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ASX Announcement

17 August 2016

FY16 FINANCIAL RESULTS AND DIVIDEND ANNOUNCEMENT

Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2016 and is pleased to report that it will pay an increased final dividend for the year of 2 cents per share.

FY16 Highlights:

- Underlying net profit increased by 114% to a record A$226.9 million
- Statutory net loss of A$24.3 million after one-off acquisition costs, integration costs and impairments
- Sales revenue increased by 100% to A$1,328.6 million
- EBITDA increased by 123% to A$607.5 million
- Group gold production increased by 84% to a record 803,476 ounces
- Record low Group average AISC[1] of A$1,014 (US$739)[2] per ounce
- Record operating cash flow of A$628.4 million and net mine cash flow of A$428.2 million

Final dividend declared based on Evolution's increased revenue-linked dividend policy:

- Dividend amount – 2 cents per share unfranked
- Ex-dividend date – 24 August 2016
- Record Date – 26 August 2016
- Payable Date – 23 September 2016

Commenting on the Financial Results, Evolution's Executive Chairman Jake Klein said:

> *"The 2016 financial year was transformational for Evolution with the acquisition and integration of Cowal and Mungari. Importantly, we were able to stay focused on driving down costs and delivering a strong financial outcome from our portfolio of seven assets. Record production at record low costs resulted in a record underlying net profit of A$226.9 million. Thank you to everyone who pulls on an Evolution shirt every day for their outstanding efforts."*
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> *"We are committed to maintaining this focus and to continue to deliver strong results. The three year guidance we recently released indicates that the performance we achieved in FY16 is not only sustainable, but should get even better. This positive outlook has enabled us to double the dividend rate we expect to return to shareholders going forward."*

1. All-in Sustaining Cost includes C1 cash cost, plus royalty expense; sustaining capital; and general corporate and administration expenses on a per ounce sold basis
2. Calculated using an average AUD:USD exchange rate for FY16 of US$0.7284

Evolution posted a record underlying profit after tax of A$226.884 million (30 June 2015: profit A$106.050 million) and a statutory net loss after tax of A$24.349 million (30 June 2015: profit A$100.115 million) for the year ended 30 June 2016. This increase in underlying profit after tax was driven by record production, a strong focus on cost control and a favourable Australian dollar gold price.

The statutory net loss after tax includes one-off transaction and non-operating costs which have been excluded from Evolution's underlying profit after tax. These costs include acquisition and integration costs of A$54.681 million, impairment of goodwill of A$35.270 million, and fair value amortisation and expenses of A$88.317 million incurred on the Cowal, Mungari and Phoenix Gold acquisitions. Evolution also incurred an impairment on assets of A$77.330 million as a result of reclassifying the Pajingo asset to held for sale.

The unwind of the fair value uplift (acquisition accounting) in FY2017 will be A$25 – 35 million for Cowal and A$25 – 35 million for Mungari.

Total production for the year increased 84% to 803,476oz despite a decline in the average grade processed by 9% to 1.77g/t (30 June 2015: 437,570oz, 1.94g/t). This was largely achieved as a result of the first year inclusion of Cowal and Mungari which contributed 29% and 17% of Evolution's total production respectively. Mt Carlton was the largest contributor of the existing assets with 14% of the Evolution's total, a 45% increase on the prior year.

A record net mine cash flow of A$428.203 million (30 June 2015: A$137.793 million) was also achieved during the year, representing a 211% improvement over the prior year. All operations were cash flow positive after all sustaining and major capital expenditure, including capital stripping.

Revenue for the year ended 30 June 2016 was up 100% to A$1.329 billion (30 June 2015: A$665.958 million) largely as a result of the first year inclusion of Cowal and Mungari which contributed revenues of A$375.346 million and A$232.549 million respectively. The original five mine sites contributed A$720.719 million which is an increase on the prior year of 8%. This can be largely attributed to an outstanding performance at Mt Carlton which offset operational issues at two sites along with a 7% increase in the achieved gold price to A$1,597/oz (30 June 2015: A$1,489/oz).

Deliveries into the hedge book were 264,322oz at an average price of A$1,594/oz (30 June 2015: 85,147oz, A$1,571/oz). The remaining 551,266oz were sold at spot price achieving an average price of A$1,591/oz (30 June 2015: 279,646oz, A$1,526/oz). Additionally, the Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017. Evolution's outstanding hedge book as at 30 June 2016 totals 706,989oz at an average price of A$1,624/oz for deliveries to June 2020.

