Evolution
MINING

ANNUAL REPORT

2017

ASX: EVN

www.evolutionmining.com.au

CREATING AUSTRALIA'S PREMIER **GOLD MINING** COMPANY

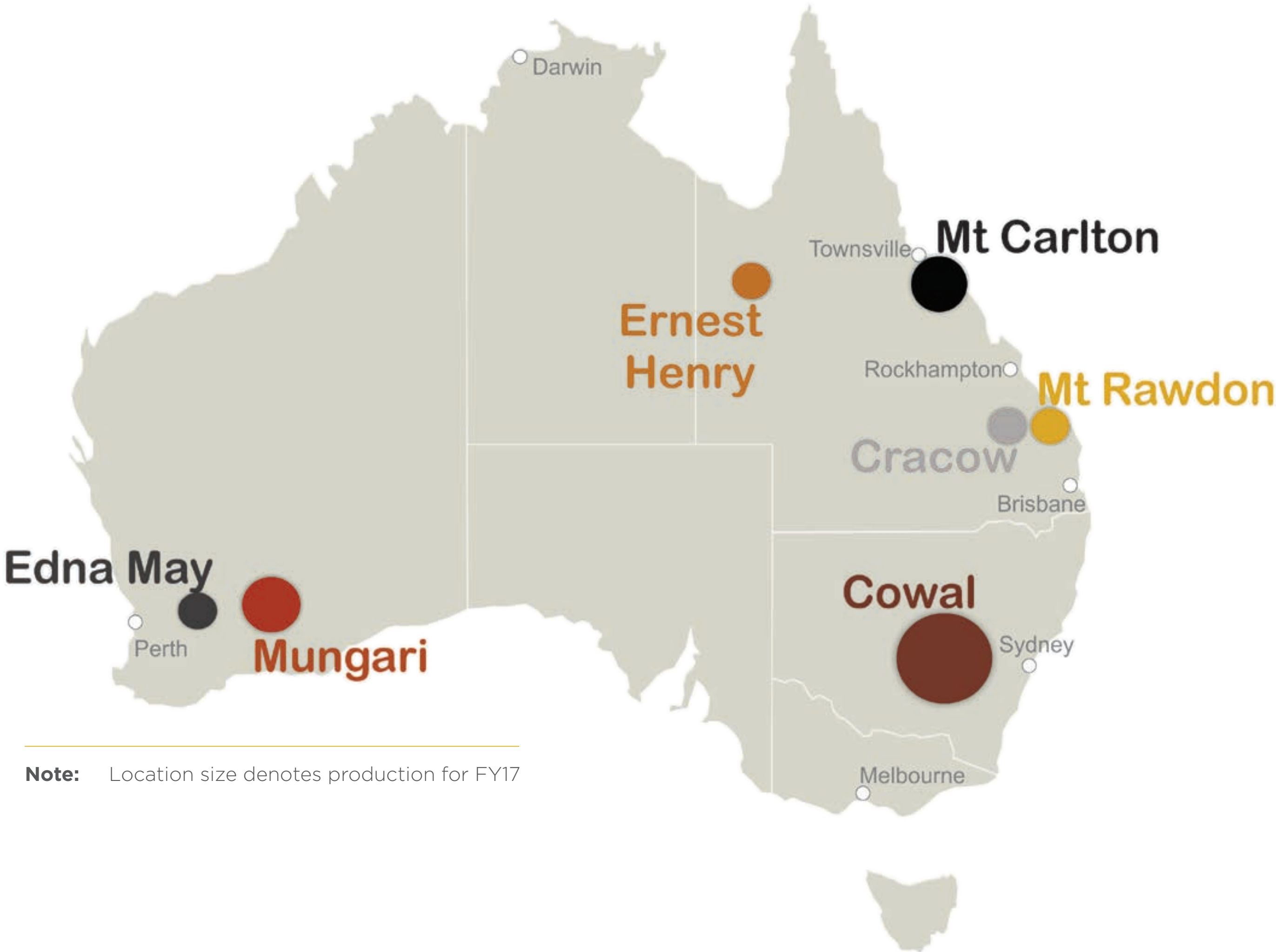
Evolution Mining is a leading, growth-focussed Australian gold miner. We extract and process gold from our six wholly-owned mines – the Cowal gold operation in New South Wales, Mt Carlton, Mt Rawdon, and Cracow in Queensland, and Mungari and Edna May in Western Australia. In addition, we hold an economic interest in the Ernest Henry copper-gold mine (Ernest Henry) in Queensland that will deliver 100% of future gold and 30% of future copper and silver from an agreed life of mine area. Outside of the life of mine area, we will have a 49% interest in future copper, gold and silver.

In FY17 we improved the quality of our assets through the innovative Ernest Henry transaction and the sale of the Pajingo gold operation. We have a track record of always achieving production and cash cost guidance and for making value accretive acquisitions.

We have grown into a genuine mid-tier since inception in November 2011 and now have a team of over 1,500 employees and contractors whose safety, health and wellbeing is of paramount importance to us.

We want the communities in which we operate to be better off overall for us being there, and we seek to partner with our community stakeholders to make a positive difference to the community. We recognise that to protect and enhance our 'social licence' we have to go above and beyond what is required by way of regulation and legislation, by playing our part in developing strong and sustainable communities.

We are committed to attaining an outstanding level of environmental performance in all our workplaces and we incorporate environmental considerations into all areas of our business to effectively manage environmental impacts and risks.



Note: Location size denotes production for FY17

Definitions applicable to this Report:
AISC (All-in Sustaining Cost) includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration expenses on a per ounce sold basis.
AIC (All-in cost) is ASIC plus growth (major capital) and discovery expenditure. Calculated on per ounce produced basis. Calculated using an average AUD:USD exchange rate for FY17 of US$0.7546.

Executing a clear and consistent strategy

Australia

Low risk, first world, politically stable jurisdiction

Highly skilled mining workforce

Reliability

Six consecutive years of meeting production and cost guidance

Mid-tier

6 – 8 asset portfolio to ensure focus is maintained

Strong returns

Peer leading free cash flow per ounce generation

Capital growth and increasing dividends

Low risk

Six consecutive years of reducing All-in Sustaining Costs

Among the lowest cost gold producers in the world

Growth

Strong cash flow funding near mine and regional exploration

Delivering value accretive acquisitions to improve portfolio quality

We have earned a reputation for operational consistency and reliability and are focussed on ***building a business that prospers through the cycle***

This year we continued to improve the quality of our asset portfolio through the acquisition of an economic interest in the Ernest Henry copper-gold mine, the extension of Cowal's mine life to at least 2032 and the divestment of the short life, higher cost Pajingo mine

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Evolution – a global leader in low cost production

An outstanding performance in FY17

- We continued to improve our safety culture and performance with a reduction in our total recordable injury frequency rate (TRIFR) to 7.96 (30 June 2016: 9.70)
- We had an outstanding year achieving record results through a focus on productivity improvements and cost efficiencies:
  - Total gold production of 844,124 ounces, representing an increase of 5% on the prior year and at the upper end of guidance for the current year of 800,000 – 860,000 ounces
  - AISC of A$907 per ounce, representing a decrease of 11% on the prior year and at the lower end of guidance for the current year of A$900 – A$960 per ounce
  - Operating mine cash flow of A$706.5 million, representing an increase of 12% on the prior year
  - Net mine cash flow of A$461.5 million, representing an increase of 8% on the prior year
- We completed the innovative Ernest Henry transaction to obtain an economic interest in the copper-gold operation on 1 November 2016
- We completed the sale of the Pajingo assets on 1 September 2016 to Minjar Gold Pty Limited for total proceeds of up to A$52 million comprised of a A$42 million up front cash payment and a 1% net smelter return royalty of up to A$10 million for gold production above 130,000 ounces
- We extended the Cowal gold operation's mine life to at least 2032
  - Ore Reserve increase of 679,000 ounces of gold prior to mining depletion of 326,000 ounces
  - Board approved the commencement of the E42 Stage H cutback and Float Tails (Dual) Leach Project
- We acquired the Marsden copper-gold project immediately to the southeast of the Cowal gold operation mine which hosts a Mineral Resource estimate of 1.1 million ounces of gold and 0.67 million tonnes of copper
- We updated the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after-tax earnings – applied to the final dividend for 2017 of 3 cents per fully paid ordinary share fully franked

GROUP CONSOLIDATED PRODUCTION

↑ 5%

TO 844,124 GOLD OUNCES

GROUP ALL-IN SUSTAINING COST

↓ 11%

TO A$907 / OZ (FY16: A$1,014 / OZ)

RECORD STATUTORY NET PROFIT AFTER TAX

A$217.6M

FY16: NET LOSS (A$24.3M)

OUR RECENT AWARDS

2016 Miner of the Year – *Australian Gold Mining Journal (February 2017)*
Craig Oliver Award – *RIU Explorers Conference (February 2017)*
NSW Mining Operator of the Year – *awarded to Cowal gold operations by the NSW Minerals Council (April 2017)*
Victorian Mine Rescue competition – *overall winner*
NSW Mining HSE award winner – *Project Arrive Alive (fatigue management)*

Executive Chairman's Report

On behalf of the Board of Directors of Evolution Mining I am pleased to present you with the Company's 2017 Annual Report.

The 2017 Financial Year was another year in which we continued to deliver on our strategy of leveraging our operating success to improve the quality of our asset portfolio and build a business that prospers through the cycle. In 2017 the Company again performed very well operationally to achieve records on nearly every metric. It was also a year in which the asset portfolio quality was significantly upgraded by the acquisition of an economic interest in Ernest Henry and the divestment of Pajingo.

In the six years since our inception the Company has built a reputation as a consistent and reliable gold producer. Importantly, all our operating assets are located in Australia – a low risk, politically stable jurisdiction with an immense mineral endowment.

Our core value of safety is critical to our success as a Company. Evolution remains focussed on improving our high safety standards across our business. It is pleasing that in FY17 the Group achieved continued improvements in both our Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR). At the same time, the Company continued its track record of delivering to or outperforming production and cost guidance, marking six consecutive years of achieving guidance since the Company's inception in 2011.

Evolution's gold production increased by 5% to a record 844,124 ounces at an average C1 cash cost of A$625 per ounce, an AISC of A$907 per ounce and a AIC of A$1,073 per ounce. Using the average AUD:USD exchange rate for FY17 of 0.7546, Evolution's AISC equated to US$684 per ounce, ranking Evolution as one of the lowest cost gold producers globally. The eight-month contribution from Ernest Henry, a continued focus on cost and efficiency gains, and a higher Australian dollar gold price received saw our AIC margin increase by 23% to a record A$568 per ounce in the 2017 financial year.

In 2017 Evolution reported a record statutory net profit of A$217.6 million. This was achieved on the back of a record operating cash flow of A$706.5 million and a record net mine cash flow, after all sustaining and major project capital expenditure, of A$461.5 million.

This strong cash generation enabled Evolution to make A$325.0 million in debt repayments during the period. The Company's gearing commenced the year at 15%, peaked at around 24% due to drawing on a new term facility to fund the Ernest Henry acquisition, then was reduced to below 16% by 30 June 2017.

Ernest Henry made an immediate positive impact on the portfolio. With eight months of attributable production, the operation delivered 60,259 ounces of gold at a negative AISC of A$(369) per ounce.

In its second year under Evolution ownership Cowal made another strong contribution producing 263,105 ounces at an AISC of A$833 per ounce. Mt Carlton also delivered a strong result with gold production of 105,024 ounces at an AISC of A$622 per ounce.

The continued increase in cash generation of the business allowed Evolution's Board of Directors to approve a change in dividend policy to a payout ratio of 50% of after tax earnings. This change was announced in August 2017 and was applied to the final 2017 fully franked dividend paid in September 2017. Evolution is now in a tax paying position and expects to continue to pay fully franked dividends going forward.

It is pleasing to report that the first eight months of our partnership with Glencore at the Ernest Henry mine has delivered results that have exceeded our expectations. The mine has delivered physicals in-line or ahead of plan while the rising prices of both gold and copper in Australian dollar terms has boosted revenue. Ernest Henry is now a cornerstone asset for Evolution that is expected to produce strong free cash flow for at least the next decade.

In February 2017, Evolution's Board approved investments in the E42 Stage H cutback and Float Tails project at Cowal to secure the mine's life until at least 2032, allowing for the continued transformation of this cornerstone asset.

In the 23 months of owning Cowal between late July 2015 to June 2017, Evolution has delivered a number of impressive results including:

- Mine life extended by 8 years from 2024 to 2032
- Ore Reserves more than doubled from 1.56 million ounces to 3.20 million ounces (post mining depletion)
- Cost of Reserves additions of A$14 per ounce
- Gold production of 501,000 ounces
- Net mine cash flow of A$322 million

Additional upside opportunities are being assessed which would continue to add value at Cowal. These include: co-treatment of oxides, increasing plant throughput and running detailed studies on known ore bodies outside of the E42 pit including E41, E46 and Galway/Regal.

Led by Glen Masterman, Evolution's new VP Discovery and Chief Geologist, Evolution stepped up its efforts in the area of discovery in 2017. Total spending of A$58.4 million was the highest on record – split between A$29.0 million on discovery and A$29.4 million on resource definition drilling. The drill program to define Stage H at Cowal was a major success and strong results were also returned at Mungari, Cracow and Mt Carlton. In 2018 Evolution plans to invest up to A$50.0 million in this area of the business (A$30.0 million discovery; A$20 million resource definition). The major focus for the year ahead will be on drill programs at the Mungari Regional tenement package where encouraging results have recently been delivered.

Across our entire business our people have continued to work incredibly hard during the year and I would like to thank each and every Evolution employee and contractor for their contribution. I also appreciate the support that our Leadership Team has received from the Board of Directors this year and recognise this as a critical ingredient of our success.

Following the completion of the sale of Edna May in early October 2017, Evolution is forecasting Group gold production in FY18 of 750,000 – 805,000 ounces at All-in Sustaining Cost in the range of A$820/oz – A$870/oz.

Evolution has a strong platform of high quality assets with an average reserve life of approximately nine years. All assets are located in the safe jurisdiction of Australia with a highly skilled workforce, and in an attractive operating environment. Our balance sheet is strong, our assets are generating substantial cash flow and our business is now well positioned to prosper through the cycle.

Yours faithfully,

JAKE KLEIN
EXECUTIVE CHAIRMAN

Safety

The safety, health and wellbeing of our people is of paramount importance to us and we believe that every injury is preventable and that no task is so important that it cannot be done safely.

We want our people to go home safely to their families and to move to a safety culture where people do the right thing for themselves and those around them because they believe in it, rather than because there is a rule in place.

We work collaboratively with our internal and external stakeholders to identify and manage risks in the workplace striving to apply innovative and sustainable solutions that continuously improve our practices.

We have developed a comprehensive Health, Safety & Environmental (HSE) management system which our operations must comply with. Each year, every site is subject to audit to ensure compliance with these HSE standards.

In FY17 we improved our safety performance achieving further significant reductions in our total recordable injury frequency rate (from 9.70 to 7.96) and lost time injury frequency rate (1.8 to 0.4). We maintained our focus on safety education by continuing our Vehicle Incident Prevention Program (VIPP). This is an online, interactive, module training system (Alert Driver). We also continued our Beyond Zero program – a Leadership development course aimed at enhancing front-line leaders' safety skills.

We developed and rolled out our Critical Control plans for the top five risks at each operational site and completed assurance reviews which achieved an overall compliance score of 97%. We have further seen a sustained reduction in our significant safety occurrence frequency rate during FY17 (5.90 to 4.95).

In FY18 we will continue with existing programs and commence new initiatives that will help drive our strategy and the achievement of our key goals. These will include:

- Development and roll out of Critical Control plans for additional Safety risks
- Progress each site along the Bradley Culture Curve
- Targeting a 15% reduction in the Significant Safety Occurrence frequency rate

LTIFR

↓ 77%

FROM 1.8 TO 0.4

TRIFR

↓ 18%

FROM 9.7 TO 7.96

VEHICLE INCIDENTS

↓ 39%

We are very proud of our FY17 safety achievements

- Improved engagement with our workforce – an average of 133 safety interactions conducted each day
- An average of 678 Take 5 pre-start safety checks conducted daily
- Conducted external safety audits of all our operations against the Evolution Safety and Health Management system
- Hosted our third Evolution Mine Rescue Challenge which was held at Edna May in FY17

Awards in FY17

- Victorian Mine Rescue competition – combined Evolution team overall winner
- NSW Mining HSE award winner for Project Arrive Alive – fatigue management project
- Queensland Mining Health highly commended award for our Health and Wellbeing program
- Chamber of Mines and Energy Surface Mine Rescue Western Australia – winners of team skills event (Mungari team)

To support our value of "Safety – every job, every day" we live by our Safety Principles

Management takes accountability for safety performance

Everyone is empowered to stop at risk behaviour and control unsafe conditions

Everyone takes accountability for his/her own safety and for the safety of those around them

All injuries and incidents are preventable

No task is so important that it cannot be done safely

Working safely is a condition of employment

Emergency preparedness

Since the beginning of the Evolution journey, we have sought to build mine rescue skills, capability and resources across the Group. We have six Emergency Response Teams (ERT) with a total of 120 members. Our teams have played an important role in supporting our operations and nearby communities. Over the last 12 months, we have deployed combined teams into western New South Wales to assist with major flood relief work and into North Queensland to support recovery work post Cyclone Debbie.

Evolution attended the Victorian Mine Rescue Competition in FY17. Our team was outstanding and won the overall event. We have seen great collaboration between our mine rescue crews. For example, our Queensland operations working together on specialised training which included search and rescue, chainsaw, swift water and responding to wildfire.

The Mungari gold operation team assisted Edna May prepare for their transition to an underground mine rescue team. Four of our operations also sent rescue operators to an emergency response conference in Queensland for skills maintenance and professional development.

We held our third Group Mine Rescue Challenge at Edna May, Western Australia. The goal of the challenge was for each team to develop substantially as a direct result of the challenge. Six teams participated in numerous exercises including theory, multi-casualty chemical incident, rope rescue, fire and functional fitness. There was also a group scenario involving community members and local emergency services where everyone worked together.

The scenarios are designed to be realistic and challenging and simulate emergency situations that could occur in a mine. We endeavour to make the tasks as intense, challenging and real as possible. Whether it is noise, uncooperative patients, wet, darkness, inaccessible or hidden casualties, the demands are all very real and are completed under time constraints.

Evolution played a wider role in emergency preparedness for the mining industry by assisting with the development of the 2016 Level 1 State mine emergency exercise in Queensland and hosting the 2017 New South Wales Mine Rescue Challenge in West Wyalong.

Simon Delander – General Manager HSE and Risk

CASE STUDY:
Project Arrive Alive

During FY17 our people at Cowal initiated Project Arrive Alive after identifying that two incidents had been caused by micro-sleeps. They found that a number of employees had a commute that prevented them from being able to have at least eight hours sleep between shifts, causing fatigue and in numerous cases stress. They also identified that some past incidents may have involved fatigue.

Project Arrive Alive resulted in workplace changes including: the implementation of 14-hour maximum door-to-door work policy; mandatory use of buses where buses operated; fatigue education; sleep and fatigue management through technology; and psychological training to help employees understand the long-term impact of fatigue.

EMERGENCY RESPONSE

6

TEAMS

EMERGENCY RESPONSE

120

MEMBERS

We are strongly committed to ensuring our operations are suitably prepared and resourced to manage any emergency situations that may arise

Health and Wellbeing

Promoting and supporting the wellness of our people is a mandate of our Safety and Health policy. Evolution is committed to investment in many activities that benefit our people's health and wellbeing such as company-wide health challenges and the provision of services by our health partners.

Evolution offers confidential monthly one-on-one health consultations by physiologists to help individuals achieve positive health and wellbeing outcomes. This may include the tracking of health metrics such as blood pressure, cholesterol, glucose levels and weight and the provision of tailored exercise programs.

The R U OK? Organisation has a mission to inspire and empower everyone to meaningfully connect with people around them and to support anyone struggling with life to genuinely change behaviour Australia-wide. At Evolution we embrace R U OK? Day – not just once a year, but with regular reminders throughout the year to check in on our colleagues' mental health.

FY17 health and wellbeing achievements

- More than 75% workforce participation in our Health and Wellbeing program
- 1,594 proactive rehabilitation interventions taken
- 8,783 one-on-one health consultations
- 1,767 Epworth sleep assessments
- Reductions in BMI and Blood Glucose levels
- Onsite gym facilities and access to health professionals at our remote camps
- Group exercise activities at remote camps
- Employee Assistance Program (EAP) available to all employees and immediate family members
- Queensland Mining Industry highly commended award for Evolution's Health and Wellbeing program
- Embracing R U OK? Day

Source: www.ruok.org.au

Our 2016 100,000km Challenge won a Highly Commended award from the Queensland Mining Industry in 2017

Some mine site workers can lead a sedentary lifestyle. Challenges faced include 12-hour shifts, sitting at desks for long periods, sitting to operate equipment, lack of motivation after a long day at work to exercise.

Evolution conducts annual company-wide health challenges. After consultation with the Safety and Health network, a 10,000 steps per day challenge called the 100,000km Challenge was implemented. Participants were required to monitor their daily steps with a target of 10,000 steps per day. The information was entered into a database and progress plotted to show travel across the Australian outback.

Health information fact sheets were provided and discussed at prestart meeting including tips on fitting fitness into a hectic lifestyle; the importance of sleep; benefits of exercise with a positive boost in mood and small plate, small hips - reducing portion sizes. Participants had the option of attending one-on-one health coaching sessions with onsite health providers throughout the challenge. A variety of weekly exercise activities were held at sites to help motivate and encourage individuals.

Result

- The challenge target to cover 100,000km over a 6-week period was exceeded by 42%
- High participation rate - 680 individuals in 170 teams

People and Culture

Inspired people creating Australia's premier gold company – people matter at Evolution

FY17 was another good year for Evolution. As a globally relevant mid-tier gold company, we have continued to look for ways to improve the employee experience for our people and create an environment where all our people can thrive.

The successful execution of our long-term strategy requires full alignment and engagement from all parts of the business. At Evolution, we have a real focus on ensuring we have the right people, in the right roles, with the right mindset.

We also aim to live by our values of Safety, Excellence, Accountability and Respect. These are built into our core people processes. We encourage our employees to act like owners and through accountability and excellence, ensure we consistently meet our public commitment of 'we say, we do, we deliver'.

In FY17 our focus from a people perspective was on:

- Delivery of Phase 1 of an employee self-service system to improve the core people processes of recruitment, on-boarding, performance planning and review for our people and access to 'just in time' information for our people leaders to make informed people related decisions
- Developing an Employee Relations strategy that moves us towards a more standard application of our terms and conditions of employment across our sites and offices. This included guiding principles and guidelines for negotiations and the important role our people leaders play in guiding successful workplace outcomes for our people and Evolution
- Continuing to enhance our focus on talent development and succession, particularly for our senior leaders, through our leadership development programs, quality career planning and creating opportunities and experiences for high potential individuals in readiness for their next role
- Successful divestment of the Pajingo asset and delivering on our desire to be good sellers, as well as good buyers

Spotlight on developing our leaders

We take leadership seriously at Evolution because ultimately it is our leaders that shape the culture of our teams and Evolution as a whole. We need great leaders to help us achieve our ambitions. Key to creating these great leaders are our three bespoke leadership development programs designed to develop core leadership behaviours and support our leaders to be successful at Evolution.

GOLD – Guiding Our Leaders Development

Guiding our Leaders Development (GOLD) is a 10-month interactive learning experience equipping, empowering and inspiring our leaders to engage their teams to perform at their best. A vital part of this program is a business improvement project to be pitched to our Senior Leadership team with projects such as an improved treasury system and accounts payable system being endorsed. Since its inception in 2014, we have had over 120 leaders on the program with 69 people leaders engaged in the program this year.

SILVER – our frontline leaders program

Silver is our frontline leaders program which is a two-day leadership "essentials" workshop aimed at people who have transitioned or are due to transition to a supervisory role. In FY17 we had 109 leaders representing each of our sites and offices attend the program.

ALLOY – our Leadership Alumni

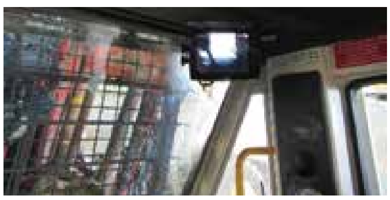
Alloy is a leadership alumni which is currently being piloted by 23 leaders at Mt Carlton. This program aims to bring our GOLD and Silver graduates together to increase knowledge sharing and interdepartmental collaboration along with driving continuous improvement across sites.

The right people, in the right roles, with the right mindset

GOLD Program Continuous Improvement examples

The Future of Mill Optimisation – *this initiative involved the installation of cameras inside the mill, enabling remote inspections improving safety, mill availability and efficiency during shutdowns by removing the requirement for people to enter the confined space of the mill.*

Project Underground Lighthouse – *this project involved the installation of IT basket cameras to improve the visibility of mobile equipment in the underground environment, making it a safer place to operate.*



People and Culture (continued)

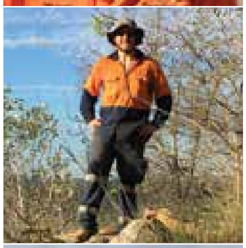
Growing our own - hear from our talented graduates

As well as creating development and career opportunities for existing employees, we continue to look for opportunities to bring talented individuals into the organisation through the vacation program and two-year targeted Graduate program. Evolution recruited nine new graduates in 2017 in the disciplines of Mining, Geology, Geotechnical, Occupational Health and Safety, Environment, Finance, People and Culture and Information Technology. We are confident that this investment in 'growing our own' will produce future leaders within the business in years to come.

Emma – 2013 Graduate

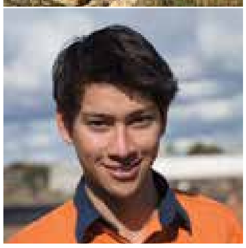
"The Graduate Program has given me a huge kick start into the mining industry due to the exposure to a variety of projects, strong technical support, and personal development opportunities. Since 2013 I have gained underground mining experience at the Cracow gold operation and open pit experience at the Mt Carlton operation. I have formed strong working relationships with key leaders in the business and their support has been invaluable. I'm a member of the site ERT and the skills I have learnt as an ERT member have been awesome."

Al – 2015 Graduate



"I knew right from the recruitment stage that Evolution was a company that looked after its people. Based in Perth in the Discovery team as a graduate geoscientist, I gained exposure to a range of projects and was given accountability for them. From working on drill programs in Kalgoorlie to geophysical surveys in New Zealand, I've been challenged to learn new skills, with all the support and training required. This has continued as I've progressed on from the graduate program. The best part about working for Evolution is the people."

Chris – 2017 Graduate



"I started with Evolution as a vacation student at Mt Rawdon and I was given the opportunity to continue my journey with Evolution as a Metallurgy Graduate, starting at Mungari. The Graduate Program is well-rounded providing operational experience, leadership roles and development training workshops. The professional development I have received has been fantastic and includes exposure to the greater Metallurgy society through organised networking events, graduate development workshops and exposure to our Senior Leadership Team in Sydney."

CASE STUDY: *Employee Engagement*

Making Evolution an even greater place to work forms part of a larger company initiative to invest in our people and culture, and build a stronger connection between our people and Evolution. Committing to actioning our people's feedback was part of our FY17 Balanced Business Plan and this will continue in FY18 as part of our "You said, together we did".

We have worked hard to improve our "On the Ground Leadership" and "Collaboration" across our business. We are ensuring our leaders are visible and approachable especially our Senior Leadership Team through more frequent site visits. We are also ensuring that we include, share and work with other teams and sites more effectively by improving our quarterly "State of the Nation" presentations at each of our sites and holding functional forums to improve our collective operational project capabilities.

We focussed on improving how and when we communicate with our people to address the variable working hours across our sites and offices. Installation of information monitors across our Mungari, Cowal and Mt Carlton sites has significantly improved access to timely group wide and site-specific information and keeps our people connected.

We also heard from our people at Mt Carlton that improving their recreational area would enhance their health and wellbeing. In response, we constructed a multipurpose sporting and recreational area including tennis and basketball courts and a BBQ area.

You said
Together
We did
Our Evolution

People and Culture (continued)

Act Like an Owner program

The Act Like an Owner program has continued to be a key program in leveraging the great ideas our people have, recognising their innovations and improvements of key business processes. We again offered employees the opportunity to become actual owners, or increase their ownership in the business, through an employee share offer, with 95% of our eligible people taking up this offer.

Our values

Ensuring our values guide the "Evolution way". Our values of Safety, Excellence, Accountability and Respect are hard wired into the way we do things and ensure we get the "how" right. Our set of values and supporting behaviours guide how we work together every day. They are built into how we recruit, induct, develop and measure the performance of our people. We seek people aligned to these values and strive to maximise local employment. A good example of this is the recruitment of truck operators for the Cowal Stage H cutback. We sourced 24 people from the local communities of West Wyalong, Forbes, Parkes and Condoblin. We recruited these inspired locals not just for their technical skills but also for their behavioural fit to our values.

Pulse engagement survey

We continued our focus on making Evolution a great place to work by seeking our people's feedback via a 'pulse' engagement survey and actioning feedback through targeted engagement action plans. With 70% of our people participating in the pulse engagement survey it was encouraging to hear that 83% of our people would recommend Evolution as "a great place to work".

Diversity

We are dedicated to growing an inclusive culture, a diverse workforce and a work environment in which every employee is treated fairly, respected and can contribute to business success and realise their full potential.

Evolution understands that the wide range of experiences and perspectives resulting from such diversity promotes innovation, business success, and delivers value to our shareholders.

In line with this we have identified opportunities to increase female participation, flexible working practices, indigenous employment, helping our leaders manage a multigenerational workforce and in cultivating an inclusive culture.

Our focus in FY18

FY18 will see a number of continuing and new initiatives that will help drive Evolution's strategy and achievement of key business goals. These will include:

- Review of how we operate as an organisation and how we can enhance collaboration opportunities
- Continued focus on employee engagement and culture via targeted actions at each site and office that will enhance the workplace experience for our employees
- Continued focus on the development and growth of our employees to enhance internal career opportunities
- Continuation of our Leadership development programs and our Act Like an Owner program
- Roll out of Phase 2 of a fit for purpose employee self-service human resources information system to drive efficiency and productivity, and enhancing our People Leaders ability to effectively lead their people
- Development of our approach to inclusion and diversity
- Building change and project management capability

Evolution believes that the above initiatives will contribute to a motivated and engaged workforce and ultimately drive achievement of our business objectives and shareholder value.

83%

OF PEOPLE SURVEYED RECOMMEND EVOLUTION AS "A GREAT PLACE TO WORK"

Mungari Family Fun Day

Our team at Mungari organised a Family Fun Day attended by 220 of their family and friends. This provided a great opportunity to see where family members worked and to participate in activities such as gold panning and testing new technologies such as the WASM 4D mining goggles.


EVOLUTION

Act Like an Owner

We recognise our people for Acting Like an Owner, generating value for Evolution and caring for the environment. This includes initiatives such as making substantive cost reductions, delivering operational excellence through change innovation and improving safety.

Our winning Acting Like Owner nominations in FY17

Clint, Noel, Jason and Thomas at Mungari for their initiative Cameras in IT (Integrated Tool Carrier) baskets. The Maintenance team recognised a disproportionately high risk of mining fatalities related to crush injuries. Being a significant hazard, they wanted to be proactive in reducing this risk for their workmates. They trialled ways of eliminating the lack of visibility between the IT operator and the team in the cage. They found a robust and practical solution that could be implemented across the entire fleet for a minimal cost (A$1,200 each unit).

Andrew and Tyson at Mt Carlton. The compositing and moisture analysis of concentrate samples became an on-site task. Andrew obtained stainless steel containers which could be placed directly into the oven, eliminating the need to double handle the samples. Tyson developed an in-house Laboratory Information Management System to allow for direct data input. This work resulted in an annual saving of A$175,000 and a reduction of ~1,000kg of solid waste.

Shane at Mungari noticed the waste of spare parts left over after resealing the power extraction unit on underground production drills. The kits cater for a variety of jobs, hence the potential for waste of components that are not required. Shane negotiated directly with the suppliers to customise part numbers and contents of rebuild kits. As a result, waste has been reduced and savings are above A$10,000 per annum.

Tony at Cowal initiated a recycling process for wedge wire screens for the Acacia reactor. Tony decided that instead of disposing of the wedge wire screens he could recycle them during monthly planned maintenance. He found ways to clean the screens including the use of wire brushes, scrapers, air operated wire buggers and pressure cleaners. This sustainably smart initiative not only reduces waste at site but will also result in an estimated cost saving of A$40,000 per annum.

Kevin at Mungari understood the importance of safety and productivity in the Gold Room operation and brainstormed the idea to have a one-piece cathode mesh which could slip over the cathode panel, instead of the old wire mesh sections which would split and then be difficult to re-tension. The new one-piece is installed in several layers to achieve mesh density and tautness. It has been in service for 20 months and requires minimal maintenance, saving time and increasing efficiency.

Mick, Glenn, Andrew, and Cory at Edna May identified that significant sediment was being deposited in the process water dam over the last three years. Instead of engaging a costly contractor to remove the sediment, they brainstormed the idea to use existing equipment to connect to the process water line from the dam and pump it to the thickener. Over ten days they managed to recover 30% of dam capacity and saved over A$60,000. In the event of an incoming water issue, the dam now has capacity to sustain production for an additional eight hours.

Scott and Darren at Cracow designed a facility for treating the waste product on site, Cracow is now successfully treating heavily contaminated waste onsite instead of going to a government toxic waste dump and saving contractor costs in excess of A$100,000 per annum. This project has not only benefited Cracow financially but removes a harmful substance from the environment permanently by turning hydrocarbon laden sediment collected in the workshop sumps into soil suitable for land rehabilitation. Site gains additional topsoil for mine rehabilitation of which there is currently a shortage.

Paul at Mungari worked with a new dealer to source close to 100 more effective store stock items, used for both development and production drills. Paul has provided a potential cost saving of approximately A$125,000 per annum and has gone above and beyond in dedicating his time to conducting trials to assess the quality and standards of the new parts. A fantastic example of living our value of accountability and doing the right thing for the long term.

Ashley at Cowal led the de-bottlenecking of the cyanide destruct circuit. Ashley implemented a program of works that involved the installation of two new oxygen spares in the bottom of the destruct tank and a new improved oxygen control unit to allow the delivery of significantly more gaseous oxygen to the destruct circuit, reducing the need for hydrogen peroxide. Ashley designed and constructed a new DCS page consolidating all the required information about the destruct circuit to allow operators better access to information on reagent usage. This project has led to savings of A$832,000 for FY17.

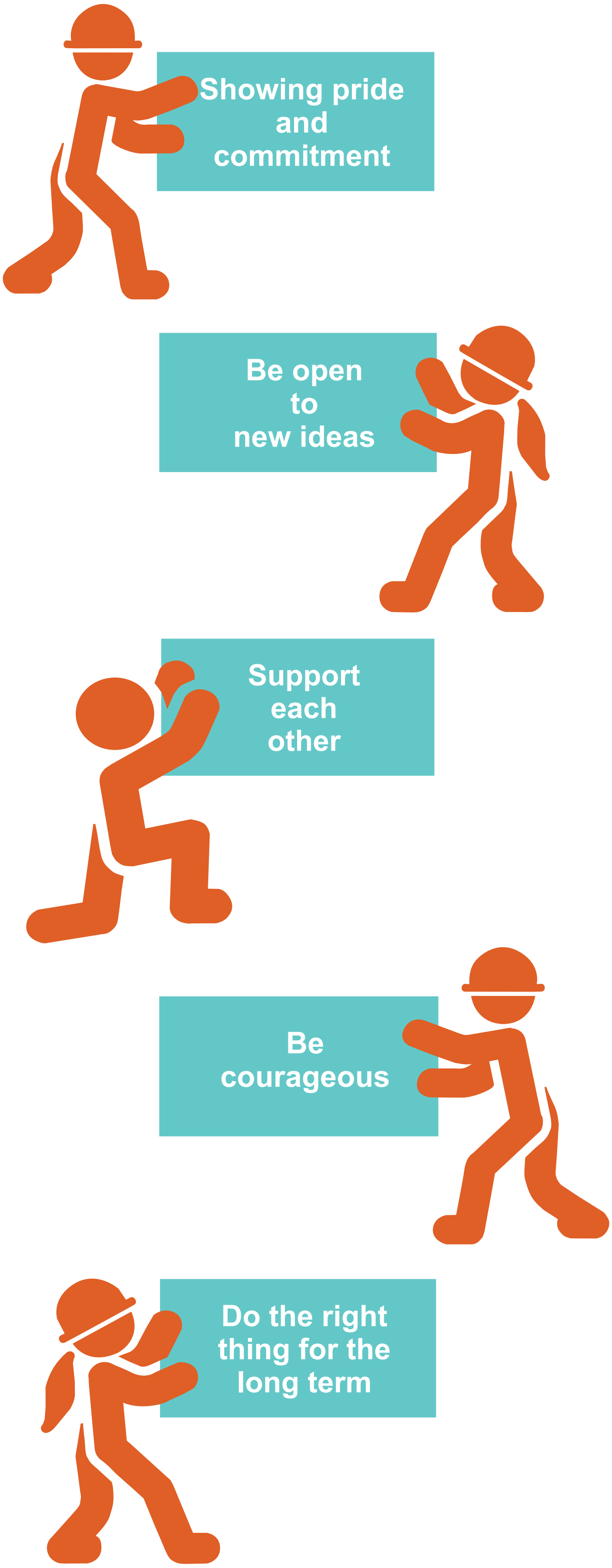
ALO
Act Like an Owner

Jon at Cowal saw an opportunity to improve the sun protection provided on the rig ute for Geology Technicians and Field Assistants as ambient temperatures in NSW last summer were very high. The existing tinted Perspex transparent shade on the rig ute was not providing the sun protection needed against the harmful UV rays. Going above and beyond in his role, Jon installed removable Coroplast boards to the awning which blocks out 95% of sunlight and improved their working environment.

