based on preliminary analysis, no material impact is expected. The Group does not intend to adopt the new standard before its operative date, which means it would be first applied in the annual reporting period ending 30 June 2014. The application of the new standard will also impact the type of information disclosed in the notes to the financial statements.

AASB 119 Employee Benefits (effective 1 July 2013)

The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine and AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20 (effective 1 July 2013)

Interpretation 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. It states that these costs can only be recognised as an asset if they can be attributed to an identifiable component of the ore body, the costs relating to the improved access to that component can be measured reliably and it is probable that future economic benefits associated with the stripping activity (improved access to the ore body) will flow to the entity.

Evolution will adopt Interpretation 20 from 1 July 2013 by identifying components of the ore bodies at its open pit mines and will capitalise the stripping costs where the above criteria are met.

The stripping activity asset will be depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity.

Currently recognised deferred stripping asset balances for Evolution's open pit mines will be written off on adoption of Interpretation 20 via retained earnings in the next financial year.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 July 2013)

AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

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

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

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

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

(bb) Parent entity financial information

The financial information for the parent entity Evolution Mining Limited, disclosed in Note 30: Parent Entity Note has been prepared on the same basis as the consolidated financial statement.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(i) Determination of mineral resources and ore reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The information on mineral resources and

ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

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

(ii) Fair values of assets and liabilities on acquisition

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

(iii) Estimation for the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value of money.

(iv) Recovery of deferred tax assets

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

(v) Impairment of non-current assets

The Group reviews for impairment of property, plant and equipment, goodwill, and other non-current assets in accordance with its accounting policies. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. These calculations require the use of estimates and judgements.

The future recoverability of capitalised mine development expenditure and exploration is dependent on a number of factors, including the level of proved, probable, mineral resources and ore reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environment restoration obligations) and changes to commodity prices. To the extent that capitalised mine development expenditure and exploration is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has not used derivative financial instruments such as interest rate swaps to hedge interest rate risk exposures.

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

EVOLUTION MINING LIMITED

YEAR END FINANCIAL REPORT



The Group holds the following financial instruments:

	30 June 2013	30 June 2012
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	13,662	141,784
Trade and other receivables	16,199	26,459
Available-for-sale investments	1,640	3,714
	31,501	171,957
Financial liabilities		
Trade and other payables	79,271	110,440
Interest bearing liabilities	134,459	35,845
	213,730	146,285

a) Market Risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional. As at 30 June 2013, the Group held USD\$2.896 million in a foreign currency bank account pertaining to the Mt Carlton operation.

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

Commodity Price Risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold and silver currently produced from the Pajingo, Cracow, Mt Rawdon, Mt Carlton and Edna May gold mine. The Group has in place physical gold delivery contracts covering sales of 85,422oz of gold at a flat forward price of \$1,573 per ounce (Note 26: Gold Delivery Commitments, 2012: 224,177 oz).

Interest Rate Risk

The Group's interest rate risk arises from cash on hand invested in term deposits and borrowings. Short term deposits of \$0.520 million (2012: \$112.150 million) are placed with investment grade banks in Australia for time frames to ensure an appropriate balance between liquidity and interest rate earned. Borrowings of \$126.784 million (2012: \$31.5 million) incur interest at a variable rate and the Group has not entered into interest rate swap contracts or similar derivative financial instruments to hedge the fluctuations in interest rates. An increase/decrease of variable interest rates of 0.25% will result in an increase/ decrease \$316,960 in interest expense relating to debt and \$1,300 in interest income relating to term deposits.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. At the balance sheet date there were no significant concentrations of credit risk given customers and banks have investment grade credit ratings.

c) Liquidity Risk

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

Maturities of financial liabilities

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

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

EVOLUTION MINING LIMITED
YEAR END FINANCIAL REPORT



Contractual maturities of financial liabilities (\$'000)	Less than 1 year	1-2 years	2-5 years	Over 5 years	Total contractual cash flows	Carrying amount
30 June 2013						
Trade and other payables	79,271	-	-	-	79,271	79,271
Finance lease liabilities	4,296	1,886	954	-	7,136	6,699
Corporate loan facility	6,973	6,973	129,210	-	143,156	126,784
Other borrowings	4,496	-	-	-	4,496	4,496
Total liabilities	95,036	8,859	130,164	-	234,059	217,250

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

d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets measured and recognised at fair value at 30 June 2013 and 30 June 2012:

\$'000	30 June 2013			30 June 2012		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Available-for-sale financial assets						
Options in Monto Minerals	-	-	-	-	210	210
Shares available-for-sale	1,640	-	1,640	3,504	-	3,504
Total financial assets held at fair value	1,640	-	1,640	3,504	210	3,714

The shares in Monto Minerals and Renaissance Minerals are listed on the Australian Securities Exchange and recorded at fair value with reference to the listed price at balance sheet date. The options in Monto Minerals are recorded by using Black-Scholes valuation model to determine the fair value of the options with reference to the strike price of the options, volatility and term. An increase/decrease of 5% in the share price of the listed investments will result in an increase/decrease of \$82,000 (2012: \$175,200) through fair value reserves for the listed shares.

The carrying amounts of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

4. SEGMENT INFORMATION

Description of segments

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

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

The Group's four 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 the Mt Carlton asset under construction and commissioning during the financial year ended 30 June 2013. 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	Cracow	Pajingo	Mt Rawdon	Exploration	Corporate/ Mt Carlton	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2013							
Segment revenue	139,894	163,652	134,446	167,042	-	-	605,034
EBITDA	41,282	64,780	54,635	86,051	(9,077)	(25,946)	211,725
Year ended 30 June 2012 (Restated)*							
Segment revenue	121,816	129,306	102,186	116,176	-	-	469,484
EBITDA**	45,378	64,705	40,726	74,581	(5,482)	(29,917)	189,991
Capital Additions							
30 June 2013	39,854	42,181	54,419	65,310	37,564	172,772	412,100
30 June 2012	44,582	24,396	44,510	34,171	28,289	102,286	278,234
Impairment losses							
30 June 2013	56,523	44,209	48,359	7,793	69,292	150,422	376,598
30 June 2012	-	-	-	-	-	-	-

* EBITDA has been restated to allocate Other Income to the Corporate and Mt Carlton segment.

