APPENDIX 4D
EVOLUTION MINING LIMITED ACN 084 669 036
AND CONTROLLED ENTITIES
HALF-YEAR FINANCIAL REPORT
For the half-year ended 31 December 2019

Results for Announcement to the Market

Key Information

	31 December 2019 $'000	31 December 2018 $'000	Up / (down) $'000	% increase/ (decrease)
Revenues from contracts with customers	898,169	756,218	141,951	19%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	441,172	359,659	81,513	23%
Statutory profit before income tax	210,264	132,057	78,207	59%
Profit from ordinary activities after income tax attributable to members	147,216	91,110	56,106	62%

Dividend Information

	Amount per share Cents	Franked amount per share Cents
Interim dividend for the year ended 30 June 2020 Dividend to be paid on 27 March 2020	7.0	7.0
Final dividend for the year ended 30 June 2019 Dividend fully paid on 27 September 2019	6.0	6.0

Net Tangible Assets

	31 December 2019 $	31 December 2018 $
Net tangible assets per share	1.48	1.38

Earnings Per Share

	31 December 2019 Cents	31 December 2018 Cents
Basic earnings per share	8.66	5.37
Diluted earnings per share	8.62	5.34

Additional Appendix 4D disclosure requirements can be found in the notes of this Half-Year Financial Report and the Directors' Report attached thereto. This report is based on the consolidated Half-Year Financial Report which has been subject to review by PricewaterhouseCoopers.

Evolution Mining Limited
Half-Year Financial Report

Corporate Information

ABN 74 084 669 036

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway	Finance Director and Chief Financial Officer
Thomas (Tommy) McKeith	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Jason Attew (ii)	Non-Executive Director
Andrea Hall	Non-Executive Director
Colin (Cobb) Johnstone	Non-Executive Director
Graham Freestone (i)	Non-Executive Director

(i) Retired effective 29 November 2019.
(ii) Appointed as Non-Executive Director effective 1 December 2019.

Company Secretary

Evan Elstein

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Auditor

PricewaterhouseCoopers
One International Towers Sydney
SYDNEY NSW 2000

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Website

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Stock Exchange Listing

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

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Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2019

Directors' Report

The Directors present their report together with the consolidated financial report of the Evolution Mining Limited Group ("the Group") consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2019 ("the period").

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway	Finance Director and Chief Financial Officer
Thomas (Tommy) McKeith	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Jason Attew (ii)	Non-Executive Director
Andrea Hall	Non-Executive Director
Colin (Cobb) Johnstone	Non-Executive Director
Graham Freestone (i)	Non-Executive Director

(i) Retired effective 29 November 2019.
(ii) Appointed as Non-Executive Director effective 1 December 2019.

Company Secretary

The Company Secretary during the whole of the half-year ended 31 December 2019 and up to the date of this report is as follows:

Evan Elstein

Key highlights for the period

Key highlights for the half-year ended 31 December 2019 include:

- The Group'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).
- The Group achieved a record statutory net profit after tax of $147.2 million for the period, an increase of 62% on the prior period (31 December 2018: $91.1 million). A record underlying net profit after tax was also achieved of $149.1 million, an increase of 62% on the prior period (31 December 2018: $92.2 million).
- The Group doubled its interim fully franked dividend of 7.0 cents per share from the prior period (31 December 2018: 3.5 cents per share).
- The Group's key results are as follows:
    - Total gold production of 362,857 oz at an AISC of $1,041/oz.
    - Operating mine cash flow of $511.8 million.
    - Net mine cash flow of $351.8 million.
    - Evolution's net cash position increased to $170.3 million (30 June 2019: net cash of $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 totaled $300.0 million.
    - A record fully franked cash dividend of $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 an interim fully franked 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 $119.3 million.
- In September 2019, the Group 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.
- In September 2019, the Group entered into an earn-in agreement with private entity Basin Gold over the Crush Creek project located 30km south east of the Mt Carlton operation. Crush Creek is host to low sulphidation epithermal gold mineralization and has significant potential to provide mine life extensions at Mt Carlton. Key highlights of the agreement are:
    - Evolution can earn a 70% interest by sole funding $7.0 million of exploration expenditure over a two year period.
    - Once the earn-in is met, either party can elect for Basin Gold's 30% interest to be sold to Evolution for a consideration of $4.5 million and a 10% Net Profit Interest on any production above 100koz of gold.

Key highlights for the period (continued)

- In September 2019, the Group entered into an earn-in joint venture with Musgrave Minerals Limited (ASX: MGV) over the Cue Project located in the Murchison Province of central Western Australia which hosts a gold endowment in excess of 30 million ounces. The Cue joint venture covers a prospective mineralized trend venture and is prospective for Archean greenstone gold deposits. The key terms of the agreement are as follows:
    - The Group can earn 75% in the joint venture area by sole funding $18.0 million over 5 years with a minimum expenditure of $4.0 million to be completed in the initial 2 years.
    - The Group agreed to subscribe for 18.6 million shares in Musgrave at 8.07c per share to raise $1.5 million funds. The funds will be used for advance drilling at Mainland, Lena and Break of Day.
- In September 2019, the Group advised Andromeda Metals Limited (ASX: ADN) that it will proceed with Stage 2 under the terms of the Earn-In and Exploration Joint Venture Agreement. Following the Group's commitment to meeting the initial $2.0 million expenditure agreement with ADN, Stage 2 of the Drummond Gold Project joint venture will commence with the Group spending an additional $4.0 million over the next 2 years to acquire an 80% interest in the Project. The Drummond project comprises of four tenements located in the Drummond Basin 90km south-east of Charter Towers in northern Queensland and is host to high grade epithermal gold deposits.
- 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.
- In October 2019, the Group partnered with Great Southern Mining to begin hyperspectral surveys across the entirety of Edinburgh Park and Johnnycake Projects located in Queensland. Under the agreement, the Group is funding 50% of the costs of the survey. The survey will provide unprecedented views of the geology of the Projects and will highlight alteration zones surrounding both porhry and epithermal styles of mineralization.
- On 26 November 2019, the Group announced that it had entered into an agreement with Newmont Goldcorp Corporation to acquire the Red Lake gold complex. The operation comprises of the Red Lake and Campbell complexes, each consisting of an underground mine, associated processing facility and the Cochenour mine. The Group will pay Newmont Goldcorp Corporation US$375.0 million in cash, along with an additional 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;
    - Sound reserve base as at 30 June 2018, of 2.1 million ounces and a large resource base totaling 7.0 million ounces grading 11.2 grams per tonne;
    - Outstanding exploration potential with historic high grades of over 20g/t 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 3 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.
- During the December 2019 quarter, Mungari's Boomer prospect continued to return narrow laminated vein intercepts containing visible gold with a best intersection of 0.78m (0.58 etw) grading 96.71g/t Au. Access to the Boomer mineralisation is currently 100 metres from the decline and is expected to be located optimally for a footwall drilling position in the June 2020 quarter.
- In January 2020, the Group announced $3.0 million in funding to be provided to Rural Aid Australia, NSW Rural Fire Service and Queensland Rural Fire Service, supporting their bushfire and drought relief and recovery efforts.