Nigel at Cowal is recognised as an ALO winner for always being on the lookout for changing pit conditions and noticing the smallest of detail. An example is his reporting of a line of shadow cast across the East Wall Geotechnical hazard while driving his haul truck up the pit ramp and requested for an inspection of the area. Upon inspection, worsening conditions of the area were noticed causing pit operations to be stopped for more than 24 hours to ensure safe operating conditions.

Uron, Henry and Adam at Mt Carlton showed great collaboration as the Processing and HSEC teams came together to safely clear a blockage in the jaw crusher, preventing major revenue loss due to an unplanned shutdown and ensuring crushed ore feed on the coarse ore stockpile. This was all achieved safely on a scorching day, and fatigue and heat stress were safely managed.

Ronnie at Cowal installed LED emergency strip lights for the processing reclaim tunnel after being unable to source this lighting from suppliers and went on to design, build and install the battery pack using available onsite spares.



Environment

We are committed to attaining an outstanding level of environmental performance in all our workplaces

Management approach

Evolution incorporates environmental considerations into all areas of our business to effectively manage environmental impacts and risks. We have developed an Environment and Sustainability Policy that we expect our people and contractors to adhere to.

We believe we have an obligation to not only achieve legislative compliance but to strive for best practice and to meet the expectations of the communities we operate within and are part of.

We developed and implemented 11 Environmental Protocols to hold us to a higher standard of environmental performance and to create a clear and open community accountability framework.

We are focussed on enhancing environmental stewardship through the development and implementation of our Environmental Protocols and Life of Mine Environmental Management Plans across all project sites. We undertake periodic reviews to ensure that our environmental performance targets and objectives are being achieved.

Environment and Sustainability policy

Our environmental care and culture is based on:

- Commitment to our Environment and Sustainability policy, with supportive funding and a belief that most environmental incidents are preventable and controllable with foresight, relevant training, purposeful attitude and appropriate equipment
- Accountability of Management with the support of all our people to ensure that the workplace and the practices comply with statutory and licence conditions
- Implementing leading industry practices and environmental management systems at all levels: including exploration, development, operations, decommissioning, closure and rehabilitation
- Regular assessment of the environmental performance of the Company's activities to ensure compliance with the Company's commitments and conditions; and to report findings to stakeholders, the community and regulatory authorities
- Continually striving to identify opportunities to effectively manage energy and water whilst minimising waste and reducing our environmental footprint
- Increasing awareness of personnel on the potential environment impacts of activities in which we are involved, and how those impacts can be minimised or controlled
- Maintaining appropriate emergency and critical incident response programs, and to notify the relevant authority in the event of any reportable environmental incident; and
- Contribute to conservation of biodiversity and integrated approaches to land use

Our environmental team heading back after planting another 10,000 tube stock plants at 'Hillgrove' farm by the Lake Cowal Conservation Centre

Environment (continued)

Environmental protocols

Our Environmental Protocols consist of 11 benchmarks for best practice management in key business risk areas, such as Waste Rock Management, Cyanide Management and Mine Closure and Rehabilitation. All our sites and workplaces are required to meet the protocol requirements, which are audited on a regular basis.

Air quality

Biodiversity management

Chemical management

Cyanide management

Water management

Hydrocarbon management

Waste rock management

Rehabilitation and closure management

Tailing management

Waste management

Energy efficiency

Air quality

All Evolution operations develop, implement, communicate and adhere to their air quality management plan that includes strategies, operational controls and management practices. We develop and implement monitoring/inspections programs to verify that air emission controls are operating properly and to provide relevant, traceable data for internal and external reporting. We manage point and non-point source air emissions to be protective of human health and the environment.

Ambient dust, noise, odour and spill light impacts on our surrounds are closely monitored. Protection of our social licence to operate means that we operate beyond compliance in these areas within our community surroundings. We report our air emissions as per legal and other requirements and communicate the outcomes at various consultative forums.

Cowal celebrated the start of its fourteenth year on the Community Environmental Management Consultative Committee (CEMCC). A standard meeting Agenda including air quality is discussed every quarterly meeting. The Minutes of the Cowal CEMCC are available on the Bland Shire Council website.

Each of our operations has a weather station to monitor and record local meteorological parameters.

A planned evacuation at Mt Carlton was conducted prior to the arrival of Tropical Cyclone Debbie. The Mt Carlton weather station provided essential data for the emergency response crew based in Townsville

CASE STUDY: *Water bird populations at Lake Cowal*

Peter Gell of Federation University, New South Wales has undertaken tri-annual surveys of water bird populations, and breeding activity, at Lake Cowal since 1992. This has provided great insight into the changing patterns of birds that use a wetland through wetting and drying cycles of the Lake and its surrounding countryside. In 2016, Magpie Geese were recorded using the foreshore adjacent to our Cowal operation for the first time.

Evolution's Environmental officers place a new level marker at Cowal

CASE STUDY: *Biodiversity enhancement plan at Edna May*

The majority of Western Australia's Avon Wheatbelt has historically been cleared for Agricultural purposes. Remnant vegetation areas in the region are sparse and isolated. Of the 767ha which make up the mining leases at Edna May, over 50% of the area consists of farmland cleared before the 1930s. Eucalyptus Woodland is the dominant native vegetation type in the region, with Eucalyptus salubris (gimlet), E. salmonophloia (salmon gum) and E. longicornis (Red Morrell) the common tree and mallee species. Eucalyptus Woodlands of the WA Wheat belt are listed as a Threatened Ecological Community under the Environmental Protection and Biodiversity Conservation Act 1999.

The Edna May Biodiversity Corridor Project was voluntarily established with the aim of creating a wildlife corridor representative of a Eucalyptus Woodland on the northern leases of the mine site which previously consisted of cleared agricultural land. The corridor consists of a total area of 92ha and will link existing areas of remnant vegetation adjacent to the mine.

The project is intended to act as a voluntary offset against Evolution's land holdings which are temporarily being used for our mining operation. The target was to plant out the equivalent of at least 1% of the total land used by Evolution across all operations. Ultimately this project saw the planting of over 75,000 seedlings within the 92 hectares. The project also trialled direct seeding 10ha of Eremophila resinosa (a Declared Rare Flora under the Wildlife Conservation Act 1950 endemic to the Westonia region) at two sites on the Mining Lease.

Biodiversity management

We acknowledge that the nature of our operations can have significant environmental impacts. Additionally, our operations and growth strategy are dependent on obtaining and maintaining access to environmental resources. We believe that we all have a role in demonstrating our environmental responsibility by minimising impacts and contributing to enduring environmental benefits, through every stage of our operations. We have developed land and biodiversity management plans at our operations. These plans and risk-based, adaptive strategies include the voluntary and prescribed biodiversity offset areas that are actively maintained for fire, pest and weed control at our operations.

Chemical management

We use chemical substances to conduct efficient and safe operations across the Group. The safe transport (routes), storage, handling and use of these substances occurs for both small quantity and bulk commercial volumes. Our sites are linked to one management system that provides employees with access to electronic and hardcopy point-of-use Manufacturer's Safety Data Sheets. The system is maintained to provide advice and reports on segregation and stock quantities held. Only substances approved for use by the site management process team can be used.

A considerable amount of planning and maintenance occurs to maintain the integrity of storage bunds, tanks and pipework associated with the delivery, storage and use of chemicals. Each of our sites has emergency response teams and relevant jurisdictional mutual aid arrangements in place. Periodic exercise drills are executed to ensure preparedness.

Workplace risk assessments and inspections maintain focus on the prevention of leaks, spills and environmental impacts.

Cyanide management

Our management protocol is largely derived from the International Cyanide Management Institute (ICMI) – Cyanide Code. This applies to the purchase (production), transportation (routes and times), handling, storage, and the operation (leaching and cyanide destruct circuits) and decommissioning of cyanide facilities.

Cowal was the first process plant in the world to obtain both pre-operational and operational ICMI – Code Certification (16 April 2006) and has passed all subsequent independent Cyanide Code audits to date. We undertake annual licence to operate independent audits and triennial hazard audits of our operations.

Our operations maintain monitoring programs to detect any adverse effects to wildlife, surface water and ground water quality due to the use of cyanide. We use periodic or online measurement of Total and Weak Acid Dissociated (WAD) cyanide in slurry and water streams to remain within legal operating limits, or below accepted, peer reviewed industry practice limits for fresh and hypersaline Tailings Storage Facility or Integrated Waste Landform Decant Pond water recovery and storage pond infrastructure works.

Environment (continued)

Our cyanide management protocol sets Evolution's requirements for cyanide management, aims to be protective of human health and wildlife, and to prevent uncontrolled releases to the environment.

Water management

Our water management protocol is used to manage water use and recovery in our mining and mineral processing facilities and includes probabilistic site water balance models for droughts and storm-water flows. Our operations enact seasonal preparations and routine de-watering activities are designed and operated in a manner that observes user allocation rights, and ensures human health and the surrounding environment are protected.

Each operation has regional jurisdictional, unique hydrogeological, fresh through hypersaline surface water quality and specific site licence to operate conditions. We implement specific additional water management requirements related to mining and processing infrastructure for tailings management and waste rock management to enhance the design side for protection from unwanted events.

Operations consult with stakeholders throughout the year to maintain adequate onsite water storage and prepare for seasonal fluctuations. Site water balance models are required to be updated annually using peer review.

The various streams of water (potable, reagent mixing, sewage, process circuits, thickener/ tailings recovery and incidental storm water) all receive their own special attention on site. The protocol guides operations to ensure that clean water is kept separate from contaminated water (similar strategy for solid waste management).

Our operations track fresh water (surface, groundwater and rainwater intake) and recycled water volumes. These volumes vary across the seasons of the year and are input into the site water balance models to ensure proactive, predictive controls are implemented. Variations also occur across the years and are required to be managed.

Another key consideration for water management across the Group is to ensure the safety of wildlife around operations. Storage pond egress and summer/dry season drinking and bathing water supplies away from access roads and operational areas helps to minimise interactions.

Mt Rawdon and Mt Carlton operations use water evaporators to maintain water stock pond levels, especially in the months before the arrival of the Wet Season.

Evolution conducting weekly mid-Lake surface waters monitoring on Lake Cowal

Mt Carlton's water evaporators - commissioned July 2017

Bulk diesel storage facility at Mt Rawdon

Hydrocarbon management

Our hydrocarbon storage tanks and conveyance systems are designed and constructed in accordance with the relevant Australian or International Standard (ie AS 1940:2004). The hydrocarbons used at our operations are approved for use via the online management system that provides employees with access to electronic and hardcopy point-of-use Manufacturer's Safety Data Sheets.

Our site hydrocarbon storage facilities are inspected during internal site-based and corporate assurance visits and by independent external audit teams.

Our workshops and service areas (including contractors that service vehicles and/or heavy equipment) have treatment or management facilities for hydrocarbon contaminated water that meet the applicable discharge standards.

Environment (continued)

Waste rock management

Our protocol applies to the design, construction, rehabilitation and closure phases of our operations regarding waste rock disposal facilities and other infrastructure utilising waste rock for construction (eg haul roads and dams), and ore stockpiles (related to their potential to generate acid mine drainage (AMD) or salinity impacts). This addresses characterisation of waste rock, design and construction of waste rock disposal facilities, potential acid generation, storm-water controls, monitoring, rehabilitation and closure.

Southern waste rock emplacement at Cowal

Where applicable (not all our operations have AMD potential), a balance of potentially problematic material and material suitable for construction generating material are developed to evaluate and design controls to isolate problematic materials from the receiving environment in the near and long term through the individual mine planning review cycle. The balance is updated annually to assess the adequacy of available material for rehabilitation program needs and eventual site facility closure.

Where Potentially Acid Forming waste rock is suspected or known to occur, the operation will place it inside and under Non-Acid Forming covers.

Progressive rehabilitation activities shall be conducted as areas of the waste disposal facility become available. Rehabilitation of these areas is conducted as soon as practicable.

Rehabilitation and closure management

Mining is only a temporary use of land and the project planning cycle begins way back at ensuring our minimum disturbance of ground during the exploration drilling phase (10 to 30 years), and needs to look forward to what the operation's future land use/s will be and what the operation should look like when the operational areas are ready for relinquishment.

An example of exploration drilling best practice is our drill site program at Puhipuhi, New Zealand. This program was planned with meticulous attention, minimising the impact of the project's footprint and ensuring prompt, successful drill site rehabilitation.

Temporary truck mat surface protection was used to minimise soil disturbance at Puhipuhi, NZ

CASE STUDY: Cracow's Final Land Use Rehabilitation Plan (FLURP)

Queensland has a long history of gold mining activity. Cracow can trace its history back to the 1930s. The township of Cracow and the current day mining and mineral processing operations share common land boundaries with surrounding farm land enterprises.

The Queensland government has used Environmental Authorities and Plans of Operations with FLURPs to manage rehabilitation and closure completion criteria for mine sites. Presently the Plan of Operations is moving to a document called a Progressive Rehabilitation Closure Plan. Cracow has continued to update their FLURP. Several of the historical Cracow pits, mine working areas, waste rock emplacements and tailings dams (legacies) have forests growing on them which are about 30 to 40 years old.

Like the heterogeneous nature of the soil and rocks beneath the surface, the covering vegetation is also variable and tends to follow the shallow fractured rock aquifers that store and release the water resources of this region.

Environment (continued)

Tailings management

Tailings are the fine waste slurry residue of the crushed solid mineral ore that is fed into the Process Plant grinding mills. Tailings operations have long been a part of the minerals processing industry and will continue to exist well into the future. Whether the operation is active or closed, tailings storage facilities need to operate and rehabilitate with due care for a range of potential issues. Our protocol and governance process have been revised to incorporate the International Council on Mining and Metals six key components of the Tailings Governance Framework.

Regular inspection and audit ensure that our operations meet the requirements for the characterisation of tailings, protection of wildlife, protection of groundwater, prevention of uncontrolled releases to the environment, management of process fluids and the closure and rehabilitation of tailing storage facilities.

Tailings storage facilities are typically lined with low permeability clay soil linings which allows some seepage within a prescribed operational zone footprint. Recovery and pump-back of seepage from the near field is standard practice. Supervising engineers and Geotechnical staff monitor the integrity of tailings storage facility walls and pieziometric data relating to phreatic water levels inside the facility.

Mt Carlton operates a tailings storage facility with a dual high-density polyethylene liner system which ensures that the mobile metal forms do not enter the water table.


Solar-powered seepage collection and pump-back bore at Mungari

Evolution has conducted outer wall rock buttressing at a number of our operations. We also have a variation on tailings storage called an Integrated Waste Landform storage facility at Edna May.

Ongoing efficient recovery of tailings decant water back to the processing plant water supply is essential to manage the water balance and minimise new water intake to operations.

Management of wildlife access and safe egress from tailings storage facilities is a key business imperative for our operations. Our fresh water based operations have cyanide destruction and slurry dilution to reduce weak acid dissociable (WAD) cyanide levels to safe levels for avifauna and terrestrial animals. Fencing, bird deterrent systems and regular monitoring and perimeter patrols provide early warning of such issues.

Waste management

General waste

The on-site management of putrescible and non-putrescible waste streams has progressed to a stage where bioremediation and general landfill facilities and management practices are now relieving pressure on local government authority facilities. Generally septic waste solids are transported to local government authority facilities. An exception being that Edna May is licensed to assist the treatment of their, and some town septic waste, at the Edna May facilities in Westonia, Western Australia.

We have established an ethos to reduce, recycle and reuse our resources occurring in our normal site waste management practices. Our Act Like an Owner initiative has been very successful in identifying and implementing numerous opportunities for waste reductions. For example, the bio-remediation of hydrocarbon sludge project at Cracow which turns hydrocarbon laden sediment from the workshop sumps into soil suitable for land rehabilitation.


Mungari's underground scrap metal pile awaiting road load out

CASE STUDY:

Mungari's tramp metal (eg rock bolts, mesh) extracted from underground as part of the mining process is retrieved from the ore at the process plant then sold to a local scrap metal company for recycling. Any other scrap metal from around site is also sold. All proceeds are donated to the local community organisations supporting children's health and/or education. The most recent donation was made to the Children's Ward at Kalgoorlie Regional Hospital for A$12,000.

Environment (continued)

Industrial waste

Operations are generally permitted under government licence (Environmental Authority) to operate onsite industrial waste landfills. Landfilling into waste rock emplacements is also an option that may be exercised in some jurisdictions. This reduces operating volume pressure on local government authority facilities and reduces transport related greenhouse emissions considerably. Mt Rawdon and Cracow commenced applications to develop and operate an onsite industrial landfill in late 2016. Cracow's camp kitchen wastes have recently been diverted to the bioremediation facility. Camp kitchen wastes are pre-treated in the insinkerator-dehydrator unit.

Hazardous material waste management

Our operations use specialist, government approved waste management service providers and tracking arrangements for the approved, safe disposal of transfers of obsolete or used hazardous material waste/dangerous goods substances. Chemicals are generally consumed in process. Hydrocarbons in the form of dirty rags, crushed oil filters, used engine coolants or used bulk lubes are typically sent for offsite under commercial service arrangements for industrial re-refining (for re-use) or conversion into energy.

Environmental emissions and energy efficiency

Each year we create and submit annual reports for the National Pollutant Inventory (NPI) and the National Greenhouse and Energy Reporting Act (NGER) to estimate greenhouse gas (GHG) emissions and energy use and we provide this information on our Company website www.evolutionmining.com.au/environment.

Environmental enhancement projects

In FY17 we achieved our goal of implementing Environmental Enhancement projects with a primary purpose of improving or enhancing environmental values onsite or in nearby communities. We supported Edna May's Eremophila resinosa translocation works and commenced the following three programs:

At Cowal, a Malleefowl recovery project linked to Australia's National Recovery Program is underway. The project partners for this work are the local landholders at Tallimba and Yalgogrin, the Local Land Services – Riverina, Lake Cowal Foundation and Evolution. This project will use a PhD candidate to study and record the process journey to protect and enhance the Malleefowl population in the Bland Shire, New South Wales.

At Mt Carlton, we commenced a coastal rehabilitation project which involves mechanical, amphibious-land craft removal of aquatic water weeds (for sterile mulch composting and re-use of farms), tree planting and installation of water control gates. Holding back fresh water and allowing natural ingress of sea water into the coastal area will control the highly invasive aquatic fish pests and weeds that have built up in the Burdekin River bio-region. This project forms a component of a much larger Queensland state project to protect the Great Barrier Reef Marine Park.

At Mungari, we supported extension works at the Kalgoorlie-Boulder Urban Landcare Group. This project included classroom education of trainees, guided tourism walks, a native plants nursery upgrade, and rehabilitation and land care program works in the local area. Further information can be found at http://www.kbulg.org.au/.

Environmental assurance

The Evolution Environmental Assurance Audit Program is undertaken by our corporate office. The program reviews different risk areas and aspects from the site operating licence each quarter. This assurance program assists in the effective management and monitoring of environmental risk across the organisation.

Quarterly assurance visits to our operations focused on hydrocarbon and chemical management. Small leaks and spill volumes have been focused on to ensure that incidents are being reported and the causes are promptly addressed.

Rehabilitation success and failures are reviewed with the view that other sites share the learnings during subsequent site visits or during our monthly Environmental Professional Network teleconference and our annual face-to-face gathering.

Assurance visit and audit recommendations are tracked and followed up via our company incident management system.

Environmental compliance

As part of our environmental management, our activities are governed by conditions detailed in mining approvals, lease conditions and licences set out by regulatory authorities.

Periodic voluntary independent environmental performance audits are also conducted. Cowal has remained certified to the International Cyanide Management Institute (ICMI) Cyanide Code since April 2006 and to ISO 14001 since February 2013 (internationally accepted best practice environmental management standard). During 2016, Mt Carlton entered into an independent gap assessment program for certification to the ISO 14001 standard requirements.

All environmental incidents and near misses are reported through our incident reporting systems. Investigations are undertaken to determine the underlying cause to eliminate the potential for failures and to apply effective company-wide controls. A significant environmental incident is defined as any occurrence within Evolution's operational control that has resulted in, or had the potential to cause, at least moderate environmental impact.

CASE STUDY: Approval for mine life extension at Cowal (environmental assessment)

The Cowal Gold Operations Mine Life Modification involves continued operations within ML 1535 for an additional eight years to allow an additional 1.7 million ounces of gold production. Existing Cowal infrastructure will continue to be used, with some alterations where necessary, including modification of the existing tailings storage facilities and upgrades to the existing leach circuit within the process plant.

Benefits include the continuity of employment for the existing workforce (average of about 385 people) for an additional eight years, providing job security for employees and contractors, and would continue to stimulate demand in the local and regional economy and provide significant additional contributions to State royalties, State taxes, Commonwealth tax revenue and applicable contributions to local councils.

Consultation was conducted with key state government agencies, local councils and the local community.

Several environmental studies were completed which indicated that existing monitoring, mitigation and management measures could continue to be implemented to minimise potential impacts of the operation on existing environmental values and the nearest private dwellings. Approval was granted for mine life extension to 2032. Further details are provided on the company's website www.evolutionmining.com.au/cowal

Community

We are partnering with our community stakeholders on legacy projects that provide benefits that last beyond the life of the mine

We recognise that to protect and enhance our 'social licence' we must go above and beyond what is simply required by way of regulation and legislation, by playing our part in developing strong and sustainable communities.

As a member of the communities in which we operate, we seek to partner with our community stakeholders, listen to and understand their needs and work together to make a positive difference. We strive to earn the trust of all with whom we interact and to always leave a positive legacy.

Our commitment

Evolution has a Community Relations Policy whereby we commit to working with our communities to achieve their future aspirations. This includes identifying opportunities for partnerships that create shared value for Evolution and for our community stakeholders, investing in community development projects that will continue to benefit the community long beyond the life of the mine, and sharing the economic benefit with our local communities where possible, by maximising local procurement and local employment and training opportunities, particularly for our local Indigenous communities.

Partnership Approach

Case Study – Project Bridge

Evolution formed a collaborative partnership with the Wiradjuri Condobolin Corporation (WCC) and key Evolution supply partners, who, as a direct consequence of this partnership, are now working together to maximise education and employment outcomes for local Wiradjuri people and the broader community in the Central West of New South Wales.

Cowal and the WCC, which represents the Traditional Owners of the land on which Cowal is located, have enjoyed a strong working relationship for many years. Their Project Bridge partnership with Boart Longyear, BK Hire, SRG, Maxam and Milbrae, supported by the Murdi Paaki Regional Enterprise Corporation and the Department of the Prime Minister and Cabinet, was recognised in the NSW Minerals Council community excellence awards for the collaborative approach taken as well as the potential to deliver community outcomes for many years to come.

In the first six months of Project Bridge, nine Wiradjuri people completed a Job Ready Training program, with three of those graduates receiving employment offers. A Careers Day was also held for 108 regional students, providing information about local career opportunities to help their curriculum and career decisions.

Project Bridge is only in its early days but has already delivered positive training and employment outcomes, with Project Bridge members committing to continuing to work together to deliver further outcomes in future. Project Bridge was piloted at Cowal and will be rolled out across other Evolution operations.

"For us as an Indigenous organisation, to succeed and to move forward to achieve all the things that we need to achieve, we have to have the ability to create partnerships. I think the partnership that we now have with Evolution is probably one of the best that I've seen anywhere in the country."

Ally Coe, Chairperson,
Wiradjuri Condobolin Corporation

Listening to our stakeholders

Evolution regularly and proactively engages with our stakeholders to provide information on our operations and our involvement in the community and to listen to and understand our stakeholders' needs. In 2014 and 2016 we conducted stakeholder satisfaction surveys which included asking how our stakeholders preferred to be communicated with. We have implemented various formal and informal community engagement methods in response to the community feedback received. These methods vary from operation to operation depending on community expectations and include Community Consultative Committees, quarterly 'town hall' meetings, regular newsletters and media announcements, attendance at Council or other community meetings, a community drop-in centre and one-on-one meetings with individual stakeholders.

Throughout FY17 our operations implemented actions to address the specific feedback received from their local community stakeholders. Our next stakeholder satisfaction survey will be conducted in 2018 to identify opportunities to improve community relations, engage in different and more meaningful ways and continue to deliver positive community outcomes.


Project Bridge Members – kick-off meeting November 2016


Indigenous dancers as part of our support for local NAIDOC week celebrations

As at 30 June 2017

TOTAL PROCUREMENT SPEND

>A$800M

FY17

DIRECT SPEND

A$80M

WITH LOCAL ORGANISATIONS

SCHOLARSHIPS

>A$120K

LOCAL AND INDIGENOUS

OUR PEOPLE EMPLOYED

60%

DIRECTLY FROM LOCAL COMMUNITY

ABORIGINAL OR TORRES STRAIT

3.3%

PERMANENT EMPLOYEES

Evolution also indirectly employs ATSI people through registered training organisations and with contractors on site

Community (continued)

Sustainable community development projects

Evolution continues to work with our community stakeholders to identify opportunities to partner on projects that deliver long-term, sustainable outcomes for the community. These are legacy projects aimed at providing benefits that last beyond the life of the mine, enabling the community to be resilient, to thrive and to be sustainable for the long term. Importantly, these projects are not reliant on Evolution for their ongoing success.

In FY17 Mungari partnered with the Coolgardie Primary School to support the construction of a sensory play area and bush tucker garden. In its first two months, the school principal indicated that the project had helped achieve the following outcomes:

- Increased student engagement; all students are now included in playground activities, whereas some had previously been left out
- Greater vocabulary skills, especially in higher needs children, improving their reading and writing skills and overall learning outcomes
- Strengthened awareness of Aboriginal culture
- 10% increase in school enrolments

"Coolgardie Primary School students are being encouraged to play in a more natural environment, after a new playground was built using recycled timber, rocks, water and mulch. The children love playing in it. It has a water pump and a built-in water tank, so they love pumping the water into the mud at the bottom of the playground."

School Principal, Coolgardie Primary School

Coolgardie Primary School's new sensory play area

Community involvement

Case study – emergency response support

Evolution has highly trained and highly skilled Emergency Response Teams (ERT) at each of our operations.

Our ERT personnel are ready at any time to respond appropriately to potential incidents, especially where lives may be at risk. The hard work put in by the teams to ensure they stay at the leading edge of emergency response practices and their readiness to assist the community in times of need means they are often first responders to community incidents, providing assistance until emergency authorities can arrive.

In FY17 our ERT's were first respondents to 46 off site emergency incidents that occurred within our local communities. In September 2016, communities near our Cowal operation were declared natural disaster zones after being hit by the biggest flood in decades. Many residents were evacuated to safety, with floods causing extensive damage to homes, crops, businesses and infrastructure. ERT personnel from various Evolution operations joined other Evolution volunteers and worked closely with the State Emergency Services (SES), the Australian Defence Force and the Rural Fire Service (RFS) to provide much needed protection to people and property.

Evolution volunteers assisting with sandbagging during the NSW floods

In March 2017 Cyclone Debbie, a Category 4 system, made landfall in North Queensland near our Mt Carlton operation. Evolution mobilised ERT personnel to the region to be on hand to provide support to local community members, particularly assisting with the clean-up efforts, removing hazards and enabling people to safely access their homes and workplaces. In addition to supporting our local residents, the team attended Gumlu State School to remove dangerous trees and clean up debris.

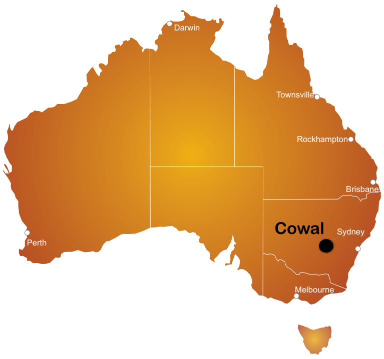
"Thank you for your efforts in making our school safe after Cyclone Debbie. Your staff's help was invaluable during this time." **Certificate of Appreciation signed by the students, principal and P&C President of Gumlu State School**

The value of the support provided by our highly trained, skilled and professional ERT personnel was recognised by the SES and RFS and we have since been in discussions with both organisations to agree on ways to partner in future to respond to emergency situations. Evolution now has an in-principle agreement with the SES and a signed agreement with the RFS to work in partnership to support communities during any future natural disasters.

Our Assets

Cowal, New South Wales, Australia

Evolution ownership:	100%
Location:	350km west of Sydney, 40km northeast of West Wyalong, Australia
Ore Reserves (at 31 December 2016):	116.71Mt at 0.85g/t gold for 3.20Moz gold
Mineral Resources (at 31 December 2016):	177.65Mt at 0.88g/t gold for 5.04Moz gold
FY18 production guidance:	235,000 – 245,000oz gold at AISC of A$950 – A$1,000/oz
Mining permit to:	2032



The world-class Cowal gold operation (Cowal) sits within Bland, Lachlan and Forbes Shires on the traditional lands of the Wiradjuri People. Cowal currently employs around 385, mostly local, employees and contractors. Cowal is an owner operated open cut mine that produces approximately 240,000 – 250,000 ounces of gold per year. It is a conventional load and haul, drill and blast open pit operation that processes 7.5 million tonnes per annum utilising crushing, two-stage grinding, sulphide flotation, regrind, and Carbon-in-Leach (CIL) recovery.

In FY17 Cowal produced 263,015 ounces of gold (above guidance of 245,000 – 260,000 ounces) at an average C1 cash cost of A$613 per ounce and AISC of A$833 per ounce. Cash costs and AISC were below the lower end of guidance of A$615 – A$675 per ounce and A$885 – A$945 per ounce respectively. The operation generated A$166.08 million in net mine cash flow.

Under Evolution's ownership (July 2015), an additional 2.28 million ounces of Ore Reserves have been estimated and the mining permit has been extended eight years to 2032 following intensive drilling programs and pit optimisation work.

We see further opportunities for asset enhancement at Cowal which include:

- Co-treatment of high-grade oxide stockpiles to bring forward treatment
  - Increased gold production of 10,000 – 12,000 ounces per annum
- Secondary crushing
  - Increase throughput to 9.0 – 9.5 million tonnes per annum for improved operational efficiency
- Continued drilling to convert significant mineral endowment outside of existing reserves
  - E46, E41, Galway and Regal

"FY17 was a transformational year for Cowal with our mine life extended to 2032 which affirmed the asset value foreseen during acquisition. Earlier in the year, my team contended with an unprecedented flood event and still managed to outperform market guidance – whilst rendering extensive support to local flood-affected communities that we are proud to belong to.

We were honoured by the New South Wales Minerals Council with the coveted Mine of the Year Award and the HSEC Safety Award for introducing industry-leading health and fatigue management practices to the operation.

Cowal is well prepared for any challenges ahead with a winning culture based on trust, teamwork and the commitment to take ownership of everything we do."

Jason Greive – Cowal General Manager

Cowal's mining team stand proudly in front of the new digger, the 9400 Liebherr

Our Assets (continued)

Mungari, Western Australia, Australia

Evolution ownership:	100%
Location:	600km east of Perth, 20km west of Kalgoorlie, Australia
Ore Reserves (at 31 December 2016):	8.30Mt at 2.25g/t gold for 602koz gold
Mineral Resources (at 31 December 2016):	57.46Mt at 1.51g/t gold for 2.78Moz gold
FY18 production guidance:	120,000 – 130,000oz gold at AISC of A$990 – A$1,050/oz

The Mungari Gold Operation (Mungari) consists of underground mining at Frog's Leg using top-down bench stoping with paste fill methodology, and open pit mining from White Foil using conventional drill and blast and load and haul methods. Mungari has been owned and operated by Evolution since August 2015. The operation includes a strategically located 1.7Mtpa processing plant and has a major footprint in the world-class Kalgoorlie region with significant potential to expand production and extend mine life.

In FY17 Mungari produced 143,820 ounces of gold at an AISC of A$1,143 per ounce and generated A$59.23 million in net mine cash flow. Gold production was below guidance of 150,000 – 160,000 ounces. C1 cash costs and AISC were above FY17 guidance of A$740 – A$800 per ounce and A$970 – A$1,030 per ounce respectively.

Highlights achieved during the year included:

- Exciting results returned from aggressive resource definition and discovery programs commenced building momentum
  - Resource definition drilling to advance resources toward production successfully extended high-grade mineralisation beyond existing resources at Emu and Burgundy as the pipeline of regional resources begins to be tested
  - Discovery drilling indicates potential extensions to Lady Agnes following our first drill program in this area
- Drill and blast trials conducted in Stage 3 cutback to increase production efficiencies generated encouraging results for FY18
- Installation of a particle size analyser and second Knelson concentrator in the plant completed in the June quarter 2017 allowing for future plant optimisations
- Introduction of larger trucks (130t class) to reduce manning requirements and improve efficiencies at White Foil open pit
- An increased focus on contractor management and maintenance activity contributed to the sustained cost improvements over the June 2017 Half Year
- Geotechnical review of the White Foil slopes and re-optimisation of the pit design added approximately 50,000oz to Ore Reserves
- An underground drill drive platform was developed to test the Mist and Rocket lodes at depth at Frog's Leg – drilling to commence in FY18
- Recent drilling at White Foil intersected a larger thickness of mineralisation than interpreted – very encouraging for a large tonnage and low-grade resource close to the mill

"In FY18 we plan to improve safety and operational performance through empowerment of our teams to work independently. We are also focussed on extending mine life through the discovery and definition of Mineral Resources and, ultimately, conversion to Ore Reserves."

Simon Jessop - General Manager Kalgoorlie Region

Our Assets (continued)

Cracow, Queensland, Australia

Evolution ownership:	100%
Location:	500km north-west of Brisbane, Queensland, Australia
Ore Reserves (at 31 December 2016):	1.05Mt at 5.67g/t gold for 192koz gold
Mineral Resources (at 31 December 2016):	3.29Mt at 4.94g/t gold for 522koz gold
FY18 production guidance:	85,000 – 90,000oz gold at AISC of A$1,150 – A$1,200/oz

The Cracow gold operation (Cracow) has been a consistent and reliable producer since mining began in 2004 and has produced more than 1.1 million ounces of gold. Although the current life of mine plan is to FY20, the operation has a strong track record of replacing depleted ounces. Greenfields exploration outside of the Cracow field intensified throughout FY17 and will continue in to FY18.

In FY17 Cracow produced 89,496 ounces of gold at an average cash cost of A$746 per ounce and AISC of A$1,123 per ounce and generated A$41.06 million in net mine cash flow. Gold production exceeded guidance of 80,000 – 85,000 ounces. Cash costs and AISC were at the lower end of guidance ranges of A$740 – A$800 per ounce and A$1,100 – A$1,160 per ounce respectively.

Resource definition drilling at Cracow during the year confirmed continuity of high-grade mineralisation at Killarney. At Imperial, new high-grade intersections were returned and will be incorporated in a maiden resource estimate. The first phase of discovery drilling was completed at the Walhalla and Valkyrie targets both located within 2km of the operating footprint at Cracow. Drilling was designed to test the concept that both targets are high-level expressions of deeper high-grade mineralisation below.

Productivity improvements and cost reductions achieved during the year included:

- Installation of a high-intensity grind mill resulting in a 1.5% increase in recovery
- Improvements in mobile maintenance with rebuilds of aging fleet and replacement strategy with new equipment, enabled increased availability of mobile plant which delivered an increase in tonnes to the mill
- Rollout of AMIP (Asset Management Improvement Project) and standardisation of mobile fleet resulted in a reduction of inventory in maintenance

"FY17 has delivered growth for Cracow, with an increase in reserves and resources with the potential for further success, thanks to dedicated efforts from our Geology Manager, Shane Pike, and his team.

"The Cracow team continued to focus on sustainable longevity with significant improvements in safety and maturity in how we apply ourselves, from the day to day functions to the long-term future planning, to deliver the FY17 Budget.

"It is great to see that the teams are interacting and are there to take up the load for each other. Our focus in FY18 is to continue to build the trust that our mates are on our shoulder to ensure we deliver together, be it for a safer environment, improved efficiency or challenge each other on methods of operation."

Andrew Millar – Cracow General Manager

Our Assets (continued)

Mt Carlton, Queensland, Australia

Evolution ownership:	100%
Location:	150km south of Townsville, Queensland, Australia
Ore Reserves (at 31 December 2016):	4.84Mt at 4.71g/t gold for 733koz gold
Mineral Resources (at 31 December 2016):	10.43Mt at 2.92g/t gold for 979koz gold
FY18 production guidance:	100,000 – 110,000oz gold at AISC of A$680 – A$730/oz

Our long-life Mt Carlton operation commenced commercial production in July 2013 and was the first new gold mine opened in Queensland in more than a decade. Initial capital was repaid by December 2016. Mt Carlton is one of the highest grade open pit gold mines in the world and has a current mine life out to 2025 with a low mining strip ratio of 1.75:1 over the life of mine plan. Ore is sourced from the V2 gold-silver-copper deposit which is processed on site to produce a concentrate and shipped to China for smelting. Approximately 10-15% of gold feed is now recovered through a recently commissioned gravity circuit prior to the flotation circuit to produce doré gold bars which are sold to ABC Refinery in Sydney.