**EBITDA has been calculated excluding the costs relating to business combinations.

b) Segment reconciliation

	30 June 2013	30 June 2012
	\$'000	\$'000
Reconciliation of profit/(loss) before income tax		
EBITDA	211,725	189,991
Depreciation and amortisation	(141,384)	(94,012)
Costs related to business combinations	-	(28,518)
Fair value re-measurement of previously held interest in the Cracow gold mine	-	2,757
Interest income	1,738	5,633
Finance costs	(8,589)	(9,368)
Impairment of available-for-sale investments	(7,687)	-
Impairment loss on assets	(376,598)	-
Profit (loss) before income tax	(320,795)	66,483

5. EXPENSES

Profit before income tax includes the following specific items:

	30 June 2013	30 June 2012
	\$'000	\$'000
Cost of sales		
Mine operating costs	327,858	221,601
Depreciation and amortisation	140,471	93,603
Royalty and other selling costs	30,428	22,493
	498,757	337,697
Corporate administration costs		
Depreciation and amortisation	913	409
Operating lease payments	1,283	614
Employee wages and salaries	13,620	13,548
Contractor, consultants and advisory expense	6,508	10,351
Other administrative	2,696	3,840
	25,020	28,762
Finance costs		
Finance leases	390	552
Bank guarantee fees	-	508
Amortisation of debt establishment costs	3,268	1,152
Unwinding of discount on provisions	1,902	1,940
Interest expense	3,029	5,216
	8,589	9,368
Impairment losses		
Goodwill	18,365	-
Mine development and exploration:		
Exploration and evaluation assets	69,292	-
Mine Development	288,941	-
	376,598	-

6. INCOME TAX

a) Income tax (benefit)/ expense:

	30 June 2013	30 June 2012
	\$'000	\$'000
Current Tax	(33,046)	(3,175)
Deferred tax	19,672	32,345
Total income tax (benefit)/ expense	(13,374)	29,170

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

(Loss)/ profit before income tax	(320,795)	66,483
Tax at the Australian tax rate of 30% (2012: 30%)	(96,239)	19,945
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Tax losses written off	-	8,051
Impairment loss on assets (net of tax)	79,690	-
Impairment of available-for-sale assets	2,306	-
Other	869	1,174
	(13,374)	29,170

c) Recognised deferred tax balances

	30 June 2013	30 June 2012
	\$'000	\$'000
Inventories	116	74
Exploration and evaluation expenditure	(20,115)	(11,569)
Property, plant and equipment	(1,892)	(6,067)
Mine development	16,582	(9,905)
Deferred stripping costs	(1,583)	(3,265)
Employee benefits	3,296	1,329
Provisions	4,119	2,113
Capitalised interest	(1,191)	-
Other	(412)	4,920
Deferred tax balances from temporary differences	(1,080)	(22,370)
Tax losses carried forward	1,080	11,659
Tax assets/ (liabilities)	-	(10,711)
Recovered in 12 months	(1,080)	(22,370)
Recovered in more than 12 months	1,080	11,659
	-	(10,711)

d) Movement in deferred tax balances during the year

	Balance 1 July 2012 \$'000	Recognised in profit or loss \$'000	Recognised in equity (i) \$'000	Balance 30 June 2013 \$'000
Inventories	74	(62)	104	116
Exploration and evaluation expenditure	(11,569)	(8,546)	-	(20,115)
Property, plant and equipment	(6,067)	5,623	(1,448)	(1,892)
Mine development	(9,905)	26,487	-	16,582
Deferred stripping costs	(3,265)	1,682	-	(1,583)
Employee benefits	1,329	1,967	-	3,296
Provisions	2,113	571	1,435	4,119
Other	4,920	(1,744)	(3,588)	(412)
Capitalised interest	-	(1,191)	-	(1,191)
Tax losses carried forward	11,659	(11,170)	591	1,080
Deferred tax assets/ (liabilities)	(10,711)	13,617	(2,906)	-

(i) Amount recognised in equity relates to prior period adjustments pertaining to the 30 June 2011 Catalpa income tax return.

7. TRADE AND OTHER RECEIVABLES

	30 June 2013 \$'000	30 June 2012 \$'000
Trade receivables	6,820	18,292
GST refundable	6,178	6,692
Prepayment and other receivables	3,201	2,881
Accrued interest income	-	74
	16,199	27,939

No trade receivables were past due or impaired as at 30 June 2013 (2012: Nil).

8. INVENTORIES

	30 June 2013 \$'000	30 June 2012 \$'000
Current		
Stores	25,437	10,474
Ore	25,612	15,658
Bullion, Gold in circuit and concentrate	21,739	9,012
	72,788	35,144
Non-Current		
Stores	-	4,308
	-	4,308

No trade receivables were past due or impaired as at 30 June 2013 (2012: Nil).

9. OTHER CURRENT ASSETS

	30 June 2013	30 June 2012
	\$'000	\$'000
Deferred stripping costs	8,094	10,886
Other	-	3,420
	8,094	14,306

10. OTHER FINANCIAL ASSETS

	30 June 2013	30 June 2012
	\$'000	\$'000
Non-current		
<i>Available-for-sale investments carried at fair value</i>		
Shares in Renaissance Minerals Limited	140	504
Shares in Monto Minerals Limited	1,500	3,000
Options in Monto Minerals Limited	-	210
	1,640	3,714

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

Impairment on available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

The Company conducted a review and noted that the market price and performance of these instruments over the past 18 months indicates a permanent diminution in the value of these securities. Based on these criteria, the Group recognised an impairment loss of \$7.687 million on the available-for-sale investment. The impairment on available-for-sale financial investments is recognised in the profit for the year.