Operating and Financial Review

Overview

Evolution is a leading, low cost Australian gold mining company. As at 31 December 2019, the Group consisted of five wholly-owned operating gold mines: Cowal in New South Wales; Cracow, Mt Carlton and Mt Rawdon in Queensland; and Mungari 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. In November 2019, the Group entered into an agreement with Newmont Goldcorp Corporation to acquire the Red Lake gold complex based in western Ontario, Canada. Completion of the acquisition is expected to occur around the end of March 2020.

Operating and Financial Review (continued)

Overview (continued)

The Group’s strategy is to deliver shareholder value through efficient gold production, growing gold reserves and developing acquiring or divesting 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 consistently delivering to guidance. A portfolio approach to production provides Evolution with a Group-wide level of operational stability and predictability without reliance on one single asset. The Group’s high-performance team culture and clearly defined business plans and goals further contribute to delivering reliable and consistent results.

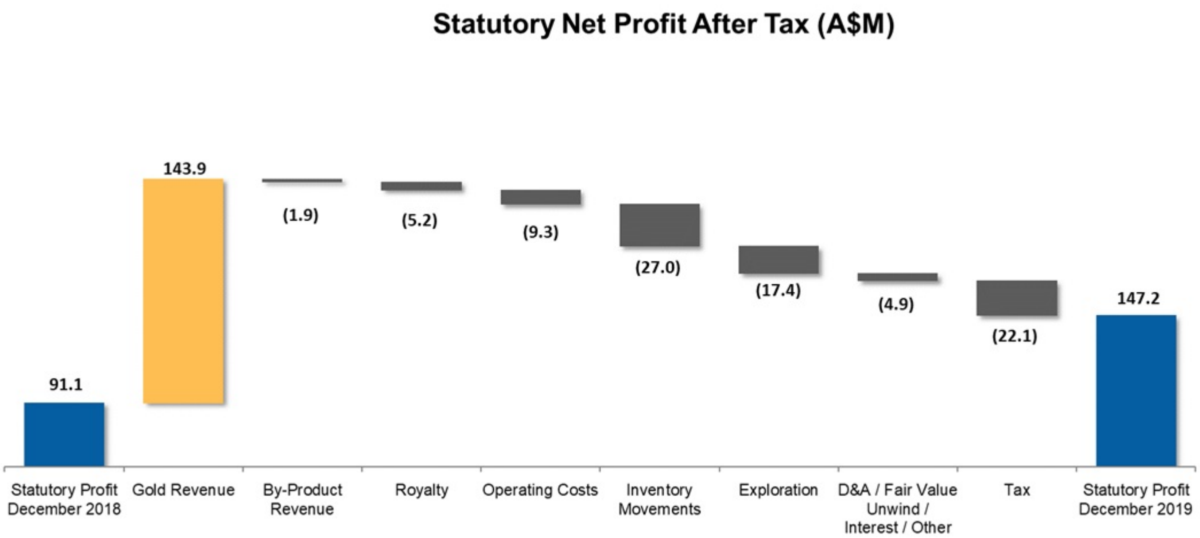
To build a sustainable business, the Group maintains a strong commitment to growth through exploration and a disciplined approach to business development through opportunistic, logical, value-accretive acquisitions and divestments.

The Group achieved an underlying net profit after tax of $149.1 million for the period ended 31 December 2019 (31 December 2018: $92.2 million). The table below shows a reconciliation of statutory profit/(loss) before tax to the underlying profit after tax.

The table below shows the differences of statutory profit before tax to the underlying profit after tax.

	2019 $'000	2018 $'000
Statutory profit before income tax	210,264	132,057
Transaction and integration costs	1,870	1,040
Underlying profit before income tax	212,134	133,097
Income tax expense	(63,048)	(40,947)
Underlying profit after income tax	**149,086**	**92,150**

The Group achieved a statutory net profit after tax of $147.2 million for the period ended 31 December 2019 (31 December 2018: $91.1 million). The following graph shows the movements in the Group's statutory profit after tax for the period ended 31 December 2018 to the year ended 31 December 2019.



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

Higher mine operating costs for the period are driven by increased processing costs at Cowal associated with a ball mill shutdown and the Float Tails (Dual) Leach facility and Mungari contractor costs. This was partially offset by lower diesel fuel costs. Mining costs were impacted by mine plans and capital development. The continued capital waste stripping of Stage H at Cowal lowered mining expenses which were partially offset by lower capital development or stripping at Mungari and Mt Rawdon. The net impact of these stages of mine plans was an increase of operating costs of $5.7 million.

Inventory costs expensed of $27.0 million was driven by stockpile drawdowns at Cowal and Mt Carlton. Cowal’s stockpile drawdown is a result of transitioning from Stage G ore production to Stage H capital stripping, while Mt Carlton is due to the unanticipated loss of ore tonnes from the V2 open pit, which resulted in utilisation of stockpiled ore.

Operating and Financial Review (continued)

Overview (continued)

The increased exploration expense was largely comprised of a write-off to Tennant Creek of $16.4 million due to a decision to not proceed with any further work on the tenements.

Tax expense for the current period is higher by $22.1 million, which is primarily driven by a higher profit.

Operating mine cash flow increased by 32% totalling $511.8 million (31 December 2018: $387.9 million). Total capital expenditure totalled $160.0 million which included $47.0 million of sustaining capital expenditure and $113.0 million of major capital expenditure.

Key Results

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

Key Business Metrics	31 December 2019	31 December 2018	% Change (ii)
Total underground ore mined (kt)	3,973	4,014	(1)%
Total underground lateral development (m)	9,976	6,717	49%
Total open pit ore mined (kt)	4,495	5,768	(22)%
Total open pit waste mined (kt)	14,863	21,300	(30)%
Processed tonnes (kt)	11,186	10,687	5%
Gold grade processed (g/t)	1.22	1.33	(8)%
Gold production (oz)	**362,857**	**382,214**	**(5)%**
Silver production (oz)	**320,211**	**383,183**	**(16)%**
Copper production (t)	**10,954**	**11,448**	**(4)%**
Gold sold (oz)	**378,596**	**384,556**	**(2)%**
Unit cash operating cost (A$/oz) (i)	758	626	(21)%
All in sustaining cost (A$/oz) (i)	1,041	928	(12)%
All in cost (A$/oz) (i)	1,446	1,201	(20)%
Gold price achieved (A$/oz)	2,102	1,695	24%
Silver price achieved (A$/oz)	25	21	19%
Copper price achieved (A$/t)	8,643	8,424	3%
Total Revenue	898,169	756,218	19%
Cost of sales (excluding D&A and fair value adjustments) (i)	(419,244)	(377,776)	(11)%
Corporate, admin, exploration and other costs (excluding D&A) (v)	(37,753)	(18,783)	(101)%
EBITDA (i)	441,172	359,659	23%
EBIT (i)	233,086	154,739	51%
Statutory profit/(loss) after income tax	**147,216**	**91,110**	**62%**
Underlying profit after income tax	**149,086**	**92,150**	**62%**
Operating mine cash flow	511,837	387,923	32%
Capital expenditure (iv)	(160,014)	(150,136)	(7)%
Net mine cash flow	351,823	237,787	48%

(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) Percentage change represents positive/(negative) impact on the business.
(iii) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry's operation.
(iv) Capital expenditure excludes corporate spend of $0.8 million for the half-year to 31 December 2019.
(v) Inclusive of Tenant Creek write-off $16.4 million.