Mt Carlton produced 105,024 ounces of gold in FY17 exceeding guidance of 90,000 – 100,000 ounces. C1 costs of A$307 per ounce and AISC of A$622 per ounce were both substantially below the bottom end of FY17 guidance of A$400 – A$450 per ounce and A$675 – A$725 per ounce respectively. The operation generated A$91.14 million in net mine cash flow with a net operational cash flow margin of A$902 per ounce.

Highlights achieved during the year included:

- Successful commissioning of the gravity recoverable gold circuit – producing 3,000 ounce of gold doré in the June 2017 quarter
- Operationally, the plant increased gold process recovery to 90.1%, up from 88.4% in FY16
- With the gravity recoverable gold circuit now operational recoveries are expected to continue to improve to above 91.0% in FY18
- Commencement of studies to identify options to reduce the impact of clay in the flotation circuit that could lead to increased plant throughput
- Underground Pre-feasibility Study confirmed positive economics for a Stage 4 pit cutback combined with an underground operation to extract the Link Zone extending the Life of Mine to 2025
- Commencement of a Definitive Feasibility Study, which will include additional resource definition drilling – expected to be completed in H2 FY18
- In the March 2017 quarter the mine responded to the challenge posed by Tropical Cyclone Debbie by shutting down for five days and then restarting operations very smoothly

"FY17 was another year to be very proud of at Mt Carlton. Backing up the exceptional result in FY16 was a real challenge but the whole team came together to produce another outstanding result, including increasing mine life to FY25 with a Pre-feasibility Study confirming the economic viability of an underground development and Stage 4 cutback to commence in FY19.

In FY18 we will continue to improve our safety culture, advance the Definitive Feasibility Study for the underground and stage 4 cutback, complete a study on ways to increase mill throughput in FY19 whilst continuing our team's journey in striving to go from a Good to a Great operation."

Richard Hay – Mt Carlton General Manager


EMMA STUART
Evolution

Our Assets (continued)

Mt Rawdon, Queensland, Australia

Evolution ownership:	100%
Location:	75km southwest of Bundaberg, Queensland, Australia
Ore Reserves (at 31 December 2016):	32.69Mt at 0.83g/t gold for 873koz gold
Mineral Resources (at 31 December 2016):	50.79Mt at 0.73g/t gold for 1,186koz gold
FY18 production guidance:	105,000 – 115,000oz gold at AISC of A$850 – A$900/oz

Production from our Mt Rawdon gold operation (Mt Rawdon) is derived from a single open pit, using conventional drill and blast and load and haul methodologies. The processing plant consists of primary and secondary crushing, SAG and ball milling, followed by conventional cyanidation leaching.

Evolution has owned and operated Mt Rawdon since November 2011. During this time, we have implemented many business improvements including:

- A move to owner operator in July 2014 – savings of ~A$9 million per year
- Mobile maintenance focus on condition monitoring and component sourcing (benefiting from market conditions)
- Smarter drill and blast – improved fragmentation and plant throughput
- Ore (Mine to Mill) – ramping throughput up to 430 tonnes per hour and targeting 435 tonnes per hour with the use of high energy explosive (Vistas)
- Waste – moved from 17.7 to 36.9bcm per metre drilled with change to larger diameter drilling and higher benches; and then to 70.8bcm per metre with the use of high energy explosive (Vistas)
- Cyanide – reduced physical consumption by 24%
- Gravity circuit – installed second Knelson Concentrator in 2012, installed leach reactor in 2013, installed standalone Gravity cell in 2016
- Overall recovery increase of 1%
- Gravity Recoverable Gold increased from below 9% to over 15%

The operation is one of our most reliable mines, consistently producing around 100,000 ounces per annum since 2002, producing around 1.6 million ounces of gold since first production in 2001. The operation has a strong track record of cost reductions and mine life extensions.

Mt Rawdon performed well in FY17 achieving total gold production of 101,331 ounces of gold at an average cash cost of A$630 per ounce and an AISC of A$873 per ounce and generated A$35.72 million in net mine cash flow. Gold production exceeded guidance of 90,000 – 100,000 ounces. C1 cash costs and AISC were below FY17 guidance of A$690 – A$770 per ounce and A$960 – A$1,040 per ounce respectively.

"FY17 was a great year delivering above guidance gold production at costs which were below guidance. We continued to improve on our safety performance with a 54% reduction in the recordable injury rate.

There is a very special culture at Mt Rawdon where our entire team takes great pride in delivering results while embracing innovation and improvements. Of note is our community spirit, mateship and care for each other to ensure we all go home safely at the end of our shift."

Bernie Cleary – Mt Rawdon General Manager

Our Assets (continued)

Edna May, Western Australia, Australia

Evolution ownership:	100%
Location:	350km east of Perth, Western Australia, Australia
Ore Reserves (at 31 December 2016):	8.22Mt at 1.61g/t gold for 426koz gold
Mineral Resources (at 31 December 2016):	19.37Mt at 1.36g/t gold for 848koz gold
FY18 production guidance:	90,000 – 100,000oz gold at AISC of A$1,100 – A$1,150/oz

The Edna May gold operation (Edna May) is currently a single open pit mining operation mined by conventional drill and blast, load and haul methodology. A bulk mining approach has been adopted to the extraction of remnant high-grade reef structures and associated stockwork mineralisation with a remaining life of mine strip ratio of 1.8:1.

The process plant consists of a conventional carbon in leach (CIL) process and SABC FF (SAG Mill Ball Mill Pebble Crusher Feed Forward) circuit. The ore is metallurgically consistent with a typical metallurgical recovery of approximately 92%.

A portal was established and rehabilitation of an underground decline commenced in June 2016 to access higher grade lodes beneath the planned limits of the open pit. The first development ore from underground is due to commence in FY18.

Edna May produced 70,188 ounces of gold at an average cash cost of A$1,309 per ounce and AISC of A$1,440 per ounce in FY17. Low material movement and a lack of available ore at periods during the year resulted in full year production lower than guidance of 80,000 – 85,000 ounces. This resulted in higher costs relative to guidance of A$1,020 – A$1,100 per ounce and AISC of A$1,140 – A$1,220 per ounce.

"Our Edna May team overcame a series of challenges in FY17. The platform for the longer term is the underground operation which is rapidly progressing towards the first ore horizon. Ore development and diamond drilling to confirm a viable ongoing operation are exciting milestones for the coming year.

"Across the site some significant steps forward have been made with safety performance and a number of initiatives have been identified to shift the culture and improve it further, founded on employee wellness. Edna May hosted the Evolution Mines Rescue Challenge, a very successful event and a credit to the hard work of Marty McLaughlin and his HSE team.

"We are proud of the FY17 achievements amid the hurdles that presented themselves."

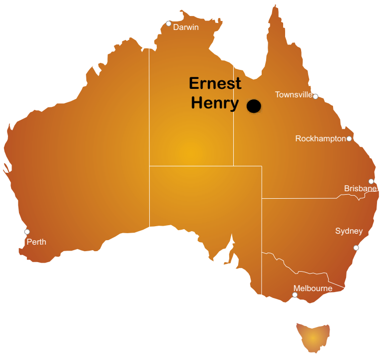
Richard Carlton – Edna May General Manager

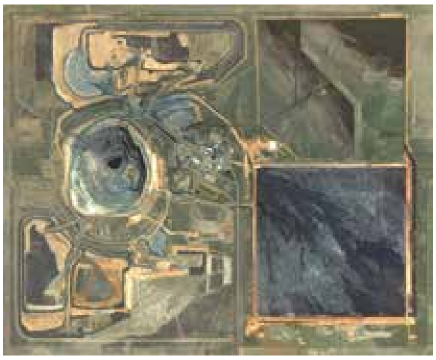
Evolution entered into a binding agreement on 17 September 2017 with Ramelius Resources Limited and Ramelius Operations Pty Ltd (a wholly-owned subsidiary of Ramelius) to sell the Edna May gold mine to Ramelius Operations Pty Ltd. The transaction closed on 3 October 2017.

Our Assets (continued)

Ernest Henry, Queensland, Australia

Evolution economic interest:	100% of gold and 30% of copper and silver produced over an 11-year life of mine plan
Location:	35km north east of Cloncurry, Queensland, Australia
Ore Reserves (at 31 December 2016):	0.96Moz Au, 182kt Cu
Mineral Resources (at 31 December 2016):	1.72Moz Au, 315kt Cu
FY18 production guidance:	85,000 – 90,000oz gold at AISC of A$(200) – A$(150)/oz





The Ernest Henry copper-gold operation is a large-scale, long-life, copper-gold asset operated by Glencore. Evolution acquired an economic interest in Ernest Henry that will deliver 100% of future gold and 30% of future copper and silver produced from an agreed life of mine area. Outside of the life of mine area Evolution will have a 49% interest in future copper, gold and silver production from Ernest Henry. The Ernest Henry transaction was completed on 1 November 2016 and has materially improved the quality and longevity of the Group's portfolio and reduced the cost profile.

Ernest Henry is an underground mining operation employing a sub-level caving ore extraction method. There is also an underground primary crusher and ore handling system. Ore is brought to surface via a 1km hoisting shaft. Glencore recently invested approximately A$600 million in expanding the underground mine to more than 6.4 million tonnes per annum.

Copper and gold are recovered from the ore using traditional grinding and flotation methods in the concentrator.

The plant has a current processing rate of ~6.4 million tonnes per annum (8.5Mtpa capacity and scalable to ~11Mtpa). The concentrator incorporates grinding (four mills), conventional flotation and dewatering. A single copper-gold-silver concentrate is produced by a rougher and a three-stage cleaning circuit. The concentrate is treated at Glencore's Mt Isa smelter (~150km trucking distance) and metal is refined at Glencore's Townsville refinery.

For the eight months of attributable production in FY17 total gold produced was 60,259 ounces at a negative average C1 cash cost of A$(593) per ounce and a negative AISC of A$(361) per ounce generating a net mine cash flow of A$81.78 million. Gold production exceeded guidance of 55,000 – 60,000 ounces. AISC was substantially lower than the guidance range of A$100 – A$150 per ounce due to lower operating costs, higher gold and copper production and a higher than planned copper price.

Innovation and Business Improvement

Whether it is the uptake of drones across all our operations, the adoption of seismic exploration methodologies, the installation of collision avoidance and fatigue monitoring systems or the actions of our workforce to improve through our Act like an Owner program, Evolution strives to continually improve through our direct actions and the use of targeted technological advancements.

Our Leadership Program complements this by challenging our personnel to work collaboratively across work functions and locations to develop improvement initiatives.

In FY17 we have worked collaboratively with the Western Australian School of Mines to test and develop haul road construction parameters for our Mt Rawdon, Mt Carlton, Edna May and Mungari (White Foil) open pit operations. This has led to significant improvements in reduced production downtime due to adverse weather conditions.

At Cowal test work has shown the potential of treating via a separate circuit, the tail from the flotation circuit. The challenge in this process is the treatment of very low grades, but the test work has shown that the flotation tails is amenable to using conventional CIL processes. The impact of this process is to increase the overall gold recovery from the current 83.3% to 87.8%.

We have consistently replaced Ore Reserves at our operations through improved geological understanding and reduction of underlying costs. In FY18 we will be looking to further complement our geological work with improved efficiencies and operational improvement. This will be based around:

- Reducing mining dilution in our underground operations, including the trialling of new technology adopted from the exploration drilling industry to improve production drilling accuracy
- Improving open pit productivity and efficiency including assessing better data capture and analysis
- Improving processing performance through reducing energy per ounce produced, process instrumentation, evaluation of automation options, metallurgical recovery and plant throughput

CASE STUDY: *Drone technology at Mt Rawdon*

Faster, more accurate pit surveys

Improved safety of our people – less time in the sun, less walking on broken ground

Current applications:

- weekly pit models/Imagery
- dump pickups
- monthly stockpile volumes
- blast filming
- aerial photography
- as-constructed survey pickups and surface data collection

Other potential uses include:

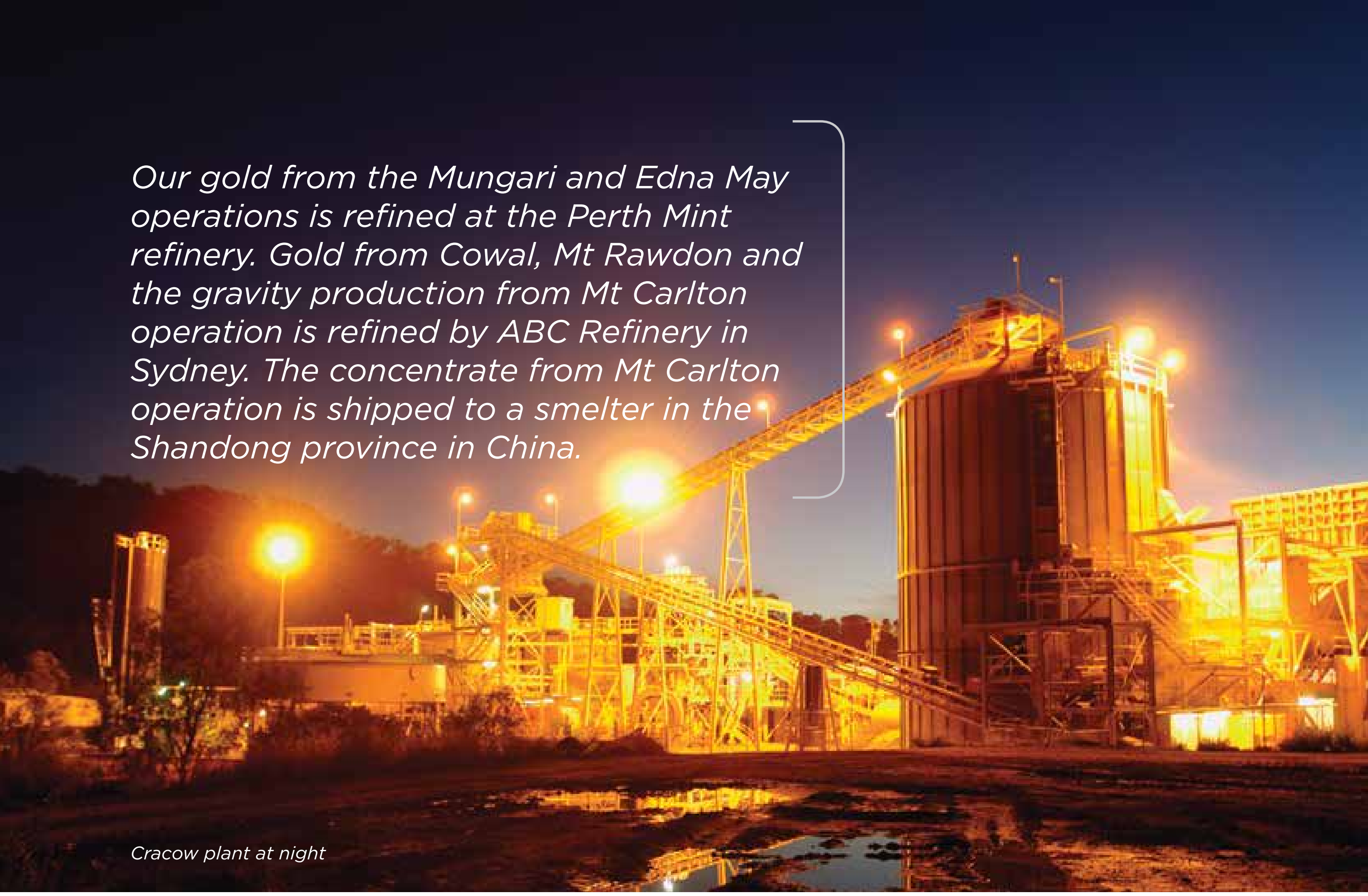
- inspections eg environmental, equipment, powerline, and weir
- emergency response assistance and incident capture

FY17 Production summary[1]

FY17	Units	Cowal	Mungari	Mt Carlton	Mt Rawdon	Edna May	Cracow	Ernest Henry	Pajingo	Group
UG lat dev – capital	m	0	1,486	0	0	0	1,864	437	503	4,290
UG lat dev - operating	m	0	2,476	0	0	0	1,352	2,951	222	7,001
Total UG lateral development	m	0	3,962	0	0	0	3,216	3,388	725	11,290
UG ore mined	kt	0	693	0	0	0	529	4,378	62	5,662
UG grade mined	g/t	0.00	4.77	0.00	0.00	0.00	5.55	0.55	4.45	1.58
OP capital waste	kt	0	2730	2,491	5,497	2,790	0	0	0	13,508
OP operating waste	kt	2,093	6,461	767	5,561	4,739	0	0	0	19,620
OP ore mined	kt	10,203	1,044	1,338	5,005	2,082	0	0	0	19,672
OP grade mined	g/t	1.23	1.20	3.88	0.90	1.14	0.00	0.00	0.00	1.31
Total ore mined	kt	10,203	1,737	1,338	5,005	2,082	529	4,378	62	25,334
Total tonnes processed	kt	7,171	1,711	816	3,351	2,580	540	4,364	75	20,607
Grade processed	g/t	1.37	2.81	5.33	1.06	0.91	5.45	0.56	4.79	1.49
Recovery	%	83.2	93.1	90.1	88.5	92.8	94.6	79.0	95.4	88.0
Gold produced	**oz**	**263,015**	**143,820**	**105,024**	**101,331**	**70,188**	**89,496**	**60,259**	**10,991**	**844,124**
Silver produced	oz	283,112	28,773	478,964	162,304	23,679	38,915	49,218	10,429	1,075,393
Copper produced	t	0	0	1,650	0	0	0	13,306	0	14,956
Gold sold	**oz**	**265,778**	**143,019**	**104,801**	**99,744**	**67,836**	**88,866**	**36,790**	**10,489**	**817,323**
Achieved gold price	**A$/oz**	**1,633**	**1,616**	**1,664**	**1,630**	**1,714**	**1,634**	**1,642**	**1,644**	**1,641**
Silver sold	oz	283,112	28,773	470,037	162,304	23,679	38,915	50,433	10,429	1,067,681
Achieved silver price	A$/oz	24	23	24	24	24	24	23	26	24
Copper sold	t	0	0	1,592	0	0	0	13,306	0	14,898
Achieved copper price	A$/t	0	0	7,284	0	0	0	7,638	0	7,600
Cost Summary										
Mining	A$/prod oz	233	554	118	379	594	389		418	356
Processing	A$/prod oz	375	258	268	400	607	219		252	338
Administration and selling costs	A$/prod oz	116	91	214	98	163	122		149	146
Stockpile adjustments	A$/prod oz	(86)	56	(77)	(209)	(47)	27		102	(52)
By-product credits	A$/prod oz	(25)	(5)	(216)	(38)	(8)	(10)	(1,706)	(25)	(164)
C1 Cash Cost	**A$/prod oz**	**613**	**954**	**307**	**630**	**1,309**	**746**	**(593)**	**897**	**625**
C1 Cash Cost	A$/sold oz	606	959	308	640	1,354	751	(604)	940	628
Royalties	A$/sold oz	50	41	132	86	74	91	140	97	76
Gold in Circuit and other adjustment	A$/sold oz	2	(17)	12	(15)	(35)	(17)		(102)	(9)
Sustaining capital[2]	A$/sold oz	162	152	146	143	33	290	102	473	159
Reclamation and other adjustments	A$/sold oz	13	7	25	20	14	8		14	13
Administration costs[3]	A$/sold oz									38
All-in Sustaining Cost[4]	**A$/sold oz**	**833**	**1,143**	**622**	**873**	**1,440**	**1,123**	**(361)**	**1,422**	**907**
Major project capital	A$/sold oz	102	105	133	191	420	64	0	136	132
Discovery	A$/sold oz	6	123	8	1	1	21	0	19	35
All-in Cost[4]	**A$/sold oz**	**941**	**1,371**	**762**	**1,065**	**1,862**	**1,208**	**(361)**	**1,577**	**1,071**
Depreciation & Amortisation[5]	A$/prod oz	410	620	431	490	528	417	1,095	790	523

1. All metal production is reported as payable. Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's costs and not solely the cost of Ernest Henry's operation
2. Sustaining Capital includes 60% UG mine development capital. Group Sustaining Capital includes A$1.23/oz for Corporate capital expenditure
3. Includes Share Based Payments
4. For AISC and AIC purposes, Ernest Henry Q2 and Q3 production of 36,503oz is classified as sold, adding to actual group sales of 780,533oz and Ernest Henry actual Q4 gold sales of 22,720oz for a total of 839,757oz
5. Group Depreciation and Amortisation includes non-cash Fair Value Unwind Amortisation of $50-$56/oz in relation to Cowal ($84–95/oz) and Mungari ($140-$152/oz) and Corporate Depreciation and Amortisation of A$1/oz

Our gold from the Mungari and Edna May operations is refined at the Perth Mint refinery. Gold from Cowal, Mt Rawdon and the gravity production from Mt Carlton operation is refined by ABC Refinery in Sydney. The concentrate from Mt Carlton operation is shipped to a smelter in the Shandong province in China.



Cracow plant at night

Forward looking statements

This report prepared by Evolution Mining Limited (or "the Company") 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 licences 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.

Outlook for FY18

Following the completion of the sale of Edna May in early October 2017, Evolution is forecasting FY18 Group gold production of 750,000 – 805,000 ounces of gold. Group C1 cash costs are expected to be in the range of A$550 – A$610 per ounce and Group AISC are expected to be in the range of A$820 – A$870 per ounce.

Using the average AUD:USD exchange rate of 0.7546 for the 12 months to 30 June 2017, Evolution's forecast FY18 costs are among the lowest of global gold producers and equate to C1 cash costs of US$415 – US$460 per ounce and AISC of US$620 – US$655 per ounce.

Production on an operation-by-operation basis continues to show the benefits of a diverse portfolio. A full year of production at Ernest Henry along with higher production at Mt Rawdon, Cracow and Edna May due to generally higher grades and recoveries offset expected lower production at Cowal and Mungari due to planned lower grades.

Investment in sustaining capital in FY18 is forecast to be in the range of A$95.0 – A$120.0 million. The majority of the investment will be at Cowal with lifts planned on both the southern and northern tails facilities and the possible acquisition of a fleet bringing tails facility work in house. Investment in tails facilities will also take place at Mt Carlton, Mt Rawdon and Mungari. Due to mine life extensions at Mt Carlton and Cracow investment will be made on refurbishment or replacement of mobile fleets.

Investment in growth (major project) capital and exploration is additional to the costs included in AISC. Investment in major capital in FY18 is forecast to be in the range of A$170.0 – A$205.0 million. The bulk of the major project capital investment is associated with expansion projects at Cowal with mine development of A$45.0 – A$50.0 million and float tails leach project investment of A$30.0 – A$35.0 million. The balance of Cowal major project investment relates to start-up capital for Stage H cutback and the plant expansion study. Major project capital investment at Mt Carlton, Mungari and Mt Rawdon relates predominantly to mine development.

Exploration investment is expected to total approximately A$20.0 – A$30.0 million with Mungari receiving the largest allocation of the investment in FY18 at A$10.0 – A$12.0 million.

FY18 AISC guidance of A$820 – A$870 per ounce is lower than the updated three-year outlook issued on 13 September 2016 of A$840 – A$900 per ounce due to the sale of Edna May reducing FY18 AISC by approximately A$30 per ounce. The favourable impact on AISC of a full year of production from Ernest Henry and a higher copper price assumption are being negated by lower production at Cowal and Mungari; higher power costs across the group (adding A$10 – A$20 per ounce); and additional sustaining capital investment as mentioned above.

A breakdown of production, costs, capital forecasts, depreciation and amortisation, resource definition and discovery expenditure is provided in the table below.

FY18 Guidance	Gold production (oz)	C1 cash costs[1] (A$/oz)	All-in sustaining cost1 (A$/oz)	Sustaining Capital (A$M)	Major Capital (A$M)
Cowal	235,000 - 245,000	660 – 720	950 – 1,000	52.5 – 57.5	85 – 100
Mt Carlton	100,000 - 110,000	420 – 470	680 – 730	5 – 10	17.5 – 22.5
Mt Rawdon	105,000 - 115,000	670 – 720	850 – 900	5 – 10	20 – 22.5
Mungari	120,000 - 130,000	860 – 910	990 – 1,050	10 – 15	32.5 – 40
Cracow	85,000 - 90,000	810 – 860	1,150 – 1,200	10 – 12.5	10 – 15
Ernest Henry	85,000 - 90,000	(500) – (300)	(200) – (150)	10 – 15	
Edna May	20,000 - 25,000	1,300 – 1,330	1,500 – 1,550	<5	5
Corporate			32 – 37		
Group	**750,000 - 805,000**	**550 – 610**	**820 – 870**	**95 – 120**	**170 – 205**

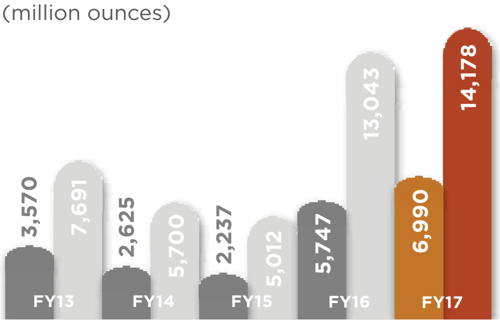
1. A copper price assumption of A$7,700/t has been used for by-product credits

History of performance - key indicators

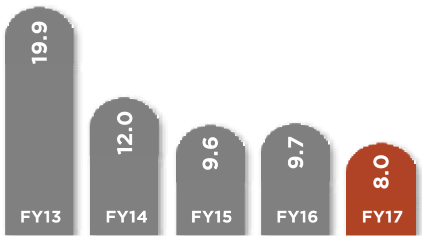
GROUP GOLD PRODUCTION
(ounces)

GROUP ALL-IN SUSTAINING COSTS
(A$/ounce)

MINERAL RESOURCES & ORE RESERVES
(million ounces)

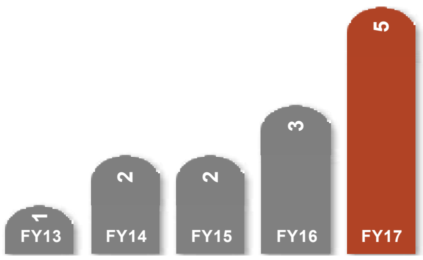


SAFETY
Total recordable injury frequency rate (TRIFR)

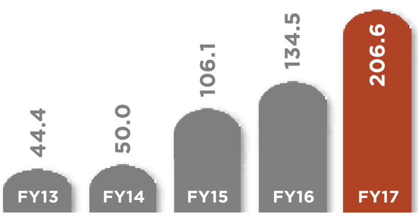


OPERATING MINE CASH FLOW
(A$/million)

DIVIDENDS DECLARED
(cents per share)



UNDERLYING PROFIT AFTER TAX
(A$/million)



GROUP EBITDA MARGIN
(%)

Note:
Production from FY12-FY15 was gold equivalent ounces. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton.
FY16 will be gold ounces

* Attributable Au eq ounces

Discovery

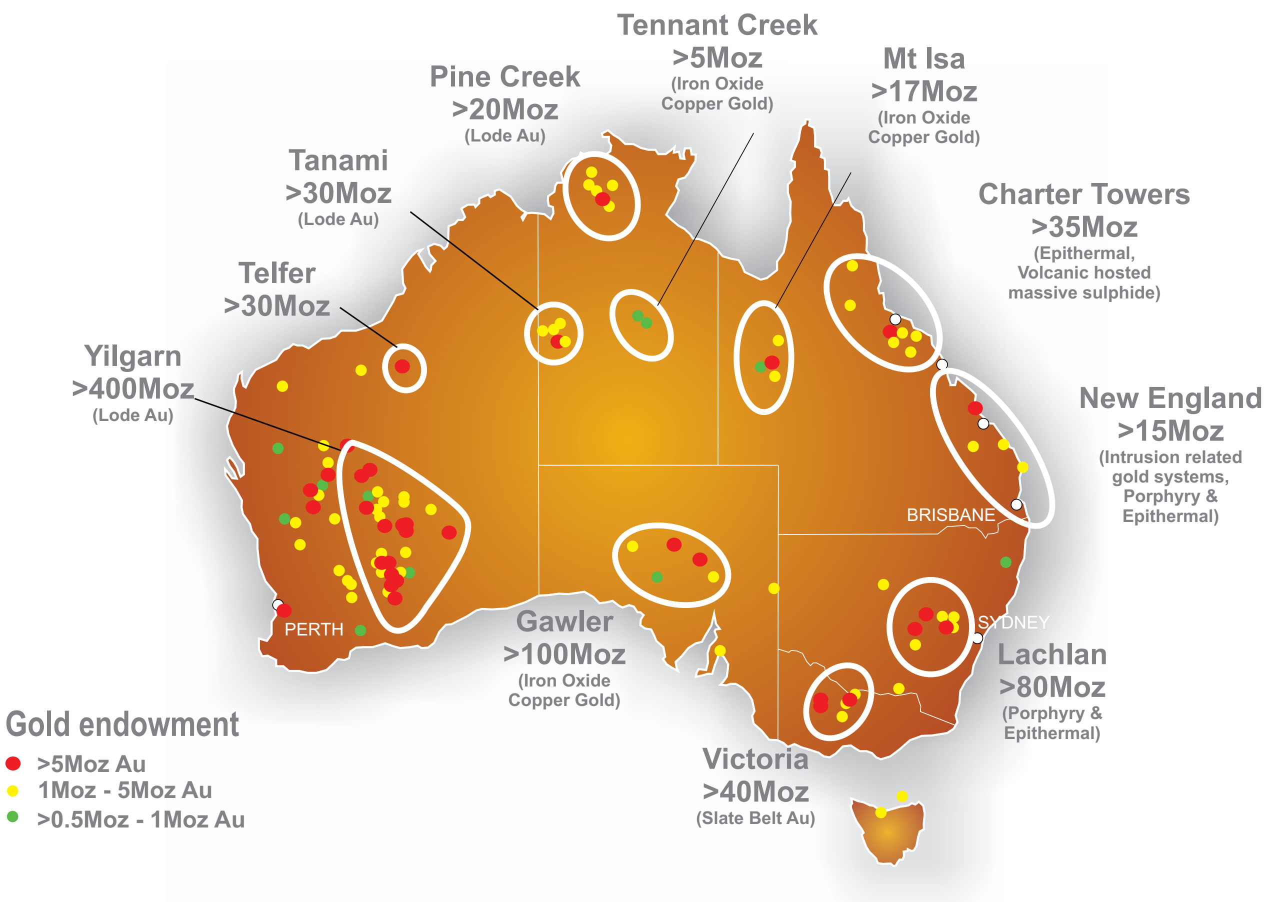
Developing a pipeline of high-quality exploration projects

Evolution Mining is committed to growth through discovery and has assembled a world-class team of geoscientists with global experience across a broad range of deposit styles. Our tenements are located in well-endowed geologic terranes where we believe there are opportunities to continue to discover quality mineral deposits.

Our discovery focus is designed to play to our strengths. We are prioritising exploration in Australia for epithermal (Cracow and Mt Carlton style mineralisation) and orogenic lode gold deposits (Mungari and Edna May style mineralisation). Our landholding encompasses approximately 10,000km² which includes 2,500km² in the Tennant Creek joint venture with Emmerson Resources. Our portfolio includes brownfield opportunities around existing assets along with several greenfield projects in Australia and New Zealand.

Discovering quality deposits is becoming more challenging in Australia. As a result, we are searching deeper under cover more than ever. We invest selectively in research and development where we feel results will enable us to compress discovery timelines. Themes that we currently sponsor include: enhancing our knowledge of target models to guide selection of district and camp scale search spaces; analysis of big databases; and developments in geophysics (seismic, airborne acquisition of induced polarisation measurements, utilisation of drones).

We also believe very strongly in leveraging external partnerships. We look for creative business relationships with junior explorers, consultants and entrepreneurs and whereby we will structure fit for purpose commercial arrangements (eg equity investments, joint ventures, strategic alliances and grubstakes) to meet the needs of all stakeholders.



"In FY 18 we are aiming to continue our strong previous performance of converting resources to reserves across our sites. A key objective for the Discovery team is to develop depth and quality across our exploration portfolio."

Glen Masterman, VP Discovery and Chief Geologist

Discovery (continued)

FY17 Exploration highlights

- Highly successful resource definition drilling programs resulted in an increase in Ore Reserves of 1.14 million ounces and extended the average Group mine life to more than eight years
- Extensive resource definition drilling completed at Cowal's E42 Stage H cutback contributed to significant mine life extension out to 2032 and step-out drilling outside of Stage H commenced
- At Mt Carlton, drill testing of the West, East and Link zones outside of the Mt Carlton V2 open pit returned high-grade intercepts and resulted in increases to resources and reserves including the maiden estimation of an underground reserve
- Aggressive discovery and resource definition programs across Mungari tenements are getting traction at Emu, Burgundy, Blue Funnel and Lady Agnes
- Resource definition drilling in 2016 again resulted in mine life extension at Cracow
- New resource definition drilling at Cracow confirmed continuity of high-grade mineralisation at Killarney and new high-grade intersections were returned at Imperial
- At the Tennant Creek joint venture, drilling was completed at Edna Beryl with the aim of understanding the origin of delineated gravity anomalies surrounding prospective ironstone units that host high-grade mineralisation in the field
- FY18 exploration budget of A$20 – A$30 million

Discovery (continued)

Cowal

E42 Stage H resource definition drilling

The Stage H resource definition drilling program delivered a significant increase in Ore Reserves at our cornerstone operation and added eight years to Cowal's mine life. Drilling in FY17 was completed ahead of schedule and below budget and had a high rate of reserve conversion at a cost of less than A$28 per ounce.

E42 exploration diamond drilling

In FY17 second half, our attention focussed on step-out drilling to the southwest of the E42 open pit following approvals for gated capital.

The exploration program in the Beagle zone, between E41 and E42, was completed with a total of three diamond holes for 1,746m drilled. The program tested for the continuation of mineralisation outside and to the southeast of the E42 Stage H pit. Results returned mineralised intercepts at similar grades to those encountered in the Stage H drilling, however, across narrower intervals. Work is being done to assess the potential to extend the mineralised zone closer to the surface. An update of the geological interpretation between E41 and E42 will be completed in the December 2017 half-year.

Marsden

Marsden is a copper-gold porphyry deposit located immediately to the south-east of Evolution's Cowal gold mine in New South Wales. Marsden is the nearest known sizeable mineral deposit to the Cowal operation outside the Cowal tenement package and as such has strategic value to Evolution's exploration activities in the region.

The Marsden deposit hosts an Indicated and Inferred Mineral Resource of 180 million tonnes grading 0.20g/t Au and 0.38% Cu containing 1.1 million ounces of gold and 0.67 million tonnes of copper.

Mungari

Resource definition and discovery programs building momentum

- Major footprint in the world-class Kalgoorlie region
- Significant potential to expand production and extend mine life
- Strategically located 1.7 million tonnes per annum processing plant
- Mungari Regional Resources 2.78 million ounces gold – open pit resources constrained to ensure quality
- 150km of drilling completed in FY17 – similar level planned in FY18
  - Doubled drill metres and built up discovery and resource definition teams
  - Consolidated and developed targets pipeline
- Recent drilling at Emu and Burgundy extended high-grade mineralisation outside of existing resources reinforcing the potential for future resource growth
- Discovery drilling at the Lady Agnes target in the Ora Banda camp identified a potential extension of mineralisation along strike from the historic Bent Tree open pit mine
- At Blue Funnel South, a 600m long and 120m wide gold anomaly has been identified in aircore drilling adjacent to the Zuleika Shear Zone

Expanding the Mineral Resource base – regional resource definition

We hold a major footprint in the world-class Kalgoorlie region with around 1,060km^2 across 349 tenements including exposure to approximately 48km and 70km of the Zuleika and Kunanalling Shear zones respectively (Figure 1).

Drill testing of our regional pipeline of resources to improve the asset portfolio gathered momentum in FY17. Infill and step-out drilling at Kintore, Castle Hill (Mick Adam), Carbine North, Cutters Ridge, Burgundy, and Red Dam was completed to evaluate and prioritise resources and to advance them through the project pipeline to Ore Reserves. Drilling was also undertaken at Emu, Rayjax and Blue Funnel. Results reinforce the potential for future resource and reserve growth at Mungari and Evolution is committed in FY18 to matching similar levels of exploration expenditure as in FY17.

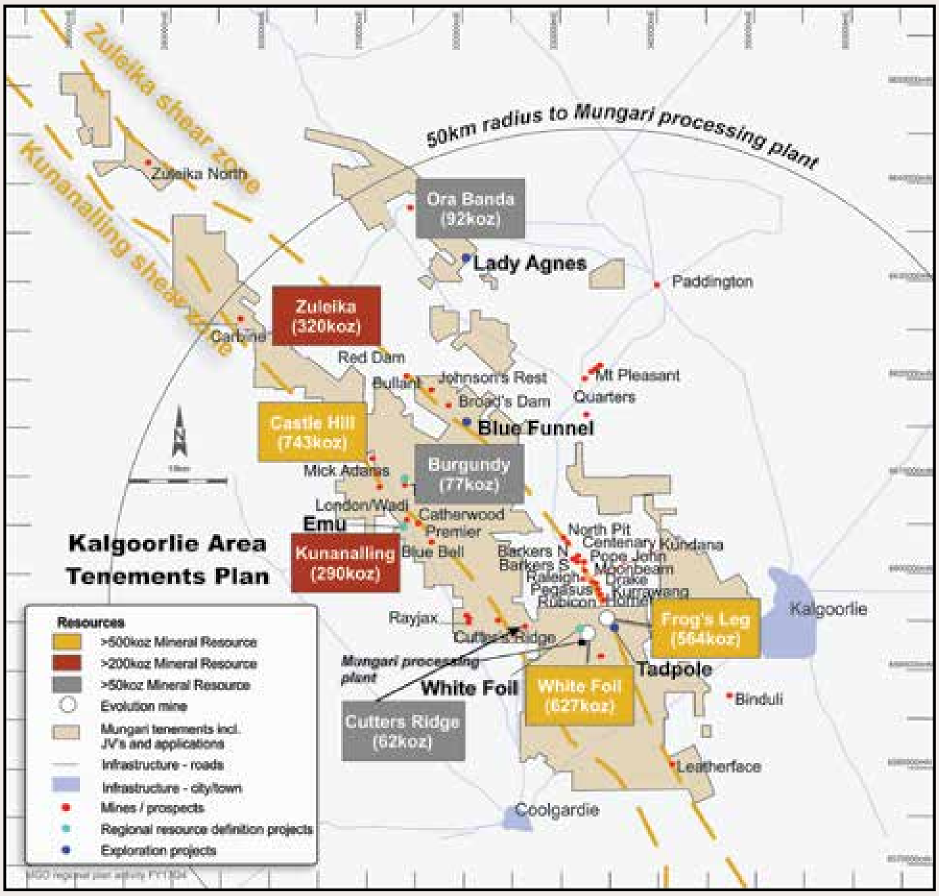
At Emu, drilling confirmed structural controls on mineralisation delineated previously in shallow reverse circulation (RC) drilling. A number of holes returned gold intervals and extended mineralisation well below the base of the A$1,800/oz pit shell.