11. OTHER NON-CURRENT ASSETS

	30 June 2013	30 June 2012
	\$'000	\$'000
Tenement security bonds	53	73
Administration and office bonds	8	49
	61	122

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2011			
Cost	465	118,990	119,455
Accumulated depreciation	-	(16,089)	(16,089)
Net carrying amount	465	102,901	103,366
Year ended 30 June 2012			
Carrying amount at the beginning of the period	465	102,901	103,366
Additions	6,536	55,890	62,426
Amounts acquired in a business combination	2,260	117,767	120,027
Transfer to Mine development and Exploration	-	(688)	(688)
Other adjustments relating to business combination	-	851	851
Disposal	-	(1,348)	(1,348)
Depreciation	-	(19,555)	(19,555)
Carrying amount at the end of the year	9,261	255,818	265,079
Carrying amount of lease assets	-	8,544	8,544
Carrying amount of assets under construction	-	27,376	27,376
	-	35,920	35,920
At 30 June 2012			
Cost	9,261	291,117	300,378
Accumulated depreciation	-	(35,299)	(35,299)
Net carrying amount	9,261	255,818	265,079
Year ended 30 June 2013			
Carrying amount at the beginning of the period	9,261	255,818	265,079
Additions	556	42,866	43,422
Reclassifications	-	(8,709)	(8,709)
Disposals	-	(729)	(729)
Depreciation	-	(23,005)	(23,005)
Carrying amount at the end of the period	9,817	266,241	276,058
At 30 June 2013			
Cost	9,817	324,475	334,292
Accumulated depreciation	-	(58,234)	(58,234)
Net carrying amount	9,817	266,241	276,058
Carrying amount of lease assets	-	11,080	11,080
Carrying amount of assets under construction	-	33,064	33,064
	-	44,144	44,144

13. MINE DEVELOPMENT AND EXPLORATION

	Mines under construction \$'000	Producing mines \$'000	Exploration and evaluation \$'000	Total \$'000
At 1 July 2011				
Cost	-	68,919	-	68,919
Accumulated depreciation	-	(8,393)	-	(8,393)
Net carrying amount	-	60,526	-	60,526
Year ended 30 June 2012				
Carrying amount at the beginning of the period	-	60,526	-	60,526
Additions	99,140	88,379	28,289	215,808
Amounts acquired in a business combination	148,240	363,751	46,172	558,163
Transfers to Property, plant and equipment	-	28	660	688
Other adjustments relating to business combination	-	1,243	(293)	950
Reclassifications	-	(7,256)	7,256	-
Disposals	-	-	(2,991)	(2,991)
Depreciation and amortisation	-	(73,933)	(524)	(74,457)
Impairment	-	-	-	-
Carrying amount at the end of the year	247,380	432,738	78,569	758,687
At 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
Year ended 30 June 2013				
Carrying amount at the beginning of the period	247,380	432,738	78,569	758,687
Additions	171,893	159,221	37,564	368,678
Reclassifications	150	11,311	-	11,461
Disposals	-	(11,574)	(9,077)	(20,651)
Depreciation and amortisation	-	(118,380)	-	(118,380)
Impairment	(132,058)	(156,883)	(69,292)	(358,233)
Carrying amount at the end of the year	287,365	316,433	37,764	641,562
At 30 June 2013				
Cost	287,365	532,272	50,150	869,787
Accumulated depreciation	-	(215,839)	(12,386)	(228,225)
Net carrying amount	287,365	316,433	37,764	641,562

The amortisation of pre-production stripping costs is recorded as a cost of sale under depreciation and amortisation. The ultimate recoupment of costs carried forward for exploration and evaluation expenditure phases is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective areas.

14. IMPAIRMENT AND GOODWILL

Year-end impairment review

Impairment losses

A comprehensive impairment review was conducted at 30 June 2013. The recoverable amount of each cash generating unit ("CGU"), including goodwill was reviewed.

As a result of the review, the full amount of goodwill as at 30 June 2013 has been written down to nil and asset values have been reduced to their recoverable amounts through the recognition of an impairment charge.

The recoverable amount of each CGU is determined based on value in use calculations using management's budgets for financial year 2014 and financial year 2015 and long term plan from financial year 2015 to the end of mine life. For all operating mines of Evolution, the production levels used in the value in use calculations are consistent with the current production profile and do not reflect any growth rate assumptions. For the Mt Carlton CGU, which was in the commissioning phase as at 30 June 2013, planned throughput rate and production level have been used as the basis for value in use calculation.

The impairment charges are a result of the fall in the gold price in the last quarter of the 2013 financial year, which caused a significant reduction in Evolution's share price and generated poor market sentiment around gold in particular and mining industry in general.

Goodwill of \$18.365 million was recognised in the prior period as a result of the acquisition of the Cracow and Mt Rawdon gold mines from Newcrest Mining Limited. This amount was written down to nil during the financial year.

As a result of the review, the carrying amount of goodwill, each CGU's Exploration and Evaluation assets, each CGU's inventory and mine development asset values have been reduced to their recoverable amounts through the recognition of an impairment charge. These are summarised in the table below.

Impairment losses on assets:

	30 June 2013	30 June 2012
	\$'000	\$'000
Goodwill	18,365	-
<i>Mine development and exploration:</i>		
Exploration and evaluation assets	69,292	-
Mine Development	288,941	-
Total	376,598	-

Impairment losses by CGU:

	Mine Development \$'000	Exploration and evaluation assets \$'000	Goodwill	Total Impairment Value \$'000
Cracow	44,209	9,790	-	53,999
Edna May	56,523	4,229	-	60,752
Mt Carlton	132,057	16,581	-	148,638
Mt Rawdon	7,793	6,692	-	14,485
Pajingo	13,263	32,000	-	45,263
Twin Hills	35,096	-	-	35,096
Evolution Group	-	-	18,365	18,365
Total	288,941	69,292	18,365	376,598

The key assumptions used in the value in use calculations were:

- Gold price assumption ranges between \$1,350/oz and \$1,550/oz was used. The adopted price was Evolution's own view of the gold price and was close to the median price of a range of various market analysts' gold price forecasts.
- Evolution's applicable pre-tax discount rate for discounting future cash flows used ranged between 8% and 10%.

