APPENDIX 4E
EVOLUTION MINING LIMITED ACN 084 669 036 AND CONTROLLED ENTITIES ANNUAL FINANCIAL REPORT
For the year ended 30 June 2021

Results for Announcement to the Market

Key Information

	30 June 2021 $'000	30 June 2020 $'000	Up / (down) $'000	% Increase/ (decrease)
Revenues from contracts with customers	1,864,058	1,941,863	(77,805)	(4)%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	914,235	1,029,432	(115,197)	(11)%
Statutory profit before income tax	496,172	408,590	87,582	21 %
Profit from ordinary activities after income tax attributable to the members	345,262	301,552	43,710	14 %

Dividend Information

	Amount per share Cents	Franked amount per share Cents
Final dividend for the year ended 30 June 2021		
Dividend to be paid on 28 September 2021	5.0	5.0
Interim dividend for the year ended 30 June 2021		
Dividend fully paid on 26 March 2021	7.0	7.0
Final dividend for the year ended 30 June 2020		
Dividend fully paid on 22 September 2020	9.0	9.0

Net Tangible Assets

	30 June 2021 $	30 June 2020 $
Net tangible assets per share	**1.51**	1.47

Earnings Per Share

	30 June 2021 Cents	30 June 2020 Cents
Basic earnings per share	**20.21**	17.71
Diluted earnings per share	**20.14**	17.62

Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements and the Directors' Report attached thereto. This report is based on the consolidated financial statements which have been audited by PricewaterhouseCoopers.

Directors' Report

The Directors present their report together with the consolidated financial report of the Evolution Mining Limited Group, consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The Directors of the Group during the year ended 30 June 2021 and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway	Finance Director and Chief Financial Officer
Thomas (Tommy) McKeith	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Jason Attew	Non-Executive Director
Andrea Hall	Non-Executive Director
Victoria (Vicky) Binns	Non-Executive Director
Peter Smith	Non-Executive Director

Company Secretary

Evan Elstein

Principal activities

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

Key highlights for the year

Key highlights for the year ended 30 June 2021 include:

Sustainability

- The Group has always put environmental and social concerns at the forefront of our operations. We have now publicly committed to bolder, more tangible action as we align our business with the commitment to transition to “Net Zero” greenhouse gas emissions by 2050 (scope 1 and 2) and a 30% reduction in greenhouse gas emissions by 2030.
- The Group continues to be recognised for its Sustainability performance, receiving a sector leading rating of ‘AA’ in the MSCI ESG Ratings assessment.
- The COVID-19 pandemic has not had a material impact to operations with the Group operating under protocols developed to minimise risks to our people and communities and ensure we can safely produce gold during this challenging period. These plans include activation of our crisis management protocols, suspending international travel, restricting domestic travel, temporarily suspending activities across most of the Group’s Greenfields exploration projects, enacting strict social distancing protocols including reducing face-to-face interactions, increasing flexible working arrangements, ensuring best practice health management is maintained at all times and regular COVID-19 communication with the entire workforce.
- The Group's total recordable injury frequency (TRIF) was 9.6 as at 30 June 2021 (30 June 2020: 6.8). Despite the increase in TRIF, the Group remains committed to continuing efforts to improve safety performance with a heavy focus on increased field leadership and high-quality safety interactions.

Financials

- The Group achieved a record statutory net profit after tax of $345.3 million for the year, a 14.5% increase on the prior year (30 June 2020: $301.6 million).
- Basic earnings per share was also a record, which increased by 14.1% to 20.21 cents per share (30 June 2020: 17.71 cents)
- A record $273.4 million (30 June 2020: $221.4 million) in fully franked dividends was paid during the year, a 23.5% increase on the prior year.
- The Directors declared a final fully franked dividend of 5.0 cents per share, which is the 17th consecutive dividend (30 June 2020: 9.0 cents). The aggregate amount of the final dividend to be paid on 28 September 2021 is estimated at $91.3 million following the completion of the Share Purchase Plan (SPP).

Key highlights for the year (continued)

- The Group's key results are as follows:
  - Total gold production of 680,788oz at an AISC of $1,215/oz.
  - Operating mine and net mine cash flow of $937.3 million and $554.9 million respectively.
- On 15 March 2021, the Group announced an agreement to acquire all of the outstanding shares of Battle North Gold at a price of C$2.65 per common share in cash for a total consideration of approximately C$343.0 million. Battle North Gold's key asset is the Bateman mill which is located 10km from the Groups existing Red Lake operations in Ontario, Canada. The additional processing capacity from the new Bateman mill will accelerate the Groups ability to achieve in excess of 350,000 ounces of gold per annum from Red Lake. In addition the expansion of the Group's footprint in Ontario, Canada, will provide the Group with an opportunity to build on its track record as a safe and sustainable operator for the long term benefit of a broad range of stakeholders including the local workforce, regional communities and the Groups Wabauskang and Lac Seul First Nation Partners.
- The full Australian dollar currency exposure of the C$343.0 million purchase price for Battle North Gold, was hedged shortly after entering into the transaction resulting in a saving of $9.7 million versus the spot exchange rate at closing.
- Subsequent to the end of the period on 22 July 2021, The Group announced that it has entered into an agreement with Northern Star Resources Limited to acquire:
  - 100% interest in the Kundana Operations
  - 51% interest in the East Kundana Joint Venture (EKJV)
  - 100% interest in the certain tenements comprising the Carbine Project
  - 75% interest in the West Kundana Joint Venture (WKJV)

  The transaction completed on 18 August 2021 with the acquired operating assets all situated within 8km of the Group's Mungari Operations, which represent an important strategic opportunity for the Group to consolidate the region, optimise the value of its existing infrastructure and capture significant operational synergies. The Group has paid Northern Star $400.0 million in cash to acquire the assets, which was funded by a $400.0 million fully underwritten institutional placement and is accompanied by a non-underwritten share purchase plan.
- On 13 August 2021, the Group announced that it has successfully priced a maiden debt private placement in the United States on 12 August 2021 totalling US$550 million. The Transaction is subject to standard closing conditions with proceeds expected to be drawn in November 2021.

Operations

- On 13 August 2020, the Group announced its first Mineral Resource estimate in accordance with the JORC Code for Red Lake of 48.1Mt grading 7.1g/t for 11.0 million ounces. This included 4.3 million ounces at an average grade of 10.5g/t gold in the Upper Campbell area.
- The Group acquired a 100% interest in the Crush Creek project located 30km south east of Mt Carlton. An initial ownership of 70% was achieved following sole funding $7.0 million of exploration expenditure and acquired the remaining 30% of the project for $4.5 million. Successful drilling programs at the BV7 and Delta areas have resulted in a maiden Mineral Resource estimate of 1.1 million tonnes grading 3.48 grams per tonne gold for 126,000 ounces, reinforcing our belief that mineralisation being delineated has the potential to extend mine life at Mt Carlton.
- A major milestone was achieved at Cowal with the Board's approval of the development of the Cowal Underground Mine, which provides a higher-grade ore source that will be blended with the current E42 open pit and stockpile ore. The development of the Cowal Underground Mine is part of the Group's goal of Cowal producing 350,000 ounces of low-cost gold a year and extend its mine life out beyond 17 years, while at the same time injecting significant economic benefit for all stakeholders. The planned capital investment is $380.0 million. The project is pending regulatory approval which is expected to be received in the September 2021 quarter.
- At Red Lake, the Board approved a clear and defined program that accelerates the restoration of Red Lake to a premier Canadian gold mine with the goal of producing 350,000 ounces of low-cost gold per year by FY26. This will also deliver significant benefit for all stakeholders of the Red Lake asset.