Operating costs, excluding depreciation, amortisation and fair value adjustments of A$422.766 million, increased to A$674.226 million (30 June 2015: A$360.525 million) as a result of the first year of inclusion of Cowal and Mungari. These two new assets accounted for operating costs of A$153.108 million and A$117.487 million respectively. The operating costs for the existing five mine sites were A$403.631 million, an increase of 12% on prior year operating costs (30 June 2015: A$360,525 million). Evolution continues to place a strong focus on cost control over operating activities and anticipates further efficiencies in FY17.

Evolution's AISC decreased 2% to A$1,014/oz (30 June 2015: A$1,036/oz) despite a 9% drop in average grade mined during the year. The two new assets, Cowal and Mungari delivered low cost ounces producing at an AISC of A$776/oz and A$1,024/oz respectively. Mt Carlton was Evolution's lowest cost asset with an AISC of A$742/oz representing a decrease of 23% on the prior year (30 June 2015: A$912/oz).

Total exploration expenditure for the year ended 30 June 2016 was A$27.823 million (30 June 2015: A$23.981 million) with an exploration expense of A$13.801 million (30 June 2015: A$6.968 million).

Capital expenditure has increased 19% to A$200.214 million (30 June 2015: A$168.197 million). This consists of sustaining capital, including near mine exploration and resource definition of A$106.970 million (30 June 2015: A$77.012 million) and mine development of A$93.244 million (30 June 2015: A$91.185 million).

This announcement is a summary of the FY16 Financial Results. Full details of the FY16 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company's website.

Dividend Payment

In June 2016, the Directors approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 4% of the Evolution's sales revenue. The change in policy doubled the payout ratio from the previous level of 2% to 4% of revenue (relating to sales in the six month period to 30 June 2016). The change is effective immediately and has been applied to the final dividend for 2016.

The Board has confirmed that Evolution is in a position to pay a final dividend for the current period to 30 June 2016 of 2 cents per share unfranked, totalling A$29.365 million. Evolution shares will trade excluding entitlement to the dividend on 24 August 2016, with the record date being 26 August 2016 and payment date of 23 September 2016

Evolution has a Dividend Reinvestment Plan that allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The allotted shares in respect of the FY16 final dividend will be issued at a 5.0% discount to the volume-weighted average price for the five days immediately after the Record Date.

Outlook for FY17

Following the sale of Pajingo, Evolution is now forecasting FY17 Group gold production of 745,000 – 800,000 ounces of gold at an AISC of A$970 – A$1,030 per ounce[1].

Updated FY17 Guidance	Gold production (oz)	C1 cash costs (A$/oz)	All-in sustaining cost (A$/oz)	D&A (A$/oz)
Cowal	245,000 – 260,000	615 – 675	885 – 945	240 - 250
Mungari	150,000 – 160,000	740 – 800	970 – 1,030	450 – 470
Mt Carlton	90,000 – 100,000	400 – 450	675 – 725	565 – 585
Mt Rawdon	90,000 – 100,000	690 – 770	960 – 1,040	475 – 495
Edna May	80,000 – 85,000	1,020 – 1,100	1,140 – 1,220	510 – 530
Cracow	80,000 – 85,000	740 – 800	1,100 – 1,160	550 – 570
Pajngo[1]	10,000	840 – 860	1,230 – 1,270	n/a
Corporate	-	-	30 – 35	
Revised Group[2]	**745,000 – 800,000**	**675 – 735**	**970 – 1,030**	**420 - 450**

1. Original FY17 Group guidance was 800,000 – 860,000 oz Au at AISC A$985 – A$1,045/oz

Conference Call

Evolution's Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY16 Financial Results at 11.00am (AEST) **today**. Access details are provided below.

Shareholders – Live Audio Stream

A live audio stream of the conference call will be available on the Company's website www.evolutionmining.com.au. The audio stream is 'listen only' and does not provide for Q&A participation.

The audio stream will also be uploaded to the website shortly after the conclusion of the call and can be accessed at any time.

Analysts and Media – Conference Call Details

Dial-in numbers:

- Australia: 1800 268 560
- International Toll: +61 2 8047 9300

Participant PIN Code: 821005#

Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code. The call includes Q&A participation.

For further information please contact:

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About Evolution Mining

Evolution Mining is a leading, growth-focussed Australian gold miner. Post the sale of Pajingo, Evolution operates six wholly-owned mines – Cowal in New South Wales, Mt Carlton, Mt Rawdon, and Cracow, in Queensland, and Mungari and Edna May in Western Australia.

In FY16 Evolution produced 803,476 ounces of gold at an AISC of A$1,014 per ounce generating a net mine cash flow of A$428.2 million.

Following the sale of Pajingo, Evolution has revised FY17 Group gold production guidance to 745,000 – 800,000 ounces at an AISC of A$970 – A$1,030 per ounce.

Forward Looking Statements

This announcement includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.