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Values in use calculations are highly sensitive to changes in certain key assumptions. The cash flows are most sensitive to gold price and mine head grades. It is estimated that the change in key assumptions will have the following estimated impact on the fair value of the CGU:

A\$ million	Cracow	Edna May	Mt Carlton	Mt Rawdon	Pajingo
A\$ 100 per ounce change in gold price	57	53	46	70	46
0.5% increase/decrease in discount rate	3	2	9	7	3
10% increase/decrease in mining cost	28	22	13	33	31

It must be noted that each of the sensitivities above assumes that the specific assumption moves in isolation, whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions is usually accompanied with a change in another assumption which may have an offsetting impact (for example with a sustained drop in the gold price it is likely that the operating costs will reduce as well). Action is also usually taken to respond to adverse changes in economic assumptions that may mitigate the impact of any such change.

15. TRADE AND OTHER PAYABLES

	30 June 2013	30 June 2012
	\$'000	\$'000
Trade creditors	27,553	39,669
Other creditors and accruals	51,718	70,771
	79,271	110,440

Note: Other creditors and accruals as at 30 June 2012 include significant capital accruals related to Mt Carlton project and stamp duty costs relating to the business combinations.

16. PROVISIONS

	30 June 2013	30 June 2012
	\$'000	\$'000
Current provisions		
Employee entitlements	10,745	8,550
Non-current provisions		
Long Service Leave	637	524
Rehabilitation provision	49,603	46,959
	50,240	47,483

Reconciliations of carrying amount movements of non-current provisions	Rehabilitation provision	Long Service Leave	Total
	\$'000	\$'000	\$'000
Carrying amount at the beginning of the year	46,959	524	47,483
Charges during the year	-	113	113
Write-back of unused provisions	-	-	-
Unwinding of discount	1,902	-	1,902
Change in provision assumptions	742	-	742
Carrying amount at the end of the year	49,603	637	50,240

The Group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs related to the Group's mine sites. The nature of these costs includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

For the purposes of providing for the rehabilitation obligation at all mines it has been assumed rehabilitation costs will be incurred at the end of the mine's useful life. The timing of this obligation is likely to change depending on a number of factors which may impact mine life including the identified reserve and resource, gold prices and costs of production which all impact the economic viability of the projects.

Provisions have been determined with reference to the Group's internal estimates and consultation with the relevant statutory authorities. As noted in this report the Twin Hills project is currently on a care and maintenance program. A provision has been made to cover disturbance to date. Consultation is currently in progress with the relevant statutory authorities to reduce the environmental bond required at this site, in line with management's assessment of the rehabilitation provision required. Provision estimates are reviewed regularly to take into account any material changes to assumptions. Actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time.

17. INTEREST BEARING LIABILITIES

	30 June 2013	30 June 2012
	\$'000	\$'000
Current		
Corporate loan facility	-	16,500
Less: Borrowing costs	-	(1,151)
Finance lease liabilities	4,030	3,043
Other borrowings	4,496	-
	8,526	18,392
Non-Current		
Corporate loan facility	126,784	15,000
Less: Borrowing costs	(3,520)	(1,150)
Finance lease liabilities	2,669	3,604
	125,933	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 plus an applicable margin.

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

The Group's undrawn borrowings amounted to \$73.216 million at the end of the period.

18. ISSUED CAPITAL

	30 June 2013		30 June 2012	
	\$'000		\$'000	
Issued capital comprises 708,092,989 fully paid ordinary shares (30 June 2012: 707,105,713)	1,047,195		1,045,751	

Movement in issued shares for the period	30 June 2013		30 June 2012	
	No.	\$'000	No.	\$'000
Opening balance for the year	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	-	-	-	(5,091)
Closing balance for the year	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.

Capital Management

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

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

19. RESERVES

Share based payment reserve

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

	30 June 2013	30 June 2012
Options over ordinary shares	\$'000	\$'000
Options on issue at beginning of year	15,042	5,144
Cost of replacement options issued as consideration to Conquest option holders	-	7,525
Share based payment expense recognised in profit and loss	2,201	2,299
Other	-	74
Balance at the end of year	17,243	15,042

At 30 June 2013 there were 10,929,198 options on issue (2012: 13,726,474). Refer to disclosure at Note 22: Share-based Payments for further details.

Fair Value revaluation reserve

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

	30 June 2013	30 June 2012
	\$'000	\$'000
Balance at beginning of year	(5,613)	157
Change in fair value of available-for-sale listed securities	(2,074)	(5,770)
Impairment expense recognised in Statement of Comprehensive Income	7,687	-
Tax effect of change in fair value	-	-
Balance at end of year	-	(5,613)

These investments relates to 2,800,000 fully paid ordinary shares in Renaissance Minerals Limited, 300,000,000 fully paid ordinary shares in Monto Minerals Limited (Monto) and 150,000,000 options in Monto exercisable at 3 cents on or before 30 June 2014. Refer to Note 10: Other Financial Assets for further detail with respect to the available for-sale listed securities and unlisted options.

20. ACCUMULATED EARNINGS/ (LOSSES)

Movements in retained earnings are as follows:

	30 June 2013	30 June 2012
	\$'000	\$'000
Balance at the beginning of the year	1,238	(36,075)
Net (loss)/ profit for the year	(307,421)	37,313
Prior period tax adjustments	(2,906)	-
Balance at end of year	(309,089)	1,238

21. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	30 June 2013	30 June 2012
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Reconciliation of cash balance comprises:		
Cash at bank	13,142	29,634
Short term deposits	520	112,150
	13,662	141,784
(b) Reconciliation of profit/ (loss) to net cash inflow from operating activities:		
Profit/ (loss) for the year	(307,421)	37,313
Add/(less) items classified as investing/financing activities:		
Depreciation and amortisation	141,385	94,012
Share based payments	2,201	2,299
Unwind of discount in provisions	1,902	1,940
Amortisation of borrowing costs	3,268	1,152
Loss on disposal of assets	583	-
Write off of available-for-sale assets	7,687	-
Fair value change on Cracow 30% holding	-	(2,757)
Exploration assets written off during the period	9,077	2,991
Impairment of assets	376,598	-
Change in assets and liabilities during the financial year:		
(Increase)/decrease in other receivables	11,740	(22,347)
(Increase)/decrease in deferred mining expenditure	3,460	(8,756)
(Increase)/decrease in inventories	(33,335)	6,665
Increase/(decrease) in trade and other payables	14,839	27,577
Increase/(decrease) in provisions	14,624	3,086
Increase/(decrease) in deferred tax balance	(13,618)	29,109
Net cash provided by operating activities	232,990	172,284

22. SHARE BASED PAYMENTS

(a) Types of share based payment plans

Evolution has two option and performance rights plans in existence:

Employee Share Option and Performance Rights Plan (ESOP)

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

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.