Operating and Financial Review

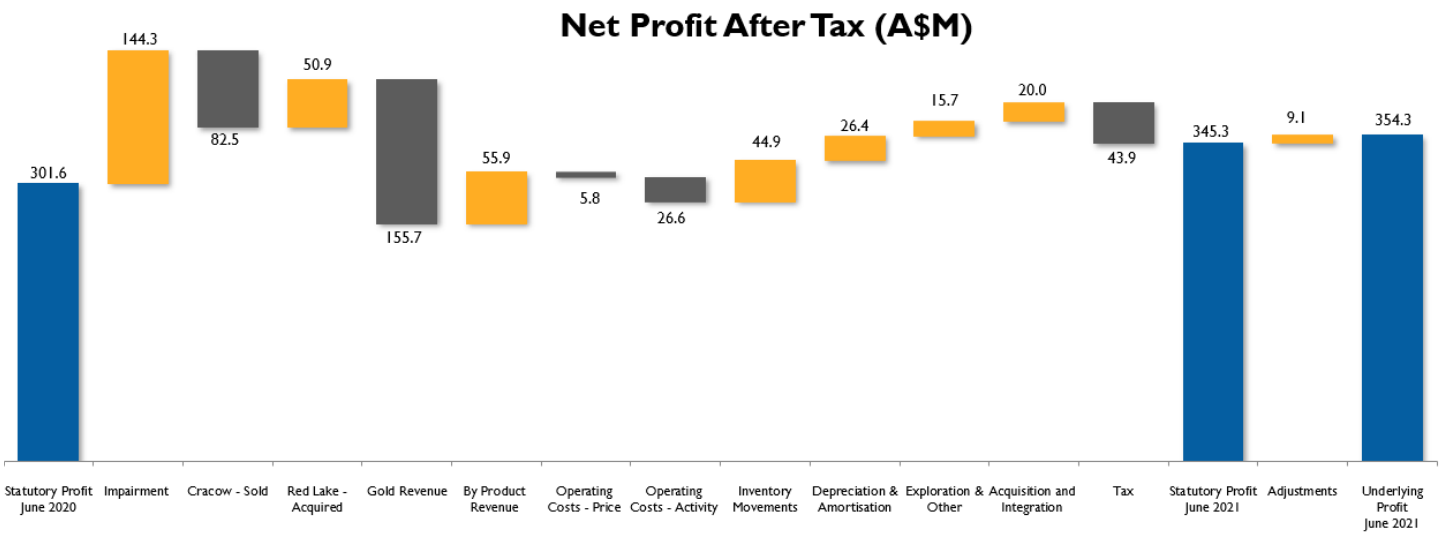
Evolution is a leading, low-cost Australian gold mining company. As at 30 June 2021, the Group consisted of five wholly-owned operating gold mines: Cowal in New South Wales; Mt Carlton and Mt Rawdon in Queensland; Mungari in Western Australia; Red Lake in Ontario, Canada; and an economic interest in the Ernest Henry Copper-Gold Operation (100% of gold and 30% of copper and silver) in Queensland.

The Group completed the acquisition of Battle North Gold on 19 May 2021 which will enable growth plans to be accelerated at the Red Lake operations.

Evolution's vision is for inspired people to create a premier global gold company which will generate sustainable returns for our shareholders and deliver benefits to all of our stakeholders. As a business, the Group is focused on prospering through the metal price cycle. Evolution believes that this can be best achieved with a portfolio of six to eight assets generating superior returns with an average mine life reserve of at least ten years. To maintain this long mine life, the Group require an active pipeline of quality exploration and development projects. The Group strives to build a reputation of sustainability, reliability and transparency. Financial discipline must be core and embedded across the entire business. The Group remains open to all quality gold, silver and copper-gold value accretive investments and recognise that divesting assets is an important component of our strategy. The operating achievements during the past twelve months clearly reflect our discipline to staying true to our strategy.

Profit Overview

The Group achieved a record statutory net profit after tax of $345.3 million for the year ended 30 June 2021 (30 June 2020: $301.6 million). The underlying net profit after tax was $354.3 million for the year (30 June 2020: $405.4 million). The following graph reflects the movements in the Group's profit after tax for the year ended 30 June 2021 from the year ended 30 June 2020.



Mine operating costs, excluding Red Lake (first full year of ownership) and Cracow (divested 1 July 2020), showed good cost control in the year with increases in costs largely driven by increased activity across the sites. Price increases over the year were only approximately 1% the total operating cost or $5.8 million. The price increases were mainly due to a 3.5% increase in labour and contractor rates combined with increased maintenance consumables costs and water unit rates. Pleasingly, these costs increases were mostly offset by lower power costs linked to new contract rates, lower diesel costs due to lower oil prices and lower grinding media costs due to the benefits of new contract rates. Higher activities across the operations impacted operating costs by 3.5% or $26.6 million driven by the full year of underground operations at Mt Carlton, additional headcount at Cowal and Mungari; and increased maintenance activities.

Red Lake operating costs were $197.2 million for the first full-year in comparison to $48.3 million incurred for the part-year of ownership in the year ended 30 June 2020. On a pro-rata basis costs at Red Lake in the year ended 30 June 2021 remained in line with the prior year.

Inventory costs expensed were $44.9 million lower driven by increased value of stockpile inventories predominantly at Cowal. This was partially offset by planned drawdown of stockpiles until access to Stage H ore is obtained in the first part of FY22.

Royalties were in line with prior year driven by higher achieved metal prices offset by lower metal quantities sold. By-product revenue was up 28% due to higher metal prices.

The impairment in the year ended 30 June 2020 relates to the Mt Carlton asset impairment on a post-tax basis of $101.0 million ($144.3 million pre-tax) due to the downgrade in the resource and reserve base.

Tax expense for the year ended 30 June 2021 is $43.9 million higher reflecting the higher profit achieved in the year.

Profit Overview (continued)

The table below shows the reconciliation between the Statutory and Underlying profit.

	30 June 2021 $000	30 June 2020 $000
Statutory profit before income tax	**496,172**	408,590
Gain on sale of subsidiary	**—**	(11,517)
Transaction and integration costs	**15,058**	35,052
Impairment loss on assets	**—**	144,346
Underlying profit before income tax	**511,230**	576,471
Income tax expense	**(150,910)**	(107,038)
Tax benefit on sale of subsidiary	**—**	(3,475)
Tax effect of adjustments	**(4,517)**	(10,515)
Tax effects of adjustments on impairment of assets	**—**	(43,304)
Recognition of previously unrecognised tax losses	**(1,461)**	(6,769)
Underlying profit after income tax	**354,341**	405,370

Cash Flow

Operating mine cash flow decreased by 16% totalling $937.3 million (30 June 2020: $1,121.4 million). Total capital investment was $379.8 million (30 June 2020: $371.0 million) which included $105.7 million (30 June 2020: $83.4 million) of sustaining capital investment and $274.1 million (30 June 2020: $287.6 million) of major capital investment.