Operating and Financial Review (continued)

Mining Operations

Cowal

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	210,372	112,070	98,302	88%
Sustaining capital	(5,041)	(22,338)	17,297	(77)%
Major capital	(63,564)	(52,839)	(10,725)	20%
Total capital	(68,605)	(75,177)	6,572	(9)%
Net mine cash flow	141,767	36,800	104,967	285%
Gold production (oz)	**140,887**	**119,504**	**21,383**	**18%**
All-in Sustaining Cost ($/oz)	891	989	98	10%
All-in Cost ($/oz)	1,512	1,463	(49)	(3)%

Cowal continued to be the highest producer in the Group, achieving gold production of 140,887oz which increased from the prior period (31 December 2018: 119,504oz) at an average C1 cash cost of $792/oz and AISC of $891/oz. Capital expenditure in the period was $68.6 million, of which $63.6 million consisted of major projects including construction of the Integrated Waste Landform (IWL) tailings facility, processing plant expansion, Stage H waste stripping, and twinning of the water pipeline.

The Warraga underground exploration decline was completed during the December 2019 quarter ahead of schedule and a bulk sample has been extracted and processed for analysis of rock properties and metallurgical recoveries.

Cowal's GRE46 and Dalwhinnie continue to return exceptional drilling results which is expected to inform an upgrade in size and classification of the current underground Mineral Resource of 1.4Moz. In the September 2019 quarter, extensional drilling highlights from the Cowal underground complex included: 105m (84m etw) grading 3.26g/t, 7m (5.6m etw) grading 23.9g/t, 3m (2.4m etw) grading 38.53g/t and 13m (10.4m etw) grading 7.48g/t gold. The December 2019 quarter included: 38m (30.4m etw) grading 6.64g/t Au and 7m (5.6m etw) grading 124.72g/t Au.

Cowal have been executing a strategy to reduce the reliance on surface fresh water amid severe drought conditions and state-wide water restrictions. Initiatives include installation of a second pipeline across Lake Cowal, commissioning three additional saline bores in the Eastern Saline Bore Field, commissioning an additional saline bore field south of the Eastern Saline Bore Field and increased reliance on reuse and recycled water. These projects are due to complete during calendar year 2020.

Mungari

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	49,042	35,540	13,502	38%
Sustaining capital	(5,408)	(8,013)	2,605	(33)%
Major capital	(2,539)	(4,488)	1,949	(43)%
Total capital	(7,947)	(12,501)	4,554	(36)%
Net mine cash flow	41,045	23,040	18,005	78%
Gold production (oz)	**63,489**	**65,112**	**(1,623)**	**(2)%**
All-in Sustaining Cost ($/oz)	1,347	1,279	(68)	(5)%
All-in Cost ($/oz)	1,534	1,453	(81)	(6)%

Mungari produced a total of 63,489oz at an average unit cash operating cost of $1,198/oz and an AISC of $1,347/oz. Capital expenditure in the period was $7.9 million mainly consisting of the Tails Storage Facility as sustaining capital and the underground mine development at Boomer as major capital.

The Frog's Leg underground mine produced 219kt of ore at an average grade of 3.46g/t. Total development for the period was 696m which increased from the prior period (31 December 2018: 576m). Total material moved at the White Foil open pit was 817kt at an average grade of 1.92 g/t with the ore being sourced from both Stage 3a and 3b.

The process plant had a strong performance during the period, with 940kt of ore processed at an average grade of 2.30g/t. Strong gold recoveries of 91.6% were achieved despite a slight decrease from the prior period (31 December 2018: 93.4%). During the period, Mungari have incrementally increased plant throughput rates towards an annualised rate of 2 million tonnes from a continued focus on operational and maintenance improvements. Works and studies will continue in the June 2020 half-year to enable this rate to be sustained or further improved.

Operating and Financial Review (continued)

Mining Operations (continued)

Mungari (continued)

Mungari's Boomer prospect continued to return narrow laminated vein intercepts containing visible gold with a best intersection of 0.78m (0.58 etw) grading 96.71g/t Au. Access to the Boomer mineralisation is currently 100 metres from the decline and is expected to be located optimally for a footwall drilling position in the June 2020 quarter.

Mt Carlton

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	42,814	56,210	(13,396)	(24)%
Sustaining capital	(14,806)	(7,241)	(7,565)	104%
Major capital	(35,213)	(11,501)	(23,712)	206%
Total capital	(50,019)	(18,742)	(31,277)	167%
Net mine cash flow	(7,205)	37,470	(44,675)	(119)%
Gold production (oz)	**30,664**	**52,298**	**(21,634)**	**(41)%**
All-in Sustaining Cost ($/oz)	1,525	772	(753)	(98)%
All-in Cost ($/oz)	2,549	1,008	(1,541)	(153)%

Mt Carlton produced a total of 30,664oz at an average unit cash operating cost of $983/oz and an AISC of $1,525/oz. Capital expenditure in the period was $50.0 million of which $35.2 million related major project capital spend on the development of the underground mine, improvements to the process plant and open pit capital stripping.

Due to recent grade control and resource definition drilling in the V2 open pit, results have returned identifying the West and East Lode orebodies are narrowing at shallower levels than previously modelled. A 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 Mineral Resource model brought about by the revised geological interpretation in the open pit, has resulted in similar underground geological interpretation.

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 $1,150 - $1,225/oz (original FY20 guidance: A$800- A$850/oz).

The underground development has progressed well through the period and broke through to the East Lode in early January 2020 and encountered the orebody where expected. Ore development continues and stoping is expected to begin in the June 2020 quarter.