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(b) Recognised share based payment expenses	30 June 2013	30 June 2012
	\$'000	\$'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	2,201	2,299

(c) Summary and movement of options on issue

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

	30 June 2013 Number	30 June 2013 WAEP (\$)	30 June 2012 Number	30 June 2012 WAEP (\$)
Outstanding at the beginning of the year (1 July 2012)	13,726,474	1.77	13,917,166	1.01
Replacement options issued to Conquest option holders	-	-	11,324,738	1.88
Options granted to employees during the year	-	-	-	-
Exercised during the year	(487,276)	1.25	(11,356,207)	0.96
Expired during the year	(2,310,000)	2.25	(159,223)	1.10
Outstanding at the end of the year	10,929,198	1.69	13,726,474	1.77
Exercisable at the end of the year	10,929,198	1.69	13,726,474	1.78

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.58 years (2012: 3.0 years) with exercise prices ranging from \$0.609 to \$2.412. No options were granted during the year. The weighted average fair value of options granted in the previous financial year was \$0.664.

The outstanding balance as at 30 June 2013 is represented by:

Options issued as part of the ECOP

- 500,003 options with an exercise price ranging from \$0.609 to \$0.829
- 772,731 options with an exercise price ranging from \$1.049 to \$1.269
- 676,306 options with an exercise price ranging from \$1.472 to \$1.936
- 85,071 options with an exercise price ranging from \$2.072 to \$2.412

Options issued as part of the ESOP

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

Options issued outside both the ECOP and ESOP

- All options outside of the ECOP and ESOP plans lapsed during the period

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

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

	30 June 2013	30 June 2012
	Number	Number
Outstanding at the beginning of the period (1 July 2012)	3,580,758	1,151,000
Performance rights granted during the period	4,921,274	3,668,344
Exercised during the period	-	(1,026,000)
Lapsed during the period	-	(125,000)
Forfeited during the year	(1,453,403)	(87,586)
Outstanding at the end of the period	7,048,629	3,580,758
Exercisable at the end of the period	-	-

Performance rights on issue as part of ESOP have a nil exercise price. The weighted average fair value of performance rights granted during the year was \$1.418 (2012: \$1.411).

None of the performance rights have vested as at the end of the financial year. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. As at the date of this report, 559,378 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation, whilst 752,227 Performance Rights did not meet the performance measures and are expected to lapse subject to Board confirmation. There are 1,311,606 Performance Rights granted in financial year 2012 which will be subject to performance testing as at 30 June 2014.

(e) Fair value determination

Performance rights

During the year, Evolution issued three 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.

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) 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 expected future dividends cannot be reliably estimated on the grant date.

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

	TSR	C1	Mine life
September 2012 rights issue			
Number of rights issued	2,002,648	667,549	667,549
Spot price (\$)	1.89	1.89	1.89
Risk-free rate (%)	2.8	2.8	2.8
Term (years)	2.78	2.78	2.78
Volatility (%)	45-50	45-50	45-50
November 2012 rights issue			
Number of rights issued	634,379	211,460	211,460
Spot price (\$)	1.87	1.87	1.87
Risk-free rate (%)	2.8	2.8	2.8
Term (years)	2.59	2.59	2.59
Volatility (%)	40-45	40-45	40-45
January 2013 rights issue			
Number of rights issued	315,737	105,246	105,246
Spot price (\$)	1.64	1.64	1.64
Risk-free rate (%)	2.78	2.78	2.78
Term (years)	2.43	2.43	2.43
Volatility (%)	40-45	40-45	40-45

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.

23. EARNINGS PER SHARE

	Year ended 30 June 2013	Year ended 30 June 2012
Basic earnings (loss) /profit per share (cents per share)	(43.43)	7.10
Diluted earnings profit per share (cents per share)	-	6.94
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	707,873,670	525,862,667
<i>Effect of dilution:</i>		
Share options and performance rights	-	13,270,640
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	-	537,882,443

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.

24. RELATED PARTY TRANSACTIONS

Parent entity

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

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

(a) Equity interests in related parties

Equity interests in subsidiaries

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

(b) Transactions with Directors and KMPs

KMP compensation

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

Loans to Directors and senior management

There were no loans to Directors or senior management during the period.

KMP Compensation

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

	30 June 2013 \$	30 June 2012 \$
Short-term benefits	4,189,493	5,416,475
Post-employment benefits	148,999	228,347
Termination benefits	233,793	1,359,551
Share-based payments	1,196,296	1,597,313
Total	5,768,581	8,601,686

(c) Director and KMP equity holdings

(i) Fully paid ordinary shares of Evolution:

2013

	Balance at start of period or date of appointment	Received on exercise of options and performance rights	Net other change	Balance at end of period or date of resignation
Directors				
Jacob Klein	5,590,000	-	210,000	5,800,000
James Askew	500,000	-	-	500,000
Lawrie Conway	-	-	-	-
Graham Freestone	68,523	-	-	68,523
Paul Marks	6,952,009	-	(3,400,000)	3,552,009
John Rowe	112,582	-	-	112,582
Peter Smith	35,000	-	-	35,000
Key Management Personnel				
Tim Churcher	-	-	-	-
Aaron Colleran	82,998	-	(52)	82,946
Paul Eagle (i)	-	-	-	-
Evan Elstein	3,529	-	-	3,529
Mark Le Messurier	22,176	-	-	22,176
Roric Smith (ii)	-	-	7,042	7,042
Adrian Pelliccia (iii)	94,117	-	-	94,117
Raelene Wyatt (iv)	-	-	-	-

- (i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.
- (ii) Employment commenced on 1 November 2012.
- (iii) Employment terminated on 28 February 2013.
- (iv) Employment terminated on 24 December 2012.