Drilling at Burgundy aimed to test the depth potential of a high-grade plunge between the A$1,350/oz and A$1,800/oz pit shells and increase resource confidence. A new zone of mineralisation (~18m wide) was intersected in hole BRC076 in the footwall below the A$1,800/oz pit shell. The new lode is open along strike and down dip with potential to expand the existing resources.

Discovery (continued)

Figure 1: Mungari operations Mineral Resources

Mineral Resource information is extracted from the report entitled "Annual Mineral Resources and Ore Reserve Statement" released to ASX on 20 April 2017 and is available to view on www.asx.com.au Mineral Resources and Ore Reserves are depleted to 31 December 2016



Near mine resource definition

Opportunities for extensions to mineralisation at Frog's Leg exist at the Mist and Rocket lodes. Approximately 13km of in-mine underground drilling is scheduled for FY18 and drilling into lower Mist has commenced.

Recent resource definition at White Foil below the north end of the open pit intersected a broad zone of mineralisation of 80.2m (64.2m etw) grading 1.98g/t Au which widened the interpretation of the main zone, extended continuity of mineralisation, and provided key data which has resulted in a change to the geological interpretation. Further drilling is underway and a scoping study is to be revisited evaluating the potential for an underground operation based upon a large, bulk low-grade deposit close to the processing plant.

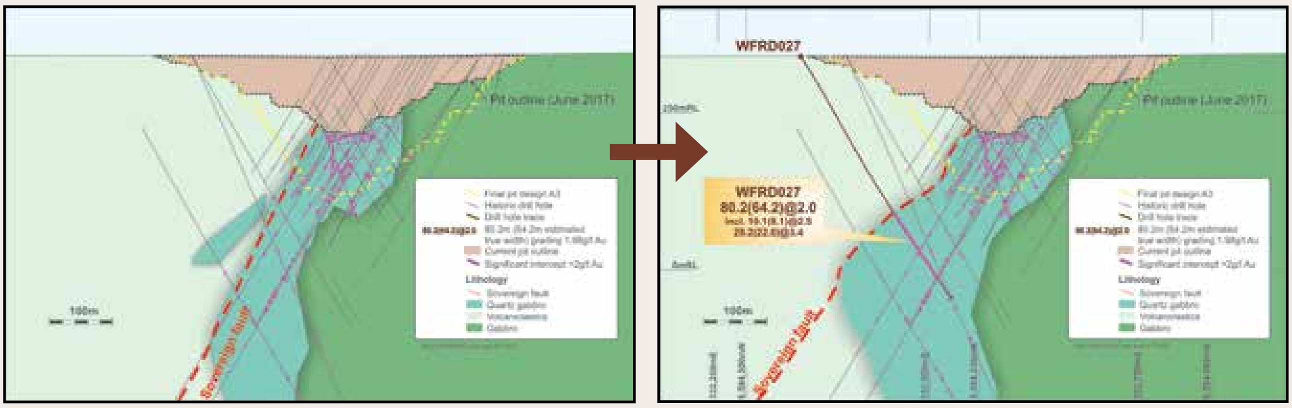


Figure 2: Illustrating a change in the White Foil geological interpretation

Discovery (continued)

Hunting for our next discovery

FY17 saw drill testing of more than 20 targets at various stages of development. Investment in our early stage pipeline is delivering results with projects demonstrating potential. Highlights include results from Tadpole (south of Frog's Leg), Blue Funnel South (Broad's Dam) and near Bent Tree (Ora Banda). Diamond drilling at Tadpole confirmed an incremental extension of the favourable mine corridor geology south of Frog's Leg. Aircore drilling at Blue Funnel South delineated a large low-level gold anomaly in an area east of the Zuleika Shear Zone not previously explored for gold mineralisation. At Ora Banda, a recent RC drilling program encountered mineralisation at Lady Agnes, along strike from the historical Bent Tree mine.

Mungari is well positioned for a new discovery with continued investment in the early stage exploration strategy and many targets to continue to develop and assess.

Mt Carlton

Opportunity for a pit extension and underground options to the V2 orebody

At Mt Carlton, further drill testing of the West, East and Link zones outside of the Mt Carlton V2 open pit returned high-grade intercepts and resulted in increases to Mineral Resources and Ore Reserves including the maiden estimation of an Underground Ore Reserve. A comprehensive resource definition drilling program is ongoing targeting further down-dip extensions to mineralisation and infill drill spacing (25m x 25m) to improve Resource model confidence.

Cracow

Regional exploration

Exploration at Cracow focussed on regional targets outside of the Cracow Gold Field in FY17. Exploration tenement EPM26311 located immediately north of the current Cracow exploration lease (EPM15981) was granted, which contained extensions of the prospective Camboon Andesite. This unit hosts low sulphidation high-grade veins at Cracow, and ground reconnaissance within this tenement will commence early FY18.

Resource definition drilling

Resource definition drilling in FY17 focussed on Coronation, Baz, Killarney, Imperial, Denmead, and Griffin.

Infill and extensional drilling at Coronation resulted in the extension of the northern limits of mineralisation into Imperial. This in turn supported the potential for economic mineralisation to be defined at Imperial, with drilling undertaken to quantify a maiden resource at this area of the mine.

Extensional drilling north of the parallel lodes of Phoenix and Griffin confirmed mineralisation in this location, with the potential of these lodes linking with the Baz and Crown ore bodies to the north respectively. In addition, this program identified a mineralised structure east of Griffin which warrants further drilling definition.

Drilling completed at Killarney infilled the existing high-grade Inferred Resource at this location to an Indicated Resource categorisation drill spacing.

The best results returned from resource definition drilling completed at Cracow in FY17 were:

- 19.05m (16.67m etw) grading 10.68g/t Au (CNU106) – Coronation
- 15.40m (14.34m etw) grading 6.26g/t Au (CNU130) – Coronation
- 13.00m (11.13m etw) grading 14.88g/t Au (KLU006) – Killarney
- 10.95m (10.82m etw) grading 10.10g/t Au (KLU014) – Killarney
- 5.10m (4.42m etw) grading 18.14g/t Au (BZU012) – Baz

Tennant Creek (earning 65% in Stage 1)

At the Tennant Creek joint venture, framework drilling was completed at Edna Beryl with the aim determining the origin of the gravity anomaly potentially associated the presence of favourable ironstone host rocks. Drilling intersected mainly haematitic shales and minor quartz-bearing structures and associated chlorite alteration.

Emmerson Resources recently announced the commencement of small-scale production under a tribute agreement by an operator specialising in small underground mining operations (refer Emmerson Resources' ASX release 23 June 2017). The tribute arrangement relates to a 3D envelope surrounding shallow oxide mineralisation. Drilling sponsored by Evolution at Edna Beryl has been designed to test extensions beyond this envelope with the aim of identifying a material resource target that may eventually develop into a commercial-scale mining opportunity for the partners.

Discovery (continued)

South Gawler (Evolution earning up to 80%)

Evolution entered into an earn-in joint venture agreement with Menninnie Metals Pty Ltd, a wholly-owned subsidiary of Terramin Australia Limited (ASX:TZN) ("Terramin"), over the South Gawler gold-copper project, a greenfields exploration project in the northern Eyre Peninsula of South Australia, approximately 320km northwest of Adelaide.

The primary target at the South Gawler Project is an Iron Oxide Copper Gold ("IOCG") breccia deposit beneath shallow to deep cover. The larger part of the project area has seen limited modern exploration and has only recently been recognised as having potential to host IOCG deposits.

Exploration results have been extracted from the reports entitled "Quarterly Report for the period ending September 2016", "Quarterly Report for the period ending December 2016", and "Quarterly Report for the period ending June 2017" released to the ASX on 17 October 2016, 25 January 2017, and July 2017 respectively and available to view on www.asx.com.au. Note: Reported intervals are down hole widths as true widths are not currently known. An estimated true width (etw) is provided

Mineral Resources and Ore Reserves

Group Ore Reserves

Group Ore Reserves as at 31 December 2016 are estimated at 6.99 million ounces of gold and 212,000 tonnes of copper compared with the 31 December 2015 estimate of 5.85 million ounces of gold and 16,000 tonnes of copper.

Highly successful resource definition drilling programs totalling 178,380 drilled metres in 2016 resulted in all of Evolution's six 100%-owned operations reporting an increase in Ore Reserves prior to mining depletion. This focus on extending the average mine life of its asset base has resulted in significant year-on-year improvements to mineral inventory with an average Group reserve life now above eight years. Evolution is committed to building a sustainable business that prospers through the cycle and has therefore used an unchanged and conservative gold price assumption of A$1,350 per ounce to estimate Group Ore Reserves.

Ore Reserves highlights

- Gold Ore Reserves increased by 1.14 million ounces (19%) to 6.99 million ounces after accounting for mining depletion of 913,000 ounces
- Copper Ore Reserves increased by 196,000 tonnes to 212,000 tonnes after accounting for mining depletion of 3,225 tonnes

Group Mineral Resources

Group Mineral Resources as at 31 December 2016 are estimated at 14.18 million ounces of gold and 1.03 million tonnes of copper compared with the estimate at 31 December 2015 of 14.01 million ounces of gold and 28,000 tonnes of copper. This represents a net increase of 163,000 ounces after accounting for mining depletion of 913,000 ounces of gold.

Mineral Resources highlights

- Gold Mineral Resources increased by 163,000 ounces to 14.18 million ounces after accounting for mining depletion
- Copper Mineral Resources increased by 1.00 million tonnes to 1.03 million tonnes after accounting for mining depletion

The Group Mineral Resource Statement as at 31 December 2016 is reported inclusive of Ore Reserves and include all exploration and resource definition drilling information up to 31 December 2016 and have been depleted for mining to 31 December 2016.

Mineral Resources and Ore Reserves results have been extracted from the report entitled "Annual Mineral Resources and Ore Reserves Statement" released to the ASX on 20 April 2017 and available to view on www.asx.com.au

Commodity Price Assumptions

Commodity price assumptions used to estimate the December 2016 Mineral Resources and Ore Reserves are unchanged for gold and silver to those used previously (December 2015 Mineral Resources and Ore Reserves):

- Gold: A$1,350/oz (A$1,350/oz) for Ore Reserves, A$1,800/oz (A$1,800/oz) for Mineral Resources
- Silver: A$20.00/oz (A$20.00/oz) for Ore Reserves, A$26.00/oz (A$26.00/oz) for Mineral Resources
- Copper: A$6,000/t (A$6,000/t) for Ore Reserves, A$9,000/t (A$6,000/t) for Mineral Resources

Changes since 31 December 2016 Mineral Resources and Ore Reserves Statement

Evolution is not aware of any new information or data that materially affects the information contained in the Annual Mineral Resource and Ore Reserve Statement 31 December 2016 other than changes due to normal mining depletion during the six months ended 30 June 2017.

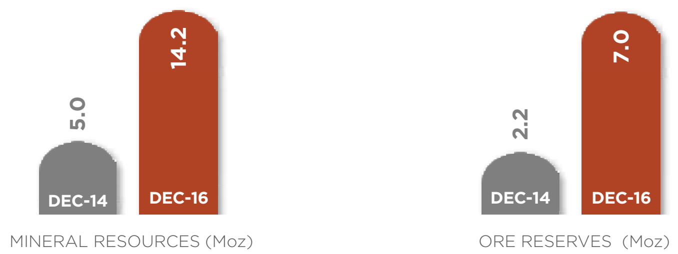
Evolution entered into a binding agreement on 17 September 2017 with Ramelius Resources Limited and Ramelius Operations Pty Ltd (a wholly-owned subsidiary of Ramelius) to sell the Edna May gold mine to Ramelius Operations Pty Ltd. The transaction closed on 3 October 2017.

JORC 2012 and ASX Listing Rules Requirements

The Mineral Resources and Ore Reserves statement included with this announcement has been prepared in accordance with the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code 2012).

Group Mineral Resources and Ore Reserves summaries are tabulated on the following pages. Full details of the December 2016 Group Mineral Resource and Ore Reserve statement are provided on the Company website www.evolutionmining.com.au.

VALUE CREATION FROM PORTFOLIO MANAGEMENT OVER THE PAST TWO YEARS



Mineral Resources and Ore Reserves (continued)

Competent Persons Statement

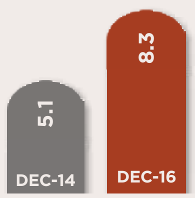
The information in this statement that relates to the Mineral Resources and Ore Reserves listed in the table below is based on, and fairly represents, information and supporting documentation prepared by the Competent Person whose name appears in the same row, who is employed on a full-time basis by Evolution Mining Limited and is a member of the institute named in that row. Each person named in the table below has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Each person named in the table below consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Evolution employees acting as a Competent Person may hold equity in Evolution Mining Limited and may be entitled to participate in Evolution's executive equity long-term incentive plan, details of which are included in Evolution's FY17 Remuneration Report. Annual replacement of depleted Ore Reserves is one of the performance measures of Evolution's long-term incentive plans.

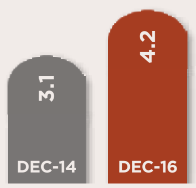
Activity	Competent Person	Institute
Cowal Mineral Resource	Michael Andrew	Australasian Institute of Mining and Metallurgy
Cowal Ore Reserve	Jason Floyd	Australasian Institute of Mining and Metallurgy
Mungari Mineral Resource	Andrew Engelbrecht	Australasian Institute of Mining and Metallurgy
Mungari Ore Reserve	Matt Varvari	Australasian Institute of Mining and Metallurgy
Mungari Regional Mineral Resource	Andrew Engelbrecht	Australasian Institute of Mining and Metallurgy
Mungari Regional Ore Reserve	Matt Varvari	Australasian Institute of Mining and Metallurgy
Mt Carlton Mineral Resource	Matthew Obiri-Yeboah	Australasian Institute of Mining and Metallurgy
Mt Carlton Open Pit Ore Reserve	Anton Kruger	Australasian Institute of Mining and Metallurgy
Mt Carlton Underground Ore Reserve	Anton Kruger	Australasian Institute of Mining and Metallurgy
Edna May Mineral Resource	Owen Browne	Australian Institute of Geoscientists
Edna May Open Pit Ore Reserve	Guy Davies	Australasian Institute of Mining and Metallurgy
Edna May Underground Ore Reserve	Anton Kruger	Australasian Institute of Mining and Metallurgy
Cracow Mineral Resource	Shane Pike	Australasian Institute of Mining and Metallurgy
Cracow Ore Reserve	Samuel Myers	Australasian Institute of Mining and Metallurgy
Mt Rawdon Mineral Resource	Hans Andersen	Australasian Institute of Mining and Metallurgy
Mt Rawdon Ore Reserve	Dimitri Tahan	Australasian Institute of Mining and Metallurgy
Marsden Mineral Resources	Michael Andrew	Australasian Institute of Mining and Metallurgy

Full details of the Ernest Henry Mineral Resources and Ore Reserves are provided in the report entitled "Glencore Resources and Reserves as at 31 December 2016" released February 2017 and available to view at www.glencore.com. The information in this statement that relates to the Ernest Henry Mineral Resource and Ore Reserve is based on, and fairly represents, information and supporting documentation prepared by Colin Stelzer and Alexander Campbell respectively. Colin and Alexander are members of the Australasian Institute of Mining and Metallurgy and are full-time employees of Glencore. Colin Stelzer and Alexander Campbell consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

VALUE CREATION FROM PORTFOLIO MANAGEMENT OVER THE PAST TWO YEARS



RESERVE LIFE (years)



RESERVES PER SHARE (oz/1000)

Mineral Resources and Ore Reserves (continued)

Group Gold Ore Reserves Statement

December 2016 Group Gold Ore Reserves Statement												
Gold			Proved			Probable			Total Reserve			Competent Person
Project	Type	Cut-Off	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	
Cowal[1]	**Open pit**	**0.4**	**43.70**	**0.71**	**994**	**73.02**	**0.94**	**2,207**	**116.71**	**0.85**	**3,200**	**1**
Cracow[1]	**Underground**	**3.5**	**0.34**	**6.54**	**71**	**0.71**	**5.25**	**120**	**1.05**	**5.67**	**192**	**2**
Pajingo[1]	Underground	-	-	-	-	-	-	-	-	-	-	
Edna May[1]	Open pit	0.5	-	-	-	6.88	1.01	224	6.88	1.01	224	3
Edna May[1]	Underground	2.5	-	-	-	1.34	4.69	202	1.34	4.69	202	4
Edna May[1]	**Total**		**-**	**-**	**-**	**8.22**	**1.61**	**426**	**8.22**	**1.61**	**426**	
Mt Carlton[1]	Open pit	0.8	-	-	-	4.67	4.60	691	4.67	4.60	691	4
Mt Carlton[1]	Underground	3.7	-	-	-	0.17	7.77	42	0.17	7.77	42	4
Mt Carlton[1]	**Total**		**-**	**-**	**-**	**4.84**	**4.71**	**733**	**4.84**	**4.71**	**733**	
Mt Rawdon[1]	**Open pit**	**0.3**	**1.7**	**0.60**	**33**	**30.99**	**0.84**	**840**	**32.69**	**0.83**	**873**	**5**
Mungari[1]	Underground	2.9	0.45	6.01	87	1.10	4.88	173	1.55	5.21	260	6
Mungari[1]	Open pit	0.7	0.58	0.93	18	5.19	1.69	282	5.77	1.61	299	6
Mungari[1]	Regional	0.85	-	-	-	0.98	1.35	43	0.98	1.35	43	6
Mungari[1]	**Total**		**1.03**	**3.15**	**105**	**7.27**	**2.13**	**498**	**8.30**	**2.25**	**602**	
Ernest Henry[2]	**Underground**	**0.9**	**7.15**	**0.71**	**163**	**52.30**	**0.48**	**801**	**59.45**	**0.50**	**964**	**7**
		Total	**53.92**	**0.79**	**1,366**	**177.35**	**0.99**	**5,624**	**231.27**	**0.94**	**6,990**	

Group Copper Ore Reserves Statement

December 2016 Group Copper Ore Reserves Statement												
Copper			Proved			Probable			Total Reserve			Competent Person
Project	Type	Cut-Off	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	
Ernest Henry[2]	**Total**	**0.9**	**2.13**	**1.41**	**30**	**15.69**	**0.96**	**151**	**17.82**	**1.02**	**182**	**7**
Mt Carlton[1]	Open pit	0.8	-	-	-	4.67	0.62	29	4.67	0.62	29	4
Mt Carlton	Underground	3.7	-	-	-	0.17	0.70	1	0.17	0.70	1	4
Mt Carlton	**Total**		**-**	**-**	**-**	**4.84**	**0.62**	**30**	**4.84**	**0.62**	**30**	
		Total	**2.13**	**1.41**	**30**	**20.53**	**0.88**	**181**	**22.66**	**0.94**	**212**	

1. Includes stockpiles
2. Ernest Henry Operation cut-off 0.9% CuEq

Data is reported to significant figures to reflect appropriate precision and may not sum precisely due to rounding. Mineral Resources are reported inclusive of Ore Reserves

Group Ore Reserve Competent Person Notes refer to: 1. Jason Floyd; 2. Sam Myers; 3. Guy Davies; 4. Anton Kruger; 5. Dimitri Tahan; 6. Matt Varvari; 7. Alexander Campbell (Glencore)

Full details of the Ernest Henry Mineral Resources and Ore Reserves are provided in the report entitled "Glencore Resources and Reserves as at 31 December 2016" released February 2017 and available to view at www.glencore.com.

Mineral Resources and Ore Reserves (continued)

Group Gold Mineral Resources Statement

December 2016 Group Gold Mineral Resources Statement															
Gold			Measured			Indicated			Inferred			Total Resource			Competent Person
Project	Type	Cut-off	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	
Cowal[1]	**Total**	**0.4**	**43.70**	**0.71**	**994**	**129.71**	**0.93**	**3,861**	**4.24**	**1.35**	**184**	**177.65**	**0.88**	**5,039**	**1**
Cracow[1]	**Total**	**2.8**	**0.24**	**10.89**	**83**	**1.21**	**6.64**	**258**	**1.85**	**3.06**	**181**	**3.29**	**4.94**	**522**	**2**
Pajingo	Open pit	0.75	–	–	–	–	–	–	–	–	–	–	–	–	
Pajingo[1]	Underground	2.5	–	–	–	–	–	–	–	–	–	–	–	–	
Pajingo	**Total**		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Edna May[1]	Open pit	0.4	–	–	–	15.96	0.95	487	2.19	0.85	60	18.15	0.94	547	
Edna May	Underground	2.5	–	–	–	1.12	7.68	278	0.09	7.63	23	1.22	7.68	301	
Edna May	**Total**		**–**	**–**	**–**	**17.09**	**1.39**	**765**	**2.28**	**1.13**	**83**	**19.37**	**1.36**	**848**	**4**
Mt Carlton[1]	Open pit	0.35	0.52	1.67	28	8.94	2.74	788	0.74	4.48	107	10.21	2.81	923	
Mt Carlton	Underground	2.4	–	–	–	0.16	8.01	42	0.05	8.36	14	0.22	8.09	56	
Mt Carlton	**Total**		**0.52**	**1.67**	**28**	**9.10**	**2.84**	**830**	**0.79**	**4.76**	**121**	**10.43**	**2.92**	**979**	**5**
Mt Rawdon[1]	**Total**	**0.2**	**1.70**	**0.60**	**32**	**45.60**	**0.74**	**1,089**	**3.49**	**0.58**	**65**	**50.79**	**0.73**	**1,186**	**6**
Mungari[1]	Open pit	0.5	0.58	0.93	17	6.38	1.74	357	0.04	0.75	1	7.00	1.67	376	
Mungari[1]	Underground	2.5/1.5	0.97	7.88	247	3.98	3.56	456	1.60	2.19	113	6.55	3.87	815	
Mungari[1]	**Total**		**1.55**	**5.29**	**264**	**10.35**	**2.44**	**813**	**1.64**	**2.16**	**114**	**13.55**	**2.73**	**1,191**	**3**
Mungari Regional	**Total**	**0.5**	**–**	**–**	**–**	**32.47**	**1.01**	**1,040**	**11.44**	**1.50**	**552**	**43.91**	**1.13**	**1,592**	**3**
Ernest Henry[2]	**Total**	**0.9**	**12.10**	**0.70**	**272**	**68.70**	**0.59**	**1,303**	**9.00**	**0.50**	**145**	**89.80**	**0.60**	**1,720**	**7**
Marsden	**Total**		**–**	**–**	**–**	**160.00**	**0.21**	**1,070**	**15.00**	**0.07**	**30**	**180.00**	**0.20**	**1,100**	**1**
Twin Hills[+]	Open pit	0.5	–	–	–	–	–	–	–	–	–	–	–	–	
Twin Hills[+]	Underground	2.3	–	–	–	–	–	–	–	–	–	–	–	–	
Twin Hills[+]	**Total**		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
		Total	**59.81**	**0.87**	**1,673**	**474.24**	**0.72**	**11,029**	**49.73**	**0.92**	**1,475**	**588.79**	**0.75**	**14,178**	

Group Copper Mineral Resources Statement

Copper Mineral Resources Statement															
Copper			Measured			Indicated			Inferred			Total Resource			Competent Person
Project	Type	Cut-Off	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	Tonnes (Mt)	Copper Grade (%)	Copper Metal (kt)	
Marsden[1]	**Total**	**-**	**-**	**-**	**-**	**160.00**	**0.40**	**640**	**15.00**	**0.19**	**30**	**180.00**	**0.38**	**670**	**1**
Ernest Henry[2]	**Total**	**0.9**	**3.63**	**1.33**	**48**	**20.61**	**1.15**	**237**	**2.70**	**1.10**	**30**	**26.94**	**1.17**	**315**	**7**
Mt Carlton[1]	Open pit	0.35	0.52	0.25	1	8.94	0.44	40	0.74	0.82	6	10.21	0.47	47	
Mt Carlton	Underground	2.4	-	-	-	0.16	0.74	1	0.05	1.74	1	0.22	0.98	2	
Mt Carlton	**Total**		**0.52**	**0.25**	**1**	**9.10**	**0.45**	**41**	**0.79**	**0.89**	**7**	**10.43**	**0.47**	**49**	**5**
		Total	**4.15**	**1.18**	**49**	**189.71**	**0.48**	**918**	**18.49**	**0.36**	**67**	**217.37**	**0.48**	**1,034**	

1. Includes stockpiles
2. Ernest Henry Operation cut-off 0.9% CuEq

Data is reported to significant figures to reflect appropriate precision and may not sum precisely due to rounding. Mineral Resources are reported inclusive of Ore Reserves

Group Mineral Resources Competent Person Notes refer to 1. Michael Andrew; 2. Shane Pike; 3. Andrew Engelbrecht; 4. Owen Browne; 5. Matthew Obiri-Yeboah; 6. Hans Andersen; 7. Colin Stelzer (Glencore)

Full details of the Ernest Henry Mineral Resources and Ore Reserves are provided in the report entitled "Glencore Resources and Reserves as at 31 December 2016" released February 2017 and available to view at www.glencore.com

Corporate Governance

The Corporate Governance Statement sets out the key features of Evolution's governance framework and reports against the Corporate Governance Council's Third Edition Corporate Governance Principles and Recommendations for the financial year ended 30 June 2017. The Corporate Governance Statement which was lodged with ASX on the date of lodgement of this Annual Report is available in the corporate governance section of Evolution's website at https://evolutionmining.com.au/corporate-governance/.

Where the Company's corporate governance practices do not meet with all the practices recommended by the Council, or the Board does not consider it practicable or necessary to implement some principles due to the size and stage of development of its operations, the Board's reasoning for any departure is explained.

The Board of Evolution is responsible for establishing the corporate governance framework of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable. In performing its responsibilities, the Board acts in the best interests of the Company, honestly, fairly and diligently and in accordance with the duties and obligations imposed upon it by Evolution's Constitution and the law. Evolution's Corporate Governance Statement is current at 12 October 2017 and has been approved by the Board.

Board of Directors

From left to right: Graham Freestone, Sebastien de Montessus, James Askew, Jacob Klein, Colin Johnstone, Lawrie Conway, Thomas McKeith and Naquib Sawaris

Jacob (Jake) Klein

BCom Hons, ACA, Executive Chairman

Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as the Executive Chairman of Conquest Mining. 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 was listed on the ASX in 2002 with a market capitalisation of A$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over A$2 billion.

Mr Klein was formerly a Non-Executive Director of Lynas Corporation Limited, a company with operations in Australia and Malaysia, and formerly a Non-Executive Director of OceanaGold Corporation, a company with operations in the Philippines, USA and New Zealand. Both Lynas Corporation and OceanaGold are ASX-listed companies.

Lawrie Conway

B Bus, CPA, MAICD, Finance Director and Chief Financial Officer

Mr Conway was appointed Finance Director and Chief Financial Officer of Evolution Mining Limited with effect from 1 August 2014 (previously a Non-Executive Director).

Mr Conway has more than 27 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate, operational and commercial roles within Australia, Papua New Guinea and Chile with Newcrest and prior to that with BHP Billiton. He most recently held the position of Executive General Manager – Commercial and West Africa with Newcrest Mining where he was 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 is a Non-Executive Director of Aurelia Metals Ltd (appointed in June 2017).

Board of Directors (continued)

James (Jim) Askew **BEng (Mining), MEngSc, FAusIMM, MCIMM, MSME (AIME), MAICD, Non-Executive Director**	Mr Askew is a mining engineer with more than 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. Mr Askew has served on the boards of numerous mining and mining services companies, which currently include OceanaGold Limited (Chairman since November 2006), a company with operations in the Philippines, USA and New Zealand; Syrah Resources Limited (Chairman since October 2014), a company with operations in Mozambique and in the USA; and Endeavour Mining Corporation, a company with operations in Cote d'Ivoire, Mali, Burkina Faso and Ghana (Non-Executive Director since July 2017). Mr Askew is a member of the Risk Committee and Member of the Nomination and Remuneration Committee. Within the last 3 years Mr Askew has been a Non-Executive Director of Nevada Copper Limited and Asian Mineral Resources Ltd.
Graham Freestone **BEc (Hons), Non-Executive Director**	Mr Freestone has more than 45 years' experience in the petroleum and natural resources industry. He 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 Ashanti Limited. Mr Freestone was the Chief Financial Officer and Company Secretary of Acacia Resources Limited from 1994 until 2001. From 2001 to 2009 he was a Non-Executive director of Lion Selection Limited, and from 2009 to 2011 he was a Non-Executive director of Catalpa Resources Limited, and Chaired their Audit Committees during that period. Mr Freestone is a Non-Executive Director of Kasbah Resources Limited (appointed February 2017) a company with a tin project in Morocco, and Chairs its Remuneration and Audit Committees. Mr Freestone is the Chair of the Audit Committee and Member of the Risk Committee.
Colin (Cobb) Johnstone **BEng (Mining), Lead Independent Director**	Mr Johnstone is a mining engineer with over 30 years' experience in the resources sector. He has served as General Manager at some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, the Olympic Dam Mine in South Australia and the Northparkes Mine in New South Wales. He has extensive international experience including Canada, China, Africa and South America. Mr Johnstone was Chief Operating Officer at Equinox Minerals Limited, until the acquisition by Barrick Gold Corporation in 2011. Prior to that Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited, where he oversaw the development and operation of gold mines in China. Mr Johnstone is Chairman of Aurelia Metals Ltd (since November 2016). Mr Johnstone is the Lead Independent Director, Chair of the Risk Committee, and a member of the Audit Committee. Mr Johnstone was a former Non-Executive Director of Magnis Resources Ltd; Neometals Ltd (Reed Resources Ltd); and Metallum Ltd.

Board of Directors (continued)

Thomas (Tommy) McKeith **BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director**	Mr McKeith is a geologist with over 28 years' experience in various mine geology, exploration and business development roles. He was formerly Executive Vice President (Growth and International Projects) for Gold Fields Limited, where he was responsible for global greenfields exploration and project development. Mr McKeith was also Chief Executive Officer of Troy Resources Limited and has held Non-Executive Director roles at Sino Gold Limited, Avoca Resources Limited and is currently the Non-Executive Chairman of ABM Resources NL. Mr McKeith is the Chair of the Nomination and Remuneration Committee and Member of the Audit Committee. Mr McKeith is also a Non-Executive Chairman of ABM Resources NL.
Naquib Sawaris **Non-Executive Director**	Mr Sawiris is Chairman of the advisory board of La Mancha (since 2012). The Sawiris Family have substantial interests in the telecom, construction and fertilizer, cement, real estate and hotel development industries and other businesses. He is currently the Chairman of the Board of Orascom TMT Investments S.a r.l, and the Executive Chairman of Orascom Telecom Media and Technology Holding S.A.E. Mr Sawiris founded Orascom Telecom Holding in 1979 and developed it into a leading regional telecom player until a merger with Vimpelcom Ltd created the world's sixth largest mobile telecommunications provider. Mr Sawiris has also been appointed Chairman of the Board of Euronews, after managing the acquisition of 53% of its shares in 2015. Mr Sawiris has received a number of honorary degrees, industry awards and civic honors, including the Honor of Commander of the Legion d'honneur the highest award given by the French Republic for outstanding services rendered to France, the Honor of Commander of the Order of the Stella della Solidarietà Italiana, the prestigious Sitara-e-Quaid-e-Azam award for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector work. Mr Sawiris served and is serving on a number of additional Boards, Committees and Councils including the Advisory Committee to the NYSE Board of Directors, the London Stock Exchange Group's Africa Advisory Group, the Arab Thought Foundation, and the Boards of Trustees of the American University in Cairo, Nile University, and the French University in Egypt. Mr Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zurich and a Diploma from the German Evangelical School, Cairo, Egypt.

Board of Directors (continued)

Sebastien de Montessus **Non-Executive Director**	Mr de Montessus is the CEO and President of Endeavour Mining Corporation (since November 2015). He was previously the Chief Executive Officer of the La Mancha Group since 2012, and under his leadership La Mancha doubled its production through optimization efforts before undergoing a portfolio restructure which enabled the Sawiris family to become the main shareholder of Evolution Mining, a leading Australia gold miner, and of Endeavour Mining in November 2015. In September 2015, Mr de Montessus was appointed to the board of Evolution Mining. Mr de Montessus was previously a member of the Executive Board and Group Deputy CEO of AREVA Group (a world leader in nuclear energy) and CEO of AREVA Mining (uranium). Mr. de Montessus was a Board member of ERAMET, a world leader in alloying metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (Mergers and Acquisition and Equity Capital Markets). Mr de Montessus is a business graduate from ESCP-Europe Business School in Paris. Mr de Montessus is a Member of the Nomination and Remuneration Committee and is an Executive Director and CEO of Endeavour Mining Corporation.
Vincent Benoit **Alternate Non-Executive Director for Naguib Sawaris**	Mr Benoit has over 25 years of Corporate Finance, Investors Relations, and M&A experience in the mining, energy, and telecom sectors. Mr Benoit is the CFO and Executive Vice President of Corporate Development at Endeavour Mining Corporation since November 2016. Prior to joining Endeavour, he was EVP Strategy and Business Development of La Mancha where he successfully led the group's portfolio restructuring which repositioned La Mancha as a leading private mining investor through the strategic alliances formed with Evolution Mining Ltd and Endeavour Mining. Previously, as EVP Merger and Acquisitions at Orange, he was responsible for the development of the group's African footprint, its European portfolio restructuring, and forming strategic partnerships. At Orange, he was also Head of Strategy and Investor Relations. Mr. Benoit held various finance positions including with Areva, Bull Information System, and PwC. He holds a business degree from ESC-Bordeaux Business School and is a registered Chartered Accountant. Mr Benoit is a Non-Executive Director of Euronews SA.
Amr El Adawy **Alternate Non-Executive Director for Sebastien de Montessus**	Mr El Adawy is the Chief Financial Officer of the La Mancha Group. He is an international finance executive with 20 years' experience in finance and management in telecoms and retail sectors. Prior to joining La Mancha he served as Chief Financial Officer of WIS Telecom (since 2010) and at the same time was Chief Executive Office of the Italian subsidiary, MENA SCS SpA (since 2011). Prior to joining the Orascom group, Mr Adawy held senior finance management positions in several multinational companies, such as Adler-France, Pepsi Cola – France and in a JV of Carrefour – France with Majid Al Futtaim group for its activity in the Middle East. Mr El Adawy holds a Finance Management and Accounting degree from CNAM of Paris. Mr El Adawy has no other current or former directorships within the last 3 years.

Chief Financial Officer's Review

The financial performance of our business is built on the back of the efforts of each of our operations, the exploration team and the business development activities. All of these areas have combined to deliver excellent financial outcomes for our shareholders. More importantly the outcomes are fully aligned to the fundamental driver of our business strategy to continually improve the quality of our portfolio.

The business delivered on production and cost guidance for the sixth consecutive year. Evolution recorded a statutory net profit after tax of A$217.6 million for the year ended 30 June 2017 through record gold production, a continued focus on cost control and a higher gold price. The period included an eight month contribution from the acquisition of the economic interest in the Ernest Henry Copper-Gold Operation which has improved the quality and longevity of Evolution's portfolio as well as materially reducing the Group's cost profile. In September 2016, the Group disposed of the Pajingo asset to Minjar Gold Pty Limited as part of its ongoing strategy to improve the quality of its portfolio. These two transactions during the year are a testament to improving quality in that they increased operating margins, reduced our All-in Sustaining Costs, and increased reserve mine life.

The Group recorded an underlying net profit after tax of A$206.6 million for the year ended 30 June 2017 (30 June 2016: A$134.5 million[1]).

Total gold production was 844,124 ounces, representing an increase of 5% on the prior year and at the upper end of FY17 guidance of 800,000oz - 860,000oz.

A 2017 financial year Group EBITDA margin of 49%, excluding Pajingo, and record mine operating cash flow of A$706.5 million reflected the quality of Evolution's asset portfolio.

Revenue for the year ended 30 June 2017 increased by 11% to A$1.479 billion (30 June 2016: A$1.329 billion). This is largely due to the inclusion of production from Ernest Henry which totalled A$163.342 million. This is comprised of A$102.9 million for eight months of copper and silver revenue and A$60.4 million for five months of gold revenue. An increase of 3% in achieved gold price to A$1,641/oz (30 June 2016: A$1,597/oz) also had an impact. This was partly offset by the disposal of the Pajingo operation which contributed revenue of A$17.5 million in the year representing a decrease of A$95.6 million on the prior year.