Mt Rawdon

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	28,383	36,330	(7,947)	(22)%
Sustaining capital	(6,658)	(4,864)	(1,794)	37%
Major capital	(4,157)	(16,155)	11,998	(74)%
Total capital	(10,815)	(21,019)	10,204	(49)%
Net mine cash flow	17,568	15,320	2,248	15%
Gold production (oz)	**39,588**	**50,119**	**(10,531)**	**(21)%**
All-in Sustaining Cost ($/oz)	1,782	1,277	(505)	(40)%
All-in Cost ($/oz)	1,888	1,605	(283)	(18)%

Mt Rawdon achieved total gold production of 39,588oz at a unit cash operating cost of $1,516/oz and an AISC of $1,782/oz. Capital expenditure in the period was $10.8 million with the majority of the capital spend being the construction of the tailings storage facility buttress, tailings storage facility lift and north wall meshing.

Mt Rawdon processed 1,651kt of ore at an average grade of 0.84g/t gold, with plant recovery being 88.4%.

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Rawdon (continued)

In the September 2019 quarter, Mt Rawdon was adversely impacted by instability of the western wall. The wall was temporarily stabilised with an in-pit buttress using a remote dozer. Longer term stabilisation of the western wall will require reducing the wall slope to approximately 38° from the 45° current angle. This will restrict access to that part of the pit and result in lower total material mined in FY20.

The grade of ore processed for the remainder of the financial year will be approximately 10-15% lower than originally planned while stockpiled ore is processed until access to higher grade ore in the western wall is regained. Costs are expected to reduce as access to higher grade ore in the pit floor is regained during the June 2020 half year with the new Western access ramp.

Cracow

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	46,038	32,870	13,168	40%
Sustaining capital	(8,660)	(9,524)	864	(9)%
Major capital	(7,480)	(6,251)	(1,229)	20%
Total capital	(16,140)	(15,775)	(365)	2%
Net mine cash flow	29,899	17,100	12,799	75%
Gold production (oz)	**41,770**	**44,731**	**(2,961)**	**(7)%**
All-in Sustaining Cost ($/oz)	1,295	1,231	(64)	(5)%
All-in Cost ($/oz)	1,407	1,309	(98)	(7)%

Cracow produced 41,770oz at a unit cash operating cost of $854/oz and AISC of $1,295/oz. Capital expenditure for the period was $16.1 million, with sustaining capital of $8.6 million mainly comprising resource definition drilling and tailings storage facility construction costs. A further $7.5 million was major capital spend towards underground mine development.

A total of 232kt of ore was mined at an average grade of 5.89g/t during the period with primary ore sources being the Baz, Coronation and Imperial ore bodies.

Ernest Henry

Key Business Metrics	31 December 2019	31 December 2018	Change	% Change
Operating cash flow	135,187	114,980	20,207	18%
Sustaining capital	(6,438)	(6,922)	484	(7)%
Major capital	-	-	-	-%
Total capital	(6,438)	(6,922)	484	(7)%
Net mine cash flow	128,749	108,060	20,689	19%
Gold production (oz)	**46,458**	**50,450**	**(3,992)**	**(8)%**
All-in Sustaining Cost ($/oz)	(468)	(506)	38	8%
All-in Cost ($/oz)	(468)	(506)	38	8%

(i) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry's operation.

Ernest Henry gold production of 46,458oz at a negative unit cash operating cost of $(825)/oz. A negative AISC of $(468)/oz after taking into account copper and silver by-product credits of (1,951)/oz.

Ore mined was 3,521kt at an average grade of 0.58g/t gold and 1.07% copper. Underground development was 3,877m. Ore processed was 3,512kt at an average grade of 0.58g/t gold and 1.07% copper. Gold recovery and copper recovery of 76% and 95.9% respectively were achieved.

During the December 2019 half-year, drilling commenced below the 1200mRL with 10 holes completed for 4,400 metres. Assay results are expected in the March 2020 quarter. Drilling will continue in calendar year 2020 with over 18,000 metres planned.

Operating and Financial Review (continued)

Financial Performance

Profit or Loss

Revenue for the period ended 31 December 2019 increased by 19% to $898.0 million (31 December 2018: $756.2 million). The 24% higher achieved gold price of $2,102/oz (31 December 2018: $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. Revenue is comprised of $796.0 million for gold revenue and $102.0 million for copper and silver revenue (31 December 2018: $651.8 million of gold revenue and $104.4 million of copper and silver revenue).

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.

Total copper produced decreased 4.3% to 10,954 tonnes resulting in copper revenue reducing in the period by $1.87 million, despite the achieved copper price increasing 2.6% to $8,643/t.

Utilisation of higher cost ounces from ore stockpiles at Cowal (transitioning from Stage G ore production to Stage H capital stripping) and Mt Carlton (unanticipated loss of ore tonnes from the V2 open pit) amounted to $27.0 million, driving higher operating costs (excluding depreciation, amortisation and fair value adjustments) of $419.2 million compared to $377.8 million in the prior period. Royalty costs have also increased by 17% to $36.2 million (31 December 2018: $30.9 million) due to higher metal prices. Higher processing costs at Cowal, an increase in Mungari contractor costs and lower mine capitalisation also contributed to the balance of the increase.

Balance Sheet

Total assets decreased 6% during the period to $2,918.1 million (30 June 2019: $3,093.9 million). Cash and cash equivalents decreased $164.8 million attributed mainly to the $300.0 million repayment of the Senior Secured Term Loan (“Facility D”). Current ore inventory has decreased by 37% to $91.9 million driven by increased utilization of ore stockpiles at Cowal and Mt Carlton. The net carrying amount of property, plant and equipment and producing mines increased $12.2 million due to capital additions of $214.9 million outstripping a depreciation charge of $185.5 million. This is partially offset by exploration write-offs of $17.4 million, mainly consisting of Tennant Creek $16.4 million. There is also an increase to the right-of-use asset of $27.9 million to reflect the new lease accounting standard.

Total liabilities for the Group decreased to $476.5 million at 31 December 2019, a decrease of $210.9 million, or 31% on the prior period. The key driver to the decrease is attributable to full repayment of the Senior Secured Term Loan (“Facility D”) totalling $300.0 million. This is offset by recognizing lease liabilities of $30.0 million to reflect the new lease accounting standard and a derivative liability of $18.3 million to recognize the movement in the forward foreign exchange contract to fix the purchase consideration of the proposed Red Lake acquisition. Deferred tax liability also increased to $79.6 million which is an increase by $26.8 million.

The Group ended the period with a cash balance of $170.3 million and available credit of $350.0 million in Facility A as part of its Senior Secured Syndicated Revolving. The Group ended the period debt free at 31 December 2019.

Taxation

During the period, the Group made income tax payments of $44.6 million related to the 30 June 2019 and 30 June 2020 financial years and recognised an income tax expense of $63.0 million (31 December 2018: $40.9 million). On the balance sheet, the Group recognised a current tax receivable of $14.5 million (30 June 2019: $1.5 million) due to the timing of payment of tax instalments and a deferred tax liability of $79.6 million (30 June 2019: $53.8 million).