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Fully paid ordinary shares for the previous financial year:

2012

	Balance at start of period or date of appointment	Received on exercise of options and performance rights	Net other change	Balance at end of period or date of resignation
Directors				
Jacob Klein (i)	-	-	5,590,000 ^(ix)	5,590,000
James Askew (i)	-	-	500,000 ^(x)	500,000
Lawrie Conway (i)	-	-	-	-
Graham Freestone	58,245	-	10,278	68,523
Paul Marks (i)	-	-	6,952,009 ^(xi)	6,952,009
John Rowe	95,695	-	16,887	112,582
Peter Smith (i)	-	-	35,000	35,000
Peter Maloney (ii)	1,379,579	-	-	1,379,579
Bruce McFadzean (iii)	171,619	175,682	61,288	408,589
Murray Pollock (ii)	1,839,492	-	-	1,839,492
Barry Sullivan (ii)	111,005	-	-	111,005
Key Management Personnel				
Tim Churcher (iv)	-	-	-	-
Aaron Colleran (i)	-	-	82,998	82,998
Evan Elstein (i)	-	-	3,529	3,529
Mark Le Messurier (i)	-	-	22,176	22,176
Adrian Pelliccia	-	-	94,117	94,117
Raelene Wyatt	-	-	-	-
John Fraser (v)	-	-	-	-
Paul Mason (vi)	10,000	-	53,528	63,528
Erik Palmbachs (vii)	11,576	-	131,543	143,119
Stuart Pether(viii)	175,516	-	125,000	300,516

(i) Employment commenced on 19 October 2011.

(ii) Employment terminated on 18 October 2011.

(iii) Employment terminated on 25 January 2012.

(iv) Employment commenced on 24 October 2011.

(v) Employment terminated on 23 December 2011.

(vi) Employment terminated on 27 January 2012.

(vii) Employment terminated on 29 February 2012.

(viii) Employment terminated on 30 June 2012.

(ix) Includes 5,255,247 shares issued on 2 November 2011 pursuant to the Scheme of Arrangement with Conquest Mining Ltd.

(x) Includes 484,097 shares issued on 2 November 2011 pursuant to the Scheme of Arrangement with Conquest Mining Ltd.

(xi) Includes 6,676,147 shares issued on 2 November 2011 pursuant to the Scheme of Arrangement with Conquest Mining Ltd.

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(ii) Options

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

2013

	Balance at start of period	Granted as compensation	Exercised	Net other change	At end of period			Options vested during Period
					Balance at year end or resignation date	Balance vested	Vested & exercisable	
Directors								
Jacob Klein	5,277,435	-	-	(600,000)	4,677,435	4,677,435	4,677,435	-
James Askew	488,651	-	-	-	488,651	488,651	488,651	-
Lawrie Conway	-	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-	-
Paul Marks	-	-	-	-	-	-	-	-
John Rowe	181,820	-	-	-	181,820	181,820	181,820	-
Peter Smith	-	-	-	-	-	-	-	-
Key Management Personnel								
Tim Churcher	-	-	-	-	-	-	-	-
Aaron Colleran	1,080,000	-	-	-	1,080,000	1,080,000	1,080,000	-
Paul Eagle (i)	-	-	-	-	-	-	-	-
Evan Elstein	105,000	-	-	-	105,000	105,000	105,000	-
Mark Le Messurier	450,000	-	-	-	450,000	450,000	450,000	-
Roric Smith (ii)	-	-	-	-	-	-	-	-
Adrian Pelliccia (iii)	34,000	-	-	-	34,000	34,000	34,000	-
Raelene Wyatt (iv)	-	-	-	-	-	-	-	-

- (i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.
- (ii) Employment commenced on 1 November 2012.
- (iii) Employment terminated on 28 February 2013.
- (iv) Employment terminated on 24 December 2012.

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

2012

	Balance at start of period	Granted as compensation	Exercised	Net other change	At end of period			Options vested during period ^(ix)
					Balance at year end or resignation date	Balance vested	Vested & exercise-able	
Directors								
Jacob Klein (i)	-	-	-	5,277,435 ^(xi)	5,277,435	5,277,435	5,277,435	5,277,435
James Askew (i)	-	-	-	488,651 ^(x)	488,651	488,651	488,651	488,651
Lawrie Conway (i)	-	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-	-
Paul Marks (i)	-	-	-	-	-	-	-	-
John Rowe	181,820	-	-	-	181,820	181,820	181,820	-
Peter Smith (i)	-	-	-	-	-	-	-	-
Peter Maloney (ii)	-	-	-	-	-	-	-	-
Bruce McFadzean (iii)	1,284,774	-	-	(15,682) ^(xii)	1,269,092	1,269,092	1,269,092	344,318
Murray Pollock (ii)	301,554	-	-	-	301,554	301,554	301,554	-
Barry Sullivan (ii)	45,458	-	-	-	45,458	45,458	45,458	-
Key Management Personnel								
Tim Churcher (iv)	-	-	-	-	-	-	-	-
Aaron Colleran (i)	-	-	-	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Evan Elstein (i)	-	-	-	105,000	105,000	105,000	105,000	105,000
Mark Le Messurier (i)	-	-	-	450,000	450,000	450,000	450,000	450,000
Adrian Pelliccia	34,000	-	-	-	34,000	34,000	34,000	-
Raelene Wyatt	-	-	-	-	-	-	-	-
John Fraser (v)	50,000	-	(50,000)	-	-	-	-	50,000
Paul Mason (vi)	-	-	-	-	-	-	-	-
Erik Palmbachs (vii)	337,276	-	-	-	337,276	337,276	337,276	110,000
Stuart Pether (viii)	579,548	-	-	-	579,548	579,548	579,548	125,000

(i) Employment commenced on 19 October 2011.

(ii) Employment terminated on 18 October 2011.

(iii) Employment terminated on 25 January 2012.

