

ASX Announcement

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OPERATIONS UPDATE

Preliminary December 2019 Quarter Results

Evolution Mining Limited (ASX:EVN) ("Evolution") provides the following update for the December 2019 quarter:

- Group gold production of 170,890 ounces at an All-in Sustaining Cost¹ (AISC) of A\$1,069 per ounce (US\$730/oz)². Year to date production of 362,857 ounces at an AISC of A\$1,040 per ounce (US\$712/oz)³.
- Group mine operating cashflow of A\$233.1 million and net mine cashflow of A\$144.0 million.
- Achieved gold price of A\$2,091 per ounce compared to current spot gold price of A\$2,267 per ounce⁴.
- Evolution ended the quarter debt free and with cash at bank of A\$170.3 million after repaying outstanding bank debt of A\$275.0 million. This is an increase of A\$78.6 million from the 30 September 2019 net cash position of A\$91.7 million. Commitment of bank debt facilities for completion of the Red Lake Gold Complex (Red Lake) acquisition remain in place.

Mt Carlton Operation Update

Recent grade control and resource definition drilling in the V2 open pit at Mt Carlton has returned results that have identified the West and East Lode orebodies are narrowing at shallower levels than previously modelled. This has resulted in the completion of a geological review and interpretation. The review has concluded that the main hydrothermal breccia zone, which constitutes the bulk of the widely developed mineralisation in the V2 pit, is tapering to a series of narrower, high-grade feeder structures at shallower depths. A review of the underground resource model, brought about by the revised interpretation of geology in the pit, has resulted in a similar geological interpretation as the open pit.

Mt Carlton was scheduled to produce significantly higher ounces in the June 2020 quarter from the mining of thick, high grade areas in the pit and underground. Underground development broke through to the East Lode in early January 2020 and encountered the orebody where expected. Ore development will continue through the March 2020 quarter and stopping is expected to begin in the June 2020 quarter.

Drilling is expected to commence at the Crush Creek project, located 30km south of Mt Carlton, during the June 2020 quarter with the aim of confirming and extending high-grade vein style mineralisation intersected in historic drilling.

However, as outlined above, the unanticipated loss of ore tonnes in areas that were planned to be mined over the remainder of FY20 are expected to result in an estimated production range of 70,000 – 75,000 ounces for Mt Carlton (original FY20 guidance: 95,000 – 105,000oz). This will have a negative impact on the Mt Carlton FY20 AISC which is now expected to be between A\$1,150 – A\$1,225 per ounce (original FY20 guidance: A\$800 – A\$850/oz). Mt Carlton production in the first half of FY20 was 30,664 ounces.

The impact on the Group FY20 production and cost guidance are that Group production will be at the bottom end of guidance of around 725,000 ounces, while AISC guidance of A\$940 – A\$990 per ounce remains unchanged. Full details will be provided in the December 2019 Quarterly Report which will be released on 29 January 2020.

¹ Includes C1 cash cost, plus royalties, sustaining capital, general corporate and administration expense. Calculated per ounce sold

² Using the average AUD:USD exchange rate of 0.6833 for the December 2019 quarter

³ Using the average AUD:USD exchange rate of 0.6846 for the December 2019 half-year

⁴ Spot Australian gold price as at 09 January 2020

The Company is also in the process of re-estimating the Mineral Resources and Ore Reserves at Mt Carlton. The outcomes will be included in the Annual Group Mineral Resources and Ore Reserves Statement to be released on 12 February 2020. Mt Carlton currently represents 5.6% of Group Mineral Resources and 8.3% of Group Ore Reserves (prior to the inclusion of Red Lake).

Cowal Operations – Water Security

New South Wales is currently operating under Stage 3 water restrictions that enable sufficient water to be supplied for ongoing operations. However, due to the ongoing severe drought conditions and resulting water crisis currently being experienced in NSW there is potential for these water restrictions to increase. Cowal has therefore proactively made significant progress in reducing the operation's reliance on surface fresh water through the use of sub-surface water which is not expected to be subject to government restrictions. In collaboration with local stakeholders through infrastructure and resource sharing, substantial progress has been made with the following water security mitigation strategies:

- Installation of a second pipeline across Lake Cowal has commenced and will increase pumping capacity by an expected 30%. The pipeline secures the ability to pump water from current and future saline bore fields, the Bland Creek paleochannel as well as the Jemalong Weir. The project is due to be completed during the March 2020 quarter.
- Increased extraction of saline water through an additional two bores in the Eastern Saline Bore Field. The two additional saline bores are in preparation to be commissioned in the June 2020 quarter.
- An additional saline bore field has been identified to the south of the Eastern Saline Bore Field. Testing of this location is commencing in the March 2020 quarter with the new bores expected to be commissioned in the September 2020 quarter. A third saline bore field has also been identified for assessment to further de-risk water supply.
- Increased reliance on reuse and recycled water.

These strategies are being implemented and further developed to ensure long term water security at the Cowal operation.

This announcement has been authorised for release by the Board of Directors.

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About Evolution Mining

Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Cracow, Mt Carlton and Mt Rawdon in Queensland, and Mungari in Western Australia. In addition, Evolution holds an economic interest in the Ernest Henry copper-gold mine 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.

In November 2019, Evolution announced the acquisition of the Red Lake Gold Complex in Ontario Canada from Newmont Goldcorp. This acquisition is expected to complete around the end of March 2020.