Capital Expenditure

Capital expenditure for the year totaled $160.0 million (31 December 2018: $150.9 million). This consisted of sustaining capital of $47.0 million (31 December 2019: $59.7 million) and major capital of $113.0 million (31 December 2018: $91.2 million). The main capital projects included the Cowal Stage H development, Integrated Waste Landform (IWL) tailings facility and processing plant expansion; underground mine development at Cracow, Mt Carlton and Mungari; capital waste stripping at Mt Carlton and Mt Rawdon; and tailings storage facility costs at Mungari, Mt Rawdon and Cracow.

Operating and Financial Review (continued)

Financial Performance (continued)

Financing

Total finance costs for the period were $12.9 million (31 December 2018: $12.3 million). Interest expense was $2.8 million lower at $6.7 million (31 December 2018: $9.5 million). In addition to interest expense finance costs included amortisation of debt establishment costs of $5.4 million (31 December 2018: $1.1 million) and discount unwinding on mine rehabilitation liabilities of $0.8 million (31 December 2018: $1.7 million). The increase in finance costs is attributable to the amortisation of debt establishment costs pertain to the Senior Secured Term Loan (“Facility D”) totaling $4.1 million, offset by lower net interest expense. The Group made full debt repayments of $300.0 million on the Senior Secured Term Loan during the period with the facility now cancelled. The repayment periods and the outstanding balances as at 31 December 2019 on each facility are set out below:

Facility	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A ($350.0 million)	31 July 2021	$ nil
Performance Bond Facility - Facility C	31 July 2021	$136 million

Dividends

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 change was effective immediately and was applied to the final dividend for 2019.

The Board has confirmed that Evolution is in a sound position to meet its commitment under the new policy to pay a interim fully franked dividend for the current period of 7.0 cents per share, totalling $119.3 million on 27 March 2020.

The Dividend Reinvestment Plan ("DRP") remains suspended.

Matters subsequent to the end of the financial period

No matter or circumstance has occurred subsequent to the period 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 periods.

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 11.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

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

Jacob (Jake) Klein
Executive Chairman

Andrea Hall
Chair of the Audit Committee

Sydney

Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 2019, 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 review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
12 February 2020

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Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
Sales revenue	3	**898,169**	756,218
Cost of sales	3	**(636,731)**	(595,397)
Gross profit		**261,438**	160,821
Interest income		**2,687**	3,999
Other income		**2,469**	259
Share based payments expense		**(5,555)**	(4,512)
Corporate and other administration costs	3	**(16,127)**	(12,786)
Transaction and integration costs	3	**(1,870)**	(1,040)
Exploration and evaluation costs expensed		**(19,885)**	(2,448)
Gain on sale of subsidiary		**-**	106
Finance costs	3	**(12,893)**	(12,342)
Profit before income tax expense		**210,264**	132,057
Income tax expense	4	**(63,048)**	(40,947)
Profit after income tax expense attributable to the Owners of Evolution Mining Limited		**147,216**	91,110
Other comprehensive income			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) (will not be reclassified to profit or loss)		**2,240**	(1,240)
Changes in the fair value of cash flow hedges (may be reclassified to profit or loss)		**(12,781)**	-
Other comprehensive income for the period, net of tax		**(10,541)**	(1,240)
Total comprehensive income for the period		**136,675**	89,870
Total comprehensive income for the period is attributable to:			
Owners of Evolution Mining Limited		**136,675**	89,870
		136,675	89,870
		Cents	Cents
Earnings per share for profit attributable to the Owners of Evolution Mining Limited:			
Basic earnings per share		**8.66**	5.37
Diluted earnings per share		**8.62**	5.34

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Balance Sheet
As at 31 December 2019

	Notes	31 December 2019 $'000	30 June 2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**170,360**	335,164
Trade and other receivables		**81,562**	86,207
Inventories		**200,220**	259,909
Current tax receivables		**14,510**	1,467
Total current assets		**466,652**	682,747
Non-current assets			
Inventories		**57,124**	58,923
Equity investments at fair value through other comprehensive income (FVOCI)		**69,925**	66,185
Property, plant and equipment	6	**593,045**	577,053
Right-of-use assets	7	**27,873**	-
Mine development and exploration	8	**1,664,490**	1,672,068
Other non-current assets		**39,019**	36,915
Total non-current assets		**2,451,476**	2,411,144
Total assets		**2,918,128**	3,093,891
LIABILITIES			
Current liabilities			
Trade and other payables		**155,439**	156,828
Interest bearing liabilities	9	**-**	108,248
Lease liabilities	7	**10,892**	-
Provisions		**32,277**	29,957
Derivative financial instruments		**18,258**	-
Total current liabilities		**216,866**	295,033
Non-current liabilities			
Interest bearing liabilities	9	**-**	185,185
Lease liabilities	7	**19,148**	-
Provisions		**160,927**	153,376
Deferred tax liabilities		**79,552**	53,819
Total non-current liabilities		**259,627**	392,380
Total liabilities		**476,493**	687,413
Net assets		**2,441,635**	2,406,478
EQUITY			
Issued capital	10	**2,183,727**	2,183,727
Reserves		**63,075**	72,379
Retained earnings		**194,833**	150,372
Capital and reserves attributable to owners of Evolution Mining Limited		**2,441,635**	2,406,478
Total equity		**2,441,635**	2,406,478

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2019

	Notes	Issued capital $'000	Share-based payments $'000	Fair value revaluation reserve $'000	Cash flow hedges $'000	Foreign currency translation $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2018		2,183,727	45,640	(336)	-	103	59,260	2,288,394
Profit after income tax expense		-	-	-	-	-	91,110	91,110
Changes in fair value of equity investments at FVOCI		-	-	(1,137)	-	-	-	(1,137)
Exchange differences on translation of foreign operations		-	-	-	-	(103)	-	(103)
Total comprehensive income		**-**	**-**	**(1,137)**	**-**	**(103)**	**91,110**	**89,870**
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	5	-	-	-	-	-	(67,756)	(67,756)
Recognition of share-based payments		-	2,223	-	-	-	-	2,223
		-	2,223	-	-	-	(67,756)	(65,533)
Balance at 31 December 2018		**2,183,727**	**47,863**	**(1,473)**	**-**	**-**	**82,614**	**2,312,731**
Balance at 1 July 2019		2,183,727	53,870	18,509	-	-	150,372	2,406,478
Adjustment on adoption of AASB 16 (net of tax)		-	-	-	-	-	(688)	(688)
Restated total equity at the beginning of the financial period		**2,183,727**	**53,870**	**18,509**	**-**	**-**	**149,684**	**2,405,790**
Profit after income tax expense		-	-	-	-	-	147,216	147,216
Changes in fair value of equity investments at FVOCI		-	-	2,240	-	-	-	2,240
Changes in fair value of cash flow hedges		-	-	-	(12,781)	-	-	(12,781)
Total comprehensive income		**-**	**-**	**2,240**	**(12,781)**	**-**	**147,216**	**136,675**
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	5	-	-	-	-	-	(102,067)	(102,067)
Recognition of share-based payments		-	1,237	-	-	-	-	1,237
		-	1,237	-	-	-	(102,067)	(100,830)
Balance at 31 December 2019		**2,183,727**	**55,107**	**20,749**	**(12,781)**	**-**	**194,833**	**2,441,635**