Total gold sold equalled 817,323oz which included deliveries into the hedge book of 248,493oz at an average price of A$1,584/oz (30 June 2016: 274,879oz, A$1,593/oz). The remaining 568,830oz were sold at spot price achieving an average price of A$1,666/oz (30 June 2016: 540,710oz, A$1,599/oz). The Group's hedge book totalled 458,495oz as at 30 June 2017 at an average price of A$1,645/oz for deliveries to June 2020.

Operating costs (excluding depreciation, amortisation and fair value adjustments of A$431.6 million) increased to A$719.7 million (30 June 2016: A$674.2 million) largely as a result of the first year of inclusion of Ernest Henry which accounted for operating costs of A$64.1 million offset by A$47.3 million following the sale of Pajingo during the year. The operating costs for the six existing mine sites increased by 5% on the prior year to A$640.5 million. This increase was primarily due to the shift from capital to operating stripping at Cowal for Stage G, and the completion of underground development activities as well as Stage 2 of the open cut which resulted in higher costs at Mungari.

The Group's All in Sustaining Cost decreased by 11% to A$907/oz (30 June 2016: A$1,014/oz) and was at the bottom end of guidance of A$900 – A$960 per ounce. The impact of a decline in average grade mined across the Group was more than offset by the inclusion of Ernest Henry which contributed a negative AISC of A$(361)/oz for the year.

Total exploration expenditure for the year was A$29.4 million with an exploration expense of A$12.6 million.

Capital expenditure totalled A$245.0 million. This consisted of sustaining capital, including near mine exploration and resource definition of A$116.6 million and mine development of A$128.4 million. The main capital projects included the Stage H and Float Tails (Dual) Leach projects at Cowal, Cracow underground mine development, Mt Rawdon capital waste stripping, Edna May Southern and Northern cutbacks and underground mine development, Mungari underground development, and Mt Carlton capital waste stripping in the northern section of Stage 3.

Chief Financial Officer's Review (continued)

Our balance sheet continues to be in a strong position. On closing the Ernest Henry transaction our gearing peaked at just over 24% in November 2016. Since then, as we did following the acquisition of Cowal, we directed our excess cash to rapidly reduce gearing to under 16% by the end of the financial year. This significantly demonstrates our commitment and discipline to ensure that our balance sheet is protected and withstand material adverse changes in operating conditions. We repaid A$325.0 million in financial year 2017 to finish the year with a net debt of A$399.0 million.

With the continued growth over the past year and the recent inclusion in the S&P ASX100 Index, coinciding with the Group moving to a tax paying position, in August 2017 the Board approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after-tax earnings. This change was applied to the final dividend for 2017.

The Board confirmed that Evolution is in a sound position to continue its commitment to pay a final fully franked dividend for the June 2017 half of 3 cents per share, totalling A$50.5 million. Total dividends declared for the 2017 financial year were 5 cents per share totalling A$84.1 million.

Following the completion of the sale of Edna May in early October 2017, Evolution is forecasting Group gold production in FY18 of 750,000 – 805,000 ounces at All-in Sustaining Cost in the range of A$820/oz – A$870/oz.

In conclusion, the 2017 financial year was another excellent year for Evolution. We are pleased to have been able to continue to leverage this operating and financial success to upgrade the quality of our asset portfolio. We are committed to maintaining our focus on low costs and strong cash generation. We are also actively investing in the future to ensure the sustainability of our business and are confident in our ability to continue to deliver superior shareholder returns.

FY17 financial hightails	Units	FY17	FY16	Change
Statutory Profit after Tax	A$M	217.6	(24.3)	-
Underlying Profit after Tax[1]	A$M	206.6	134.5	↑54%
EBITDA	A$M	713.9	607.6	↑17%
Operating Cash Flow	A$M	706.5	628.4	↑12%
Group Cash Flow	A$M	382.0	365.0	↑5%
EBITDA Margin[2]	%	49%	46%	↑7%
AIC Margin	A$/oz	568	463	↑23%
Gearing	%	15.9%	15.1%	↑5%
Final Dividend	cps	3	2	↑50%

Yours faithfully

LAWRIE CONWAY

FINANCE DIRECTOR and CHIEF FINANCIAL OFFICER

1. FY16 underlying profit after tax restated. For full details refer to "Underlying net profit reconciliation" on slide 20 of the presentation entitled "2017 Full Year Financial Results" released to the ASX on 17 August 2017 and available to view on www.asx.com.au
2. FY17 excludes Pajingo
3. FY17 fully franked; FY16 unfranked

Evolution Mining Limited
Annual Financial Report

Contents

Directors' Report

The Directors present their report together with the consolidated financial report of the Evolution Mining Limited Group, consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The Directors of Evolution Mining Limited during the year ended 30 June 2017 and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
Colin (Cobb) Johnstone	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Graham Freestone	Non-Executive Director
Thomas (Tommy) McKeith	Non-Executive Director
Naguib Sawaris	Non-Executive Director
Sebastien de Montessus	Non-Executive Director
Vincent Benoit	Alternate Non-Executive Director for Naguib Sawaris
Amr El Adawy	Alternate Non-Executive Director for Sebastien de Montessus

Company Secretary

The name of the Company Secretary during the whole of the year ended 30 June 2017 and up to the date of this report is as follows:

Evan Elstein

Principal activities

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate in both Australia and New Zealand. There were no significant changes to these activities during the year.

Key highlights for the year

Key highlights for the year ended 30 June 2017 include:

- Safety of our people is of paramount importance and our focus has been demonstrated through maintaining a steady total recordable injury frequency rate (TRIFR) of 7.96 (30 June 2016: 9.7).
- The Group's continuing focus on productivity improvements and cost efficiencies capped off an outstanding year achieving the following record results:
    - Total gold production of 844,124oz, representing an increase of 5% on the prior year and at the upper end of guidance for the current year of 800,000oz - 860,000oz.
    - AISC of A$907/oz, representing a decrease of 11% on the prior year and at the lower end of guidance for the current year of A$900/oz - A$960/oz.
    - Operating mine cashflow of A$706.5 million, representing an increase of 12% on the prior year.
    - Net mine cashflow of A$461.5 million, representing an increase of 8% on the prior year with all mines other than Edna May contributing positive cash flows after all capital investment.

Directors' Report (continued)

Key highlights for the year (continued)

- Completion of the Ernest Henry transaction to obtain an economic interest in the copper-gold operation on 1 November 2016.
- During the year the Group entered into a new financing arrangement ("the New Facility") to fund the acquisition of the Economic Interest in Ernest Henry. The New Facility comprised a $475 million Senior Secured Term Loan ("Facility D") and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C"). Subsequently, the Group focused on reducing gearing through voluntary and mandatory repayments of $325 million. As at 30 June 2017, the Group had repaid in full Facility A and was 10 months ahead of the repayment schedules on Facility B and Facility D with $40 million and $395 million respectively outstanding.
- Pajingo was sold on 1 September 2016 to Minjar Gold Pty Limited for total proceeds of up to $52 million. The consideration comprised of a $42 million up front cash payment and a 1% NSR (net smelter return) royalty of up to $10 million for gold production above 130,000oz.
- Approval was granted by the State to extend the Cowal operations mine life to 2032 and the Board approved the commencement of the E42 Stage H cutback and Dual Leach Project at the Cowal operation.
- Completion of the acquisition of the Marsden copper-gold project from Newcrest Operations Limited on 17 October 2016.
- The Group entered into an Earn-in Joint Venture Agreement ("The Joint Venture") with Menninnie Metals Pty Ltd, a wholly owned subsidiary of Terramin Australia Limited ("Terramin") during the year. The Joint Venture will primarily target the South Gawler gold-copper project, a greenfields exploration project in the northern Eyre Peninsula of South Australia. Under the terms of the Joint Venture, the Group will sole fund exploration expenditure of $4 million over four years to earn a 70% interest. Terramin may then elect to contribute, otherwise the Group can earn an additional 10% by spending a further $2 million over 2 years, after which a pro-rata period will operate. The Group can withdraw from the Joint Venture after a minimum spend of $0.5 million within the first year.
- The Directors have approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after tax earnings. The change was effective immediately and has been applied to the final dividend for 2017 whereby the Directors have recommended a fully franked final dividend of 3 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 29 September 2017 is $50.5 million.

Operating and Financial Review

Evolution is a leading, growth-focused Australian gold company. As at 30 June 2017, the Group consisted of six wholly-owned operating gold mines: Cowal in New South Wales, Cracow, Mt Carlton and Mt Rawdon in Queensland and Mungari and Edna May in Western Australia and an economic interest in the Ernest Henry Copper-Gold Operation (100% of gold and 30% of copper and silver) in Queensland.

The Group's strategy is to deliver shareholder value through efficient gold production, growing gold reserves and developing or acquiring assets to improve the quality of the portfolio. Since its formation in November 2011, the Group has built a strong reputation for operational predictability and stability through a record of consistently achieving production and cost guidance. This has been achieved primarily as a result of the Group 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. The Group's high-performance team culture and clearly defined business plans and goals further contribute to delivering reliable and consistent results.

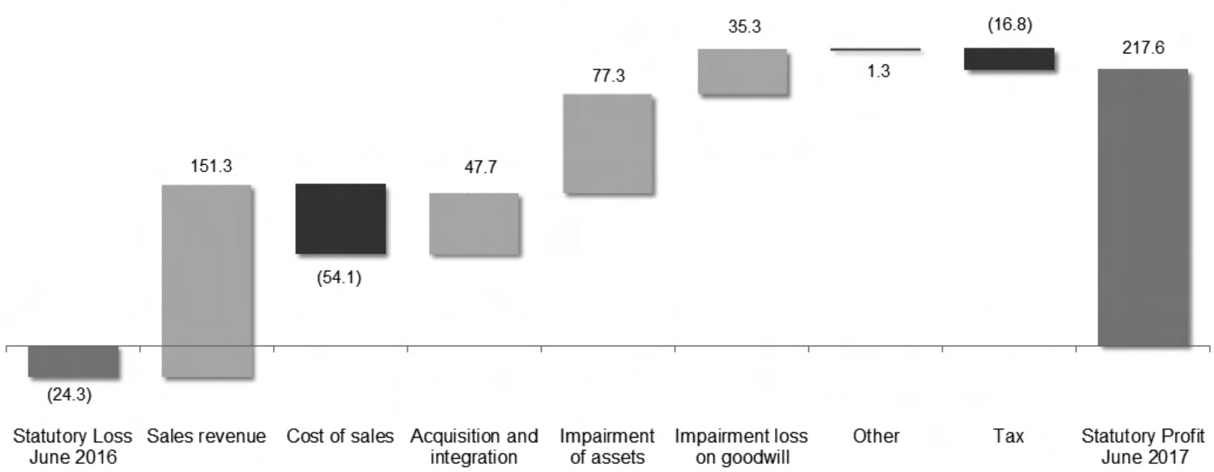
To build a sustainable business, the Group maintains a strong commitment to growth through exploration and a disciplined methodical approach to business development through opportunistic, logical, value-accretive acquisitions.

Profit Overview

The Group recorded a statutory net profit after tax of $217.607 million for the year ended 30 June 2017 (30 June 2016: statutory net loss after tax of $24.349 million), driven by record production, a continued focus on cost control and a higher gold price. The period included an eight month contribution from the acquisition of the economic interest in the Ernest Henry Copper-Gold Operation which is expected to improve the quality and longevity of Evolution's portfolio as well as materially reduce the Group's cost profile. In September 2016, the Group disposed of the Pajingo asset to Minjar Gold Pty Limited as part of its strategy to improve the quality of its asset portfolio.

The following graph shows the movements in the Group's statutory profit/(loss) after tax for the year ended 30 June 2016 to the year ended 30 June 2017.

Statutory Profit After Tax Reconciliation A$M



Operating and Financial Review (continued)

Profit Overview (continued)

The Group recorded an underlying net profit after tax of $206.588 million for the year ended 30 June 2017 (30 June 2016: $134.496 million). The statutory net profit after tax for the year includes one-off transaction and non-operating costs which have been excluded from the Group's underlying profit after tax of $206.588 million. The table below shows a reconciliation of statutory profit/(loss) before tax to the underlying profit after tax.

	2017 $'000	2016 $'000
Statutory profit/(loss) before income tax	237,284	(21,506)
Fair value expense	-	30,150
Loss on sale of subsidiary (2017) / impairment of assets (2016)	3,576	77,330
Impairment of Goodwill	-	35,270
Acquisition and integration costs	6,987	54,681
Gain on revaluation of available-for-sale assets	-	(4,365)
Income tax expense	(19,677)	(2,843)
Tax effect of adjustments	(1,182)	(34,221)
Recognition of previously unrecognised tax losses	(20,400)	-
Underlying profit after income tax (*)	**206,588**	**134,496**

(*) As presented in the 30 June 2016 financial statements, underlying profit excluded the fair value adjustments related to the acquisition of Cowal and Mungari. Following the completion of the purchase price allocation the fair value amortisation is now included in underlying profit. All changes were non-cash items. For consistency, the 2016 underlying profit has been amended to reflect this treatment. No change to statutory profit was required. Underlying profit is a non-IFRS measure. If the fair value amortisation was excluded in 2017, underlying profit after tax would have been $238.113 million.

	2016 $'000
Underlying profit after income tax as presented at 30 June 2016	226,884
Fair value amortisation included in underlying profit	(58,167)
Tax effect of adjustments	(34,221)
Underlying profit after income tax 2016	**134,496**

Cash Flow

Operating cash flow increased 12% with all operations producing positive operating mine cash flows totalling $706.484 million (30 June 2016: $628.417 million). Total capital expenditure increased 22% which was in line with plan at $244.998 million (including all sustaining and major capital expenditure, rehabilitation costs and capital stripping).

As a result of the significant net cash flows, the Group continued with accelerated repayments on the Senior Secured Syndicated Revolving and Term Facility. The Group made mandatory and voluntary repayments of $325.000 million during the year with all commitments met up to April 2018.

Operating and Financial Review (continued)

Key Results

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

Key Business Metrics	30 June 2017	30 June 2016	% Change (iii)
Total underground ore mined (kt)	5,662	1,479	283%
Total underground lateral development (m)	11,290	11,912	(5)%
Total open pit ore mined (kt)	19,672	16,331	20%
Total open pit waste mined (kt)	33,128	35,125	(6)%
Processed tonnes (kt)	20,607	16,242	27%
Gold grade processed (g/t)	1.49	1.77	(16)%
Gold production (oz)	**844,124**	**803,476**	**5%**
Unit cash operating cost (A$/oz) (i)	625	722	13%
All in sustaining cost (A$/oz) (i)	907	1,014	11%
All in cost ($/oz) (i)	1,073	1,134	5%
Gold price achieved (A$/oz)	1,641	1,597	3%
Silver price achieved (A$/oz)	24.00	21.37	12%
Total Revenue	1,479,876	1,328,614	11%
Cost of sales (excluding D&A and fair value adjustments (i))	(719,738)	(674,226)	(7)%
Corporate, admin, exploration and other costs (excluding D&A)	(46,283)	(46,837)	1%
EBIT (i) (ii)	325,031	272,100	19%
EBITDA (i) (ii)	713,855	607,551	17%
Statutory profit/(loss) after income tax	**217,607**	**(24,349)**	**-**
Underlying profit after income tax	**206,588**	**134,496**	**54%**
Capital expenditure	244,998	200,214	22%
Net mine cash flow	461,486	428,203	8%

(i) EBITDA, EBIT, Unit cash operating cost, All in sustaining cost (AISC), and All in cost (AIC) are non-IFRS financial information and are not subject to audit.

(ii) Due to the timing of metal sales under the offtake agreement, for the purposes of calculating Ernest Henry and Group AISC and AIC metrics for 2017, Ernest Henry gold sales was equivalent to production from the December 2016 and March 2017 quarters and actual sales for the June 2017 quarter.

(iii) Percentage change represents positive/(negative) impact on the business

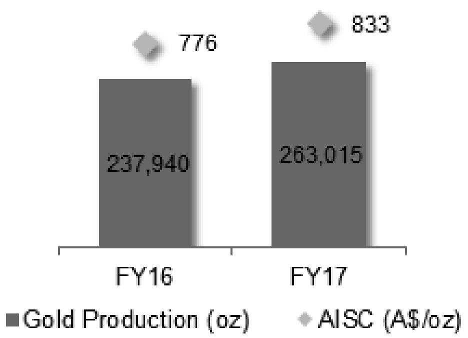
Directors' Report (continued)

Operating and Financial Review (continued)

Mining Operations

Cowal

Cowal was the highest producer in the Group, achieving a gold production of 263,015oz (above guidance of 245,000 - 260,000oz) at an average C1 cash cost of $613/oz and AISC of $833/oz. Cash costs and AISC were below the lower end of guidance of $615 - $675/oz and $885 - $945/oz respectively. Capital expenditure in the year was $70.3 million, of which $27.4 million relates to the Stage H and Float Tails (Dual) Leach projects which were approved in February 2017.



Cowal ore mining activities in the year focussed on the E42 Stage G cutback to a current operating level of 894mRL. Resource definition drilling was completed during the year, enabling commencement of the Stage H project. At 30 June 2017, recruitment of operators and procurement of equipment is underway and mining excavation has commenced. The initial priority is to relocate stockpiles and waste dumps currently located within the perimeter of Stage H. Development work is ahead of schedule with all preparatory works to be completed and waste stripping to ramp up during the September 2017 quarter.

Exploration to assess the potential to extend the mineralised zone closer to surface between the E42 and E41 deposits was completed. Results from diamond drilling campaigns returned mineralised intercepts at similar grades to those encountered in the Stage H drilling, however across narrower intervals. An update of the geological interpretation between E41 and E42 is well advanced and is due to be completed in the period ended 31 December 2017.

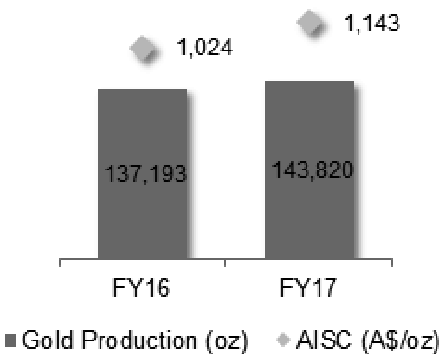
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	166,078	163,700	2,378	1%
Sustaining capital ($'000)	43,849	29,412	14,437	49%
Major capital ($'000)	27,080	-	-	-%
Gold production (oz)	**263,015**	**237,940**	**25,075**	**11%**
All in sustaining cost ($/oz)	833	776	57	(7)%
All in cost ($/oz)	941	789	152	(19)%

Operating and Financial Review (continued)

Mining Operations (continued)

Mungari

Mungari produced a total of 143,820oz at an average C1 cash cost of $954/oz and an AISC of $1,143/oz. Gold production was below guidance of 150,000 - 160,000oz. C1 cash costs and AISC were above FY17 guidance of $740 - $800/oz and $970 - $1,030/oz respectively.



The Frog's Leg underground mine produced 693kt ore tonnes at a grade of 4.8g/t gold. During the year mining has targeted the Fog, Dwarf and Mist orebodies, and the development of the Rocket orebody was completed.

Mining of the White Foil open pit during the year has focussed on Stage 2b. Unseasonably heavy rainfall during the year adversely impacted open pit activities delaying the completion of Stage 2. Mining focus is now due to shift to the Stage 3 cutback. Drill and blast trials were conducted in Stage 3 to increase production efficiencies and generated encouraging results.

Investment in discovery and resource definition programs across the Mungari tenements continued during the year. Drilling at Emu and Burgundy extended high-grade mineralisation outside of existing resources. The results reinforce the potential for future resource growth and the Company is committed in FY18 to matching similar levels of exploration expenditures as in FY17.

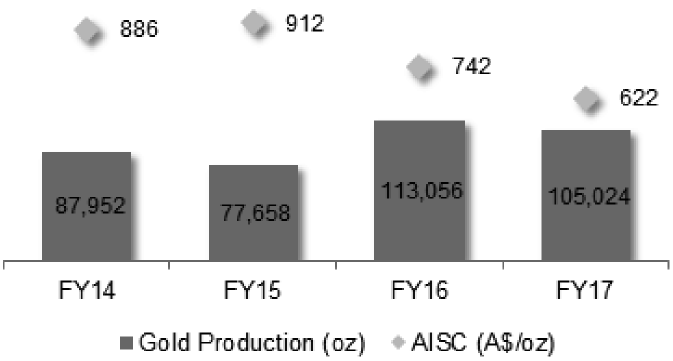
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	59,231	84,000	(24,769)	(29)%
Sustaining capital ($'000)	14,566	18,231	(3,665)	(20)%
Major capital ($'000)	22,161	14,727	7,434	50%
Gold production (oz)	**143,820**	**137,193**	6,627	**5%**
All in sustaining cost ($/oz)	1,143	1,024	119	(12)%
All in cost ($/oz)	1,371	1,128	243	(22)%

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Carlton

Mt Carlton produced 105,024oz, exceeding guidance of 90,000 - 100,000 ozs. C1 costs of $307/oz and AISC of $622/oz were both substantially below the bottom end of FY17 guidance of A$400 - $450/oz and A$675 - $725/oz respectively.



Mining of the Stage 2 pit area was completed in the period ended 31 December 2016 leading to mining of the Stage 3a western end of the V2 pit. This focussed on accessing high-grade ore to blend with low to medium-grade Run of Mine (ROM) stocks. Mining of the Stage 3b pre-strip commenced in December 2016 and remains ongoing at June 2017.

During the year the gravity recoverable gold circuit was successfully commissioned, producing 3,000oz of gold doré in the June 2017 quarter. This circuit will continue to be optimised going forward. In addition, studies are underway to identify options to reduce the impact of clay in the flotation circuit that could lead to increased plant throughput.

The underground Pre-Feasibility Study confirmed positive economics for a Stage 4 pit cutback combined with an underground operation to extract the Link Zone. A Definitive Feasibility Study, which will include additional resource definition drilling, has commenced and is expected to be completed in the 2017 calendar year.

Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	91,148	103,293	(12,145)	(12)%
Sustaining capital ($'000)	15,304	13,778	1,526	11%
Major capital ($'000)	13,887	8,146	5,741	70%
Gold production (oz)	**105,024**	**113,056**	(8,032)	**(7)%**
All in sustaining cost ($/oz)	622	742	(120)	16%
All in cost ($/oz)	762	820	(58)	7%

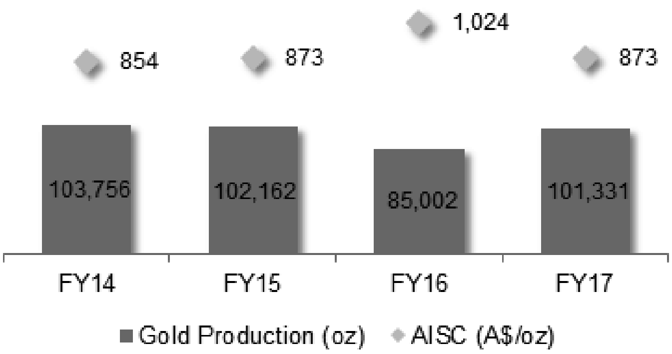
Directors' Report (continued)

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Rawdon

Mt Rawdon achieved total gold production of 101,331oz at an average cash cost of A$630/oz and an AISC of A$873/oz. Gold production exceeded guidance of 90,000 - 100,000oz. C1 cash costs and AISC were below FY17 guidance of $690 - $770/oz and $960 - $1,040/oz respectively.



Mining activities focussed on the completion of Stage 3 and the progression of Stage 4 cutback. Ore was sourced from the northern section of the open pit while waste movements continued in the southern and western sections of the pit.

A number of continuous improvement projects were undertaken during the year including pit wall angle optimisation studies and an ore characterisation program which aims to improve mill throughput and recoveries. In addition, a new contract has been awarded for the supply and service of explosives which will see significant savings realised over the next three years.

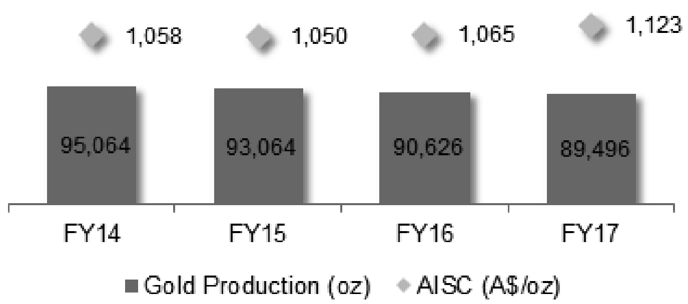
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	35,722	8,429	27,293	324%
Sustaining capital ($'000)	14,242	16,448	(2,206)	(13)%
Major capital ($'000)	19,071	37,384	(18,313)	(49)%
Gold production (oz)	**101,331**	**85,002**	16,329	**19%**
All in sustaining cost ($/oz)	873	1,024	(151)	15%
All in cost ($/oz)	1,065	1,471	(406)	28%

Operating and Financial Review (continued)

Mining Operations (continued)

Cracow

Cracow produced 89,496oz at an average cash cost of $746/oz and AISC of $1,123/oz. Gold production exceeded guidance of 80,000 - 85,000oz. Cash costs and AISC were at the lower end of guidance ranges of $740 - $800/oz and $1,100 - $1,160/oz respectively.



A total of 529kt of ore was mined at an average grade of 5.45g/t gold. Primary ore sources during the year were the Kilkenny and Empire ore bodies. Looking to FY18, grades are expected to decline with increased production from the narrower Griffin and Empire stopes.

Resource definition drilling at Cracow during the year confirmed continuity of high grade mineralisation at Killarney. At Imperial, new high-grade intersections were returned and will be incorporated in a maiden resource estimate to be completed in this area of the mining operations.

The first phase of new discovery drilling was completed at the Walhalla and Valkyrie targets both located within 2km of the operating footprint at Cracow. Drilling was designed to test the concept that both targets are high-level expressions of deeper high-grade mineralisation below; results are pending.

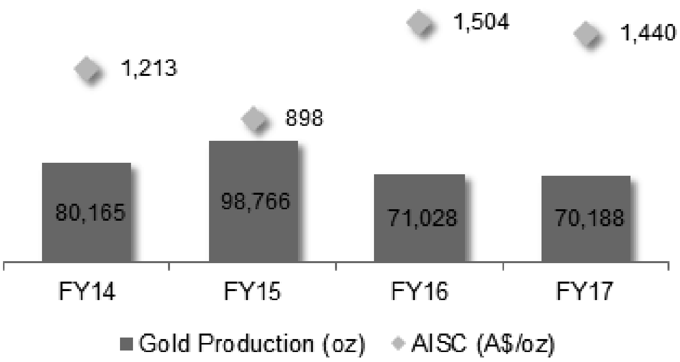
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	41,060	40,500	560	1%
Sustaining capital ($'000)	17,462	13,453	4,009	30%
Major capital ($'000)	14,168	12,204	1,964	16%
Gold production (oz)	**89,496**	**90,626**	(1,130)	**(1)%**
All in sustaining cost ($/oz)	1,123	1,065	58	(5)%
All in cost ($/oz)	1,208	1,164	44	(4)%

Operating and Financial Review (continued)

Mining Operations (continued)

Edna May

Total gold production at Edna May was 70,188oz at an average cash cost of $1,309/oz and AISC of $1,440/oz. Low material movement and a lack of available ore at periods during the year resulted in full year production lower than guidance of 80,000 - 85,000oz. This resulted in higher costs relative to guidance of A$1,020 - $1,100/oz and AISC of $1,140 - $1,220/oz.



Capital expenditure of $30.8 million in the year was attributable to continued development of the new underground mine which is forecast to begin producing ore in the first half of FY18.

Following a strategic review and management changes implemented in the year, substantial operational improvement was observed at Edna May in the latter months of FY17. This was reflected in ore mined increasing by 162% and gold production increasing by 101% from March quarter to June quarter.

Open pit mining focussed within the Stage 2 north cutback. The bulk of the pre-strip in the north cutback was completed as at 30 June 2017 with improved mining rates expected to be maintained in the period ended 31 December 2017.

Rehabilitation of the underground mine progressed with an additional 318m of the decline completed. Primary development included 37m of ventilation infrastructure and 24m of decline development.

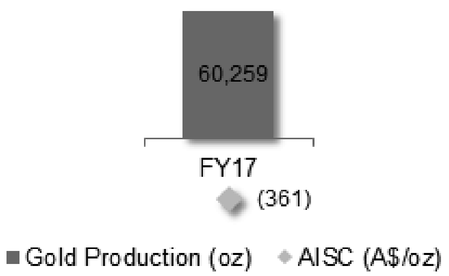
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	(14,652)	1,920	(16,572)	(863)%
Sustaining capital ($'000)	2,241	4,290	(2,049)	(48)%
Major capital ($'000)	28,519	7,302	21,217	291%
Gold production (oz)	**70,188**	**71,028**	(840)	**(1)%**
All in sustaining cost ($/oz)	1,440	1,504	(64)	4%
All in cost ($/oz)	1,862	1,605	257	(16)%

Operating and Financial Review (continued)

Mining Operations (continued)

Ernest Henry

The Ernest Henry transaction was completed on 1 November 2016 and is expected to improve the quality and longevity of the Group's portfolio as well as materially reduce the cost profile.



For the eight months of attributable production in the year ended 30 June 2017, total gold produced at Ernest Henry was 60,259oz at a negative average C1 cash cost of $(593)/oz and a negative AISC of $(361)/oz. Gold production exceeded guidance of 55,000 - 60,000oz. AISC was substantially below the guidance range of A$100 - A$150/oz due to lower operating costs, higher gold and copper production and a higher than planned copper price.

Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	81,785	-	-	-%
Sustaining capital ($'000)	6,066	-	-	-%
Gold production (oz)	**60,259**	**-**	-	**-%**
All in sustaining cost ($/oz)	(361)	-	-	-%
All in cost ($/oz)	(361)	-	-	-%

Pajingo

Pajingo was sold on 1 September 2016 to Minjar Gold Pty Limited for total proceeds of up to $52.0 million consisting of a $42.0 million upfront cash payment and a 1% NSR (net smelter return) royalty of up to $10.0 million for gold production above 130,000oz.

During the 62 days of the year Pajingo was still under Evolution ownership, Pajingo produced 10,991oz of gold at a unit cash operating cost of $897/oz, AISC of $1,422/oz and AIC of $1,577/oz (30 June 2016: 68,630oz, $785/oz, $1,161/oz, $1,275/oz).

Directors' Report (continued)

Operating and Financial Review (continued)

Financial Performance

Profit or Loss

Revenue for the year ended 30 June 2017 increased by 11% to $1.480 billion (30 June 2016: $1.329 billion). This is largely due to the inclusion of results from Ernest Henry totalling $163.342 million. This is comprised of $102.921 million for 8 months of copper and silver revenue and $60.421 million for 5 months of gold revenue. An increase of 3% in achieved gold price to $1,641/oz (30 June 2016: $1,597/oz) had a further impact. This was partly offset by the impact of the disposal of the Pajingo operation which contributed revenue of $17.519 million in the year representing a decrease of $95.636 million on the prior year.

Total gold sold equalled 817,323oz which included deliveries into the hedge book of 248,493oz at an average price of $1,584/oz (30 June 2016: 274,879oz, $1,593/oz). The remaining 568,830oz were sold at spot price achieving an average price of $1,666/oz (30 June 2016: 540,710oz, $1,599/oz). The Group's hedge book totals 458,495oz as at 30 June 2017 at an average price of $1,645/oz for deliveries to June 2020.

Operating costs (excluding depreciation, amortisation and fair value adjustments of $431.606 million) increased to $719.738 million (30 June 2016: $674.226 million) largely as a result of the first year inclusion of Ernest Henry which accounted for operating costs of $64.108 million offset by $47.312 million following the sale of Pajingo during the year. The operating costs for the six existing mine sites increased by 5% on the prior year to $640.466 million. This increase is primarily due to the shift from capital to operating stripping at Cowal for Stage G, and the completion of underground development activities as well as Stage 2 of the open cut which resulted in higher costs at Mungari.

The Group's All in Sustaining Cost decreased by 11% to $907/oz (30 June 2016: $1,014/oz) despite a 16% drop in the average grade mined during the year. The decline in grade was offset by the inclusion of Ernest Henry which contributed an AISC of $(361)/oz for the year.

The Group posted statutory profit after tax of $217.607 million (30 June 2016: $24.349 million loss) driven by record annual production, decreased costs per ounce following a strong focus on cost control and favourable gold prices during the year. Underlying profit after tax was $206.588 million (30 June 2016: $134.496 million) Further details of the profit and loss are outlined in the Profit Overview on pages 63 and 64 of this report.

Balance Sheet

Total assets increased during the year to $2.945 billion (30 June 2016: $2.187 billion), representing a 35% movement. This increase is largely due to the completion of the Ernest Henry transaction, which contributed $869.539 million offset by the sale of Pajingo which reduced total assets by $77.621 million. Excluding the Ernest Henry and Pajingo transactions, total assets remained at a consistent level. Capital additions for property, plant and equipment totalled $91.041 million while depreciation totalled $132.076 million. Mine development and exploration additions totalled $181.973 million primarily attributable to continued stripping at a number of sites and amortisation totalled $256.748 million.

Total liabilities for the Group increased to $817.217 million at 30 June 2017, an increase of $181.491 million or 29% on the prior year. This increase was largely due to the draw down on a new $475 million Term Facility (Facility D) which was used to fund the Ernest Henry transaction. The balance of this Facility D as at 30 June 2017 was $395 million.

The Term Facility established for the Cowal acquisition (Facility B) reduced by $150 million during the year to $40 million as at 30 June 2017.

Operating and Financial Review (continued)

Financial Performance (continued)

Balance Sheet (continued)

The Group ended the year with a cash balance of $37.385 million and available credit of $300 million in Facility A as part of its Senior Secured Syndicated Revolving and Term Facility.

Cash Flow

Total cash inflows for the year amounted to $20.157 million (30 June 2016: outflow $188.493 million).

	30 June 2017 $'000	30 June 2016 $'000	Change $'000	% Change
Cash flows from operating activities	650,795	574,084	76,711	13%
Cash flows from investing activities	(1,120,794)	(999,380)	(121,414)	12%
Cash flows from financing activities	490,156	236,803	253,353	107%
Net movement in cash	20,157	(188,493)	208,650	(111)%
Cash at the beginning of the year	17,295	205,788	(188,493)	(92)%
Effects of exchange rate changes on cash	(67)	-	-	-%
Cash at the end of the year	**37,385**	**17,295**	**20,090**	**116%**

Net cash inflow from operating activities was $650.795 million, an increase of $76.711 million (30 June 2016: $574.084 million).

Net cash outflows from investment activities were $1.121 billion, a $121.414 million increase (30 June 2016: $999.380 million) consisting of payments for the acquisition of the economic interest in Ernest Henry Copper-Gold Operation of $884.004 million (including transaction fees) and receipt of $41.900 million on the sale of Pajingo. Capital investments excluding the payment for Ernest Henry for the year include property plant and equipment of $91.041 million and mine development and exploration of $181.267 million.

Net cash inflows from financing activities were $490.156 million, an increase of $253.353 million (30 June 2016: outflow $236.803 million). Financing cash flows for the year included the drawing of $475 million on the Senior Secured Syndicated Revolving and Term Facility, net proceeds received on the issue of shares to fund the Ernest Henry transaction of $395.244 million and dividend payments of $52.419 million.

Debt repayment in the year totalled $325 million. This comprised of repayment of $95 milllion to the Senior Secured Revolving Loan ("Facility A"), $150 million to the Senior Secured Term Loan ("Facility B") and $80 million to the new Senior Secured Term Loan ("Facility D").

Taxation

During the year, the Group made the determination to recognise previously unrecognised tax losses on the balance sheet. The Company recognised a net tax expense of $19.677 million (30 June 2016: $2.843) in the current year consisting of a current tax liability of $36.214 million, deferred tax liability of $3.953 million and deferred tax asset on previously unrecognised tax losses of $20.400 million.

Operating and Financial Review (continued)

Financial Performance (continued)

Capital Expenditure

Capital expenditure for the year totalled $244.998 million (30 June 2016: $200.214 million). This consists of sustaining capital, including near mine exploration and resource definition of $116.554 million (30 June 2016: $106.970 million) and mine development of $128.444 million (30 June 2016: $93.244 million). The main capital projects include the Stage H and Float Tails (Dual) Leach projects at Cowal, Cracow underground mine development, Mt Rawdon capital waste stripping, Edna May Southern and Northern cutbacks and underground mine development, Mungari underground development, and Mt Carlton capital waste stripping in the northern section of Stage 3.

Financing

Total finance costs for the year were $35.194 million (30 June 2016: $43.785 million), a decrease of 20%. Included in total finance costs is interest expense of $24.158 million (30 June 2016: 26.314), amortisation of debt establishment costs of $7.444 million (30 June 2016: $11.623 million) and discount unwinding on mine rehabilitation liabilities of $3.254 million (30 June 2016: 3.406 million).

In September 2016, the Group entered into a new financing arrangement ("the New Facility") comprising a $475 million Senior Secured Term Loan (“Facility D”) and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C").

The new Facility was executed on 29 September 2016 and was effective from that date.