Key Results

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

Key Business Metrics	30 June 2021	30 June 2020	% Change (ii)
Total underground lateral development (m)	25,254	20,857	21 %
Total underground ore mined (kt)	7,874	8,210	(4)%
Total open pit ore mined (kt)	8,815	9,726	(9)%
Total open pit waste mined (kt)	31,235	30,614	2 %
Processed tonnes (kt)	22,116	22,230	(1)%
Gold grade processed (g/t)	1.13	1.27	(11)%
Gold production (oz)	**680,788**	**746,463**	**(9)%**
Silver production (oz)	**650,268**	**671,687**	**(3)%**
Copper production (t)	**21,361**	**22,471**	**(5)%**
Unit cash operating cost ($/oz) (i)	879	761	(16)%
All in sustaining cost ($/oz) (i)	1,215	1,043	(16)%
All in cost ($/oz) (i)	1,696	1,509	(12)%
Gold price achieved ($/oz)	2,369	2,274	4 %
Silver price achieved ($/oz)	34	25	36 %
Copper price achieved ($/t)	11,172	8,409	33 %
Total Revenue	1,864,058	1,941,863	(4)%
Cost of sales (excluding D&A and fair value adjustments)	(904,728)	(852,937)	(6)%
Corporate, admin, exploration and other costs (excluding D&A)	(33,797)	(59,494)	43 %
EBIT (i)	546,431	612,544	(11)%
EBITDA (i)	914,235	1,029,432	(11)%
EBITDA (%) (i)	49%	53%	(8)%
Statutory profit/(loss) after income tax	**345,262**	**301,552**	**14 %**
Underlying profit after income tax	**354,341**	**405,370**	**(13)%**
Operating mine cash flow	937,298	1,121,364	(16)%
Capital investment	(379,826)	(370,997)	(2)%
Net mine cash flow	554,855	735,976	(25)%

(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. EBITDA is reconciled to statutory profit in note 1(c) to the financial statements.
(ii) Percentage change represents positive/(negative) impact on the business.
(iii) Ernest Henry mining and processing statistics are in 100% terms while costs represent the Group's cost and not solely the cost of Ernest Henry's operation.

Mining Operations

Cowal

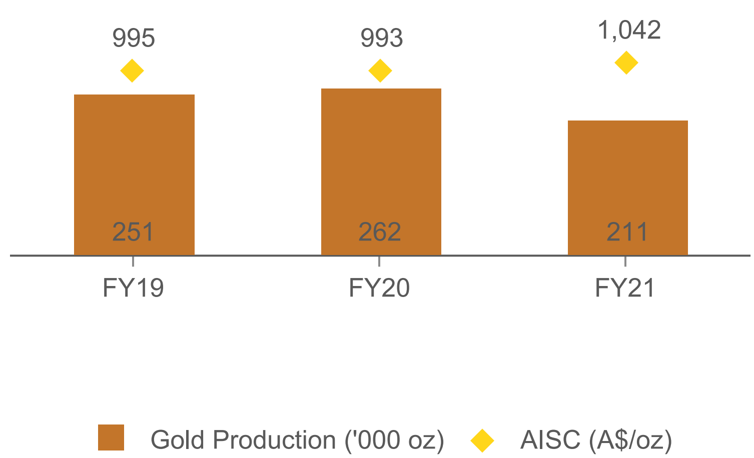
Cowal was the highest gold producer in the Group, achieving 210,847oz of gold at an AISC of $1,042/oz. Mining was completed to plan during the year resulting in Cowal meeting its planned reduced gold production target. The decrease was mainly due to the planned transition from Stage G ore to Stage H ore and some lower grade stockpiled material being processed while this transition occurred. In FY22 Stage H ore becomes the predominate ore feed leading to a planned increase in production.

Mine operating cash flow for the year was $270.7 million. Net mine cash flow was $100.3 million post sustaining capital of $12.9 million and major capital of $157.5 million.

As part of Cowal's plan to achieve a sustainable 350,000 ounce production profile from FY23, it is investing heavily now in order to reach this goal. Capital investment during the year consisted of major project capital, which included the continuation of Stage H stripping, construction of the Integrated Waste Landform (IWL) tailings facility and the Underground Feasibility Study.

The Board approved the accelerated development of the Galway decline in November 2020 and development of the decline commenced in late February 2021 and advanced 1,129 metres during the year. It is targeted to be completed in the December 2021 quarter.

A major milestone was achieved at Cowal with the Board's approval of the development of the Cowal Underground Mine, which provides a higher-grade ore source that will be blended with the current E42 open pit and stockpile ore. The development of the Cowal Underground Mine is part of the Group's goal of Cowal producing 350,000 ounces of low-cost gold a year and extend its mine life out beyond 17 years, while at the same time injecting significant economic benefit for all stakeholders. The planned capital investment is $380.0 million. The project is pending regulatory approval which is expected to be received in the September 2021 quarter.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	270,689	416,828	(146,139)
Sustaining capital ($'000)	(12,876)	(11,919)	(957)
Major capital ($'000)	(157,546)	(169,313)	11,767
Total capital ($'000)	(170,422)	(181,232)	10,810
Net mine cash flow ($'000)	100,267	235,596	(135,329)
Gold production (oz)	**210,847**	**262,035**	**(51,188)**
All-in Sustaining Cost ($/oz)	1,042	933	(109)
All-in Cost ($/oz)	1,855	1,715	(140)

Mining Operations (continued)

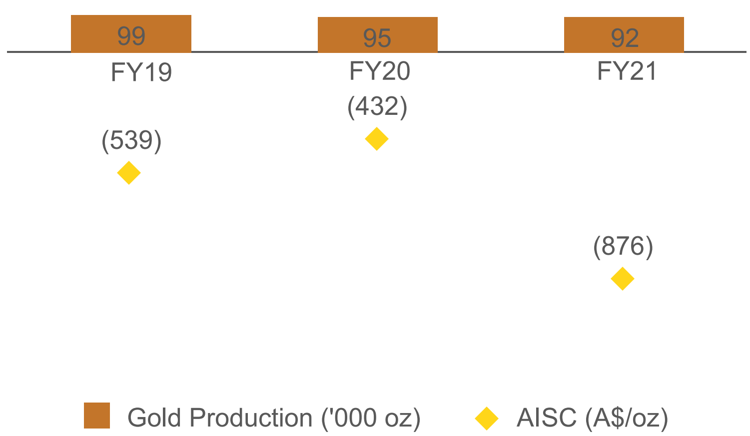
Ernest Henry

Ernest Henry had an outstanding year with records being delivered on multiple fronts. Gold production was 92,397oz at a record low AISC of negative $(876)/oz after taking into account copper and silver by-product credits which also hit a record of $(2,866)/oz. The record AISC result for Ernest Henry was primarily driven by gold production being delivered to plan combined with record high achieved copper price of $11,198/t for 19,196 tonnes of copper sold.

Operating mine cash flow for the year was also a record at $323.2 million as was the net mine cash flow of $309.0 million, post sustaining capital of $14.2 million.

Ore mined was 6.5 million tonnes at an average grade of 0.58g/t gold and 1.07% copper. Underground development was 8,612m. Ore processed was 6.5 million tonnes at an average grade of 0.47g/t gold and 1.07% copper. Gold recovery and copper recovery of 79.8% and 95.0% respectively were achieved for the year.