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

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2019

	31 December 2019 $'000	31 December 2018 $'000
Cash flows from operating activities		
Receipts from customers	**926,023**	756,958
Payments to suppliers and employees	**(425,795)**	(419,600)
Other income	**2,469**	259
Interest received	**3,493**	3,486
Interest paid	**(6,235)**	(9,485)
Income taxes paid	**(44,587)**	(64,598)
Net cash inflow from operating activities	**455,368**	267,020
Cash flows from investing activities		
Payments for property, plant and equipment	**(54,704)**	(59,206)
Payments for mine development and exploration	**(155,261)**	(110,559)
Proceeds from sale of property, plant and equipment	**224**	2,182
Payments for transaction and integration costs	**(1,870)**	(1,040)
Transfer from term deposits	**-**	16
Payments for exploration assets	**(2,000)**	-
Proceeds from contingent consideration	**559**	-
Payments for equity investments	**(1,500)**	(240)
Net cash outflow from investing activities	**(214,552)**	(168,847)
Cash flows from financing activities		
Repayment of interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility	**(300,000)**	(40,000)
Payment of lease liabilities	**(3,851)**	-
Dividends paid	**(101,769)**	(67,773)
Net cash outflow from financing activities	**(405,620)**	(107,773)
Net decrease in cash and cash equivalents	**(164,804)**	(9,600)
Cash and cash equivalents at the beginning of the period	**335,164**	323,226
Cash and cash equivalents at end of period	**170,360**	313,626

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

Contents of the notes to the consolidated financial statements

1 Significant changes in the current reporting period

No matter or circumstance has occurred during the period 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.

2 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 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.

(b) Segment information

The segment information for the reportable segments for the half-year ended 31 December 2019 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Cracow $'000	Ernest Henry $'000	Explo-ration $'000	Corp-orate $'000	Total $'000
31 December 2019									
Revenue	312,736	131,335	84,132	86,547	87,565	195,854	-	-	**898,169**
EBITDA	183,091	53,031	37,714	23,274	47,018	134,799	(19,885)	(17,870)	**441,172**
Sustaining Capital	5,041	5,408	14,806	6,658	8,660	6,438	-	-	**47,011**
Major Capital	63,564	2,539	35,213	4,157	7,480	-	-	-	**112,953**
Total Capital	68,605	7,947	50,019	10,815	16,140	6,438	-	-	**159,964**

The segment information for the reportable segments for the half-year ended 31 December 2018 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Cracow $'000	Ernest Henry $'000	Explo-ration $'000	Corp-orate $'000	Total $'000
31 December 2018									
Revenue	212,756	113,326	95,973	84,827	74,192	175,144	-	-	**756,218**
EBITDA	110,024	38,103	55,983	26,168	33,800	114,364	(2,448)	(16,335)	**359,659**
Sustaining Capital	22,338	8,013	7,241	4,864	9,524	6,922	-	786	**59,688**
Major Capital	52,839	4,488	11,501	16,155	6,251	-	-	-	**91,234**
Total Capital	75,177	12,501	18,742	21,019	15,775	6,922	-	786	**150,922**

2 Performance by Mine (continued)

(c) Segment Reconciliation

	31 December 2019 $'000	31 December 2018 $'000
Reconciliation of profit before income tax expense		
EBITDA	**441,172**	359,659
Depreciation and amortisation	**(208,086)**	(204,920)
Interest income	**2,687**	3,999
Transaction costs	**(1,870)**	(1,040)
Loss on sale of subsidiary	**-**	106
Fair value amortisation	**(10,746)**	(13,405)
Finance costs	**(12,893)**	(12,342)
Profit before income tax expense	**210,264**	132,057

3 Revenue and expenses

	31 December 2019 $'000	31 December 2018 $'000
Revenue from contracts with customers		
Gold sales	**795,713**	651,834
Silver sales	**7,630**	7,688
Copper sales	**94,826**	96,696
	898,169	756,218

Recognising revenue from major business activities

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Cracow $'000	Ernest Henry $'000	Total $'000
31 December 2019							
Gold sales	310,090	131,171	76,376	85,356	87,164	105,556	**795,713**
Silver sales	2,646	164	2,632	1,191	401	596	**7,630**
Copper sales	-	-	5,124	-	-	89,702	**94,826**
Total Revenue from contracts with customers	312,736	131,335	84,132	86,547	87,565	195,854	**898,169**

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Cracow $'000	Ernest Henry $'000	Total $'000
31 December 2018							
Gold sales	209,939	113,116	88,193	83,665	73,794	83,126	**651,834**
Silver sales	2,816	209	2,658	1,162	398	444	**7,688**
Copper sales	-	-	5,122	-	-	91,574	**96,696**
Total Revenue from contracts with customers	212,755	113,325	95,973	84,827	74,192	175,144	**756,218**

3 Revenue and expenses (continued)

	31 December 2019 $'000	31 December 2018 $'000
Cost of sales		
Mine operating costs	**383,056**	346,831
Royalty and other selling costs	**36,188**	30,945
Fair value amortisation	**10,746**	13,405
Depreciation and amortisation expense	**204,060**	204,216
Depreciation and amortisation expense - Right-of-use assets	**2,681**	-
	636,731	595,397
Corporate and other administration costs		
Corporate overheads	**14,782**	12,082
Depreciation and amortisation expense	**665**	704
Depreciation and amortisation expense - Right-of-use assets	**680**	-
	16,127	12,786
Transaction and integration costs		
Contractor, consultants and advisory expense	**1,381**	793
Corporate and administration expense	**489**	231
Stamp duty on business combinations	**-**	16
	1,870	1,040
Finance costs		
Amortisation of debt establishment costs	**5,413**	1,115
Unwinding of discount on provisions	**786**	1,742
Interest expense unwinding - Lease Liability	**459**	-
Interest expense	**6,235**	9,485
	12,893	12,342
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry)	**138,360**	137,609
Cost of sales (Ernest Henry)	**65,700**	66,607
Corporate and other administration costs	**665**	704
Right-of-use assets - AASB 16	**3,361**	-
	208,086	204,920

4 Income tax

(a) Income tax

	31 December 2019 $'000	31 December 2018 $'000
Current tax on profits for the period	**76,104**	21,640
Deferred tax	**(11,800)**	19,307
Adjustments for current tax of prior periods	**(1,256)**	-
Total income tax expense	**63,048**	40,947