The new Facility was drawn down on 31 October 2016 on completion of the Ernest Henry acquisition. The repayment periods and the outstanding balances as at 30 June 2017 on each facility are set out below:

Facility	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A	31 July 2018	-
Senior Secured Term Loan - Facility B	15 July 2018	$40 million
Performance Bond Facility - Facility C	20 July 2018	$125 million
Senior Secured Term Loan - Facility D	31 October 2021	$395 million

Material business risks

The Group prepares its business plans 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 2017 are:

Fluctuations in the gold price and Australian dollar

The Group’s revenues are exposed to fluctuations in both the gold price and the Australian dollar. Volatility in the gold price and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar price fall.

Operating and Financial Review (continued)

Material business risks (continued)

Fluctuations in the gold price and Australian dollar (continued)

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.

Ore Reserves and Mineral Resources

The Group'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 the Group's Mineral Resources constitute or will be converted into Ore Reserves.

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

Replacement of depleted reserves

The Group 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. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation 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 the Group may decline if reserves are mined without adequate replacement and the Group 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, seismic events, cave-ins, and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered 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.

Operating and Financial Review (continued)

Material business risks (continued)

Production and cost estimates

The Group prepares estimates of future production, cash costs and capital costs of production for its 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 the Group's future cash flows, profitability, results of operations and financial condition.

The Group'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, cost of commodities, general inflationary pressures and currency exchange rates.

Environmental, health and safety; permits

The Group'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. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group'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 the Group's operations, including its ability to continue operations.

While the Group 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

The Group has an established community relations function, both at a Group level and at each of its operations. The Group 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. The Group recognises that a failure to appropriately manage local community stakeholder expectations may lead to dissatisfactions which have the potential to disrupt production and exploration activities.

Risk management

The Group 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 Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Risk Committee throughout the year.

Operating and Financial Review (continued)

Material business risks (continued)

Risk management (continued)

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

The Group 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 Group's management of those risks.

Dividends

With the continued growth over the past year and the recent inclusion in the ASX100, coinciding with the Group moving to a tax paying position, the Directors have approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after tax earnings. The change was effective immediately and has been applied to the final dividend for 2017.

The Board has confirmed that Evolution is in a sound position to meet its commitment under the new policy to pay a final fully franked dividend for the current period of 3 cents per share, totalling $50.484 million. Evolution shares will trade excluding entitlement to the dividend on 25 August 2017, with the record date being 28 August 2017 and payment date of 29 September 2017.

In relation to Evolution's dividend policy, the Board of Directors has suspended the Dividend Reinvestment Plan ("DRP") until further notice.

Significant changes in the state of affairs

There were no significant changes in the nature of the activities of the Group during the period, other than those included in the Key Highlights.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this Annual Financial Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Events occurring after the reporting period

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

On 4 August, the Company agreed to subscribe for $2.5 million worth of shares, on a firm allocation basis, in the upcoming Initial Public Offering of Riversgold Ltd, a new gold-focussed exploration company. Evolution will hold a right of first refusal over any projects in Australia that Riversgold decides to sell or joint venture.

Environmental regulation and performance

The Executive Chairman reports to the Board on all significant safety and environmental incidents. The Board also has a Risk Committee which has oversight of the safety, health and environmental performance of the Group and meets at least two times per year. The Directors are not aware of any environmental incidents occurring during the year ended 30 June 2017 which would have a materially adverse impact on the overall business of the Group.

Environmental regulation and performance (continued)

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted including Australia and New Zealand. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate environmental policies and standards.

The environmental laws and regulations that cover each of our sites, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land, disturbance, waste and tailings management, and the potential impact upon flora and fauna.

The Group has a uniform internal reporting system across all sites. All environmental incidents, including breaches of any regulation or law are assessed according to their actual or potential environmental consequence. Given levels of environmental incidents are tracked based on factors such as spill volume, incident location (onsite or offsite) and potential or actual environmental impacts. These levels include: I (insignificant), II (minor), III (moderate), IV (major), V (catastrophic).

Across the six Evolution Mining Site, excluding government reporting for non-vehicular native fauna deaths, the Level III reports for the past two years has been:

	2017	2016
Number of Level III incidents	9	14

There were no Level IV incidents. In all cases, environmental authorities were notified of those events and the appropriate agreed remedial actions undertaken.

Directors' Report (continued)

Information on Directors

The following information is current as at the date of this report. Please refer to the Remuneration Report section (e) for details of shareholdings, options and rights.

Jacob (Jake) Klein, BCom Hons, ACA, Executive Chairman
Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as the Executive Chairman of Conquest Mining. 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 was listed on the ASX in 2002 with a market capitalisation of A$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over A$2 billion. Mr Klein was formerly a Non-Executive Director of Lynas Corporation Limited, a company with operations in Australia and Malaysia, and formerly a Non-Executive Director of OceanaGold Corporation, a company with operations in the Philippines, USA and New Zealand. Both Lynas Corporation and OceanaGold are ASX-listed companies.

Lawrie Conway B Bus, CPA, MAICD, Finance Director and Chief Financial Officer
Mr Conway was appointed Finance Director and Chief Financial Officer of Evolution Mining Limited with effect from 1 August 2014 (previously a Non-Executive Director). Mr Conway has more than 27 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate, operational and commercial roles within Australia, Papua New Guinea and Chile with Newcrest and prior to that with BHP Billiton. He most recently held the position of Executive General Manager – Commercial and West Africa with Newcrest Mining where he was 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 is a Non-Executive Director of Aurelia Metals Ltd (appointed in June 2017).

James (Jim) Askew, BEng (Mining), MEngSc, FAusIMM, MCIMM, MSME (AIME), MAICD, Non-Executive Director
Mr Askew is a mining engineer with more than 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. Mr Askew has served on the boards of numerous mining and mining services companies, which currently include OceanaGold Limited (Chairman since November 2006), a company with operations in the Philippines, USA and New Zealand; Syrah Resources Limited (Chairman since October 2014), a company with operations in Mozambique and in the USA; and Endeavour Mining Corporation, a company with operations in Cote d'Ivoire, Mali, Burkina Faso and Ghana (Non-Executive Director since July 2017). Mr Askew is a member of the Risk Committee and Member of the Nomination and Remuneration Committee. Within the last 3 years Mr Askew has been a Non-Executive Director of Nevada Copper Limited and Asian Mineral Resources Ltd.

Information on Directors (continued)

Graham Freestone, BEc (Hons), Non-Executive Director
Mr Freestone has more than 45 years' experience in the petroleum and natural resources industry. He 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 Ashanti Limited. Mr Freestone was the Chief Financial Officer and Company Secretary of Acacia Resources Limited from 1994 until 2001. From 2001 to 2009 he was a Non-Executive director of Lion Selection Limited, and from 2009 to 2011 he was a Non-Executive director of Catalpa Resources Limited, and Chaired their Audit Committees during that period. Mr Freestone is a Non-Executive Director of Kasbah Resources Limited (appointed February 2017) a company with a tin project in Morocco, and Chairs its Remuneration and Audit Committees. Mr Freestone is the Chair of the Audit Committee and Member of the Risk Committee.

Colin (Cobb) Johnstone, BEng (Mining), Lead Independent Director
Mr Johnstone is a mining engineer with over 30 years' experience in the resources sector. He has served as General Manager at some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, the Olympic Dam Mine in South Australia and the Northparkes Mine in New South Wales. He has extensive international experience including Canada, China, Africa and South America. Mr Johnstone was Chief Operating Officer at Equinox Minerals Limited, until the acquisition by Barrick Gold Corporation in 2011. Prior to that Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited, where he oversaw the development and operation of gold mines in China. Mr Johnstone is Chairman of Aurelia Metals Ltd (since November 2016). Mr Johnstone is the Lead Independent Director, Chair of the Risk Committee, and a member of the Audit Committee. Mr Johnstone was a former Non-Executive Director of Magnis Resources Ltd; Neometals Ltd (Reed Resources Ltd); and Metallum Ltd.

Thomas (Tommy) McKeith, BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director
Mr McKeith is a geologist with over 28 years' experience in various mine geology, exploration and business development roles. He was formerly Executive Vice President (Growth and International Projects) for Gold Fields Limited, where he was responsible for global greenfields exploration and project development. Mr McKeith was also Chief Executive Officer of Troy Resources Limited and has held Non-Executive Director roles at Sino Gold Limited, Avoca Resources Limited and is currently the Non-Executive Chairman of ABM Resources NL. Mr McKeith is the Chair of the Nomination and Remuneration Committee and Member of the Audit Committee. Mr McKeith is also a Non-Executive Chairman of ABM Resources NL.

Directors' Report (continued)

Information on Directors (continued)

Naquib Sawaris, Non-Executive Director
Mr. Sawiris is Chairman of the advisory board of La Mancha (since 2012). The Sawiris Family have substantial interests in the telecom, construction and fertilizer, cement, real estate and hotel development industries and other businesses. He is currently the Chairman of the Board of Orascom TMT Investments S.a r.l, and the Executive Chairman of Orascom Telecom Media and Technology Holding S.A.E. Mr. Sawiris founded Orascom Telecom Holding in 1979 and developed it into a leading regional telecom player until a merger with Vimpelcom Ltd created the world's sixth largest mobile telecommunications provider. Mr. Sawiris has also been appointed Chairman of the Board of Euronews, after managing the acquisition of 53% of its shares in 2015. Mr. Sawiris has received a number of honorary degrees, industry awards and civic honors, including the Honor of Commander of the Legion d'honneur the highest award given by the French Republic for outstanding services rendered to France, the Honor of Commander of the Order of the Stella della Solidarietà Italiana, the prestigious Sitara-e-Quaid-e-Azam award for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector work. Mr. Sawiris served and is serving on a number of additional Boards, Committees and Councils including the Advisory Committee to the NYSE Board of Directors, the London Stock Exchange Group's Africa Advisory Group, the Arab Thought Foundation, and the Boards of Trustees of the American University in Cairo, Nile University, and the French University in Egypt. Mr. Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zurich and a Diploma from the German Evangelical School, Cairo, Egypt. Mr. Sawiris is currently Chairman of the advisory board of La Mancha, Chairman of the Board of Orascom TMT Investments S.a.r.l., Executive Chairman of Orascom Telecom Media and Technology Holding S.A.E.

Sebastien de Montessus, Non-Executive Director
Mr. de Montessus is the CEO and President of Endeavour Mining Corporation (since November 2015). He was previously the Chief Executive Officer of the La Mancha Group since 2012, and under his leadership La Mancha doubled its production through optimization efforts before undergoing a portfolio restructure which enabled the Sawiris family to become the main shareholder of Evolution Mining, a leading Australia gold miner, and of Endeavour Mining in November 2015. In September 2015, Mr. de Montessus was appointed to the board of Evolution Mining. Mr. de Montessus was previously a member of the Executive Board and Group Deputy CEO of AREVA Group (a world leader in nuclear energy) and CEO of AREVA Mining (uranium). Mr. de Montessus was a Board member of ERAMET, a world leader in alloying metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (Mergers and Acquisition and Equity Capital Markets). Mr. de Montessus is a business graduate from ESCP-Europe Business School in Paris. Mr de Montessus is a Member of the Nomination and Remuneration Committee and is an Executive Director and CEO of Endeavour Mining Corporation.

Information on Directors (continued)

Vincent Benoit, Alternate Non-Executive Director for Naguib Sawaris
Mr. Benoit has over 25 years of Corporate Finance, Investors Relations, and M&A experience in the mining, energy, and telecom sectors. Mr Benoit is the CFO and Executive Vice President of Corporate Development at Endeavour Mining Corporation since November 2016. Prior to joining Endeavour, he was EVP Strategy and Business Development of La Mancha where he successfully led the group's portfolio restructuring which repositioned La Mancha as a leading private mining investor through the strategic alliances formed with Evolution Mining Ltd and Endeavour Mining. Previously, as EVP Merger and Acquisitions at Orange, he was responsible for the development of the group's African footprint, its European portfolio restructuring, and forming strategic partnerships. At Orange, he was also Head of Strategy and Investor Relations. Mr. Benoit held various finance positions including with Areva, Bull Information System, and PwC. He holds a business degree from ESC-Bordeaux Business School and is a registered Chartered Accountant. Mr Benoit is a Non-Executive Director of Euronews SA.

Amr El Adawy, Alternate Non-Executive Director for Sebastien de Montessus
Mr El Adawy is the Chief Financial Officer of the La Mancha Group. He is an international finance executive with 20 years' experience in finance and management in telecoms and retail sectors. Prior to joining La Mancha he served as Chief Financial Officer of WIS Telecom (since 2010) and at the same time was Chief Executive Office of the Italian subsidiary, MENA SCS SpA (since 2011). Prior to joining the Orascom group, Mr Adawy held senior finance management positions in several multinational companies, such as Adler-France, Pepsi Cola – France and in a JV of Carrefour – France with Majid Al Futtaim group for its activity in the Middle East. Mr El Adawy holds a Finance Management and Accounting degree from CNAM of Paris. Mr El Adawy has no other current or former directorships within the last 3 years.

Company Secretary

Evan Elstein, BCom (Accounting and Finance), ACA, GradDipACG
Mr Elstein is the Company Secretary and Vice President for Information Technology and Community Relations. He is a Chartered Accountant, Chartered Secretary, and a member of the Institute of Chartered Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia. Mr Elstein has over 25 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 held senior finance and operations positions at Dimension Data in South Africa.

Directors' Report (continued)

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

	Board		Meetings of committees					
			Audit		Risk Management		Nomination and Remuneration	
	A	B	A	B	A	B	A	B
Jacob (Jake) Klein	7	7	-	-	-	-	-	-
Lawrie Conway	7	7	-	-	-	-	-	-
James (Jim) Askew	6	7	-	-	1	3	3	3
Graham Freestone	7	7	4	4	3	3	-	-
Colin (Cobb) Johnstone	7	7	4	4	3	3	-	-
Thomas (Tommy) McKeith	7	7	4	4	-	-	3	3
Naguib Sawaris	3	7	-	-	-	-	-	-
Sebastien de Montessus	5	7	-	-	-	-	2	3
Vincent Benoit	-	7	-	-	-	-	-	-
Amr El Adawy	2	7	-	-	-	-	-	-

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Shares under Option

At the date of this report there are no remaining Options outstanding. The weighted average remaining contractual life of Options outstanding at 30 June 2016 was 0.9 years with exercise prices ranging from $1.472 to $2.412.

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 the exercise of unlisted Options issued by the Company are:

Date	Details	Balance at 1 July 2016 (number)	Number Converted into Shares	Amount Paid for Shares ($)	Options Expired (number)	Balance at 30 June 2017 (number)
	Unlisted Options	5,203,344	-	-	-	-
11/11/2016	Exercised	-	90,000	160,740	-	5,113,344
15/11/2016	Exercised	-	330,000	589,380	-	4,783,344
18/11/2016	Expired	-	-	-	677,818	4,105,526
25/11/2016	Exercised	-	3,758,661	6,498,685	-	346,865
25/11/2016	Expired		-	-	346,865	5,203,344
30/06/2017	**Total**	**5,203,344**	**4,178,661**	**7,248,805**	**1,024,683**	**-**

Remuneration Report (Audited)

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2017. This report contains details of the remuneration paid to the Directors and Key Management Personnel ("KMP") and is aligned to the Company's overall remuneration strategy and framework. The Company's remuneration philosophy 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 are aligned with this philosophy.

This remuneration report is presented under the following sections:

(a) Remuneration Overview
(b) Remuneration Governance
(c) Remuneration Strategy and Framework
(d) Executive Remuneration Outcomes
(e) Non-Executive Director Remuneration
(f) Other Remuneration Information
(g) Summary of Key Terms

(a) Remuneration Overview

(i) Key Management Personnel

The executive remuneration framework covered in this report includes the Executive Directors (Executive Chairman and Chief Financial Officer) and those executives considered to be Key Management Personnel ("KMP") named below:

Name	Position
Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
Aaron Colleran	Vice President Business Development & Investor Relations
Paul Eagle	Vice President People & Culture
Evan Elstein	Company Secretary & Vice President Information Technology & Community Relations
Mark Le Messurier	Chief Operating Officer
Glen Masterman (i)	Vice President Discovery & Chief Geologist

(i) Glen Masterman was appointed into his role on 1 August 2016.

(ii) Key Remuneration Outcomes

Key remuneration outcomes for the 2017 financial year are summarised in the table below:

Remuneration	Description
STIP Outcomes	The average STIP outcome for the KMP was 85.9% of the maximum opportunity based on the assessment of business and personal measures. This reflects the Company's strong operating and financial performance, and improvement in the upgrading of the asset portfolio.
LTIP Outcomes	100% of the Performance Rights awarded during the 2014 financial year and tested as at 30 June 2016 vested on 16 August 2016. This reflects the Company's strong performance during the three years to 30 June 2016. The Performance Rights awarded during the 2015 financial year were tested as at 30 June 2017, where 100% of the Performance Rights have met their performance measures and have been approved by the Board to vest.

Remuneration Report (Audited) (continued)

(a) *Remuneration Overview (continued)*

(ii) Key Remuneration Outcomes (continued)

Remuneration	Description
KMP Remuneration	Four of the KMP received increases to their fixed remuneration during the 2017 financial year.
NED Remuneration	NEDs did not receive any increase to their base fees but did receive increases to their fees as chairs or/and as members of the Board Sub Committees. NEDs also received Share Rights under a NED Equity Plan approved by shareholders at the Annual General Meeting held on 24 November 2016.

(iii) What has changed in relation to remuneration during the 2017 financial year

The table below summarises the key changes to the executive remuneration framework implemented during the 2017 financial year.

Change	Description
Executive Chairman Performance Rights	As approved by shareholders at the general meeting held on the 21 June 2017, the Executive Chairman was issued with 3,375,000 performance rights under a Transition Incentive Plan on the terms and conditions of Evolution's Employee Share Option and Performance Rights Plan. The rights are designed to secure the Executive Chairman's services and continue his strong focus on long term value creation for Evolution Shareholders, while further strengthening alignment between executive remuneration and shareholder/business objectives.

(iv) What changes are planned for remuneration in the 2018 financial year

No changes are planned to the remuneration structure for the 2018 financial year. Three of the KMP are to receive increases to their fixed remuneration for 2018 as a part of the annual remuneration review.

(b) Remuneration Governance

The Board of Directors ("the Board") has an established Nomination and Remuneration Committee, 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 Directors (on an annual basis) and ensure there is a process for determining key performance indicators for the ensuing period; and
- Remuneration of the Executive Directors, Non-Executive Directors and Key Management Personnel, in accordance with approved Board policies and processes.

During 2017 the Nomination and Remuneration committee obtained advice on the NED equity plan and the appropriate structure of the Executive Chairman's Transitional Incentive Plan. These were approved by Shareholders at the General Meeting held on 21 June 2017.

Remuneration Report (Audited) (continued)

(c) Remuneration Strategy and Framework

The executive remuneration framework has been designed to align Executive Directors and KMP objectives with shareholder and business objectives by offering a remuneration package based on key performance areas affecting the Group's overall performance. The Board believes the remuneration framework to be strategic, appropriate and effective in its ability to attract and retain KMP and to operate and manage the Group effectively.

The Group's target remuneration philosophies are:

- **Total Fixed Remuneration** (TFR being 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 over 89 organisations within the industry);
- **Total Annual Remuneration** (TFR plus STI) at the 75th percentile for high performers; and
- **Total Remuneration** (TFR plus STI plus LTI) at the 75th percentile, with flexibility to provide up to the 90th percentile levels for high performers and critical roles.

The overarching objectives and principles of the Group'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 Report (Audited) (continued)

(c) ***Remuneration Strategy and Framework (continued)***

The following table outlines the remuneration components for all KMP for the 2017 financial year:

Component	Performance measure	Strategic objective
Total Fixed Remuneration (TFR)	Key results areas for the role are determined based on the individual's position and key business imperatives.	Remuneration is designed to attract, motivate and retain key personnel. Considerations include: • Overall Company business plan • External market conditions • Key employee value drivers • Individual employee performance • Industry benchmark data
Short Term Incentive (STI)	Key Performance indicators are set with a mix of individual and corporate elements. The relative weighting of which is dependent on the individual employee job banding and position. For the Executive Chairman the weighting is 70% corporate and 30% individual and for the remainder of the KMP, 60% corporate and 40% individual. For the corporate component for FY17, the measures focused on safety, cash contribution, costs and strategic imperatives focused on delivering step change growth through completion of drill programs to extend mine life at each asset and extension of production profile by reserve growth.	The objective is to motivate employees to achieve key annual targets focused on safety, operations, cash contribution, and effective cost management, improving the overall quality of the asset portfolio and driving a high achievement team culture.
Long Term Incentive (LTI)	Performance measures agreed with the Board have a 3 year time horizon and are focused on enhancing shareholder value.	The primary objective to deliver industry leading shareholder returns.

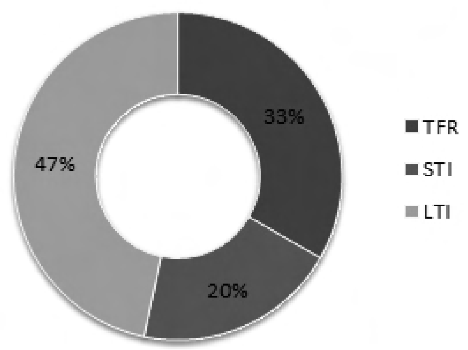
Directors' Report (continued)

Remuneration Report (Audited) (continued)

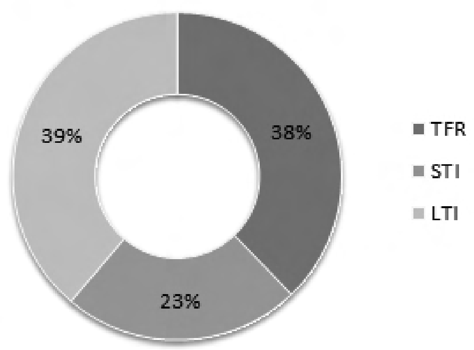
(c) *Remuneration Strategy and Framework (continued)*

The target achievement remuneration mix for Executive Directors and KMP for the 2017 financial year and prior financial year is as follows:

CEO/Executive Chairman



Other Senior Executives



(d) Executive Remuneration Outcomes

(i) Financial Performance

The Group has demonstrated strong performance over the past five years. The following table breaks down the key performance indicators for the Group over this time frame:

	2017	2016	2015	2014	2013
Statutory profit/(loss) for the year ($'000)	217,607	(24,349)	100,115	50,017	(307,421)
Underlying profit for the year after income tax ($'000) (i)	206,588	134,496	106,050	50,017	44,443
EBITDA ($'000)	713,855	607,551	272,656	207,556	211,725
Basic earnings per share (cents)	13.28	(1.75)	13.71	7.06	(43.43)
Dividends declared (cents per share)	5	3	2	2	-
Share price ($)	2.41	2.33	1.15	0.70	0.57

(i) Refer to the Profit Overview section in the Operating and Financial Review for a reconciliation of the 2016 stated underlying profit for the year.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(ii) STIP

Component	Performance measure
Participation	The Overall Group STIP applies to site based employees at the level of Manager and all Group office employees.
Composition	The Group STIP is a cash bonus, up to a maximum percentage of TFR, based on the employee job band.
Performance conditions	It is assessed and paid annually conditional upon the achievement of key company objectives and individual KPIs. For the 2017 financial year, the company objectives were focussed in the areas of safety, group cash contribution, production, costs and a strategic imperative element.
Award parameters	The Group STIP is currently set at between 10% and 60% of TFR for Target achievement, with a maximum of 20%-90% of TFR for Stretch achievement, depending on the employee job band. Details of the Group STIP paid to the Directors and KMP are shown in the Remuneration Table in section d(iv). The Group's performance against the STI Scorecard for FY17 is as follows:

STIP Scorecard		Target (100%)	STIP Weighting	Result	Award
HSE	Safety Indicator (TRIFR)	7.1	10%	7.96	0.00%
	Critical Controls Compliance - top 5 principal hazards (%)	90	15%	93.3	17.48%
Profitability	Group Cash Contribution ($ million)	230	20%	342	30.00%
	Group All In Costs ($/Oz sold)	1,090	20%	1,039	29.32%
Strategic Imperatives	Discretionary	100%	35%	135%	47.25%
Total			**100%**		**124.05%**

FY17 STIP considerations	At the time of setting the FY17 STIP measures, the Board determined it would consider the following factors when awarding the score for strategic imperatives measure: • Overall business performance • Delivering step change growth through completion of drill programs to extend mine life at each asset • Extension of production profile by reserve growth; and •Successful completion of the sale of Pajingo and the Ernest Henry transaction.
Award outcome for the year	The Board approved a discretionary score of 135.00% for the following reasons: • Average mine life of the portfolio has improved in the last 12 months from ~7.4 years to ~8.3 years based on reserves following the successful completion of the drilling programs; • The Ernest Henry (EH) transaction has been transformative and a key part of improving our average mine life and the quality of our asset portfolio; • The successful divestment of Pajingo; • The Company also achieved a number of other important outcomes, including the reduction in debt levels and the successful achievement of 15 out of 16 FY17 key operational and financial measures and targets. Overall business performance on a Group basis met or exceeded set targets. A number of records have been achieved throughout the business this year.

Remuneration Report (Audited) (continued)

(d) ***Executive Remuneration Outcomes (continued)***

(ii) STIP (continued)

Component	Performance measure			
	2017	**Total STIP Granted ($)**	**% of Maximum Entitlement Granted**	**% of Maximum Entitlement Forfeited**
	Directors			
	Jacob Klein	610,000	84.5%	15.5%
	Lawrie Conway	475,000	88.0%	12.0%
	Key Management Personnel			
	Aaron Colleran	391,000	100.0%	0.0%
	Paul Eagle	265,000	82.9%	17.1%
	Evan Elstein	300,000	82.3%	17.7%
	Mark Le Messurier	335,000	82.7%	17.3%
	Glen Masterman	300,000	80.3%	19.7%

(iii) LTIP

Component	Performance measure
Participation	The Group LTIP applies to employees at the level of Manager and above across the Group.
Performance period	Up to 3 years.
Composition	The Company has two long term incentive plans currently in existence, specifically the Employees and Contractors Option Plan ("ECOP") and the Employee Share Option and Performance Rights Plan ("ESOP").The ECOP and the Option component of the ESOP are now effectively dormant with no new options to be issued under these plans. All remaining Options either expired or were exercised during the year.
Performance conditions	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 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.
Award parameters	Further details on each of the performance conditions laid out below are detailed in Section f(i) - 'Other Remuneration Information'.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iii) LTIP (continued)

Component	Performance Measure				
	Performance Target		Description	Weighting for FY14 grants	Weighting for FY15, FY16 and FY17 grants
	(i)	TSR Performance	The Group's relative total shareholder return (TSR) measured against the TSR for a peer Company of 20 comparator gold mining companies (Peer Group)	33.33%	25%
	(ii)	Absolute TSR performance	The Group's absolute TSR return	33.33%	25%
	(iii)	Growth in Earnings per share	Growth in the Group's Earnings per share	33.33%	25%
	(iv)	Increase in ore reserves per share	Increasing the ore reserves per share over a 3 year period	-	25%
FY17 LTIP considerations	Each year an assessment is made by the Directors against performance hurdles and guidelines established by the Board. 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 Group, the nature or terms of their employment or contract and the contribution they make to the Group as a whole.				
Award outcome for the year - ECOP Options	At 30 June 2017 there were no Options outstanding (FY16: 52,954). The movement in the options under this plan is summarised in the table below:				

Award outcome for the year - ECOP Options

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	52,954	488,651
Issued during the period	-	-
Exercised during the period	-	-
Expired during the period	(52,954)	(435,697)
Outstanding balance at the end of the year	**-**	**52,954**

Award outcome for the year - ESOP Options

During the year 4,178,661 Options were exercised at exercise prices ranging from $1.418 to $1.882 per option, 971,729 Options expired and there were no Options outstanding at 30 June 2017:

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	5,150,390	7,161,087
Issued during the period	-	-
Exercised during the period	(4,178,661)	(180,000)
Expired during the period	(971,729)	(1,830,697)
Outstanding balance at the end of the year	**-**	**5,150,390**

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iii) LTIP (continued)

Component	Performance measure
Award outcome for the year - ESOP Performance Rights	The ESOP approved by shareholders on 23 November 2010 provided for the issuance of Performance Rights to Executive Directors and eligible employees. This 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 TFR. These incentives are aimed at retaining and incentivising KMP and senior managers on a basis that is aligned with shareholder interests, and are provided via Performance Rights. The movement in Performance Rights under this plan is in the table below:

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	29,429,811	21,382,111
Performance Rights granted (withdrawn) during the period pursuant to Retention Agreement*	(3,750,000)	3,750,000
Performance Rights granted during the period pursuant to Transition Incentive Plan*	3,375,000	-
Performance rights granted during the period	6,797,540	8,141,268
Vested during the period	(7,961,146)	(2,262,954)
Lapsed during the period		(923,228)
Forfeited during the period	(1,612,639)	(657,386)
Outstanding balance at the end of the year	**26,278,566**	**29,429,811**

*The 3,750,000 Performance Rights granted in December 2015 to Mr. Jake Klein were withdrawn pursuant to a Transition Incentive Plan (TIP) under the Retention Agreement which the Company has entered into with Mr. Klein. Under the Plan the Company granted 3,375,000 Performance Rights to Mr. Klein subject to the satisfaction of Vesting Conditions to be tested as at 16 December 2019 and were approved by shareholders the shareholder meeting held on 21 June 2017.

The table below reflects the Performance Rights granted, vested, or lapsed in each financial year:

	FY13	FY14	FY15	FY16	FY17	Running Balance
Granted	4,943,777	10,498,408	10,804,370	8,141,368	6,797,540	41,185,463
Granted - TIP	-	-	-	-	3,375,000	3,375,000
Vested	(2,262,954)	(7,961,147)	-	-	-	(10,224,101)
Lapsed	(923,229)	-	-	-	-	(923,229)
Forfeited	(1,757,594)	(2,537,261)	(1,589,969)	(855,467)	(394,276)	(7,134,567)
Subject to vesting	-	-	9,214,401	7,285,901	9,778,264	26,278,566
Testing date	30/06/15	30/06/16	30/06/17	30/06/18	30/06/19	-
Testing date - TIP	-	-	-	-	16/12/19	-
Vesting (%)	71%	100%	100%	-	-	-

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iv) Remuneration summary table

	Total Fixed Remuneration		Post-Employment Benefits				STI		LTI					
	Base Salary and Fees		Non- Monetary Benefits (i)		Superannuation		Bonus		Amortised Value (ii)		Other Benefits (iii)		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Directors														
Jacob Klein	984,184	984,492	-	-	19,616	19,308	610,000	676,000	1,218,472	942,484	-	200,000	2,832,272	2,822,284
Lawrie Conway	665,384	525,692	-	-	19,616	19,308	475,000	317,000	301,828	112,406	-	180,000	1,461,828	1,154,406
James Askew	113,750	110,000	-	-	-	-	-	-	18,690	-	-	-	132,440	110,000
Graham Freestone	115,867	117,673	-	-	11,007	11,051	-	-	18,690	-	-	-	145,564	128,724
Colin Johnstone	133,125	119,437	-	-	-	-	-	-	18,690	-	-	-	151,815	119,437
Thomas McKeith	107,877	111,027	-	-	10,248	10,548	-	-	18,690	-	-	-	137,787	121,575
Naguib Sawaris	95,000	79,167	-	-	-	-	-	-	18,690	-	-	-	113,690	79,167
Sebastien de Montessus	104,375	81,042	-	-	-	-	-	-	18,690	-	-	-	123,065	81,042
Key Management Personnel														
Aaron Colleran	409,368	397,642	-	-	19,616	19,308	391,500	272,000	337,130	273,159	-	125,000	1,157,614	1,087,109
Paul Eagle	335,384	325,692	-	-	19,616	19,308	265,000	183,000	212,628	135,601	-	40,000	832,628	703,601
Evan Elstein	373,718	350,962	-	-	19,616	19,308	300,000	232,000	285,293	223,223	-	40,000	978,627	865,493
Mark Le Messurier	430,384	431,217	-	10,108	19,616	19,308	335,000	297,000	364,530	290,584	-	318,631	1,149,530	1,366,848
Glen Masterman	362,435	-	-	-	17,980	-	300,000	-	107,809	-	-	-	788,224	-
	4,230,851	**3,634,043**	**-**	**10,108**	**156,931**	**137,447**	**2,676,500**	**1,977,000**	**2,939,830**	**1,977,457**	**-**	**903,631**	**10,004,112**	**8,639,686**

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

(ii) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year for KMP, and retention rights for NED.

(iii) Other benefits include a one-off bonus awarded by the board for overall business performance and transformation. Also included in 2016 are relocation costs for Mark Le Messurier.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(v) Executive service agreements

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

Name	Term of agreement and notice period	Total Fixed Remuneration	Notice Period by Executive	Notice period by Evolution	Termination payments (ii)
Existing Executive Directors and Key Management Personnel					
Jacob Klein Executive Chairman	Open	803,800 (ii) 300,000 fixed Director's Fees (iii)	6 months	6 months	12 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	465,000	3 months	6 months	6 months Total Fixed Remuneration
Lawrie Conway Finance Director and Chief Financial Officer	Open	600,000 135,000 fixed Director's Fees	3 months	6 months	6 months Total Fixed Remuneration
Paul Eagle Vice President People and Culture	Open	380,000	3 months	6 months	6 months Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President Information Technology and Community Relations	Open	405,000	3 months	6 months	6 months Total Fixed Remuneration
Mark Le Messurier Chief Operating Officer	Open	450,000	3 months	6 months	6 months Total Fixed Remuneration
Glen Masterman Vice President Discovery and Chief Geologist	Open	425,000	3 months	6 months	6 months Total Fixed Remuneration

(i) For a change of control event, the termination payment is 12 months TFR for Executive Directors and KMP

(ii) Disclosed amount of $800,000 per 30 June 2016 accounts. The correct amount was $803,800. Mr Klein's TFR has not changed since 1 July 2014.

(iii) Mr Klein's Director Fees are to be increased from $200,000 to $300,000 per year with effect from 1 July 2017.

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 Executive Directors and KMP total fixed remuneration as at the date of this report.

(e) Non-Executive Director Remuneration Outcomes

The Board policy is to remunerate Non-Executive Directors (NEDs) 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 $950,000 per annum). Fees for Non-Executive Directors are not linked to the performance of the Group and they currently do not participate in the Group's STIP or LTIP.

Remuneration Report (Audited) (continued)

(e) ***Non-Executive Director Remuneration Outcomes (continued)***

Following an independent review of the fees paid to the Company's NEDs, the Board and the Remuneration Committee determined that annual remuneration paid to NEDs will be delivered partially in cash and partially in equity under the NED Equity Plan approved by shareholders at the Annual General Meeting held on 24 November 2016.

Under the NED Equity Plan, NEDs will be granted Share Rights as part of their remuneration. The number of Share Rights granted will be calculated in accordance with the following formula:

"Equity Amount" ($) for the financial year/Value per Share Right

Where:

- "Equity Amount" is an amount determined by the Board, having regard to level of board and committee fees paid in cash and independent advice received. For FY2017, the Equity Amount is $40,000 for each NED.
- The Value per Share Right = the volume weighted average price (VWAP) of Evolution's ordinary shares traded on the ASX over the 5 trading day period up to and including 30 June each year. For FY2017, the VWAP used to determine the number of share rights granted to each NED was $2.4542.

Providing the NED remains a director of Evolution, Share Rights will vest and automatically exercise 12 months after the grant date. The Share Rights granted to NEDs under the NED Equity Plan are not subject to performance conditions or service requirements which could result in potential forfeiture. Vested Share Rights will convert into ordinary shares on a one-for-one basis. Vested Share Rights will be satisfied by either issuing shares or arranging for shares to be acquired on-market, subject to the Evolution Securities Trading Policy and the inside information provisions of the Corporations Act.

Upon the transfer to the relevant NED, the shares will be subject to disposal restrictions (Disposal Conditions) under the earlier of:

- the NED ceasing to be a director of Evolution; or
- 3 years from the date of grant of the share rights or such longer period nominated by the NED at the time of the offer (up to a maximum 15 years from the date of grant).

Generally, Share Rights will lapse if a Participant ceases to be a Director of the Company.

Broken out in the table below is a summary of the fee structure by individual as at 30 June 2017. For remuneration outcomes please refer to table in section d (iv). Note that a change in Board Sub-Committee fees was implemented during the year.

Remuneration Report (Audited) (continued)

(e) *Non-Executive Director Remuneration Outcomes (continued)*

	Cash Component ($)					Equity ($)	
	Base Fees	Lead Independent	Sub-Committee Chairman	Sub-Committee Member	Total Cash Fees	NED Equity Plan Shares	Total per annum ($)
Directors							
James Askew	95,000	-	-	20,000	115,000	40,000	155,000
Graham Freestone	95,000	-	25,000	10,000	130,000	40,000	170,000
Colin Johnstone	95,000	15,000	15,000	10,000	135,000	40,000	175,000
Thomas McKeith	95,000	-	15,000	10,000	120,000	40,000	160,000
Naguib Sawaris	95,000	-	-	-	95,000	40,000	135,000
Sebastien de Montessus	95,000	-	-	10,000	105,000	40,000	145,000
	570,000	**15,000**	**55,000**	**60,000**	**700,000**	**240,000**	**940,000**

(f) Other Remuneration Information

(i) LTIP performance parameters

Component	Assessment		
TSR Performance	The Group'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 Group's applicable 30-day VWAP at the close of trade, relating to the grant of Performance Rights for that period.		
	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%
Absolute TSR performance	Performance rights will be will be tested against the Group's Absolute TSR performance relative to the 30 days VWAP (Absolute TSR Performance Rights) as at 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019 respectively, measured as the cumulative annual TSR over the three year performance period.		