The drilling program for extensions below the 1200RL and the Concept Study were successfully completed with plans to seek approval to a Pre-Feasibility Study (PFS) in the December 2021 half-year.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	323,203	267,817	55,386
Sustaining capital ($'000)	(14,221)	(11,198)	(3,023)
Major capital ($'000)	—	—	—
Total capital ($'000)	(14,221)	(11,198)	(3,023)
Net mine cash flow ($'000)	308,982	256,619	52,363
Gold production (oz)	**92,397**	**94,902**	**(2,505)**
Copper production (t)	**17,592**	**20,688**	**(3,096)**
All-in Sustaining Cost ($/oz)	(876)	(432)	(444)
All-in Cost ($/oz)	(876)	(432)	(444)

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

Mining Operations (continued)

Red Lake

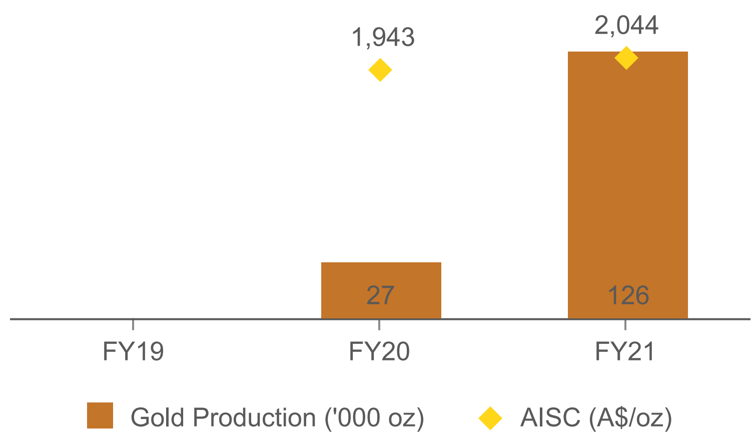
In Red Lake's first full year under the Group's ownership it produced 126,339oz of gold at an AISC of $2,044/oz. The initial three-year transformation program at Red Lake announced at acquisition is well underway to restore the operation's production to above 200,000 ounces per annum at an AISC of less than US$1,000 per ounce.

Further to this, on 20 May 2021 the Group announced the completion of the Battle North Gold acquisition which will enable growth plans to be accelerated at the Red Lake Operation in Canada by providing further milling capacity. The acquisition supports the Board approved program that accelerates the restoration of Red Lake to a premier Canadian gold mine with the goal of producing 350,000 ounces of low-cost gold per year by FY26. This will also deliver significant benefit for all stakeholders of the Red Lake asset.

Mine operating cash flow for the full-year was $90.3 million while net mine cash flow was negative $(5.6) million in line with supporting the sites growth plans and investment in new gear and equipment, sustaining capital was $46.8 million and major capital was $46.3 million.

Ore mined was 0.7 million tonnes at an average grade of 6.22g/t gold for the year. Ore processed was 678 thousand tonnes at 6.10g/t gold with the Campbell mill achieving recoveries of 92.2% for the year.

Construction of the CYD (Campbell Young Dickinson) Decline box cut is progressing well with first development to commence in the September 2021 quarter. This decline will provide independent access to the Upper Campbell and HG Young ore bodies where 4.8 million ounces of Red Lake's 11 million ounce Mineral Resource estimate is situated.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	90,256	30,782	59,474
Sustaining capital ($'000)	(46,773)	(6,598)	(40,175)
Major capital ($'000)	(46,265)	(14,274)	(31,991)
Total capital ($'000)	(93,037)	(20,873)	(72,164)
Net mine cash flow ($'000)	(5,628)	(2,920)	(2,708)
Gold production (oz)	**126,339**	**27,428**	**98,911**
All-in Sustaining Cost ($/oz)	2,044	1,943	(101)
All-in Cost ($/oz)	2,517	2,378	(139)

Mining Operations (continued)

Mungari

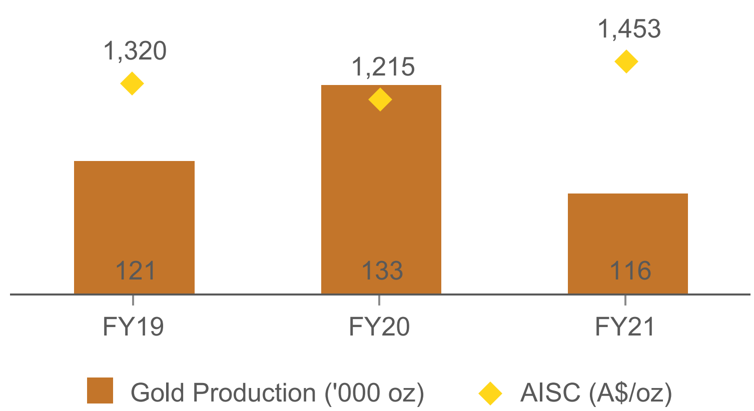
Mungari produced another solid contribution to the Group's gold production result, with production of 115,829oz of gold at an average AISC of $1,453/oz. Mungari's production was lower than the prior year as more material was processed from the lower grade open pits than from the higher grade underground mine in line with the mining sequence.

Mine operating cash flow was a strong result at $146.2 million and net mine cash flow was $73.2 million for the full year.

Capital investment in the year was $73.0 million consisting mainly of underground development drilling, the Tailings Storage Facility expansion and Cutters Ridge mine development.

A key highlight at Mungari has been the performance of the processing plant, which continued to perform strongly, capitalising on improved operational and maintenance initiatives. During the year, Mungari achieved throughput of over 2.0 million tonnes of ore at an average grade of 1.97g/t gold with gold recoveries of 91.3%. The plant throughput achieved the year ended 30 June 2021 target and was significantly above the plant's nameplate capacity of 1.6 million tonnes per year.

Underground ore mined was 0.5 million tonnes at 3.14g/t gold. Total underground development was 2,726m. Open pit total material mined was 7,891 thousand tonnes. Open pit ore mined was 1.3 million tonnes at a grade of 1.24g/t gold. Total material movement continues to increase as productivity rates improve.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	146,197	139,363	6,834
Sustaining capital ($'000)	(20,526)	(12,478)	(8,048)
Major capital ($'000)	(52,481)	(14,189)	(38,292)
Total capital ($'000)	(73,007)	(26,667)	(46,340)
Net mine cash flow ($'000)	73,191	112,696	(39,505)
Gold production (oz)	**115,829**	**133,388**	**(17,559)**
All-in Sustaining Cost ($/oz)	1,453	1,215	(238)
All-in Cost ($/oz)	1,988	1,447	(541)

Mining Operations (continued)

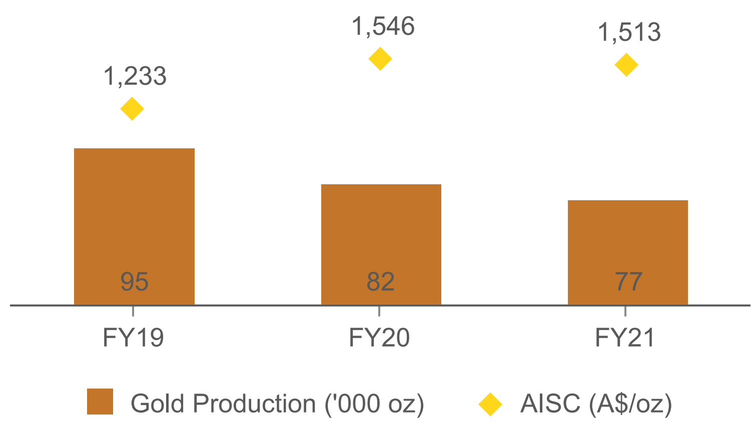
Mt Rawdon

Mt Rawdon celebrated 20 years of continuous operations on 16 February 2021. A significant milestone of 365 days without a recordable injury was also achieved on 25 February 2021 and the operation achieved over 15 months without a recordable injury until May 2021.

Mt Rawdon produced 77,005oz of gold at an AISC of $1,513/oz for the full year. The production result was in line with expectations and the prior year due to stable delivery of ore to the processing plant.

