

ASX Announcement

12 February 2020

FY20 HALF YEAR FINANCIAL RESULTS AND INTERIM DIVIDEND

Evolution Mining Limited (ASX: EVN) has today reported a record half-year statutory net profit after tax of A\$147.2 million and record underlying net profit after tax of A\$149.1 million for the six months ended 31 December 2019 (“the half-year”). Group cash generation was also at a record high of A\$242.4 million. As a result of this strong financial performance, the fully franked interim dividend has been doubled to 7.0 cents per share.

The financial result was underpinned by half-year gold production from Evolution’s asset portfolio of 362,857 ounces at an All-in Sustaining Costs (AISC)¹ of A\$1,041 per ounce (US\$713/oz)².

The record group cash flow was generated on the back of sustained strong mine cash flow generation with operating cash flow of A\$511.8 million and net mine cash flow, post sustaining and major capital, of A\$351.8 million. The major net mine cash flow contributors were Cowal (A\$141.8 million), Ernest Henry (A\$128.7 million), and Mungari (A\$41.0 million).

Key financial highlights for the half-year included:

- Records set in each of the following interim metrics:
 - Statutory net profit after income tax increased 62% to A\$147.2 million (H1 FY19: A\$91.1M)
 - Underlying net profit after income tax increased 62% to A\$149.1 million (H1 FY19: A\$92.2M)
 - EBITDA increased 23% to A\$441.2 million (H1 FY19: A\$359.7M)
 - Mine operating cash flow increased 32% to A\$511.8 million (H1 FY19: A\$387.9M)
 - Net mine cash flow increased 48% to A\$351.8 million (H1 FY19: A\$237.8M)
 - Group free cash flow increased 119% to A\$242.4 million (H1 FY19: A\$110.8M)
- EBITDA margin increased to 49% (H1 FY19: 48%)
- Evolution is debt free and increased its net cash position to A\$170.3 million (30 June 2019: A\$35.2M) after debt repayments totalling A\$300.0 million during the half-year

Fully franked interim dividend declared based on Evolution’s policy of a percentage of group free cash flow, targeting a 50% payout rate:

The Group doubled its fully franked interim dividend to 7.0 cents per share for the half-year (31 December 2018: 3.5 cents per share).

- Dividend amount – 7.0 cents per share fully franked
- Ex-dividend date – 24 February 2020
- Record date – 25 February 2020
- Payable date – 27 March 2020
- Nil Conduit Foreign Income (CFI) component

Commenting on the half-year, Evolution’s Executive Chairman Jake Klein said:

“These record half year financial results demonstrate the quality of Evolution’s asset portfolio. The EBITDA margins and free cash flow generation of our business are sector leading. Our fully franked interim dividend of 7.0 cents per share ensures our shareholders continue to share in the benefits of the high cash generation from our diversified portfolio. Importantly, the attractive growth opportunities we are delivering at our key long life, high margin assets reflect the sustainability of this strong cash generation.”

1. AISC (All-in Sustaining Costs) includes C1 cash cost, plus royalties, plus sustaining capital, plus general corporate and admin expense. Calculated on a per ounce sold basis
2. All USD values in this release have been calculated using the average AUD:USD exchange rate for the half-year of A\$0.6846

Evolution's focus and continued effort to improve safety performance has maintained a steady total recordable injury frequency (TRIF) of 8.4 (30 June 2019: 8.3).

In September 2019, Evolution was ranked in the top performing Australian mining companies for corporate sustainability in the annual assessment of the Dow Jones Sustainability Index Australia. Evolution was one of only two gold companies recognised in this category.

The Group achieved record statutory and underlying net profit after tax of A\$147.2 million and A\$149.1 million respectively, an increase of 62% on the prior period (31 December 2018: A\$91.1 million and A\$92.2 million respectively).

The higher statutory profit was driven predominantly by the increase in gold revenue of A\$143.9 million, which is 22% higher compared to the prior period. This is underpinned by a 24% higher achieved gold price of A\$2,102/oz compared to A\$1,695/oz in the prior period. This was partially offset by increased royalties from the higher gold revenue of A\$5.2 million and lower by-product revenue of A\$1.9 million as a result of lower copper volumes.

Key results for the FY20 half-year are as follows:

- Total gold production of 362,857oz at an AISC of A\$1,041/oz
- Mine operating cash flow of A\$511.8 million
- Net mine cash flow of A\$351.8 million
- Evolution's net cash position increased to A\$170.3 million (30 June 2019: net cash of A\$35.2 million) after repaying all outstanding debt on the Senior Secured Term Loan ("Facility D") during the period. Total repayments since 30 June 2019 totalled A\$300.0 million.

Revenue for the half-year increased by 19% to A\$898.2 million (31 December 2018: A\$756.2 million). The 24% higher achieved gold price of A\$2,102/oz (31 December 2018: A\$1,695/oz) was slightly offset by a decrease in sold ounces of 378,596oz (31 December 2018: 384,556oz) and lower copper and silver revenue which is a result of reduced volumes.

