

ASX Announcement

1 April 2020

COVID-19 UPDATE AND COMPLETION OF RED LAKE ACQUISITION

COVID-19 Update

Evolution Mining Limited ("Evolution"; ASX: EVN) has been actively responding to the COVID-19 virus currently impacting people and businesses globally. The health and safety of every person working at Evolution, their families and our communities remains paramount during this time.

Evolution has developed plans to minimise risks to our people and ensure we can continue to safely produce gold during this challenging period. These plans include activation of crisis management protocols, suspending international travel, restricting domestic travel, reducing face-to-face interaction, increasing flexible working arrangements, regular COVID-19 communication with the entire workforce and ensuring best practice health management is maintained at all times.

There have not been any cases of an Evolution employee or contractor testing positive to COVID-19. Evolution continues to work closely with regulators and industry groups to ensure all our operations are complying with agreed protocols and any changing needs.

To date there has been no material impact on Evolution's operations from the COVID-19 virus.

At Evolution's 100% owned Australian operations, only Cracow has a fly-in fly-out (FIFO) workforce. With 97% of Cracow's workforce residing in Queensland, cross-border travel restrictions have not impacted the operation.

In the absence of any material restrictions being enforced on the operations, Evolution maintains current FY20 Group guidance, excluding Red Lake Gold Mine ("Red Lake"), of around 725,000 ounces at an AISC of A\$940 – A\$990/oz.

Red Lake Gold Mine Acquisition

Evolution is pleased to announce that the acquisition of Red Lake has been completed following all conditions precedent having been satisfied. Evolution announced on 26 November 2019 the agreement with Newmont Corporation to acquire 100% of the Red Lake Gold Mine for US\$375 million¹.

Red Lake is a high grade, long life gold mine in Ontario, Canada. It is an undercapitalised asset which provides an attractive opportunity to leverage Evolution's successful track record in asset optimisation by investing capital, improving the engagement of the site team, and changing the strategy of the operation to unlock value. The operation currently has a 13-year mine life and provides outstanding exploration potential in Archean greenstone gold geology familiar to Evolution.

A five-year term loan of A\$570 million from a syndicate of six banks has been utilised to fund the acquisition and related transaction costs. Due to the strong cash position of the business, the final term loan amount is A\$30 million less than contemplated at the time of announcing the transaction. Evolution put a foreign currency hedge in place at the time of announcing the transaction to fix the US dollar consideration. This has delivered a benefit of approximately A\$63 million to the final consideration amount. The amortisation of the loan is aligned to the expected ramp up in production and cash generation at Red Lake. The repayment schedule is contained in the appendix to this release with first repayment of A\$20 million due in July 2020.

Evolution's balance sheet remains strong. Post completion of the transaction and the payment of the interim dividend of A\$119 million on 27 March 2020, the Company has a total liquidity position of approximately A\$510 million comprising of a cash position of approximately A\$150 million and an undrawn three-year revolver of A\$360 million. Gearing post completion of the transaction will be within the range of 11 – 13%.

1. Full Australian dollar currency exposure of US\$375 million acquisition price was hedged at 0.6795 at the time of entering into the transaction. This equates to an Australian dollar acquisition price of A\$552 million.

In order to recapitalise the asset and materially reduce the cost base of the operation, Evolution has committed to a significant investment in capital development and exploration over the next three years. Following agreement from Newmont to commence implementation of the transformation program from February 2020, development rates have increased, and four drill rigs are operating underground.

In the absence of any material impact from the COVID-19 virus, Red Lake's June 2020 quarter gold production is expected to be around 25,000 ounces as the operation focuses on mine development and exploration programs.

Evolution's Executive Chairman, Jake Klein, commented:

"We commenced our search for an operation in Canada in 2017. Following an extensive review and several detailed due diligences, we identified Red Lake as an ideal, deep value opportunity. The driver for our interest was both the outstanding potential for the discovery of new, high grade mineralisation and clear turnaround opportunity to restore it to being a safe, efficient, long life, low cost operation.

We thank Newmont for the supportive, open and transparent relationship we have developed through the negotiation and the integration phase.

We welcome all our new Red Lake employees and look forward to continuing the operation's track record as a safe and sustainable mine for the long-term benefit of a broad range of stakeholders including the local workforce, regional communities and the Lac Seul and Wabauskang First Nation Groups."