Mine operating cash flow was $81.3 million and net mine cash flow of $58.4 million was achieved for the year post sustaining capital of $9.3 million, major capital of $12.7 million and restructuring costs of $0.8 million. Capital investment for the year focused on the construction of the Tailings Storage Facility buttress, tailings storage facility lift and north wall meshing in order to support the ongoing mining operations.

A focus on improving the reliability of the mill resulted in total throughput of 3.4 million tonnes for the full year which was a significant improvement on the 3.3 million tonnes processed in the prior year and was the highest throughput achieved since FY16.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	81,253	81,034	219
Sustaining capital ($'000)	(9,307)	(9,963)	656
Major capital ($'000)	(12,713)	(12,086)	(627)
Total capital ($'000)	(22,021)	(22,049)	28
Net mine cash flow ($'000)	58,446	58,985	(539)
Gold production (oz)	**77,005**	**82,004**	**(4,999)**
All-in Sustaining Cost ($/oz)	1,513	1,546	33
All-in Cost ($/oz)	1,679	1,694	15

Mining Operations (continued)

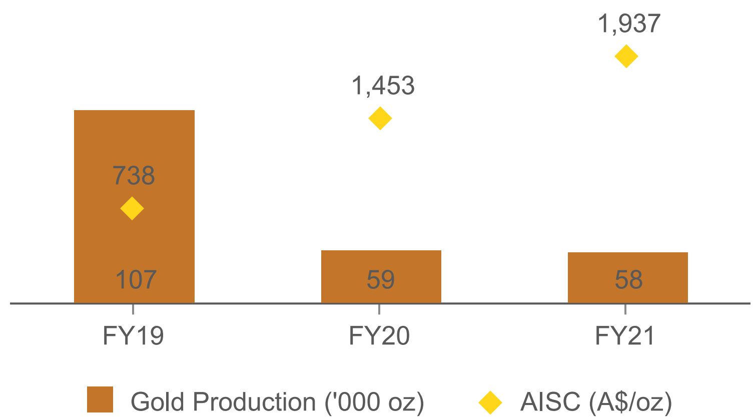
Mt Carlton

Mt Carlton produced a total of 58,371oz at an AISC of $1,937/oz. The result was ahead of plan for Mt Carlton, with the reliable performance a result of consistent feed grade to the mill.

Mine operating cash flow was $25.7 million and net mine cash flow was $19.6 million, which was a strong turnaround from the prior year due to improved operational performance.

Underground mining during the year was concentrated on gaining access to ore in the Western Feeder Zone while V2 open pit ore was extracted from Stage 4C following the work in the prior period on the Stage 4C cutback. Adjacent to the V2 open pit, underground development of the decline into the high grade silver A39 deposit continued during the year, with production from A39 scheduled to commence in the December 2021 quarter.

At Crush Creek, successful drilling programs at the BV7 and Delta areas have resulted in a maiden Mineral Resource estimate of 1.1 million tonnes grading 3.48 grams per tonne gold for 126,000 ounces, reinforcing our belief that mineralisation being delineated has the potential to extend mine life at Mt Carlton.



Key Business Metrics	30 June 2021	30 June 2020	Change
Operating cash flow ($'000)	25,698	71,223	(45,525)
Sustaining capital ($'000)	(965)	(16,103)	15,138
Major capital ($'000)	(5,136)	(65,380)	60,244
Total capital ($'000)	(6,102)	(81,483)	75,381
Net mine cash flow ($'000)	19,597	(10,260)	29,857
Gold production (oz)	**58,371**	**58,962**	**(591)**
All-in Sustaining Cost ($/oz)	1,937	1,453	(484)
All-in Cost ($/oz)	2,105	2,519	414

Financial Performance

Profit or Loss

Revenue for the year ended 30 June 2021 decreased by 4% to $1,864.1 million (30 June 2020: $1,941.9 million). The higher achieved gold price of $2,369/oz was partially offset by a decrease in produced ounces for the year to 680,788 oz (30 June 2020: 746,463oz). Revenue comprised of $1,605.0 million of gold, $236.9 million of copper and $22.1 million of silver revenue (30 June 2020: $1,738.1 million of gold, $187.9 million of copper and $15.8 million of silver revenue).

Total gold sold equalled 677,150oz which included deliveries into the Australian gold delivery commitments of 100,000oz at an average price of $1,829/oz (30 June 2020: 100,000 oz, $1,734/oz) and Canadian hedge book of 40,000oz at an average price of C$2,272/oz. The remaining 537,150oz were sold in the spot market comprising 456,001oz delivered at an average price of $2,474/oz and 81,169oz delivered at an average price of C$2,361/oz (30 June 2020: 664,655 oz, $2,320/oz). At 30 June 2021 the Group's gold delivery commitments totalled 200,000 ounces at a price of $1,892/oz for the Australian operations and 80,000 ounces at C$2,272/oz for Red Lake with quarterly deliveries through to June 2023.

Copper revenue achieved a 26.1% increase from the prior year to $236.9 million (30 June 2020: $187.9 million), driven by a 32.9% increase in copper price of $11,172/t partially offset by a 4.9% decrease in production to 21,361 tonnes.

The Group achieved a record statutory net profit after tax of $345.3 million for the year ended 30 June 2021 (30 June 2020: $301.6 million). The Group also achieved an underlying net profit after tax of $354.3 million for the year (30 June 2020: $405.4million).

Balance Sheet

Total assets increased 4.7% during the year to $3,957.0 million (30 June 2020: $3,778.0 million restated). Cash and cash equivalents decreased by $212.5 million driven by a number of factors which include 87.5koz lower ounces sold, higher dividends paid $273.4m (30 June 2020 $221.4m), and funding for the Battle North Gold acquisition.

The net carrying amount of property, plant and equipment increased by $306.9 million primarily driven by the initial recognition in the accounts of the Battle North Gold acquisition. Mine development and exploration increased by $86.1 million which was due to additions at Cowal and Red Lake offset by depreciation. The increase of $80.8 million in deferred tax assets was primarily a result of the initial recognition of Battle North Gold tax losses acquired as part of the acquisition which are expected to be available for utilisation in the future at Red Lake.

Total liabilities for the Group increased to $1,422.1 million at 30 June 2021, an increase of $107.5 million, or 8.2% on the prior period. The key drivers consist of $63.2 million increase in rehabilitation provision from Ernest Henry and Battle North Gold initial recognition, and $39.8 million increase in interest bearing liabilities net of capitalised borrowing costs.

Cash Flow

Total cash outflows for the year amounted to $211.9 million outflow (30 June 2020: $37.3 million inflow).

	30 June 2021 $'000	30 June 2020 $'000	Change $'000
Cash flows from operating activities	757,008	1,005,324	(248,316)
Cash flows from investing activities	(724,115)	(1,003,977)	279,862
Cash flows from financing activities	(244,787)	35,906	(280,693)
Net movement in cash	(211,894)	37,253	(249,147)
Cash at the beginning of the year	372,592	335,164	37,428
Effects of exchange rate changes on cash and cash equivalents	(636)	175	(811)
Cash at the end of the year	**160,062**	**372,592**	**(212,530)**

Financial Performance (continued)

Cash Flow (continued)

Net cash outflows from investment activities were $724.1 million, a decrease of $279.9 million from the prior period (30 June 2020: $1,004.0 million outflow). Major items contributing to the change in outflow was the acquisition of Battle North Gold for for $355.8 million while in the prior year Red Lake was acquired for $583.6 million. The current year outflows was partially offset by the cash received from the disposal of Cracow for $57.0 million.