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

	31 December 2019 $'000	31 December 2018 $'000
Profit before income tax	**210,264**	132,057
Tax at the Australian tax rate of 30%	**63,079**	39,617
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Profit on sale of subsidiary	**-**	(32)
Share-based payments	**1,667**	1,354
Dividends income received	**(663)**	-
Adjustments for current tax of prior periods	**(1,256)**	-
Other	**221**	8
Total income tax expense	**63,048**	40,947

(c) Tax losses

The Group has unrecognised available tax losses of $32.9 million as at 31 December 2019. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

5 Dividends

(a) Ordinary Shares

	31 December 2019 $'000	31 December 2018 $'000
Final dividend - 2019		
Final dividend for the year ended 30 June 2019 of 6 cents per share fully franked (30 June 2018: 4 cent per share fully franked) paid on 27 September 2019	**101,824**	67,773
	101,824	67,773

	31 December 2019 $'000	31 December 2018 $'000
Since period end the Directors have approved the payment of an interim fully franked dividend of 7.0 cents per fully paid ordinary share (31 December 2018 - 3.5 cents fully franked). The aggregate amount of the proposed dividend expected to be paid on 27 March 2020 out of retained earnings at 31 December 2019, but not recognised as a liability at the period end is:	**119,303**	59,397
	119,303	59,397

6 Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2019			
Cost	17,529	1,682,343	1,699,872
Accumulated depreciation	-	(1,122,819)	(1,122,819)
Net carrying amount	17,529	559,524	577,053
Half-year ended 31 December 2019			
Carrying amount at the beginning of the period	17,529	559,524	577,053
Additions	-	54,704	54,704
Disposals	-	(224)	(224)
Depreciation	-	(36,912)	(36,912)
Depreciation relating to fair value uplift on business combination	-	(1,576)	(1,576)
Carrying amount at the end of the period	17,529	575,516	593,045
At 31 December 2019			
Cost	17,529	1,736,613	1,754,142
Accumulated depreciation	-	(1,161,097)	(1,161,097)
Net carrying amount	17,529	575,516	593,045
Included in above			
Assets in the course of construction	-	124,988	124,988

7 Leases

This note provides information for leases where the Group is a lessee.

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2019 $'000
Right-of-use assets (i)	
Plant and Machinery	**21,832**
Property	**5,998**
Office Equipment	**43**
	27,873

(i) In the previous period, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 *Leases*. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 July 2019, please refer to note 16.

	31 December 2019 $'000
Lease liabilities	
Current	**10,892**
Non-current	**19,148**
	30,040

The table below analyse the Group's lease liabilities into relevant maturity groupings based on their contractual maturities.

	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 $'000
At 31 December 2019						
Lease liabilities	**10,892**	**8,877**	**4,849**	**5,422**	**30,040**	**30,404**

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 December 2019 $'000
Depreciation charge of right-of-use assets	
Plant and Machinery	**2,568**
Property	**775**
Office equipment	**18**
	3,361

7 Leases (continued)

	31 December 2019 $'000
Other items	
Interest expense	**459**
Expense relating to short-term leases	**3,234**
	3,693

The total cash outflow for leases in 2019 was $3.9 million.

Recognition and measurement

The Group has applied AASB 16 from 1 July 2019 where a right-of-use asset and a lease liability is recognised at the lease commencement date. The group leases various mining-related machinery, plant, and office equipment.

The right-of-use asset is initially measured at the present value of the lease liability plus various costs when acquiring the asset. This is subsequently measured at cost less any accumulated depreciation, impairment losses and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments expected to be paid over the lease term, discounted using the entity's incremental borrowing rate (interest rate implicit in the lease cannot be readily determined). This is the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group applies the practical expedient and uses a single discount rate for all leases in the Group's portfolio.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payments made. The lease liability is further remeasured if the estimated future lease payments change as a result of index or rate changes, residual value guarantees or likelihood of exercise of purchase, extension or termination options.

For mines under construction, the contract costs of the lease asset and liability are directly attributable to bringing the mine towards future operation. Therefore, the depreciation on the right-of-use-asset and interest on the lease liability are also capitalised to mines under construction in accordance with AASB 116 Property, Plant and Equipment.

8 Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 30 June 2019			
Cost	3,253,088	212,410	3,465,498
Accumulated depreciation	(1,793,430)	-	(1,793,430)
Net carrying amount	1,459,658	212,410	1,672,068
Half-year ended 31 December 2019			
Carrying amount at the beginning of the period	1,459,658	212,410	1,672,068
Additions	112,435	47,806	160,241
Amortisation	(137,823)	-	(137,823)
Amortisation recognised in inventory	1,959	-	1,959
Amortisation relating to fair value uplift on business combinations	(9,170)	-	(9,170)
Asset write-off	-	(19,885)	(19,885)
Transfers to Mine Development and Exploration	2,879	(2,879)	-
Reclassifications	-	(2,900)	(2,900)
Carrying amount at the end of the period	1,429,938	234,552	1,664,490

8 Mine development and exploration (continued)

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 31 December 2019			
Cost	3,361,190	234,552	3,595,742
Accumulated amortisation	(1,931,252)	-	(1,931,252)
Net carrying amount	1,429,938	234,552	1,664,490

9 Interest Bearing Liabilities

	31 December 2019 $'000	30 June 2019 $'000
Current Liabilities		
Bank loans	**-**	110,000
Less: Borrowing costs	**-**	(1,752)
	-	108,248
Non-Current Liabilities		
Bank loans	**-**	190,000
Less: Borrowing costs	**-**	(4,815)
	-	185,185
Total interest bearing liabilities	**-**	293,433

No changes have been made to the existing Senior Secured Revolving Loan ("Facility A").

During the period, the Group paid in full the remaining balance on the Senior Secured Term Loan ("Facility D") of $300.0 million with the facility now closed. The Performance Bond Facility ("Facility C") had a total outstanding balance at 31 December 2019 of $135.6 million.

The repayment periods and outstanding balances as at 31 December 2019 on each facility are set out below:

	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A ($350.0 million)	31 July 2021	$ nil
Performance Bond Facility - Facility C	31 July 2021	$136 million

(a) Financing arrangements

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

	31 December 2019 $'000	30 June 2019 $'000
Bank loans - revolving credit facility		
Expiring within one year	**-**	-
Expiring beyond one year	**350,000**	350,000
	350,000	350,000

9 Interest Bearing Liabilities (continued)

(b) Contractual maturities of interest bearing liabilities

The tables below analyse the Group's interest bearing liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows, which also includes interest and commitment fees.

	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 $'000
At 31 December 2019						
Bank loans	-	-	-	-	-	-
	-	-	-	-	-	-
At 30 June 2019						
Bank loans	118,865	114,770	80,496	-	314,131	300,000
	118,865	114,770	80,496	-	314,131	300,000

(c) Debt covenants

The Senior Secured Revolving and Term Loan have covenants in place 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 period.