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(i) LTIP performance parameters (continued)

Component	Assessment		
	Level of performance achieved	**Evolution Absolute TSR performance**	**% of Absolute 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 granted during the years ended 30 June 15-17 and those to be granted during the year ended 30 June 2018,will be tested against the Group'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 Earnings Per Share 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%
Increase in ore reserves per share	A proportion of Performance Rights will be tested against the Group's ability to grow its Ore Reserves, calculated by measuring the growth over the three year performance period by comparing the baseline measure of the Ore Reserves as at 31 December ("Baseline Ore Reserves") to the Ore Reserves as at 31 December three years later on a per share basis, with testing to be performed at 30 June 2017, 30 June 2018 and 30 June 2019.		
	Level of performance achieved	**Evolution Growth in Ore Reserves per share performance**	**% of Growth in Ore Reserves Performance Rights vesting**
	Threshold	80% of Baseline Ore Reserves	33%
		Above 80% of Baseline Ore Reserves but below 100% Baseline Ore Reserves	Straight-line pro-rata between 33% and 66%
	Target	100% Baseline Ore Reserves	66%
		Above 100% of Baseline Ore Reserves and below 120% of Baseline Ore Reserves	Straight-line pro-rata between 66% and 100%
	Exceptional	120% and above of Baseline Ore Reserves	100%

Remuneration Report (Audited) (continued)

(f) ***Other Remuneration Information (continued)***

(i) LTIP performance parameters (continued)

(ii) Director and key management personnel equity holdings

	Balance at the start of the year	Received during the year on conversion of performance rights	Received during the year on exercise of options	Other changes	Balance at the end of the year
Directors					
Jacob Klein	7,737,989	2,245,152	-	486,917	10,470,058
Lawrie Conway	138,462	-	-	18,461	156,923
James Askew	669,231	-	-	88,058	757,289
Graham Freestone	98,953	-	-	15,254	114,207
Colin Johnstone	94,415	-	-	14,554	108,969
Thomas McKeith	138,462	-	-	18,461	156,923
Naguib Sawaris (i)	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-
Amr El Adawy	11,333	-	-	-	11,333
Key Management Personnel					
Aaron Colleran	183,529	499,145	330,000	(344,838)	667,836
Paul Eagle	30,840	232,000	-	18,002	280,842
Evan Elstein	132,833	390,000	-	(73,738)	449,095
Mark Le Messurier	403,630	523,201	-	11,102	937,933
Glen Masterman	-	-	-	-	-
	9,639,677	**3,889,498**	**330,000**	**252,233**	**14,111,408**

(i) Mr Sawaris is the controlling shareholder of La Mancha Group International BV ("La Mancha"). La Mancha has a relevant interest in 475,144,992 Evolution shares, representing approximately 28.24% of Evolution's issued capital.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(ii) Director and key management personnel equity holdings (continued)

Performance and Share Rights

					At end of the year		
	Balance at the start of the year	Granted as compen-sation	Converted	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Jacob Klein	9,622,314	4,151,479	(2,245,152)	(3,750,000)	7,778,641	2,229,965	5,548,676
Lawrie Conway	871,579	306,058	-	-	1,177,637	536,347	641,290
James Askew	-	16,298	-	-	16,298	-	16,298
Graham Freestone	-	16,298	-	-	16,298	-	16,298
Colin Johnstone	-	16,298	-	-	16,298	-	16,298
Thomas McKeith	-	16,298	-	-	16,298	-	16,298
Naguib Sawaris	-	16,298	-	-	16,298	-	16,298
Sebastien de Montessus	-	16,298	-	-	16,298	-	16,298
Key Management Personnel							
Aaron Colleran	1,305,526	282,908	(499,145)	-	1,089,289	495,770	593,519
Paul Eagle	657,609	239,434	(232,000)	-	665,043	254,268	410,775
Evan Elstein	1,076,834	251,418	(390,000)	-	938,252	411,200	527,052
Mark Le Messurier	1,394,780	306,058	(523,201)	-	1,177,637	536,347	641,290
Glen Masterman	-	276,080	-	-	276,080	-	276,080
	14,928,642	**5,911,233**	**(3,889,498)**	**(3,750,000)**	**13,200,367**	**4,463,897**	**8,736,470**

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(ii) Director and key management personnel equity holdings (continued)

Options

	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes (i)	At end of the year		
					Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Jacob Klein	4,677,436	-	-	(4,677,436)	-	-	-
Lawrie Conway	-	-	-	-	-	-	-
James Askew	52,954	-	-	(52,954)	-	-	-
Graham Freestone	-	-	-	-	-	-	-
Colin Johnstone	-	-	-	-	-	-	-
Thomas McKeith	-	-	-	-	-	-	-
Naguib Sawaris	-	-	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-	-	-
Key Management Personnel							
Aaron Colleran	330,000	-	(330,000)	-	-	-	-
Paul Eagle	-	-	-	-	-	-	-
Evan Elstein	-	-	-	-	-	-	-
Mark Le Messurier	-	-	-	-	-	-	-
Glen Masterman	-	-	-	-	-	-	-
	5,060,390	**-**	**(330,000)**	**(4,730,390)**	**-**	**-**	**-**

(i) Other changes for the year include the off market sale of 4,677,436 unlisted share options due to expire on 18 and 25 November held by Mr Klein and the expiry of 52,954 unlisted share options held by Mr Askew.

(g) 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 above.
Key Management Personnel ("KMP")	Senior executives have the authority and responsibility for planning, directing and controlling the activities of the Company and are members of the senior leadership team. KMP for the financial year ended 30 June 2017 are listed above.
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.

Remuneration Report (Audited) (continued)

(g) ***Summary of Key Terms (continued)***

Key Term	Definition
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 the Vesting Conditions of Performance Rights 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 KMP 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 9.5% in the reporting period 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.
NED Equity Plan	The plan permits the Company, at the discretion of the Board and Remuneration Committee to issue remuneration to Non-Executive Directors through Share Rights.
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.
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.
Fees	Fees paid to Executive and Non-Executive Directors for services as a Director, including sub-committee fees as applicable.

Directors' Report (continued)

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.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below. Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in note 24(a).

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Non-audit services (continued)

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2017 $	2016 $
Other assurance services		
PricewaterhouseCoopers firm:		
Assurance related services	**140,413**	16,700
Non PricewaterhouseCoopers audit firms		
Due diligence services	**-**	226,245
Internal audit services	**114,348**	62,845
Other assurance services	**20,000**	-
Total remuneration for other assurance services	**274,761**	305,790
Taxation services		
PricewaterhouseCoopers firm:		
Tax compliance services	**89,391**	12,000
Tax advisory services	**402,939**	-
Non PricewaterhouseCoopers audit firms		
Tax compliance services	**111,861**	47,980
Tax advisory services	**291,424**	821,010
Total remuneration for taxation services	**895,615**	880,990
Total remuneration for non-audit services	**1,170,376**	1,186,780

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 105.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Jacob (Jake) Klein
Executive Chairman

Graham Freestone
Non-Executive Director

Sydney

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2017, 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.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
17 August 2017

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2017 $'000	30 June 2016 $'000
Sales revenue	2	**1,479,876**	1,328,614
Cost of sales	2	**(1,151,344)**	(1,096,992)
Gross Profit		**328,532**	231,622
Interest income		**1,519**	1,412
Other income		**776**	2,260
Share based payments expense	23	**(6,413)**	(9,896)
Corporate and other administration costs	2	**(28,728)**	(26,402)
Acquisition and integration costs	2	**(6,987)**	(54,681)
Loss on sale of subsidiary		**(3,576)**	-
Gain on revaluation of available-for-sale assets		**-**	4,365
Exploration and evaluation costs expensed		**(12,645)**	(13,801)
Impairment of assets		**-**	(77,330)
Impairment of goodwill		**-**	(35,270)
Finance costs	2	**(35,194)**	(43,785)
Profit/(loss) before income tax expense		**237,284**	(21,506)
Income tax expense	3	**(19,677)**	(2,843)
Profit/(loss) after income tax expense attributable to Owners of Evolution Mining Limited		**217,607**	(24,349)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets	11(b)	**1,699**	46
Changes in the fair value of cash flow hedges	11(b)	**127**	(6,889)
Exchange differences on translation of foreign operations	11(b)	**(47)**	104
Other comprehensive income/(loss), net of tax		**1,779**	(6,739)
Total comprehensive income/(loss)		**219,386**	(31,088)
Total comprehensive income/(loss) for the period is attributable to:			
Owners of Evolution Mining Limited		**219,386**	(31,088)
		219,386	(31,088)
		Cents	Cents
Earning/(loss) per share for profit/(loss) attributable to Owners of Evolution Mining Limited:			
Basic earning/(loss) per share	4	**13.28**	(1.75)
Diluted earning/(loss) per share	4	**13.23**	(1.75)

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

Consolidated Balance Sheet

	Notes	30 June 2017 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**37,385**	17,295
Trade and other receivables	12	**63,119**	26,953
Inventories	14	**276,869**	213,168
Assets classified as held for sale		**-**	77,621
Total current assets		**377,373**	335,037
Non-current assets			
Inventories	14	**827**	827
Available-for-sale financial assets		**4,962**	3,263
Property, plant and equipment	7	**741,189**	789,770
Mine development and exploration	8	**1,801,479**	1,058,173
Deferred tax assets	16	**16,448**	-
Other non-current assets		**3,191**	89
Total non-current assets		**2,568,096**	1,852,122
Total assets		**2,945,469**	2,187,159
LIABILITIES			
Current liabilities			
Trade and other payables	13	**156,627**	121,509
Interest bearing liabilities	10	**53,401**	16,788
Derivative financial instruments		**-**	127
Current tax liabilities		**36,214**	-
Provisions	15	**30,173**	24,994
Liabilities directly associated with assets classified as held for sale		**-**	32,621
Other current liabilities		**3,206**	4,621
Total current liabilities		**279,621**	200,660
Non-current liabilities			
Interest bearing liabilities	10	**382,723**	279,667
Provisions	15	**154,873**	152,104
Deferred tax liabilities	16	**-**	89
Other non-current liabilities		**-**	3,206
Total non-current liabilities		**537,596**	435,066
Total liabilities		**817,217**	635,726
Net assets		**2,128,252**	1,551,433
EQUITY			
Issued capital	11(a)	**2,183,727**	1,770,987
Reserves	11(b)	**38,795**	29,363
Accumulated losses	11(c)	**(94,270)**	(248,917)
Capital and reserves attributable to owners of Evolution Mining Limited		**2,128,252**	1,551,433
Total equity		**2,128,252**	1,551,433

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

Consolidated Statement of Changes in Equity

	Notes	Issued capital $'000	Share-based payments $'000	Fair value revaluation reserve $'000	Cash flow hedges $'000	Foreign currency translation $'000	Accu-mulated losses $'000	Total equity $'000
Balance at 1 July 2015		1,292,620	20,840	(156)	6,762	-	(195,506)	1,124,560
Loss after income tax expense		-	-	-	-	-	(24,349)	(24,349)
Changes in fair value of available-for-sale financial assets		-	-	46	-	-	-	46
Changes in fair value of cash flow hedges		-	-	-	(6,889)	-	-	(6,889)
Exchange differences on translation of foreign operations		-	-	-	-	104	-	104
Total comprehensive income		**-**	**-**	**46**	**(6,889)**	**104**	**(24,349)**	**(31,088)**
Transactions with owners in their capacity as owners:								
Contributions of equity	11(a)	478,367	-	-	-	-	-	478,367
Dividends provided for or paid	5	-	-	-	-	-	(29,062)	(29,062)
Recognition of share-based payments	23	-	8,656	-	-	-	-	8,656
		478,367	8,656	-	-	-	(29,062)	457,961
Balance at 30 June 2016		**1,770,987**	**29,496**	**(110)**	**(127)**	**104**	**(248,917)**	**1,551,433**
Balance at 1 July 2016		1,770,987	29,496	(110)	(127)	104	(248,917)	1,551,433
Profit after income tax expense		-	-	-	-	-	217,607	217,607
Changes in fair value of available-for-sale financial assets		-	-	1,699	-	-	-	1,699
Changes in fair value of cash flow hedges		-	-	-	127	-	-	127
Exchange differences on translation of foreign operations		-	-	-	-	(47)	-	(47)
Total comprehensive expense		**-**	**-**	**1,699**	**127**	**(47)**	**217,607**	**219,386**
Transactions with owners in their capacity as owners:								
Contributions of equity	11(a)	412,740	-	-	-	-	-	412,740
Dividends provided for or paid	5	-	-	-	-	-	(62,960)	(62,960)
Recognition of share-based payments	23	-	7,653	-	-	-	-	7,653
		412,740	7,653	-	-	-	(62,960)	357,433
Balance at 30 June 2017		**2,183,727**	**37,149**	**1,589**	**-**	**57**	**(94,270)**	**2,128,252**

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

Consolidated Statement of Cash Flows

	Notes	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from sales		**1,441,275**	1,317,938
Payments to suppliers and employees		**(768,279)**	(720,120)
Other income		**776**	2,260
Interest received		**1,519**	1,414
Interest paid		**(24,496)**	(27,408)
Net cash inflow from operating activities	6(a)	**650,795**	574,084
Cash flows from investing activities			
Payments for property, plant and equipment		**(91,041)**	(70,260)
Payments for mine development and exploration		**(181,267)**	(164,455)
Proceeds from sale of property, plant and equipment		**1,820**	3,881
Proceeds from sale of subsidiary		**40,688**	-
Payments for acquisition and integration costs		**-**	(6,590)
Payments for stamp duty related to business disposal		**(3,045)**	(48,091)
Cash acquired through business combinations		**-**	20,781
Payments for subsidiaries acquired through business combinations		**-**	(734,646)
Transfer from term deposits		**(3)**	-
Transaction costs related to business disposal		**(3,942)**	-
Payment for economic interest in Ernest Henry		**(884,004)**	-
Net cash outflow from investing activities		**(1,120,794)**	(999,380)
Cash flows from financing activities			
Proceeds from interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**475,000**	607,000
Repayment of interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**(325,000)**	(322,000)
Repayment of interest bearing liabilities - La Mancha Debt Facility		**-**	(124,000)
Repayment of short term borrowings		**(163,232)**	(155,739)
Proceeds from short term borrowings		**161,630**	158,801
Payment of finance lease liabilities		**(8,316)**	(15,224)
Dividends paid		**(52,419)**	(23,834)
Proceeds from issues of shares		**408,808**	111,799
Payment of transaction costs for issuing shares		**(6,315)**	-
Net cash inflow from financing activities		**490,156**	236,803
Net increase/(decrease) in cash and cash equivalents		**20,157**	(188,493)
Cash and cash equivalents at the beginning of the period		**17,295**	205,788
Effects of exchange rate changes on cash and cash equivalents		**(67)**	-
Cash and cash equivalents at end of period	9	**37,385**	17,295

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

Notes to the Consolidated Financial Statements

Contents of the Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements (continued)

Business Performance

This section highlights the key indicators on how the Group performed during the year.

1 Performance by Mine

(a) Description of segments

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

The Group's seven operational mine sites, Exploration and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

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

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

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

(b) Segment information

The segment information for the reportable segments for the year ended 30 June 2017 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Edna May $'000	Cracow $'000	Ernest Henry $'000	Pajingo $'000	Exploration $'000	Corporate $'000	Total $'000
30 June 2017											
Revenue	440,691	231,767	197,093	166,471	116,845	146,149	163,342	17,518	-	-	**1,479,876**
EBITDA	258,434	90,029	126,051	91,578	20,588	71,610	99,234	2,614	(12,645)	(33,638)	**713,855**
Sustaining Capital	43,849	14,566	15,304	14,242	2,241	17,462	6,066	2,820	-	1,035	**117,585**
Major Capital	27,080	22,161	13,887	19,071	28,519	14,168	-	3,560	-	-	**128,446**

The segment information for the reportable segments for the year ended 30 June 2016 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Edna May $'000	Cracow $'000	Ernest Henry $'000	Pajingo $'000	Exploration $'000	Corporate $'000	Total $'000
30 June 2016											
Revenue	375,346	232,549	206,916	136,323	119,819	144,506	-	113,155	-	-	**1,328,614**
EBITDA	222,238	115,062	119,631	65,719	12,911	67,887	-	50,940	(13,801)	(33,036)	**607,551**
Sustaining Capital	29,412	18,231	13,788	16,448	4,290	13,453	-	11,400	-	848	**107,870**
Major Capital	-	14,727	8,146	37,384	7,302	12,204	-	13,500	-	-	**93,263**

Notes to the Consolidated Financial Statements (continued)

1 Performance by Mine (continued)

(c) Segment reconciliation

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of profit/(loss) before income tax expense		
EBITDA	**713,855**	607,551
Depreciation and amortisation	**(388,824)**	(335,451)
Interest income	**1,519**	1,412
Acquisition and integration costs	**(6,987)**	(54,681)
Gain on revaluation of available-for-sale assets	**-**	4,365
Fair value amortisation expense	**(45,035)**	(58,167)
Fair value unwinding expense	**1,526**	(30,150)
Impairment loss on assets	**-**	(77,330)
Impairment loss on goodwill	**-**	(35,270)
Finance costs	**(35,194)**	(43,785)
Loss on sale of subsidiary	**(3,576)**	-
Profit/(loss) before income tax expense	**237,284**	(21,506)

Recognition and measurement

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of Evolution Mining Limited has appointed a strategic steering committee which assesses the financial performance and position of the Group, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Executive Chairman and the Senior Leadership Team.

Notes to the Consolidated Financial Statements (continued)

2 Revenue and Expenses

	30 June 2017 $'000	30 June 2016 $'000
Sales revenue		
Gold sales	**1,341,311**	1,302,228
Silver sales	**25,164**	18,226
Copper sales	**113,401**	8,160
	1,479,876	1,328,614

	30 June 2017 $'000	30 June 2016 $'000
Cost of sales		
Mine operating costs	**657,258**	618,488
Depreciation and amortisation expense	**388,097**	334,449
Royalty and other selling costs	**62,480**	55,738
Fair value amortisation	**45,035**	58,167
Fair value (gain)/expense	**(1,526)**	30,150
	1,151,344	1,096,992
Corporate and other administration costs		
Depreciation and amortisation expense	**727**	1,002
Operating lease payments	**979**	1,384
Corporate wages and salaries expense	**22,074**	18,857
Contractor, consultants and advisory expense	**4,117**	4,655
Other administrative	**831**	406
Loss on disposal of assets	**-**	98
	28,728	26,402
Acquisition and integration costs		
Contractor, consultants and advisory expense	**2,998**	4,377
Corporate and administration expense	**944**	2,213
Stamp duty on business combinations	**3,045**	48,091
	6,987	54,681
Finance costs		
Finance lease interest expense	**338**	1,095
Amortisation of debt establishment costs	**7,444**	11,623
Unwinding of discount on provisions	**3,254**	3,406
Write off of debt establishment costs	**-**	1,347
Interest expense	**24,158**	26,314
	35,194	43,785

Notes to the Consolidated Financial Statements (continued)

2 Revenue and Expenses (continued)

	30 June 2017 $'000	30 June 2016 $'000
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry)	**323,195**	334,449
Cost of sales (Ernest Henry)	**64,902**	-
Corporate and other administration costs	**727**	1,002
	388,824	335,451

Recognition and measurement

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for concentrate sales is generally upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted marked prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and three months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

3 Income tax expense

(a) Income tax expense

	30 June 2017 $'000	30 June 2016 $'000
Current tax on profits for the year	**36,214**	-
Deferred tax	**3,863**	20,087
Previously unrecognised tax loss now recognised	**(20,400)**	(17,244)
	19,677	2,843

Notes to the Consolidated Financial Statements (continued)

3 Income tax expense (continued)

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

	30 June 2017 $'000	30 June 2016 $'000
Profit/(loss) before income tax expense	**237,284**	(21,506)
Tax at the Australian tax rate of 30%	**71,185**	(6,452)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Costs of business acquisitions	**982**	15,017
Impairment loss on goodwill	**-**	10,581
Share-based payments	**1,924**	2,225
Loss on sale of subsidiary	**1,073**	-
Other	**2,257**	(1,284)
Tax loss recognised to reduce deferred tax expense	**(20,400)**	-
Tax losses used to reduce current tax expense	**(37,344)**	(17,244)
Income tax expense	**19,677**	2,843

(c) Tax losses

The Group has unrecognised available tax losses of $48.530 million as at 30 June 2017. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

4 Earning per share

(a) Earning/(loss) per share

	30 June 2017 Cents	30 June 2016 Cents
Basic earning per share (cents)	**13.28**	(1.75)
Diluted earning per share (cents)	**13.23**	(1.75)

(b) Earning/(loss) used in calculating earning/(loss) per share

	30 June 2017 $'000	30 June 2016 $'000
Earning/(loss) per share used in the calculation of basic and diluted earning/(loss) per share:		
Profit/(loss) after income tax attributable to the owners of the parent	**217,607**	(24,349)

Notes to the Consolidated Financial Statements (continued)

4 Earning per share (continued)

(c) Weighted average number of shares used as the denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used in calculating the basic earning/(loss) per share	**1,638,875,242**	1,390,155,419
Effect of dilutive securities (i)	**5,584,134**	6,060,079
Adjusted weighted average number of ordinary shares used in calculating the diluted earning/(loss) per share	**1,644,459,376**	1,396,215,498

(i) Performance rights and share rights have been included in the determination of diluted earnings/(loss) per share

5 Dividends

(a) Ordinary shares

	30 June 2017 $'000	30 June 2016 $'000
Interim dividend - 2017		
Interim dividend for the period ended 31 December 2016 of 2 cents per share unfranked (31 December 2015: 1 cent per share unfranked) per fully paid share paid on 27 March 2017	**33,595**	14,657
Final dividend - 2016		
Final dividend for the year ended 30 June 2016 of 2 cents per share unfranked (30 June 2015: 1 cent per share unfranked) per fully paid share paid on 23 September 2016	**29,365**	14,405
	62,960	29,062

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

In June 2017, the Directors approved a change to the dividend policy of whenever possible paying a dividend equivalent to 50% of the Group's earnings. The change is effective immediately and has been applied to the final dividend for 2017.

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

	30 June 2017 $'000	30 June 2016 $'000
In addition to the above dividends, since period end the Directors have recommended the payment of a fully franked final dividend of 3 cents per fully paid ordinary share (30 June 2016: 2 cents unfranked). The aggregate amount of the proposed dividend expected to be paid on 29 September 2017 out of retained earnings at 30 June 2017, but not recognised as a liability at period end, is	**50,484**	29,365

(c) Franked dividends

The final dividend recommended after 30 June 2017 will be fully franked out of franking credits expected to arise from the payment of income tax during the year ending 30 June 2018. The income tax payment for the 30 June 2017 year is due on 1 December 2017, and is estimated to generate franking credits totalling $36 million. The final dividend for the year ended 30 June 2017 will utilise $21.636 million of the franking credits. After lodgement of the 30 June 2017 income tax return in February 2018, the Australian Taxation Office is expected to issue pay-as-you-go tax instalment requirements, which are expected to generate additional franking credits for utilisation in future dividends.

Notes to the Consolidated Financial Statements (continued)

6 Other cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	30 June 2017 $'000	30 June 2016 $'000
Profit/(loss) after income tax expense	**217,607**	(24,349)
Acquisition and integration costs	**6,987**	54,681
Depreciation and amortisation	**388,824**	335,450
Fair value amortisation and expense	**43,509**	88,317
Unwind of discount on provisions	**3,254**	3,406
Amortisation of debt establishment costs	**7,444**	11,623
Share-based payments expense	**6,413**	9,896
Write off of debt establishment costs	**-**	1,347
Loss on disposal of assets	**-**	98
Fair value adjustment to available-for-sale financial assets	**-**	(4,365)
Exploration and evaluation costs expensed	**12,645**	13,801
Impairment of goodwill	**-**	35,270
Impairment of assets	**-**	77,330
Loss on sale of subsidiary	**3,576**	-
Timing difference on settlement of Ernest Henry sales/ costs	**16,887**	-
Change in operating assets and liabilities:		
Increase in operating receivables	**(36,237)**	(11,688)
Increase in inventories	**(41,586)**	(14,945)
Increase in financial assets at fair value through profit or loss	**-**	523
Increase in operating payables	**4,957**	21,351
Increase in current and deferred tax balances	**19,677**	-
Increase in borrowing costs	**(7,857)**	(17,896)
Increase/(decrease) in other provisions	**4,695**	(5,766)
Net cash inflow from operating activities	**650,795**	574,084

Notes to the Consolidated Financial Statements (continued)

Resource Assets and Liabilities

This section provides information that is relevant to understanding the composition and management of the Group's assets and liabilities.

7 Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2016			
Cost	10,526	1,565,270	1,575,796
Accumulated depreciation	-	(786,026)	(786,026)
Net carrying amount	10,526	779,244	789,770
Year ended 30 June 2017			
Carrying amount at the beginning of the year	10,526	779,244	789,770
Additions	4,258	86,783	91,041
Reclassifications	2,057	(2,322)	(265)
Disposals	-	(1,820)	(1,820)
Depreciation	-	(132,076)	(132,076)
Depreciation relating to fair value uplift on business combinations	-	(5,461)	(5,461)
Carrying amount at the end of the year	16,841	724,348	741,189
At 30 June 2017			
Cost	16,841	1,640,294	1,657,135
Accumulated depreciation	-	(915,946)	(915,946)
Net carrying amount	16,841	724,348	741,189
Included in above			
Carrying amount of lease assets	-	2,952	2,952
Carrying amount of assets under construction	-	67,352	67,352
	-	70,304	70,304

Notes to the Consolidated Financial Statements (continued)

7 Property, plant and equipment (continued)

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2015			
Cost	10,355	676,950	687,305
Accumulated depreciation	-	(216,783)	(216,783)
Net carrying amount	10,355	460,167	470,522
Year ended 30 June 2016			
Carrying amount at the beginning of the year	10,355	460,167	470,522
Additions	-	70,260	70,260
Amounts acquired in a business combination	6,182	429,339	435,521
Reclassifications	524	(518)	6
Disposals	-	(4,024)	(4,024)
Depreciation	-	(134,556)	(134,556)
Depreciation relating to fair value uplift on business combinations	-	(2,841)	(2,841)
Classified as held for sale	(6,535)	(38,583)	(45,118)
Carrying amount at the end of the year	10,526	779,244	789,770
At 30 June 2016			
Cost	10,526	1,565,270	1,575,796
Accumulated depreciation	-	(786,026)	(786,026)
Net carrying amount	10,526	779,244	789,770
Included in above			
Carrying amount of lease assets	-	13,528	13,528
Assets in the course of construction	-	42,437	42,437
	-	55,965	55,965

Recognition and measurement

Cost

Plant and equipment is carried at cost less accumulated depreciation and impairment. Costs equals the fair value of the item at acquisition date and includes expenditure that is directly attributable to the acquisition of the items. Freehold land is carried at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit or Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset is included in the statement of profit or loss in the period the item is derecognised.

7 Property, plant and equipment (continued)

Recognition and measurement (continued)

Depreciation

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. Freehold land is not depreciated.

Accounting estimates and judgements

Estimation of remaining useful lives, residual values and depreciation methods involve significant judgement and are reviewed annually for all major items of plant and equipment. Any changes are accounted for prospectively from the date of reassessment to the end of the revised useful life.

8 Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2016			
Cost	1,962,882	110,338	2,073,220
Accumulated amortisation	(1,015,047)	-	(1,015,047)
Net carrying amount	947,835	110,338	1,058,173
Year ended 30 June 2017			
Carrying amount at the beginning of the period	947,835	110,338	1,058,173
Additions	151,500	30,473	181,973
Acquisition of economic interest in Ernest Henry Operation (i)	884,004	-	884,004
Reclassifications	324	(59)	265
Amortisation	(256,748)	-	(256,748)
Amortisation recognised in inventory	(13,990)	-	(13,990)
Amortisation relating to fair value uplift on business combinations	(39,574)	-	(39,574)
Asset write-off	-	(12,645)	(12,645)
Exchange differences	-	21	21
Carrying amount at the end of the year	1,673,351	128,128	1,801,479
At 30 June 2017			
Cost	2,959,137	128,128	3,087,265
Accumulated amortisation	(1,285,786)	-	(1,285,786)
Net carrying amount	1,673,351	128,128	1,801,479

(i) Refer to note 21 for information on the Ernest Henry transaction and financial results for the year ended 30 June 2017.

Notes to the Consolidated Financial Statements (continued)

8 Mine development and exploration (continued)

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2015			
Cost	898,163	39,621	937,784
Accumulated amortisation	(393,051)	-	(393,051)
Net carrying amount	505,112	39,621	544,733
Year ended 30 June 2016			
Carrying amount at the beginning of the period	505,112	39,621	544,733
Additions	138,934	27,823	166,757
Amounts acquired in a business combination	648,154	69,907	718,061
Amortisation	(200,894)	-	(200,894)
Amortisation relating to fair value uplift on business combinations	(55,326)	-	(55,326)
Asset write-off	-	(13,801)	(13,801)
Reclassifications	(6)	-	(6)
Classified as held for sale	(88,139)	(13,212)	(101,351)
Carrying amount at the end of the year	947,835	110,338	1,058,173
At 30 June 2016			
Cost	1,962,882	110,338	2,073,220
Accumulated amortisation	(1,015,047)	-	(1,015,047)
Net carrying amount	947,835	110,338	1,058,173

Recognition and measurement

Mines under construction

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Expenditure is net of proceeds from the sale of ore extracted during the construction phase to the extent that this ore extracted is considered material to the development of the mine.

After production commences, all aggregated costs of construction are transferred to producing mines or plant and equipment as appropriate.

Producing mines - deferred stripping

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as mines under construction. Stripping costs incurred during the production phase are generally considered to create two benefits:

- the production of ore inventory in the period - accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future - recognised under producing mines if the following criteria are met:
  - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;

8 Mine development and exploration (continued)

Recognition and measurement

Producing mines - deferred stripping

- The component of the ore body for which access has been improved can be accurately identified; and
- The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the life of component ratio which is obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected 'life of component' ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The deferred stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The deferred stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

Exploration and evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that rights to tenure of the area of interest are current and either:

- Costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by sale; or
- Where activities in the area of interest have not yet 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.

Such expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount. Any amounts in excess of the recoverable amount are derecognised in the financial year it is determined.

Depreciation and amortisation

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

Notes to the Consolidated Financial Statements (continued)

8 Mine development and exploration (continued)

Recognition and measurement

Impairment of non-financial assets

(i) Testing for impairment

At each reporting date, the Group tests its tangible and other intangible assets for impairment where there in an indication that:

- the asset may be impaired; or
- previously recognised impairment (on assets other than goodwill) may have changed.

Where the asset does not generate cash inflows independent from other assets and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. The Group considers each of its mine sites to be a separate CGU.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss recognised in the Statement of Profit or Loss. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

(ii) Impairment calculations

In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining fair value less costs of disposal, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

(iii) Reversal of impairment

The Group has considered whether past impairment losses should be reversed given the expectation of continued improved earnings in relation to those CGUs. While there are some indicators supporting a reversal of impairment, other indicators (such as metals prices, continued price volatility and variability in values of asset transactions) do not clearly support a reversal. Accordingly a reversal of past impairment losses has not been recognised.

Accounting estimates and judgements

Deferred stripping

The life of component ratio is a function of the mine design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine design. Changes to production stripping resulting from a change in life of component ratios are accounted for prospectively.

8 Mine development and exploration (continued)

Accounting estimates and judgements (continued)

Exploration and evaluation

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions such as the determination of a JORC resource which is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). These estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment.

Units of production method of amortisation

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Ore reserves and resources

The Group estimates its ore reserves and mineral resources annually at 31 December each year and reports in the following April, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of amortisation charged to the statement of profit or loss.

Impairment

Significant judgements, estimates and assumptions are required in determining value in use or fair value less costs of disposal. This is particularly so in the assessment of long life assets. It should be noted that the CGU recoverable amounts are subject to variability in key assumptions including, but not limited to, gold and copper prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to determine value in use or fair value less costs of disposal could result in a change in a CGU's recoverable amount.

Notes to the Consolidated Financial Statements (continued)

Capital Structure and Financing

This section provides information on the Group's capital and financial management activities.

9 Cash and cash equivalents

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Cash at bank	**37,385**	17,279
Short term deposits	**-**	16
	37,385	17,295

Recognition and measurement

Cash and short-term deposits in the balance sheet comprise cash and bank and on hand and short term deposits with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Notes to the Consolidated Financial Statements (continued)

10 Interest bearing liabilities

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Bank loans	**50,000**	-
Less: Borrowing costs	**(4,813)**	-
Finance lease liabilities	**1,344**	8,316
Other borrowings	**6,870**	8,472
	53,401	16,788
Non-current liabilities		
Bank loans	**385,000**	285,000
Less: Borrowing costs	**(2,277)**	(6,677)
Finance lease liabilities	**-**	1,344
	382,723	279,667
Total interest bearing liabilities	**436,124**	296,455

In September 2016, the Group entered into a new financing arrangement ("the New Facility") comprising a $475 million Senior Secured Term Loan ("Facility D") and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C").

The New Facility was executed on 29 September 2016 and was effective from that date.

The New Facility was drawn down on 31 October 2016 upon completion of the Ernest Henry acquisition. The repayment periods and the outstanding balances as at 30 June 2017 on each Facility are set out below:

	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A	31 July 2018	$ nil
Senior Secured Term Loan - Facility B	15 July 2018	$40 million
Performance Bond Facility - Facility C	20 July 2018	$125 million
Senior Secured Term Loan - Facility D	31 October 2021	$395 million

(a) Secured liabilities and assets pledged as security

The New Facility is secured in the form of a General Security Agreement and Share Security Agreement over the Groups operating assets. The carrying amounts of assets pledged as general security for total borrowings is $1.730 billion. The share capital pledged as share security for total borrowings is $1.872 billion.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Notes to the Consolidated Financial Statements (continued)

10 Interest bearing liabilities (continued)

Recognition and measurement

Interest bearing liabilities are initially recognised at fair value less directly attributable transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised.

11 Equity and reserves

(a) Contributed equity

Movements in ordinary share capital

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the rights to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

	Number of shares	$'000
Balance at 1 July 2015	992,435,234	1,292,620
Shares issued as consideration for Phoenix Gold Limited	22,625,093	29,604
Shares issued to La Mancha Group International BV on completion of business acquisition	322,023,765	331,684
Shares issued on vesting of performance rights	2,262,954	-
Shares issued under DRP for final dividend	2,492,008	2,707
Shares issued under DRP for interim dividend	1,525,313	2,573
Shares issued to La Mancha Group International BV under Entitlement Offer	123,852,934	111,468
Shares issued under Employee Share Scheme (i)	865,520	-
Shares issued on exercise of unlisted share options	180,000	331
Balance at 30 June 2016	1,468,262,821	1,770,987
Shares issued on vesting of performance rights	7,961,146	-
Shares issued under DRP for final dividend	1,927,526	4,055
Shares issued under DRP for interim dividend	3,066,229	6,192
Shares issued under Institutional Component of Entitlement Offer	151,914,603	311,425
Shares issued under Retail Component of Entitlement Offer	44,976,448	90,134
Shares issued on exercise of unlisted share options	4,178,661	7,249
Shares issued under Employee Share Scheme (i)	511,192	-
Less: share issue costs	-	(6,315)
Balance at 30 June 2017	1,682,798,626	2,183,727

(i) Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 23.

Recognition and measurement

Ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements (continued)

11 Equity and reserves (continued)

(b) Other reserves

	Notes	30 June 2017 $'000	30 June 2016 $'000
Fair value revaluation reserve		**1,589**	(110)
Cash flow hedge reserve		**-**	(127)
Share-based payments		**37,149**	29,496
Other reserves		**57**	104
		38,795	29,363
Movements:			
Fair value revaluation reserve			
Balance at the beginning of the year		**(110)**	(156)
Change in fair value of available-for-sale financial assets		**1,699**	46
Balance at the end of the year		**1,589**	(110)
Cash flow hedges			
Balance at the beginning of the year		**(127)**	6,762
Change in the fair value of cash flow hedges		**127**	(6,889)
Balance at the end of the year		**-**	(127)
Share-based payments			
Balance at the beginning of the year		**29,496**	20,840
Share based payments expense	23	**7,653**	8,656
Balance at the end of the year		**37,149**	29,496
Foreign currency translation			
Balance at the beginning of the year		**104**	-
Currency translation differences arising during the year		**(47)**	104
Balance at the end of the year		**57**	104

(i) Nature and purpose of other reserves

Fair value revaluation reserve

The fair value revaluation reserve records fair value changes on financial assets designated at fair value through other comprehensive income.

Cash flow hedges

The cash flow hedging reserve records the portion of gains or losses on derivatives that are designated and qualify as cash flow hedges and are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements (continued)

11 Equity and reserves (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves (continued)

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Non-Executive Directors, Executive Directors and key management personnel as part of their remuneration. Refer to note 23 for further information.

Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	30 June 2017 $'000	30 June 2016 $'000
Balance at the beginning of the year		**(248,917)**	(195,506)
Net profit/(loss) for the period		**217,607**	(24,349)
Dividends paid and shares issued under the DRP	5	**(62,960)**	(29,062)
Balance at the end of the year		**(94,270)**	(248,917)

12 Trade and other receivables

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Trade receivables (i)	**53,534**	15,014
GST refundable	**4,349**	7,691
Prepayments	**3,296**	2,733
Other receivables	**1,940**	1,515
	63,119	26,953

(i) Trade receivables includes accrued income of $40.263 million relating to silver and copper sales from April to June 2017 production for Ernest Henry. These amounts are to be settled in July to September 2017. Refer to note 21 for further information on the transaction and the financial results for the year ended 30 June 2017.