(iv) Employment commenced on 24 October 2011.

(v) Employment terminated on 23 December 2011.

(vi) Employment terminated on 27 January 2012.

(vii) Employment terminated on 29 February 2012.

(viii) Employment terminated on 30 June 2012.

(ix) All options vested during the period pursuant to the formation of Evolution Mining Limited (then named Catalpa Resources Limited) following the merger with Conquest Mining Ltd by a scheme of arrangement implemented on 2 November 2011.

(x) 488,651 options were issued as consideration for the cancellation of the outstanding options in Conquest Mining Ltd following the merger of Evolution (formerly known as Catalpa Resources Limited) and Conquest Mining Ltd by a scheme of arrangement implemented on 2 November 2011.

(xi) 4,677,435 options were issued as consideration for the cancellation of the outstanding options in Conquest Mining Ltd following the merger of Evolution (then named Catalpa Resources Limited) and Conquest Mining Ltd by a scheme of arrangement implemented on 2 November 2011. The balance of 600,000 options was acquired from Southern Cross Equities on an arms-length basis in June 2011.

(xii) The options expired on 31 October 2011.

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(iii) Performance rights

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

2013

	Balance at start of period	Granted as compensation	Converted	Net other change	At end of period			
					Balance at year end or resignation date	Balance vested (v)	Vested & exercisable	Vested during period
Directors								
Jacob Klein	803,279	1,057,299	-	-	1,860,578	-	-	-
James Askew	-	-	-	-	-	-	-	-
Lawrie Conway	-	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-	-
John Rowe	-	-	-	-	-	-	-	-
Paul Marks	-	-	-	-	-	-	-	-
Peter Smith	-	-	-	-	-	-	-	-
Key Management Personnel								
Tim Churcher	163,665	235,060	-	-	398,725	-	-	-
Aaron Colleran	196,721	235,060	-	-	431,781	-	-	-
Paul Eagle (i)	-	43,425	-	-	43,425	-	-	-
Evan Elstein	88,525	109,506	-	-	198,031	-	-	-
Mark Le Messurier	198,689	246,388	-	-	445,077	-	-	-
Roric Smith (ii)	-	235,060	-	-	235,060	-	-	-
Adrian Pelliccia (iii)	88,525	109,506	-	(198,031)	-	-	-	-
Raelene Wyatt (iv)	81,967	101,954	-	(183,921)	-	-	-	-

(i) Employment commenced on 1 July 2012. Appointed as a KMP on 1 January 2013.

(ii) Employment commenced on 1 November 2012.

(iii) Employment terminated on 28 February 2013.

(iv) Employment terminated on 24 December 2012.

(v) None of the performance rights have vested as at the end of the financial year. The first tranche of Performance Rights awarded from financial year 2012 were tested as at 30 June 2013. As at the date of this report, 559,378 Performance Rights have met the performance measures and are expected to vest subject to Board confirmation, whilst 752,227 Performance Rights did not meet the performance measures and are expected to lapse subject to Board confirmation. There are 1,311,606 Performance Rights granted in financial year 2012 which will be subject to performance testing as at 30 June 2014.

EVOLUTION MINING LIMITED
YEAR END FINANCIAL REPORT



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

2012

	Balance at start of period	Granted as compensation	Converted	Net other change	At end of period			
					Balance at year end or resignation date	Balance vested	Vested & exercisable	Vested during period
Directors								
Jacob Klein (i)	-	803,27	-	-	803,279	-	-	-
James Askew (i)	-	-	-	-	-	-	-	-
Lawrie Conway (i)	-	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-	-
Paul Marks (i)	-	-	-	-	-	-	-	-
John Rowe	-	-	-	-	-	-	-	-
Peter Smith (i)	-	-	-	-	-	-	-	-
Peter Maloney (iii)	-	-	-	-	-	-	-	-
Bruce McFadzean	160,000	532,78	160,000	-	532,787	-	-	-
Murray Pollock (iii)	-	-	-	-	-	-	-	-
Barry Sullivan (iii)	-	-	-	-	-	-	-	-
Key Management Personnel								
Tim Churcher (vii)	-	163,66	-	-	163,665	-	-	-
Aaron Colleran (i)	-	196,72	-	-	196,721	-	-	-
Evan Elstein (i)	-	88,525	-	-	88,525	-	-	-
Mark Le	-	198,68	-	-	198,689	-	-	-
Adrian Pelliccia	80,000	88,525	80,000	-	88,525	-	-	-
Raelene Wyatt	-	81,967	-	-	81,967	-	-	-
John Fraser (viii)	110,000	-	110,000	-	-	-	-	-
Paul Mason (v)	44,000	-	44,000	-	-	-	-	-
Erik Palmbachs	110,000	-	110,000	-	-	-	-	-
Stuart Pether (vi)	125,000	-	125,000	-	-	-	-	-

- (i) Employment commenced on 19 October 2011.
- (ii) Employment terminated on 25 January 2012.
- (iii) Employment terminated on 18 October 2011.
- (iv) Employment terminated on 29 February 2012.
- (v) Employment terminated on 27 January 2012.
- (vi) Employment terminated on 30 June 2012.
- (vii) Employment commenced on 24 October 2011.
- (viii) Employment terminated on 23 December 2011.

All performance rights issued to Directors and KMPs were made in accordance with the provisions of the LTIP. Further details of the LTIP and of performance rights granted during the period are contained in the Directors Report and in Note 24: Related Party Transactions

(e) Transactions with other related parties

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 \$192,500 (2012: \$135,277).

Newcrest also provided certain accounting, information technology and administrative services to the Company. Fees paid to Newcrest in the period in this regard amounted to \$53,569 (2012: \$755,115)

Directors fees in the amount of \$102,500 was paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (2012: \$68,333).

Director fees in the amount of \$102,500 were paid to John Rowe and Associates for services provided during the year (2012: \$51,377).

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Directors fees in the amount of \$200,000 was paid to DAK Corporation, a company of which Jacob Klein is a Director for services provided during the period (2012: nil).