10 Issued Capital

(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 2018	1,692,612,049	2,183,727
Shares issued on vesting of performance rights	4,063,414	-
Shares issued under Employee Share Scheme	287,716	-
Shares issued under NED Equity Plan	106,541	-
Balance at 31 December 2018	1,697,069,720	2,183,727
Balance at 1 July 2019	1,697,069,720	2,183,727
Shares issued under Transition Incentive Plan	2,892,476	-
Shares issued on vesting of performance rights	4,051,551	-
Shares issued under Employee Share Scheme	246,560	-
Shares issued under NED Equity Plan	62,538	-
Balance at 31 December 2019	1,704,322,845	2,183,727

11 Related party transactions

(a) Transactions with other related parties

Directors fees in the amount of $80,000 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (31 December 2018: $57,500).

Directors fees in the amount of $150,000 were paid to DAK Corporation, a company of which Mr Jacob Klein is a Director for services provided during the period (31 December 2018: $150,000).

Directors fees in the amount of $87,500 were paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (30 December 2018: $66,250).

12 Contingencies

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2019 in respect of :

(i) Claims

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

(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 31 December 2019. The total of these guarantees at 31 December 2019 was $135.6 million with various financial institutions (30 June 2019: $136.3 million).

13 Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 31 December 2019			
Within one year	**100,000**	**1,804**	**180,421**
Later than one year but not greater than five years	**250,000**	**1,882**	**470,480**
	350,000		**650,901**
As at 30 June 2019			
Within one year	100,000	1,737	173,667
Later than one year but not greater than five years	300,000	1,871	561,363
	400,000		735,030

The counterparties to the physical gold delivery contracts are 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 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 9 Financial Instruments. As a result, no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

14 Proposed acquisition of Red Lake Gold Complex

On 26 November 2019, the Group announced that it had entered into an agreement with Newmont Goldcorp Corporation to acquire the Red Lake gold complex. The operation comprises of the Red Lake and Campbell complexes, each consisting of an underground mine, associated processing facility and the Cochenour mine. Completion of the transaction is subject to customary conditions including receiving all required consents, permits and regulatory approvals, which is expected to occur around the end of March 2020.

(i) Information not disclosed as not yet available

The Group has not completed the transaction and therefore the accounting for the acquisition has not been finalised. The fair values of the assets and liabilities cannot yet be readily determined.

(ii) Purchase consideration

The Group will pay Newmont Goldcorp Corporation US$375.0 million in cash and upon entering the agreement, the Group executed a forward foreign exchange contract to fix the final purchase consideration. This amount is expected to be approximately A$552.0 million upon completion of the transaction, which is expected to occur around the end of March 2020.

The Group currently designates the forward foreign exchange contract as a cash flow hedge, in order to mitigate foreign currency fluctuations on a highly probable forecast transaction. The gain or loss from remeasuring the hedging instrument on balance sheet at fair value is recorded in other comprehensive income and deferred in equity to the cash flow hedge reserve, to the extent that the hedge is effective. It is reclassified into acquisition-related costs when the hedged transaction is completed. There was no hedge ineffectiveness during the half-year ended 31 December 2019.

The purchase consideration also includes an additional payment up to US$100 million payable upon new resource discovery, which represents a contingent liability. The Group would be required to make an additional payment of US$20.0 million per one million ounces of new Mineral Resources discovered and added to the existing Red Lake resource base, subject to a cap of an additional five million ounces of new Mineral Resources or US$100.0 million in total, over a 15-year period. The fair value of the contingent consideration at completion will be determined by calculating the present value of the future expected cash flows.

The Group have committed an investment of US$100.0 million on existing operations and US$50.0 million in exploration at Red Lake over the first 3 years.

(iii) Acquisition-related costs

Acquisition-related costs of $1.6 million were included in acquisition and integration costs in the profit or loss for the period ended 31 December 2019.

(iv) Financing

The proposed acquisition will be funded by a new five-year A$600 million Senior Unsecured Term Loan through Evolution's syndicate of lending banks and a 3-year performance bond facility of C$125 million.

15 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

16 Basis of preparation of half-year report

This consolidated Half-Year Financial Report for the half-year ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the period ended 30 June 2019 and any public announcements made by Evolution Mining Limited during the half-year ended 31 December 2019 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange.

The accounting policies adopted are consistent with those of the previous Annual Financial Report and corresponding Half-Year Financial Report in the prior period except for the adoption of new and amended standards as set out below.

16 Basis of preparation of half-year report (continued)

(a) New and amended standards adopted by the Group

The group has applied the following standards and amendments for the first time for reporting period commencing 1 July 2019:

- AASB 16 *Leases*

The impact of the adoption of these standards and the new accounting policies are disclosed below.

(b) Adoption of new and revised standards

The impact of the adoption of AASB 16 Leases on the Group's financial statements is explained below. The new accounting policies that have been applied from 1 July 2019 have also been disclosed where they vary to those applied in prior periods.

(i) AASB 16 Leases

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The new standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts.

The Group has applied AASB 16 from 1 July 2019 and has adopted the modified retrospective approach, under which the cumulative effect of the initial application is recognised in retained earnings at 1 July 2019. This is without restating comparatives for the 2018 reporting period as permitted under the specific transition provisions in the standard.

As a lessee, the Group recognises a right-of-use asset representing its right to use the underlying asset. The right-of-use asset is initially measured at the present value of the lease liability plus various costs when acquiring the asset. This is subsequently measured at cost less any accumulated depreciation, impairment losses and adjusted for any remeasurement of the lease liability.

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- short term leases (12 months or less) and low value ($10,000 or less) are excluded from being accounted under AASB 16 Leases;
- applying a single discount rate to all leases;
- combine lease and non-lease components and account for these as a single lease component;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group will recognise lease payments associated with short-term and low value assets as an expense on a straight-line basis over the lease term.

The operating lease commitments disclosed applying AASB 117 at the end of the annual reporting period immediately preceding the date of initial application (30 June 2019) was $37.2 million and equals $35.8 million when discounted using the Group’s discount rate of 4.2% at the initial application on 1 July 2019. The Group’s total lease liability recognised on the date of initial application was also $35.8 million.

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- Right-of-use assets - increase by $33.7 million;
- Mines under construction - increase by $0.02 million;
- Deferred tax asset - increase by $0.29 million;
- Other receivables- increase by $1.3 million;
- Current lease liabilities - increase by $11.3 million;
- Non-current lease liabilities - increase by $24.5 million;
- Other provisions - increase by $0.2 million
- The net impact on retained earnings on 1 July 2019 was a decrease of $0.69 million.

Evolution Mining Limited
Half-Year Financial Report
Directors' Declaration
31 December 2019

In the Directors' opinion:

(a) the financial statements and notes set out on pages 12 to 29 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
- (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-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.

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

Jacob (Jake) Klein
Executive Chairman

Andrea Hall
Chair of the Audit Committee

Sydney

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Evolution Mining Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Evolution Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Evolution Mining Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
12 February 2020