Net cash outflows from financing activities were $244.8 million, an increase of $280.7 million (30 June 2020: $35.9 million inflow). Financing cash flows for the year included the drawdown of $145.0 million from Revolver Facility ("Facility A") and repayment of $95.0 million on the Term Loan Facility ("Facility B"). Dividends paid during the year totalled $273.4 million which was 23.5% higher than prior year (30 June 2021: $221.4 million).

Taxation

During the year, the Group made income tax payments of $96.7 million and recognised an income tax expense of $150.9 million (30 June 2020: $107.0 million).

The tax payments made in respect of the 30 June 2020 financial year combined with tax instalments paid over the course of the 30 June 2021 financial year have enabled the declaration of fully franked interim and final dividends.

Capital Investment

Capital investment for the year totalled $379.8 million (30 June 2020: $371.0 million). This consisted of sustaining capital, including near mine exploration and resource definition of $105.7 million (30 June 2020: $83.4 million) and mine development of $274.1 million (30 June 2020: $287.6 million). The main capital projects included the Cowal Stage H development, Integrated Waste Landform (IWL) tailings facility and Underground Feasibility Study and drilling, underground mine development and discovery drilling at Red Lake, Cutters Ridge mine development and underground development drilling at Mungari, Open pit mine development, tails storage buttressing project and fixed plant maintenance at Mt Rawdon.

Financing

Total finance costs for the year were $21.1 million (30 June 2020: $21.3 million). Included in total finance costs are interest expenses of $17.4 million (30 June 2020: $11.6 million), amortisation of debt establishment costs of $2.2 million (30 June 2020: $6.7 million), discount unwinding on mine rehabilitation liabilities of $0.4 million (30 June 2020: $1.8 million) and interest expense on lease liability unwinding of $1.2 million (30 June 2020: $1.1 million).

The decrease in interest expense in the year is offset by the increase in the amortisation of debt establishment costs attributable to the remaining capitalised costs associated with the Senior Secured Term Loan ("Former Facility D") which was fully repaid during the year. The repayment periods and the outstanding balances as at 30 June 2021 on each facility are set out below:

Facility Name	Term Date	Facility Size $m	Amount Drawn $m	Available Amount $m
Revolving Credit Facility – Facility A - $m	31 Mar 2023	$360.0	$145.0	$215.0
Term Loan – Facility B - $m	15 Jan 2025	$570.0	$570.0	$0.0
Term Loan – Facility E - $m	15 Apr 2026	$440.0	$0.0	$440.0
Performance Bond – Facility C $m	31 Mar 2023	$175.0	$151.8	$23.2
Performance Bond – Facility D C$m	31 Mar 2023	$125.0	$66.2	$58.8
Guarantee Facility - $m	30 Oct 2021	$55.0	$55.0	$0.0

Material business risks

The Group prepares its business plans using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2021 are:

Material business risks (continued)

COVID-19

The Group continues to actively respond to the ongoing 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.

A Group Recovery Plan along with documented site and Group risk assessments are in place and endorsed by the Crisis Management Team, with authority from the Leadership Team. These plans and assessments remain dynamic and are reviewed and updated frequently based on government data and as local situations change. We continue to monitor, assess, and respond to these ongoing changes to risk. To date there has been no material impact on Evolution's operations from the COVID-19 virus.

In addition, the Group has taken a position to strongly support and encourage all staff to be vaccinated to reduce the risk factors with COVID-19. This has been formalised in a guideline which outlines provisions to enable staff to attend vaccination appointments during work hours as well as to support those who may encounter side effects following vaccination. Externally facilitated information and awareness sessions have been held and continue to be offered to provide appropriate qualified information to our teams on the risks and benefits of vaccination.

The Group is operating under protocols developed to minimise risks to our people and communities and ensure we can safely produce gold during this challenging period. These plans include activation of our crisis management protocols, suspending international travel, restricting domestic travel, suspending activities across most of the Company's Greenfields exploration projects, enacting strict social distancing protocols including reducing face-to-face interactions, increasing flexible working arrangements, ensuring best practice health management is maintained at all times and regular COVID-19 communication with the entire workforce.

To mitigate the mental and physical health impacts that lockdowns and periods of isolation may cause, communication lines have been emphasised across the business as well as the Employee Assistance Program. Our sites have also deployed technologies to enable risk mitigation and tracing, such as contact tracing cards at Cowal, QR codes in the Sydney Office, and strengthened site access protocols at each site.

Additional site-specific health and safety initiatives which has been utilised at various stages during the pandemic by our operations include:

- Extending rosters to reduce movement of people.
- Relocation of interstate employees.
- Introducing flexible working arrangements with people working from home where possible.
- Hiring additional vehicles and charter flights to ensure social distancing is maintained while travelling to site and during site activities.
- Floor markings 1.5 metres apart in pre-start areas to ensure social distancing.
- Reduced number of contractors permitted on site to perform mill shutdowns and extending shutdowns to perform tasks in compliance with required protocols.
- Introducing occupancy limits in offices and meeting rooms.
- Additional paramedics hired for the duration of the pandemic to ensure at least two paramedics are on site per roster.
- Daily temperature testing and screening of all personnel on site, and
- Daily COVID-19 briefings to employees.

Support for Community groups and employees remains ongoing. Evolution has additionally provided donations to our local communities impacted by the pandemic – since the start of the pandemic, over $2.5 million has been donated to provide direct and indirect support to our communities.

Fluctuations in the gold price and Australian dollar

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

Declining gold, silver and copper prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

Mineral Resources and Ore Reserves

The Group's Mineral Resources and Ore Reserves are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold, silver, copper or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques.

Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any part or all of the Group's Mineral Resources constitute or will be converted into Ore Reserves.

Material business risks (continued)

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

Replacement of depleted Ore Reserves

The Group must continually replace Ore Reserves depleted by production to maintain production levels over the long term. Ore Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of Ore Reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower Ore Reserve base. The Mineral Resource base of the Group may decline if Ore Reserves are mined without adequate replacement and the Group may not be able to sustain production beyond the current mine lives, based on current production rates.

Mining risks and insurance risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, seismic events, cave-ins, and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However, property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and cost estimates

The Group prepares estimates of future production, cash costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition.

The Group's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the Ore Reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena such as inclement weather conditions, water availability and floods; and unexpected labour shortages or strikes.

Costs of production may also be affected by a variety of factors including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates.

Environmental, health and safety, and permits

The Group's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection and management of the environment, water management, waste disposal, worker health and safety, mine development and rehabilitation and the protection of endangered and other special status species. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group's activities or those of other mining companies affecting the environment, human health and safety of the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Group's operations, including its ability to continue operations.

The Group has implemented extensive health, safety and community initiatives at its sites to manage the health and safety of its employees, contractors and members of the community. While these control measures are in place there is no guarantee that these will eliminate the occurrence of incidents which may result in personal injury or damage to property. In certain instances such occurrences could give rise to regulatory fines and/or civil liability.

Material business risks (continued)

Climate Change

The Group acknowledges that climate change is occurring, and its effects have the potential to impact our business and communities. The most significant climate related risks include the following: reduced water availability; extreme weather or health events; emissions and waste, changes to legislation and regulation; reputational risk; technological and market changes; and shareholder activism.

The Group is committed to understanding and proactively managing the impact of climate related risks to our business and our environment. This includes integrating financial, physical, regulatory, reputational, market, and climate related risks, as well as energy considerations, into our Life of Mine strategic planning and decision making. The Group works to build the resilience of our assets, our communities and our environment to climate related impacts. To do this, we work in partnership with a broad range of stakeholders including representative bodies of the communities in which we operate, industry, government, investors and non-governmental organisations to share learnings and identify approaches to addressing climate related risks and opportunities.