Since the Red Lake acquisition was announced on 26 November 2019 all of Evolution's executive team, in addition to many other senior leaders and technical experts, have spent a considerable amount of time on site to commence planning the turnaround strategy and to ensure a smooth integration into the Evolution portfolio.

Key observations to date include: a high level of confidence in the ability to substantially grow mineral inventory; confirmation of the belief that fixed and variable costs can be significantly reduced; very positive engagement with the workforce who acknowledge change is required to secure the long term future of the operation; and validation of the scale of the turn-around opportunity.

Evolution intends to continue to improve the market's understanding of Red Lake by providing regular updates on progress of the transformation plan commencing with the March Quarterly Report on 23 April 2020. An updated Ore Reserve and longer-term outlook will be provided in the September 2020 quarter.

Site Leadership Team Restructure

As an important first step in the transformation, the Red Lake Site Leadership Team will be reduced with immediate effect from 12 to 7 people. The new structure will streamline the management of the business; better align management and operators to delivery of business objectives and the transformation plan; remove inefficiencies and allow for greater levels of accountability; and lower overhead costs. As part of this change, the General Manager has been replaced with an Interim General Manager and a search for a permanent replacement General Manager is underway. An update on the broader workforce restructure will be provided with Evolution's March 2020 Quarterly Report.

Discovery

Red Lake has a proud history of discovery of multiple high-grade ore bodies. One of the key opportunities we have identified through the integration process is to consolidate the geological data and integrate the geology and exploration teams.

Work commenced in February 2020 on a complete revision and modernisation of the Red Lake Mineral Resource model. The goal is to consolidate the 130 individual block models into a more simplified model adopting Evolution's resource estimation methodology. The revision will take three to four more months to complete and is progressing in line with the planned schedule.

The Red Lake geology and exploration teams have also been consolidated under the technical leadership of a new operating manager. They will become part of an integrated planning group for the Red Lake operations and will be based together in one location in the Balmer Office which is the main administration building for the operation. The combined team will have responsibility for mine production geology and grade control drilling, resource definition drilling and site-wide exploration.

With the support of Newmont, resource definition and grade control drilling commenced early in the March quarter with four rigs recommissioned underground. Highlights from these drill programs will be released in the March 2020 Quarterly Report.

Evolution decided to temporarily hold-off restarting a fifth rig underground to avoid additional contractor crews onsite as a result of the COVID-19 situation. Plans are in place to enable a rapid scale-up of the Red Lake drilling program in FY21. This program will continue drilling in the Cochenour and Balmer areas of the mine with the aim of providing additional production sources and resource growth focusing on more continuous ore bodies with potential for large resource additions. An expanded drill program can utilise up to eight underground rigs which will enable commencement of Evolution's other objective of discovering new high-grade resources across the 460km² Red Lake land package.

The Red Lake exploration budget is expected to be A\$20-25 million for drilling in FY21.

Mining

Evolution is accelerating underground development at Red Lake to over 1,000m per month. This represents a 50% increase compared to the average of 668m per month achieved in the December 2019 half-year. Since mid-February 2020 development has been averaging over 30m per day and the ramp up to 1,000m per month is expected to be achieved in the December 2020 half-year.

Mining will initially focus on large, high productivity zones in Lower Red Lake and Cochenour. The Campbell and No. 1 shafts, as well as excess mobile equipment, will be decommissioned.

Processing

Evolution is planning to reduce unit processing costs by investing in the Campbell Mill to improve reliability and utilisation with the objective of increasing throughput to over 1Mpta by FY23. The Red Lake Mill will be placed on care and maintenance in the interim period.

Red Lake COVID-19 Update

There have not been any cases of a Red Lake employee or contractor testing positive to COVID-19. Decisions made by Newmont relating to COVID-19 travel in recent weeks, including ceasing FIFO travel, will be honoured by Evolution. Less than 10% of the total Red Lake workforce are currently unable to work due to travel restrictions. To date, production and mine development have not been materially impacted by COVID-19.

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About Evolution Mining

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

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. Red Lake gold production guidance for the June 2020 quarter is around 25,000 ounces.

APPENDIX 1 – RED LAKE AMORTISATION SCHEDULE

Red Lake facility amortisation schedule (A\$M)