25. AUDITOR'S REMUNERATION

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

	30 June 2013	30 June 2012
PwC Australia	\$	\$
(a) Audit and other assurance services		
Audit and review of financial statements	286,116	310,000
Other assurance services	-	79,000
	286,116	389,000
(b) Taxation services – tax compliance and advice	365,970	163,533
(c) Other services – accounting advice and support	-	50,967
	365,970	214,500
Deloitte Touche Tohmatsu		
(a) Audit and other assurance services		
Audit and review of financial statements	-	113,538
(b) Other services		
Proposed merger with Conquest	-	113,350
Advice on corporate strategy	-	-
Merger implementation assistance	-	386,474
	-	613,362

26. GOLD DELIVERY COMMITMENTS

As at 30 June 2013	Gold for physical delivery (ounces)	Contracted sales price A\$	Value of committed sales \$'000
Within one year	-	1,573	-
Later than one year but not greater than five years	85,422	1,573	134,368
	85,422		134,368

As at 30 June 2012	Gold for physical delivery (ounces)	Contracted sales price A\$	Value of committed sales \$'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.

27. CAPITAL AND LEASE COMMITMENTS

Exploration expenditure commitments

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

	30 June 2013	30 June 2012
	\$'000	\$'000
Not later than one year	6,675	6,828
Later than one year but not later than five years	-	-
Total	6,675	6,828

Capital commitments

The Group has the following capital commitments in relation to capital projects at operating mines and the construction of the Mt Carlton project:

	30 June 2013	30 June 2012
	\$'000	\$'000
Not later than one year	38,047	34,370
Later than one year but not later than five years	-	-
Total	38,047	34,370

Non-cancellable operating lease expense commitments

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

	30 June 2013	30 June 2012
	\$'000	\$'000
Not later than one year	26,338	26,814
Later than one year but not later than five years	3,422	5,062
Total	29,760	31,876

Finance lease and hire purchase commitments

Within one year	4,217	3,480
Within two to five years	2,945	3,776
Later than five years	-	-
Total minimum lease payments	7,162	7,256
Less amounts representing finance charges	(463)	(608)
Present value of minimum lease payments	6,699	6,646
Current portion	4,030	3,043
Non-current portion	2,669	3,603
Total	6,699	6,646

28. CONTINGENCIES

The Group has provided bank guarantees in favour of various government authorities and service providers with respect to site restoration, contractual obligations and premises at 30 June 2013. The total of these guarantees at 30 June 2013 was \$36.486 million with various financial institutions. (30 June 2012: \$30.130 million).

In addition to the above guarantees, Newcrest Mining Limited is holding \$14.957 million in performance bonds relating to Cracow and Mt Rawdon operations on behalf of the Group (2012: \$13.550 million). These bonding obligations will be transferred to Evolution once the asset sale agreements have been appropriately stamped by the Queensland Office of State Revenue.

29. JOINTLY CONTROLLED OPERATION

The Cracow gold operation located in Queensland was a joint venture in the previous financial year. The Group previously held a 30% interest in the operation and acquired the remaining 70% from Newcrest Mining Limited on 2 November 2011. Under the joint venture arrangement, each joint venture partner was responsible for selling their share of gold produced.

The Group's interest in joint venture revenue, expenses and results are detailed below.

	30 June 2013	30 June 2012
	\$'000	\$'000
Share of joint venture revenue, expenses and results		
Interest revenue	-	82
Expenses	-	(13,968)
Loss before income tax	-	(13,886)

Each joint venture partner was responsible for selling their share of gold production; hence the joint venture did not generate any revenue from gold sales. The Group did not have any share in the joint venture operations assets and liabilities in the current or comparative period.

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

	30 June 2013	30 June 2012
	\$'000	\$'000
Financial position of parent entity at year end		
Current assets	9,688	135,912
Total assets	889,057	996,434
Current liabilities	13,214	30,265
Total liabilities	195,357	80,641
Total equity of the parent entity comprising:		
Share capital	1,047,195	1,045,751
Reserves	17,169	14,845
Accumulated losses	(370,664)	(144,804)
Total equity	693,700	915,792
Result of parent entity		
(Loss) of the parent entity	(6,381)	(82,671)
Other comprehensive (loss)/ income	-	(5,770)
Total comprehensive (loss) of the parent entity	(6,381)	(88,441)

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

The Group has provided bank guarantees, as detailed in Note 28: Contingencies.

31. EVENTS AFTER THE BALANCE SHEET DATE

- On 1 July 2013 the changeover to owner mining at Cracow occurred with minimal disruption to operations. The Company now directly employs 198 personnel at Cracow, an increase of 105 from 30 June 2013. The Company now directly owns all mining equipment at Cracow and has entered into hire purchase agreements to the amount of \$14.371 million.
- On 18 July 2013 the Company declared commercial production at Mt Carlton, with an effective date of 1 July 2013, following successful commissioning of all key components of the processing plant. Evolution will cease capitalising operating costs and begin reporting operating costs and revenues on its income statement from 1 July 2013 onward.
- On 30 August 2013 the Directors of the Company determined to pay an unfranked dividend out of financial year 2014 profits earned to that date. The total distribution to shareholders amounts to 1 cent per share.

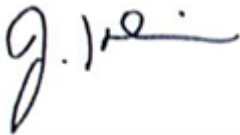
No other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect, the operations of the Group, or the state of affairs of the Group and its controlled entities in subsequent periods.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) The financial report of the Consolidated Entity, and the notes set out on pages 46 to 85 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2013; and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and *Corporations Act 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 24: Related Party Transactions will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 30: Parent Entity Note.
 - (i) Note 1(a) confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standard Board; and
 - (ii) The Directors have been given the declaration by the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Jacob Klein
Executive Chairman



Graham Freestone
Lead Independent Director and
Chair of the Audit Committee

Sydney
30 August 2013



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

Report on the financial report

We have audited the accompanying financial report of Evolution Mining Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Evolution Mining Limited group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

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Auditor's opinion

In our opinion:

- (a) the financial report of Evolution Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 22 to 36 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Tim Goldsmith'.

Tim Goldsmith
Partner

Sydney
30 August 2013