The Group transparently reports our emissions and energy consumption performance. Each year, annual reports are externally audited and submitted to the Australia's National Pollutant Inventory (NPI) and the National Greenhouse and Energy Reporting Act 2007 (NGER Act) to estimate greenhouse gas (GHG) emissions and energy use at our Australian operations. We also run the equivalent reporting (National Pollutant Release Inventory) for our Canadian Operations.

The Group publishes an annual Sustainability Report in accordance with the Global Reporting Initiative and the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) that details activities in relation to the management of key risks including environmental and climate risks.

Community relations

The Group has an established community relations function, both at a Group level and at each of its operations. The Group function has developed a community engagement framework, including a set of principles, policies and procedures designed to provide a structured and consistent approach to community activities across our sites whilst recognising that fundamentally.

Community relations is about people connecting with people. Maintaining trusted relationships with our local community stakeholders throughout the entire mining cycles is an essential part of securing and maintain our social licence to operate, including with our First Nation People's communities. The Group recognises that a failure to appropriately manage local community stakeholder expectations may lead to dissatisfaction which has the potential to disrupt production and exploration activities.

Risk management

The Group manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Board Sustainability and Risk Committee, supported by Management review throughout the year.

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

The Group has policies in place to manage risk in the areas of Health, Safety, Environment, Cultural Heritage and Equal Employment Opportunity.

The site Leadership Teams, the Executive Leadership Team, the Sustainability and Risk Committee and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

Dividends

The Company's dividend policy is, whenever possible, to pay a dividend based on group cash flow generated during a year. The Group's free cash flow is defined as cash flow before debt and dividends and mergers and acquisitions.The Directors 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 group cash flow.

The Board has confirmed that the Group is in a sound position to meet its commitment under the new policy to pay a final fully franked dividend for the current period of 5.0 cents per share. The aggregate amount of the final dividend to be paid on 28 September 2021 is estimated at $91.3 million following the completion of the Share Purchase Plan (SPP). Evolution Mining Limited shares will trade excluding entitlement to the dividend on 30 August 2021, with the record date being 31 August 2021 and payment date of 28 September 2021.

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

Significant changes in the state of affairs

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

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

Events occurring after the reporting period

Refer to Note 24 of the Consolidated Financial Statements for details of events occurring after the reporting period.

Environmental regulation and performance

The Executive Chairman reports to the Board on all significant safety and environmental incidents. The Board also has a Risk and Sustainability Committee which has oversight of the sustainability performance of the Group and meets at least three times per year. The Directors are not aware of any environmental incidents occurring during the year ended 30 June 2021 which would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted namely in Australia and as of 1 April, 2020 in Canada. Each mining operation is subject to environmental regulation specific to their environmentally relevant activities as part of their operating licence, permit and/or, approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate governance.

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

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

Across the Group's five mining sites, excluding government reporting for vehicular and non-vehicular native fauna deaths and events reported in previous years which remain under investigation, the Level III reports for the past five years have been:

	FY21	FY20	FY19	FY18	FY17
Number of Level III incidents	4	8	9	7	9

Incidents were notified to the relevant government authority and the relevant agreed action was taken. There have been no Level IV or V incidents.

Of the four events reported to the regulatory authorities in the current year none were classified as having actual Level III consequence with regard for environmental impact and there were no further enforcement action by regulatory authorities in relation to the reports.

Information on Directors

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

Jacob (Jake) Klein, BCom Hons, ACA, Executive Chairman

Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as the Executive Chairman of Conquest Mining.

Prior to that, Mr Klein was President and CEO of Sino Gold Mining Limited, where he managed the development of that company into the largest foreign participant in the Chinese gold industry. Sino Gold was listed on the ASX in 2002 with a market capitalisation of $100 million and was purchased by Eldorado Gold Corporation in late 2009 for over $2 billion. It became an ASX/S&P 100 Company, operating two award-winning gold mines and engaging over 2,000 employees and contractors in China. Prior to joining Sino Gold (and its predecessor) in 1995, Mr Klein was employed at Macquarie Bank and PwC.

Lawrence (Lawrie) Conway B Bus, CPA, GAICD, Finance Director and Chief Financial Officer

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

Mr Conway has more than 30 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate, operational and commercial roles within Australia, Papua New Guinea and Chile with Newcrest and prior to that with BHP Billiton. He most recently held the position of Executive General Manager - Commercial and West Africa with Newcrest Mining where he was responsible for Newcrest's group Supply and Logistics, Marketing, Information Technology and Laboratory functions as well as Newcrest's business in West Africa.

Mr Conway is a Non-Executive Director of Aurelia Metals Ltd (appointed in June 2017).

James (Jim) Askew, BEng (Mining), MEngSc, FAusIMM, MSME (AIME), Non-Executive Director

Mr Askew is a mining engineer with more than 40 years' broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies.

Mr Askew has served on the boards of numerous mining and mining services companies, which currently includes Syrah Resources Limited (Chairman since October 2014), a company with operations in Mozambique and in the USA and Endeavour Mining Corporation, a company with operations in Cote d'Ivoire, Senegal and Burkina Faso (Non-Executive Director since July 2017).

Within the last 3 years Mr Askew has been a Non-Executive Director of Oceana Gold.

Mr Askew is Chair of the Risk and Sustainability Committee and Member of the Nomination and Remuneration Committee.

Thomas (Tommy) McKeith, BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director

Mr McKeith is a geologist with over 30 years' experience in various mine geology, exploration, business development and executive leadership roles. He was formerly Executive Vice President (Growth and International Projects) for Gold Fields Limited, where he was responsible for global exploration and project development.

Mr McKeith was also Chief Executive Officer of Troy Resources Limited and has held Non-Executive Director roles at Sino Gold Limited, Avoca Resources Limited and is currently the Non-Executive Chairman of Prodigy Gold NL and Genesis Minerals Limited and Non-Executive Director at Arrow Minerals Limited.

Mr McKeith is the Lead Independent Director effective 1 December 2018 and Chair of the Nomination and Remuneration Committee.

Information on Directors (continued)

Andrea Hall, BCom, FCA, M. App Fin, GAICD, Non-Executive Director

Ms Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in internal audit, risk management, corporate and operational governance, external audit, financial management and strategic planning. Prior to retiring from KPMG in 2012, Andrea was a Perth-based partner within KPMG's Risk Consulting Services where she serviced industries including mining, mining services, transport, healthcare, insurance, property and government.

Ms Hall is currently a Non-Executive Director and Chair of the Audit and Risk Committee at ASX-listed Pioneer Credit Limited. Andrea is also a Non-Executive Director of ASX listed Perenti Group and Chair of the Audit and Risk Committee. Further, she is a Non-Executive Director of Insurance Commission of Western Australia and the AFL Fremantle Football Club.

Ms Hall is the Chair of the Audit Committee and Member of the Risk and Sustainability Committee.

Jason Attew, BSc, MBA, Non-Executive Director

Mr Attew is a mining industry veteran who has dedicated 25 years to the mining sector and is currently the President and CEO of Gold Standard Ventures Corporation. Previously he served as the Chief Financial Officer at Goldcorp Inc. where, in addition to leading the finance and investor relations operations, he was responsible for Goldcorp's corporate development and strategy culminating in the US$32 billion merger with Newmont Mining Corp.