Notes to the Consolidated Financial Statements (continued)

12 Trade and other receivables (continued)

Recognition and measurement

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due.

13 Trade and other payables

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Trade creditors and accruals (i)	**132,073**	96,566
Other payables	**24,554**	24,943
	156,627	121,509

(i) Trade creditors and accruals include accrued costs of $29.522 million relating to the Group's share of production costs for April to June 2017 for Ernest Henry. These amounts are to be settled in July to September 2017. Refer to note 21 for further information on the transaction and the financial results for the year ended 30 June 2017.

Recognition and measurement

Trade creditors and accruals

Trade creditors and accruals represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

14 Inventories

	30 June 2017 $'000	30 June 2016 $'000
Current		
Stores	**46,946**	49,251
Ore	**175,302**	139,836
Doré and concentrate	**8,088**	6,961
Metal in circuit	**21,323**	17,120
Metal in transit	**25,210**	-
Total current inventories	**276,869**	213,168

14 Inventories (continued)

	30 June 2017 $'000	30 June 2016 $'000
Non-current		
Stores	**827**	827
Total non-current inventories	**827**	827

Recognition and measurement

Ore stockpiles, metal in circuit, gold doré, metal in transit, refined gold bullion and concentrate 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.

Accounting estimates and judgements

Net realisable value

Net realisable value involves significant judgements and estimates in relation to the selling price in the ordinary course of business less estimates costs of completion and estimated costs necessary to make the sale.

The total expense relating to inventory write downs to net realisable value for the year ended 30 June 2017 was $9.117 million (30 June 2016: $1.443 million).

15 Provisions

	30 June 2017 $'000	30 June 2016 $'000
Current		
Employee entitlements	**30,173**	24,994
	30,173	24,994
Non-current		
Employee entitlements	**5,298**	5,988
Rehabilitation provision	**149,372**	145,916
Other long term provision	**203**	200
	154,873	152,104
Total provisions	**185,046**	177,098

Notes to the Consolidated Financial Statements (continued)

15 Provisions (continued)

(i) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits $'000	Rehabilitation $'000	Other $'000	Total $'000
30 June 2017				
Carrying amount at the beginning of the year	30,982	145,916	200	177,098
Charged to profit or loss				
- unwinding of discount	-	3,204	-	3,204
Re-measurement of provision	4,489	1,066	3	5,558
Amounts used during the year	-	(814)	-	(814)
Carrying amount at the end of the year	35,471	149,372	203	185,046
30 June 2016				
Carrying amount at the beginning of the year	16,092	83,416	-	99,508
Charged to profit or loss				
- unwinding of discount	-	3,406	-	3,406
Re-measurement of provision	3,389	1,316	-	4,705
Acquired through business combination	15,995	74,520	200	90,715
Classified as held for sale	(4,494)	(16,742)	-	(21,236)
Carrying amount at the end of the year	30,982	145,916	200	177,098

Employee benefits

The provision for employee benefits represent wages and salaries, annual leave and long service leave entitlements.

Rehabilitation

The nature of site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration, reclamation and revegetation of affected areas of the site in accordance with the requirements of the mining permits.

Recognition and measurement

Employee benefits

Annual leave liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave liabilities are measured at the present value of the estimated future cash outflows for the services provided by employees up to the reporting date.

Liabilities not expected to be settled within twelve months are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible to the related liability.

Notes to the Consolidated Financial Statements (continued)

15 Provisions (continued)

Recognition and measurement (continued)

Rehabilitation

Site restoration costs are recorded at the present value of the estimated future costs of the legal and constructive obligation to rehabilitate locations.

When the liability is initially recorded, the present value of the estimated cost is capitalised as part of the carrying value of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the statement of profit or loss. The carrying amount is capitalised as part of mine development and amortised on a units of production basis.

Accounting estimates and judgements

Employee benefits

Management judgement is required in determining the future probability of employee departures and period of service used in the calculation of long service leave.

Rehabilitation

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plan and changes in discount rates. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

Notes to the Consolidated Financial Statements (continued)

16 Deferred tax balances

(a) Recognised deferred tax balances

	30 June 2017 $'000	30 June 2016 $'000
Inventories	**31,897**	32,864
Exploration and evaluation expenditure	**(24,664)**	(21,017)
Property, plant and equipment	**(6,080)**	(1,519)
Mine development	**(61,244)**	(67,482)
Employee benefits	**10,644**	13,464
Provisions	**44,812**	47,090
Share issue costs	**2,168**	1,539
Capitalised interest	**-**	(1,191)
Share based payment transactions	**-**	374
Other	**(1,485)**	(4,211)
Deferred tax balances from temporary differences	**(3,952)**	(89)
Tax losses carried forward	**20,400**	-
Deferred tax assets/(liabilities)	**16,448**	(89)

(b) Movement in deferred tax balances during the year

	Balance at 1 July 2016 $'000	Recognised in profit or loss $'000	Balance at 30 June 2017 $'000
Inventories	32,864	(967)	31,897
Exploration and evaluation expenditure	(21,017)	(3,646)	(24,663)
Property, plant and equipment	(1,519)	(4,560)	(6,079)
Mine development	(67,482)	6,238	(61,244)
Employee benefits	13,464	(2,820)	10,644
Provisions	47,090	(2,279)	44,811
Share issue costs	1,539	629	2,168
Shared based payment transactions	374	(374)	-
Capitalised interest	(1,191)	1,191	-
Tax losses carried forward	-	20,400	20,400
Other	(4,211)	2,725	(1,486)
Deferred tax assets/(liabilities)	(89)	16,537	16,448

16 Deferred tax balances (continued)

Accounting estimates and judgements

Judgement is required to determine whether deferred tax assets are recognised in the Balance Sheet. Management must assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws. These assessments require the use of estimates such as commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the Group's ability to realise the deferred tax assets reporting could be impacted.

Risk and Unrecognised Items

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance as well as providing information on items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

17 Financial risk management

The Group's activities expose it to a variety of financial risks such as 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.

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.

The Group holds the following financial instruments:

	30 June 2017 $'000	30 June 2016 $'000
Financial Assets		
Cash and cash equivalents	**37,385**	17,295
Trade and other receivables (excluding GST refundable)	**58,770**	19,262
Available-for-sale financial assets	**4,962**	3,263
	101,117	39,820
Financial Liabilities		
Trade and other payables	**156,627**	121,509
Interest bearing liabilities	**436,124**	296,455
Derivative financial instruments	**-**	127
	592,751	418,091

(a) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group currently only designates derivatives as cash flow hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions). There are no fair value hedges or net investment hedges, nor are there any derivatives that do not classify for hedge accounting.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the Consolidated Financial Statements (continued)

17 Financial risk management (continued)

(a) Derivatives (continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income through the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss within other income or other expense.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Statement of Profit or Loss in the periods when the hedged item affects profit or loss for instance when the forecast sale that is hedged takes place.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as depreciation in the case of fixed assets.

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group has the following derivative financial instruments:

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Diesel swap contracts - cash flow hedges	-	127
	-	127

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. Management has set up a policy to manage their foreign exchange risk against their functional currency and is measured using sensitivity analysis and cash flow forecasting.

As at 30 June 2017, the Group held US$4.634 million (30 June 2016: US$0.279 million) in US dollar currency bank accounts, outstanding receivables of US$8.252 million (30 June 2016: US$9.748 million) relating to the Mt Carlton operation and $30.970 million (30 June 2016: nil) relating to Ernest Henry. An increase/decrease in AUD:USD foreign exchange rates of 5% will result in a $231,700 (30 June 2016: $13,950) increase/decrease in US dollar currency bank account balances and a $1,961,100 (30 June 2016: $487,400) increase/decrease in US dollar receivables.

Notes to the Consolidated Financial Statements (continued)

17 Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group also held NZ$0.041 million (30 June 2016: NZ$0.060 million) in a NZ dollar currency bank account. An increase/decrease in AUD:NZD foreign exchange rates of 5% will result in a $2,068 (30 June 2016: $3,150) increase/decrease in NZ dollar currency bank account balances.

(ii) Price risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold, silver and copper currently produced from its gold mines and market share prices on the available-for-sale assets. The Group has in place physical gold delivery contracts as at 30 June 2017 covering sales of 458,495 oz (30 June 2016: 706,988 oz) of gold at an average flat forward price of $1,645 (30 June 2016: $1,623). An increase/decrease in market share prices on available-for-sale assets of 10% will result in a $496,107 (30 June 2016: $270,806) increase/decrease in available-for-sale assets.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from variable interest rates on interest bearing liabilities. As at 30 June 2017, the Group held interest bearing liabilities of $435 million (30 June 2016: $285 million) which incurs interest at a variable rate. An increase/decrease of variable interest rates of 0.25% will result in a $1.658 million (30 June 2016: 0.25%, $1.854million) increase/decrease in interest expense relating to interest bearing liabilities.

(c) 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. The total trade and other receivables outstanding at 30 June 2017 was $63.119 million (30 June 2016: $26.953 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when 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.

(i) Financing arrangements

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

	30 June 2017 $'000	30 June 2016 $'000
Bank loans - revolving credit facility		
Expiring beyond one year	**300,000**	205,000
	300,000	205,000

(ii) Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

Notes to the Consolidated Financial Statements (continued)

17 Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of financial liabilities (continued)

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
At 30 June 2017						
Non-derivatives						
Trade and other payables	**156,627**	**-**	**-**	**-**	**156,627**	**156,627**
Finance lease liabilities	**1,344**	**-**	**-**	**-**	**1,344**	**1,344**
Other borrowings	**6,870**	**-**	**-**	**-**	**6,870**	**6,870**
Bank loans	**64,356**	**163,660**	**233,036**	**-**	**461,052**	**435,000**
	229,197	**163,660**	**233,036**	**-**	**625,893**	**599,841**
At 30 June 2016						
Non-derivatives						
Trade and other payables	121,509	-	-	-	121,509	121,509
Finance lease liabilities	8,630	1,364	-	-	9,994	9,660
Other borrowings	8,472	-	-	-	8,472	8,472
Bank loans	12,431	80,823	223,853	-	317,107	285,000
	151,042	82,187	223,853	-	457,082	424,641

(e) Risk 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 working capital and exploration and evaluation activities.

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

17 Financial risk management (continued)

(e) Risk management (continued)

(i) Loan covenants

The lenders have placed covenants over the Group's Senior Secured Revolving and Term Facility based on the current ratio, leverage ratio, debt service ratio and the tangible net worth ratio. The Group has complied with these covenants during the year.

18 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2017 in respect of:

(i) Claims

At the date of this report the Group was unaware of any material claims, actual or contemplated.

The claim made by Mineral Crushing Services (WA) Pty Ltd disclosed in the year end accounts to 30 June 2016 was finalised subsequent to the end of the current financial year.

(ii) Guarantees

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 2017. The total of these guarantees at 30 June 2017 was $125.183 million with various financial institutions (30 June 2016: $141.627 million).

19 Commitments

(a) Capital and lease commitments

(i) 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 2017 $'000	30 June 2016 $'000
Within one year	**7,529**	6,322
Later than one year but not later than five years	**15,873**	14,146
Later than five years	**31,707**	25,317
	55,109	45,785

(ii) Capital commitments

The Group has the following capital commitments in relation to capital projects and joint venture requirements at each of the sites.

Notes to the Consolidated Financial Statements (continued)

19 Commitments (continued)

(a) Capital and lease commitments

(ii) Capital commitments

	30 June 2017 $'000	30 June 2016 $'000
Within one year	**26,227**	12,266
	26,227	12,266

(iii) Non-cancellable operating leases

The Group leases mining equipment, office space and small items of office equipment under operating leases. The leases typically run for one month to five years with an option to renew at the expiry of the lease period. None of these leases include contingent rentals.

	30 June 2017 $'000	30 June 2016 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**23,209**	33,790
Later than one year but not later than five years	**5,231**	4,861
	28,440	38,651

(b) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 30 June 2017			
Within one year	**208,495**	**1,567**	**319,156**
Later than one year but not greater than five years	**250,000**	**1,711**	**427,705**
	458,495		**746,861**
As at 30 June 2016			
Within one year	248,493	1,584	393,552
Later than one year but not greater than five years	458,495	1,665	754,349
	706,988		1,147,901

Notes to the Consolidated Financial Statements (continued)

19 Commitments (continued)

(b) Gold delivery commitments

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

20 Events occurring after the reporting period

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

(a) Investment in Riversgold IPO

On 4 August, the Company agreed to subscribe for $2.5 million worth of shares, on a firm allocation basis, in the upcoming Initial Public Offering of Riversgold Ltd, a new gold-focussed exploration company. Evolution will hold a right of first refusal over any projects in Australia that Riversgold decides to sell or joint venture.

Notes to the Consolidated Financial Statements (continued)

Other Information

This section covers additional financial information and mandatory disclosures.

21 Ernest Henry Operation

(a) Description

On 24 August 2016, the Group announced that through a wholly owned subsidiary, it had entered into a transaction with Glencore plc to acquire an economic interest in the Ernest Henry Copper-Gold Operation for an upfront payment of $880 million. This $880 million upfront payment is recognised as a mine development asset. The Group also announced the entry into a strategic alliance with Glencore plc in respect of potential future regional acquisitions and the commitment the parties made to cooperate on exploration activities in the region surrounding Ernest Henry. The transaction was completed on 1 November 2016.

Under the agreement, the Group has a right to the production output when produced in relation to 100% of future gold and 30% of future copper and silver from the agreed life of mine area. Copper and silver sales revenue are recognised in the same month as their production is reported as the production is in control of the purchaser (Glencore). Gold sales and gold revenues are recognised when the metal is received and sold by Evolution. In addition to the upfront payment, the Group must also contribute 30% of future production costs in respect of the life of mine area.

(b) Financial performance and position

The below information presents the financial performance and balance sheet information of the Ernest Henry operation included in the Consolidated Financial Statements for the eight months ended 30 June 2017.

	30 June 2017 $'000
Revenue (note 2)	163,342
Cost of sales (excluding amortisation)	(64,108)
Amortisation	(64,902)
Profit before income tax	34,332

Notes to the Consolidated Financial Statements (continued)

21 Ernest Henry Operation (continued)

(b) Financial performance and position (continued)

The carrying amounts of assets and liabilities as at the period end were:

	30 June 2017 $'000
ASSETS	
Trade and other receivables	40,263
Inventories	25,210
Mine development and exploration	811,178
Total assets	876,651
LIABILITIES	
Trade and other payables	29,522
Total liabilities	29,522
Net assets	847,129

22 Related party transactions

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel compensation

	30 June 2017 $	30 June 2016 $
Short-term employee benefits	**6,907,351**	6,368,326
Post-employment benefits	**156,931**	156,755
Other benefits	**-**	903,631
Share-based payments	**2,939,830**	2,253,322
	10,004,112	9,682,034

Detailed remuneration disclosures are provided in the remuneration report on pages 85 to 102.

Notes to the Consolidated Financial Statements
(continued)

22 Related party transactions (continued)

(d) Transactions with other related parties

Directors fees in the amount of $113,750 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (30 June 2016:$110,000).

Directors fees in the amount of $200,000 were paid to DAK Corporation Pty Ltd, a company of which Mr Jacob Klein is a Director for services provided during the period (30 June 2016: $200,000).

Directors fees in the amount of $137,748 were paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (30 June 2016: $119,437).

Directors fees in the amount of $95,000 were paid to Mr Naguib Sawaris as a Director for services provided during the period (30 June 2016: $79,167).

Directors fees in the amount of $104,375 were paid to Mr Sebastien de Montessus as a Director for services provided during the period (30 June 2016: $81,042).

23 Share-based payments

(a) Types of share based payment plans

The Group has three Option and Performance Rights plans in existence:

(1) Employee Share Option and Performance Rights Plan (ESOP)

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The latest plan was approved at the Annual General Meeting on 26 November 2014 and permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

(2) Employees and Contractors Option Plan (ECOP)

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

(3) Non-Executive Director Equity Plan (NEDEP)

The NEDEP was established and approved at the Annual General Meeting on 24 November 2016. The plan permits the Company, at the discretion of the Directors, to grant NEDs Share Rights as part of their remuneration.

(b) Recognised share based payment expenses

	30 June 2017 $'000	30 June 2016 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**6,413**	9,896

Notes to the Consolidated Financial Statements (continued)

23 Share-based payments (continued)

(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 year.

	30 June 2017		30 June 2016	
	Number	WAEP ($)	Number	WAEP ($)
Outstanding at the beginning of the year	**5,203,344**	**1.87**	7,649,738	1.88
Exercised during the year	**(4,178,661)**	**1.44**	(180,000)	1.84
Expired during the year	**(1,024,683)**	**2.21**	(2,266,394)	1.88
Outstanding at the end of the period	**-**	**-**	5,203,344	1.87
Exercisable at the end of the period	**-**	**-**	5,203,344	1.87

As at 30 June 2017 there were no Options outstanding.

(d) Summary and movement of Performance Rights on issue

The following table illustrates the number and movements in, Performance Rights issued during the year.

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	29,429,811	21,382,111
Performance Rights granted	6,797,540	8,141,268
Performance Rights granted (withdrawn) during the period pursuant to Retention Agreement (i)	(3,750,000)	3,750,000
Performance Rights granted during the period pursuant to Transition Incentive Plan (i)	3,375,000	-
Vested	(7,961,146)	(2,262,954)
Lapsed	-	(923,228)
Forfeited	(1,612,639)	(657,386)
Outstanding balance at the end of the year	**26,278,566**	**29,429,811**

(i) The 3,750,000 Performance Rights granted in December 2015 to Mr. Jake Klein were withdrawn pursuant to a Transition Incentive Plan (TIP) under the Retention Agreement which the Company has entered into with Mr. Klein. Under the Plan the Company granted 3,375,000 Performance Rights to Mr. Klein subject to the satisfaction of Vesting Conditions to be tested as at 16 December 2019 and were approved by shareholders at the Extraordinary General Meeting held on 21 June 2017.

The Performance Rights awarded during the 2014 financial year were tested as at 30 June 2016 and vested on 29 August 2016. 7,961,146 Performance Rights met the performance measures and vested which equates to a vesting rate of 100%.

There were 10,804,370 Performance Rights granted during the 2015 financial year, with 9,214,401 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2017. As at the date of this report, 9,214,401 Performance Rights eligible for testing have met the performance measures and have been approved by the Board to vest. This equates to a vesting rate of 100%.

There were 8,141,268 Performance Rights granted during the 2016 financial year, with 7,285,901 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2018.

Notes to the Consolidated Financial Statements (continued)

23 Share-based payments (continued)

(d) Summary and movement of Performance Rights on issue (continued)

There were 6,797,540 Performance Rights granted during the 2017 financial year, with 6,403,264 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2019. Additionally, there were 3,375,000 Retention Rights granted during the 2017 financial year to the Executive Chairman, subject to Vesting Conditions to be tested as at 16 December 2019.

The outstanding balance of each grant of Performance Rights is summarised in the table below:

	2014 Number	2015 Number	2016 Number	2017 Number	Total Number
Performance Rights granted	10,498,408	10,804,370	8,141,268	10,172,540	39,616,586
Vested	(7,961,147)	-	-		(7,961,147)
Lapsed	-	-	-		-
Forfeited	(2,537,261)	(1,589,969)	(855,467)	(394,276)	(5,376,973)
Outstanding balance	**-**	**9,214,401**	**7,285,901**	**9,778,264**	**26,278,566**

(e) Summary and movement of NED Share Rights on issue

The following table illustrates the number and movements in, Share Rights issued during the year.

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	-	-
Share Rights granted	97,788	-
Vested	-	-
Lapsed	-	-
Forfeited	-	-
Outstanding balance at the end of the year	**97,788**	**-**

There were 97,788 Share Rights granted during the 2017 financial year. Provided the NEDs remain directors of Evolution, Share Rights will vest and automatically exercise 12 months after the grant date of 24 November 2016.

(f) Fair value determination

During the year, the Company issued two allotments of performance rights that will vest on 30 June 2019. They have four performance components being a Total Shareholder Return (“TSR”) condition, an absolute TSR condition, a Growth in Earnings per share (“EPS”) condition and a Growth in Ore Reserves condition.

(i) TSR Performance Right Valuation

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

(ii) Absolute TSR Performance Right Valuation

The Absolute TSR Performance Right Valuation will be measured as the cumulative annual TSR over the three year period ending 30 June 2019.

(iii) Growth in Earnings per Share

The growth in Earnings per Share is measured as the cumulative annual growth rate in EPS, excluding non recurring items over the three year period ending 30 June 2019.

Notes to the Consolidated Financial Statements (continued)

23 Share-based payments (continued)

(f) Fair value determination (continued)

(iv) Growth in Ore Reserves per Share

The growth in Ore Reserves per share is measured by comparing the Baseline measure of the ore reserves as at 31 December 2015, to the Ore Reserves as at 31 December 2018 on a per share basis, with testing to be performed at 30 June 2019.

The following tables list the inputs to the models used for the Performance Rights (including TIP) granted for the period:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2016 Performance Rights issue				
Number of rights issued	1,357,069	1,357,069	1,357,069	1,357,069
Spot price ($)	2.420	2.420	2.420	2.420
Risk-free rate (%)	1.59	1.59	1.59	1.59
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.630	0.950	1.870	1.870
November 2016 Performance Rights issue				
Number of rights issued	270,635	270,635	270,635	270,635
Spot price ($)	1.955	1.955	1.955	1.955
Risk-free rate (%)	1.87	1.87	1.87	1.87
Term (years)	2.6	2.6	2.6	2.6
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.32	0.95	1.87	1.87
January 2017 Performance Rights issue				
Number of rights issued	71,681	71,681	71,681	71,681
Spot price ($)	2.170	2.170	2.170	2.170
Risk-free rate (%)	1.93	1.93	1.93	1.93
Term (years)	2.4	2.4	2.4	2.4
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.44	1.12	2.08	2.08
June 2017 Performance Rights issue - TIP				
Number of rights issued	843,750	843,750	843,750	843,750
Spot price ($)	2.350	2.350	2.350	2.350
Risk-free rate (%)	1.74	1.74	1.74	1.74
Term (years)	2.5	2.5	2.5	2.5
Volatility (%)	60	60	60	60
Fair value at grant date ($)	1.50	1.68	2.25	2.25

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.

Notes to the Consolidated Financial Statements (continued)

23 Share-based payments (continued)

Recognition and measurement

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).

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 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").

The charge to the Statement of Profit or Loss for the period is the cumulative amount as calculated above less the amounts already recognised in previous periods. There is a corresponding entry to equity.

Accounting estimates and judgements

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external specialist using an option pricing model, based off the assumptions detailed above.

24 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PricewaterhouseCoopers

	2017 $	**2016 $**
Audit and other assurance services		
Audit and review of financial statements	**511,940**	553,982
Other assurance services		
Assurance related services	**140,413**	16,700
Total remuneration for audit and other assurance services	**652,353**	570,682
Taxation services		
Tax compliance services	**89,391**	12,000
Tax advisory services	**402,939**	-
Total remuneration for taxation services	**492,330**	12,000
Total remuneration of PricewaterhouseCoopers	**1,144,683**	582,682

Notes to the Consolidated Financial Statements (continued)

24 Remuneration of auditors (continued)

(b) Non-PricewaterhouseCoopers related audit firms

	2017 $	2016 $
Audit and other assurance services		
Other assurance services		
Due diligence services	**-**	226,245
Internal audit services	**114,348**	62,845
Other assurance services	**20,000**	-
Total remuneration for audit and other assurance services	**134,348**	289,090
Taxation services		
Tax compliance services	**111,861**	47,980
Tax advisory services	**291,424**	821,010
Total remuneration for taxation services	**403,285**	868,990
Total remuneration of non-PricewaterhouseCoopers audit firms	**537,633**	1,158,080
Total auditors' remuneration	**1,682,316**	1,740,762

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

25 Deed of cross guarantee

Evolution Mining Limited and those entities identified in note 26 are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies identified above represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Evolution Mining Limited, they also represent the 'extended closed group'.

The Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and summary of movements in consolidated retained earnings for the year ended 30 June 2017 of the closed group is equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.

Notes to the Consolidated Financial Statements (continued)

26 Interests in other entities

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described below:

Name of entity	Country of incorporation	Class of shares	Equity holding 2017 %	2016 %
Evolution Mining Management Services Pty Ltd	Australia	Ordinary	**100**	100
Conquest Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
CQT Gold Aust Pty Ltd (i)	Australia	Ordinary	**-**	100
CQT Holdings Pty Ltd (i)	Australia	Ordinary	**-**	100
NQM Gold 2 Pty Ltd (i) (ii)	Australia	Ordinary	**-**	100
Edna May Ops Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Mt Rawdon Operations Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Westonia Mines Minerals Pty Ltd (i)	Australia	Ordinary	**100**	100
Lion Selection Pty Ltd (i)	Australia	Ordinary	**100**	100
Auselect Pty Ltd (i)	Australia	Ordinary	**100**	100
Lion Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Sedgold Pty Ltd (i)	Australia	Ordinary	**100**	100
Fernyside Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Tennant Creek Pty Ltd (ii)	Australia	Ordinary	**100**	100
Evolution Mining NZ Pty Ltd (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Cowal) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Toledo Holding (Ausco) Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Mining Mungari Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Mungari East) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Phoenix) Pty Limited (i) (ii)	Australia	Ordinary	**100**	100
Hayes Mining Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Mining (Aurum 2) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	-

(i) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 25.

(ii) These entities are considered to be the material controlled entities of the Group. Their principal activities are identifying, developing and operating gold related projects in both Australia and New Zealand.

Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Notes to the Consolidated Financial Statements
(continued)

27 Parent entity financial information

The financial information for the parent entity, Evolution Mining Limited has been prepared on the same basis as the consolidated financial statements.

(b) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2017 $'000	30 June 2016 $'000
Balance sheet		
Assets		
Current assets	**27,659**	10,318
Non-current assets	**2,289,540**	1,676,906
Total assets	**2,317,199**	1,687,224
Liabilities		
Current liabilities	**101,199**	297,651
Non-current liabilities	**405,981**	-
Total liabilities	**507,180**	297,651
Net assets	**1,810,019**	1,389,573
Shareholders' equity		
Issued capital	**2,183,727**	1,770,987
Reserves		
Fair Value revaluation reserve	**3,042**	1,224
Share based payment reserve	**36,157**	29,496
Cash flow hedge reserve	**-**	(127)
Other reserves	**(74)**	(74)
Accumulated losses	**(412,833)**	(411,933)
	1,810,019	1,389,573
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**84,078**	44,031
Other comprehensive expense	**-**	-
Total comprehensive expense	**84,078**	44,031

(c) Guarantees entered into by the parent entity

The parent entity has provided bank guarantees, as detailed in note 18.

Notes to the Consolidated Financial Statements (continued)

27 Parent entity financial information (continued)

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016. For information about guarantees given by the parent entity, please see above.

28 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which have been measured at fair value.

The financial report has been presented in Australian (AU) dollars and all values are rounded to the nearest AU$1,000 (AU$'000) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Evolution Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities (subsidiaries) is presented in note 26.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls and investee if facts and circumstances indicate that there are changes to one of more of the three elements of control. Specifically the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its over over the investee to affect its returns.

Non- controlling interests in the results and equity of the entities that are controlled by the Group is shown separately in the Statement of Profit or Loss or Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

(c) Foreign currency translation

(i) Functional and presentation currency

The presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Notes to the Consolidated Financial Statements (continued)

28 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities are denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial statements are taken to the Statement of Other Comprehensive Income and accumulated in a reserve.

(iii) Translation

The assets and liabilities of subsidiaries with functional currency other than Australian dollars (being the presentation currency of the Group) are translated into Australian dollars at the exchange rate at the reporting date and the Statement of Profit or Loss is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries are recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve.

(d) Intangible assets

(i) 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.

Notes to the Consolidated Financial Statements (continued)

29 New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to the customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is assessing the impact of the new rules and has been focussed on reviewing: Metal and concentrate sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards. To date no material measurement differences have been identified between AASB 118 and AASB 15.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the Group is 1July 2017.

29 New accounting standards (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and financial liabilities. While the Group has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. There will also 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 new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. To date no material measurement differences have been identified under conversion to AASB 9.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

Notes to the Consolidated Financial Statements (continued)

29 New accounting standards (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 16 *Leases*	AASB 16 was issued in February 2017. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $23.209 million, see note 19. To date, work has focussed on the identification of the provisions of the standard which will most impact the Group. In FY18 work on these issues and their resolution will continue, detailed review of contracts will begin, and financial reporting impacts and assessment of process impact will commence. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Directors' Declaration

Evolution Mining Limited
Annual Financial Report
Directors' Declaration
30 June 2017

In the Directors' opinion:

(a) the financial statements and notes set out on pages 106 to 158 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standard, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 25 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 25.

Note 28(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Jacob (Jake) Klein
Executive Chairman

Graham Freestone
Non-Executive Director

Sydney

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Independent auditor's report

To the shareholders of Evolution Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Evolution Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2017
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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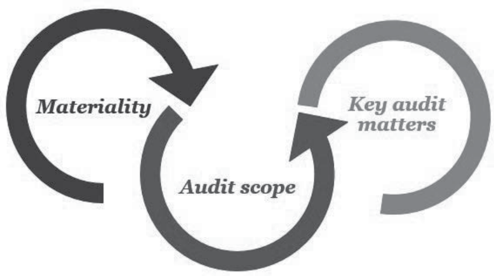
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $18 million, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We chose 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit procedures were predominantly performed at the Group's corporate office in Sydney. We also conducted site visits to the Cowal, Edna May, Mungari and Ernest Henry mine sites.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Accounting for Ernest Henry Mine – Recognition of deferred tax assets – Impairment reversal of Mt Carlton's non-current assets • These are further described in the *Key audit matters* section of our report.

Independent auditor's report (continued)

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Accounting for Ernest Henry Mine *(Refer to note 21)* The accounting treatment for the economic interest acquired in the Ernest Henry Mine (the mine) and the ongoing revenue recognised from the mine was a key audit matter. The acquisition was unique and the magnitude of the transaction had financial significance to the Group. Significant judgement was involved to apply the appropriate accounting standards to determine how to account for the asset acquired and to determine the timing of revenue recognition. As a result of the Group's detailed assessment over the risk exposure and entitlement to the mine, the Group recognised an $880 million upfront payment as a mine development asset. To assess the appropriate accounting treatment for the asset acquired, judgement was applied, that involved a consideration of the contractual terms and arrangements. The Group also applied judgement as to when the gold, copper and silver sales should be recognised as revenue and this required a consideration of the contractual terms and arrangements. Gold sales are recognised by the Group when the metal is received and sold. Copper and silver sales are recognised by the Group in the same month as their production is reported by the operator. Copper and silver is sold in accordance with the Offtake Agreement with Glencore where the metal is sold immediately following treatment and refining and is paid for in cash.	For the economic interest acquired in the mine, we focused on the judgements made when assessing the risk exposure and entitlement to the mine by assessing the terms of the key transaction documents against the requirements of Australian Accounting Standards. For the revenue recognition policy for gold sales and copper and silver sales, we assessed the terms of the key transaction documents which have an impact on the timing of the revenue recognition against the requirements of Australian Accounting Standards. We considered the adequacy of the disclosures made in the note 21 relating to the economic interest acquired and the revenue recognised in accordance with the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Recognition of deferred tax assets *(Refer to note 16)* During the year, the Group recognised $ 57.744 million of deferred tax assets from available tax losses and had a net deferred tax asset of $16.448 million at 30 June 2017 in the financial report. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. This was a key audit matter due to the judgement required in preparing forecasts of future taxable profits to assess the future utilisation of these losses in accordance with the requirements of Australian Accounting Standards.	We assessed the Group's ability to utilise the deferred tax assets by: • obtaining calculations of forecast taxable income and the latest Board approved budget and forecast • assessing the reasonability of the forecast taxable income in light of current year taxable profits • evaluating whether the cashflows in the Board approved budget and forecast had been appropriately adjusted for the differences between accounting profits to taxable income • recalculating the deferred tax asset balances which comprise a combination of tax losses and timing differences between tax and accounting values.
Impairment reversal of Mt Carlton's non-current assets *(Refer to note 8)* The Group recognised impairment losses of $148.6 million relating to the carrying value of Mt Carlton's non-current assets in 2013 as a result of the fall in gold price combined with a compression of valuations in the gold industry. We focused our current year audit on the carrying value of the previously impaired site for Mt Carlton. The Group anticipates continued strong performance at Mt Carlton which, together with the wider recovery of some gold prices, provides evidence that conditions leading to its past impairment may no longer be present. This is an indicator that the mine assets should be considered for reversal of impairment. The assessment of whether to reverse impairment was a key audit matter given the high levels of judgement by the Group over the impairment reversal and the financial significance of any potential reversal to the financial report.	We considered the Group's assessment of the recoverable amount of the non-current assets for Mt Carlton and its conclusion not to recognise an impairment reversal by performing the following: • compared current year US$ gold prices to the US$ gold prices when the impairment occurred • compared current gold price forecasts to gold price forecasts when the impairment occurred • considered the Group's calculations of recoverable amount, including sensitivities of key assumptions, and compared them to the carrying value of the Mt Carlton assets • analysed market data for recent gold mine transactions and compared to the carrying value of the Mt Carlton assets. • We also evaluated the adequacy of the disclosures made in the note 8 in light of the requirements of Australian Accounting Standards.

Independent auditor's report (continued)

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Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2017 comprises the Director's Report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 85 to 107 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mupcroft

Marc Upcroft
Partner

Sydney
17 August 2017

Shareholder Information

Capital (as at 2 October 2017)

Share Capital	1,692,514,261
Ordinary shareholders	21,493
Shareholdings with less than a marketable parcel of $500 worth of ordinary shares	1,060
Market price	A$2.21

Distribution of Fully Paid Shares (as at 2 October 2017)

Range	Securities	%	No. of Holders	%
100,001 and Over	1,527,062,502	90.22	342	1.59
10,001 to 100,000	113,336,646	6.70	4,346	20.22
5,001 to 10,000	26,320,663	1.56	3,480	16.19
1,001 to 5,000	23,283,708	1.38	8,416	39.16
1 to 1,000	2,510,742	0.15	4,909	22.84
Total	**1,692,514,261**	**100.00**	**21,493**	**100.00**
Unmarketable Parcels	68,406	0.00	1,060	4.93

Substantial Shareholders (as at 2 October 2017)

	Fully Paid Ordinary Shares	
	Number	%
La Mancha Group International BV	454,698,137	26.87[1]
Van Eck Global	166,249,290	9.82
Total	**620,947,427**	**36.69**

[1] Relevant Interest

Shareholder Information (continued)

Twenty Largest Shareholders (as at 2 October 2017)

	Fully Paid Ordinary Shares	
Name	**Current balance**	**Issued capital %**
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	501,853,429	29.65
CITICORP NOMINEES PTY LIMITED	450,617,197	26.62
J P MORGAN NOMINEES AUSTRALIA LIMITED	229,733,012	13.57
NATIONAL NOMINEES LIMITED	65,959,226	3.90
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	40,894,430	2.42
BNP PARIBAS NOMINEES PTY LTD	35,842,409	2.12
BNP PARIBAS NOMS PTY LTD	21,334,268	1.26
NATIONAL NOMINEES LIMITED	12,542,304	0.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,823,397	0.52
AMP LIFE LIMITED	8,563,797	0.51
SHARE DIRECT NOMINEES PTY LTD	8,475,000	0.50
BOND STREET CUSTODIANS LIMITED(MACQ HIGH CONV FUND) & BOND STREET CUSTODIANS LIMITED	7,341,702	0.43
ROXI PTY LIMITED	6,368,764	0.38
CITICORP NOMINEES PTY LIMITED	6,155,000	0.36
SMARTEQUITY EIS PTY LTD	5,663,555	0.33
LUJETA PTY LTD	4,428,723	0.26
PACIFIC CUSTODIANS PTY LIMITED	4,094,466	0.24
BNP PARIBAS NOMINEES PTY LTD	3,977,263	0.23
AUST EXECUTOR TRUSTEES LTD	3,400,000	0.20
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	2,705,753	0.16
Total	**1,449,912,726**	**86.53**
TOTAL		
Balance of Register	**1,428,773,695**	**84.42**
Grand TOTAL	**263,740,566**	**15.58**
	1,692,514,261	**100.00**

1.5 Share Buy-Backs

There is no current on-market buy-back scheme.

2. Other Information

Corporate Information

ABN 74 084 669 036

Board of Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
Colin (Cobb) Johnstone	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Graham Freestone	Non-Executive Director
Thomas (Tommy) McKeith	Non-Executive Director
Naguib Sawaris	Non-Executive Director
Sebastien de Montessus	Non-Executive Director
Vincent Benoit	Alternate Non-Executive Director for Naguib Sawaris
Amr El Adawy	Alternate Non-Executive Director for Sebastien de Montessus

Company Secretary

Evan Elstein

Registered Office

Level 30, 175 Liverpool Street

SYDNEY NSW 2000

Postal Address

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SYDNEY NSW 2000
T: +61 2 9696 2900
F: +61 2 9696 2901

Share Register

Link Market Services
Level 12, 680 George Street
SYDNEY NSW 2000
T: +61 1300 554 474
F: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au

Auditor

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
BARANGAROO NSW 2000
T: +61 2 8266 0000
F: +61 2 8266 9999

Website

www.evolutionmining.com.au

Stock Exchange Listing

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

Level 30, 175 Liverpool Street SYDNEY NSW 2000

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