Total gold sold included deliveries into the hedge book of 50,000oz at an average price of \$1,680/oz (31 December 2018: 75,000oz, \$1,684/oz). The remaining 328,596oz were sold at spot price achieving an average price of \$2,166/oz (31 December 2018: 309,556oz, \$1,697/oz). The Group's hedge book as at 31 December 2019 totals 350,000oz at an average price of \$1,860/oz with quarterly deliveries through to June 2023.

In September 2019, the Cowal operation received final Secretary's Environmental Assessment Requirements for the proposed underground mining operation. The State Significant Development Environmental Impact Statement and associated MOD16 Environmental Assessment for the final approval of the full underground operation has also commenced.

On 26 November 2019, Evolution announced that it had entered into an agreement with Newmont Goldcorp Corporation to acquire the Red Lake gold mine. The operation comprises of the Red Lake and Campbell complexes, each consisting of an underground mine and associated processing facility, plus the Cochenour mine. Evolution will pay Newmont Goldcorp Corporation US\$375.0 million in cash, along with an additional future payment of up to US\$100.0 million payable upon new resource discovery. Completion of the transaction is subject to customary conditions including receiving all required consents, permits and regulatory approvals. Key highlights of the acquisition are as follows:

- High-grade, long life, underground gold mine located in one of Canada's most prolific gold districts
- Ore Reserves as at 30 June 2018, of 2.1 million ounces and a large Mineral Resource totalling 7.0 million ounces grading 11.2 grams per tonne gold
- Outstanding exploration potential with historic high grades of over 20g/t gold hosted in Archaean greenstone gold geology
- Investment of US\$100.0 million on existing operations and US\$50.0 million in exploration at Red Lake over the first three years

In November 2019, Mr. Jason Attew was appointed as a Non-Executive Director for the Group effective 1 December 2019 following Mr. Graham Freestone's decision to retire from the board effective 29 November 2019. Mr. Attew is an experienced Canadian mining executive with extensive knowledge of the industry spanning more than 25 years. His most recent role was Chief Financial Officer at Goldcorp Inc where he led the Finance, Investor Relations, Corporate Development and Strategy functions through until Goldcorp's US\$32.0 billion merger with Newmont Mining Corporation in April 2019.

Dividend payment

A record fully franked cash dividend of A\$102.1 million (31 December 2018: \$67.8 million) was paid during the period as a final dividend for the year ended 30 June 2019. The Directors have approved a fully franked interim dividend of 7.0 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 27 March 2020 is estimated at A\$119.3 million. This is Evolution's 14th consecutive dividend and increases the total amount returned to shareholders, upon payment of this interim dividend, to A\$578.0 million since August 2013.

On 15 August 2019, the Directors approved a change to the dividend policy of whenever possible paying a dividend based on free cash flow generated during a year. The Directors will assess the group cash flow and outlook for the business with the intention to return excess cash to shareholders and targeting a level around 50% of cash flow. The Group's free cash flow is defined as cash flow before debt and dividends.

The Board has confirmed that Evolution is in a sound position to meet its commitment under the new policy to pay a fully franked interim dividend for the current period of 7.0 cents per share on 27 March 2020.

Full details of the FY20 Half-Year Financial Results are available in the Appendix 4D released to the Australian Securities Exchange (ASX) today and are also available on Evolution's website www.evolutionmining.com.au.

Approval

This release has been approved by the Evolution Board of Directors.

Conference Call

Evolution's Executive Chairman, Jake Klein, Finance Director and Chief Financial Officer, Lawrie Conway and Vice President Discovery and Business Development, Glen Masterman, will host a conference call to discuss the FY20 Half-Year Financial Results and the Annual Mineral Resources and Ore Reserves Statement at 11.00am (Sydney time) **today**. Access details are provided below.

Shareholders – Live Audio Stream

A live audio stream of the conference call will be available on Evolution's website www.evolutionmining.com.au. The audio stream is 'listen only'.

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

Analysts and Media – Conference Call Details

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

Dial-in numbers:

- Australia: 1800 123 296
- International Toll: +61 2 8038 5221
- Canada: 1855 5616 766
- United States: 1855 293 1544
- United Kingdom: 0808 234 0757
- Hong Kong: 3008 2034
- Singapore: 800 616 2288

Participant PIN Code: 4489248



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About Evolution Mining

Evolution is a leading, growth-focused Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon, and Cracow, 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 this life of mine area Evolution will have a 49% interest in future copper, gold and silver production at Ernest Henry.

On 26 November 2019 Evolution announced the acquisition of the high grade, long life Red Lake gold complex in Ontario, Canada. The transaction is expected to close around the end of March 2020.

Evolution has guided FY20 gold production, exclusive of Red Lake's contribution, of around 725,000 ounces at an All-in Sustaining Cost of A\$940 – A\$990 per ounce. Group guidance is expected to be updated on completion of the Red Lake transaction.

Forward looking statements

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

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

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

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