Mr Attew has extensive capital markets experience from his time in investment banking with the BMO Global Metals and Mining Group where he was at the forefront of structuring and raising significant growth capital as well as advising on both formative and transformational mergers and acquisitions for corporations that have become industry leaders over the past two decades and is also on the board of The Food Stash Foundation, a Vancouver-based non-profit whose mission is to create food & nutritional security for local residents.

Mr Attew is a Member of both the Audit Committee and the Nomination and Remuneration Committee.

Peter Smith, MBA, FAusIMM, GAICD, Non- Executive Director

Mr Smith is a senior executive with over 43 years' experience primarily in resources sector. He has worked in a range of sectors including gold, coal, metals and fertilizers. Peter has held senior positions with Kestrel Coal Resources, Israel Chemical Limited, Newcrest Mining, Lihir Gold, WMC Resources, Western Metals and Rio Tinto.

Mr Smith was a former Non-Executive Director of NSW Minerals Council and Evolution Mining, Commissioner of PT NHM Indonesia and Executive Director and Chairman of Western Metals Limited.

Mr Smith is a Member of the Risk and Sustainability Committee.

Victoria (Vicky) Binns, BEng (Mining - Hons 1), FAusIMM, GAICD, Grad Dip SIA, Non-Executive Director

Ms Binns has over 35 years' experience in the global resources and financial services sectors including more than 10 years in executive leadership roles at BHP and 15 years in financial services with Merrill Lynch Australia and Macquarie Equities. During her career at BHP, Ms Binns' roles included Vice President Minerals Marketing, leadership positions in the metals and coal marketing business, Vice President of Market Analysis and Economics and was a member of the first BHP Global Inclusion and Diversity Council. She was also co-Founder and Chair of Women in Mining and Resources Sg (WIMAR Sg).

Prior to joining BHP, Ms Binns held a number of Board and senior management roles at Merrill Lynch Australia including Managing Director and Head of Australian Research, Head of Global Mining, Metals and Steel, and Head of Australian Mining Research.

Ms Binns is currently a Non-Executive Director of ASX-listed company Cooper Energy and the Carbon Market Institute, Australia's leading independent industry association for business leading the transition to net zero emissions. Ms Binns is also a Member of the Advisory Council for JP Morgan in Australia & NZ.

Ms Binns is a Member of the Audit Committee.

Company Secretary

Evan Elstein, BCom GDA, ACA, FGIA, FCIS
Mr Elstein was appointed as the Group Company Secretary and Vice President for Information Technology in October 2011 following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as Company Secretary of Conquest Mining. Mr Elstein has more than 25 years' executive management and corporate governance experience, spanning the mining, technology and manufacturing sectors. Prior to joining the mining industry, he held senior positions with IT consulting companies and served as the Chief Financial Officer and Company Secretary of Hartec Limited. Before emigrating to Australia, Mr Elstein held a number of management positions at Dimension Data in South Africa. Mr. Elstein is a member of Chartered Accountants Australia and New Zealand, the Institute of Chartered Secretaries and Administrators and a fellow of the Governance Institute of Australia.

Meetings of directors

The numbers of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2021, and the numbers of meetings attended by each Director were:

	Board		Meetings of committees					
			Audit		Risk Management		Nomination and Remuneration	
	A	B	A	B	A	B	A	B
Jacob (Jake) Klein	11	11	-	-	-	-	-	-
Lawrence (Lawrie) Conway	11	11	-	-	-	-	-	-
James (Jim) Askew	11	11	-	-	3	3	3	3
Thomas (Tommy) McKeith	11	11	-	-	-	-	3	3
Andrea Hall	11	11	4	4	3	3	-	-
Jason Attew	11	11	4	4	-	-	3	3
Victoria (Vicky) Binns	11	11	4	4	-	-	-	-
Peter Smith	11	11	-	-	3	3	-	-

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

Remuneration Report (Letter)

Dear Fellow Shareholder,

On behalf of the Evolution Board, I am pleased to provide the Remuneration Report for the year ending 30 June 2021.

At Evolution, the Board, the Leadership Team and every employee strives to act like owners each and every day and live by the Evolution values of Safety, Excellence, Accountability and Respect.

We are all living in turbulent, uncertain and constantly changing times. One thing that is not changing is Evolution's commitment to executing a growth strategy focused on sustainable high margin ounces. This, in our view, is the pathway to building a unique gold business that will prosper through the gold cycle, and is a safe, efficient and sustainable business that delivers superior shareholder returns.

This Remuneration Report will explain how our remuneration framework is linked to our business strategy, overall company performance and shareholder returns.

FY21 Performance

Evolution has had another strong year of performance during a time where the COVID-19 pandemic continues to be a challenge globally. Throughout FY21 we have faced and managed several tough weather events, including an extreme wind event at Cowal and bushfires at Mt Rawdon and forest fires at Red Lake. It's a credit to the Evolution Leadership Team and our dedicated and inspired people that they have remained focused on safely delivering on their targets.

Evolution has continued to advance the overall business strategy, including with the work undertaken in relation to the Cowal Underground, the Red Lake transformation, the accretive acquisition of the Battle North Gold Corporation and the acquisition of Northern Star Limited's Kundana operations announced after year-end. Evolution now has four cornerstone assets, two with a mine life of greater than 15 years. In addition to this, Evolution has elevated its approach to ESG reflected in the upgraded MSCI ESG rating of AAA, the highest rating among global gold mining peers, committed to net zero greenhouse gas emissions by 2050 or earlier and a 30% reduction by 2030 (Scope 1 and 2 from a FY20 baseline), continued to work closely with all stakeholder groups, be that communities within which we operate, contractors, suppliers, partners and our shareholders, while continuing to pay strong dividends to our shareholders.

Our strategy at Evolution has been clear and consistent, generating sector leading cash flow in FY21 of $481 per ounce. Over the last six years the Company has acquired Mungari, Cowal, an economic interest in Ernest Henry, Red Lake Operations, Battle North Gold and divested Pajingo, Edna May and Cracow. These transactions have resulted in increasing the average reserve life of our portfolio from approximately 5 years to more than 13 years while maintaining a low All-in Sustaining Cost (AISC) of around $1,215 per ounce. Our strategy, which focuses on sustainable margin over production, has generated strong total shareholder returns (TSR) in excess of 16.4% compound growth over the past three-year period.

For FY21, Evolution delivered strong financial results including $1,864.1 million in revenue generating $327.3 million of free cash flow allowing us to return $273.4 million in dividends to shareholders and repay $95.0 million in debt over the year.

STI Outcomes

For FY21, STIP outcomes focused on five (5) key measures; safety, critical controls, group cash contribution, group AISC and a strategic imperatives measure that enables the Board to review overall company performance outside of the key non-discretionary measures to ensure the overall STI outcomes are reflective of the Company performance for the year.

Evolution was disappointed with its overall safety performance for FY21, however it is clear on where the key issues are and we have associated plans in place to improve in this area. In terms of risk, an independent audit demonstrated our excellent progress with our critical controls, including bow tie analysis, and agreed actions being closed out on time. Our business development activity, which for FY21 included the acquisition of Battle North Gold in Canada and good progress at the company's early stage projects with strong drill results at the Cue project and transitioning Crush Creek to a PFS following delivery of a maiden mineral resource (126koz).

The Company delivered strongly against its Balanced Business Plan (BBP) objectives for the year. In discovery, we added a new greenfields project and rotated out of two others. Pleasingly we were able to materially increase our mineral resource and ore reserves year on year by 11.2 million and 3.2 million ounces respectively (inclusive of depletion and divestments). Our focus on data enabled business improvement initiatives delivered $41.5 million in value to the business.

The strategic imperatives element of the STI has a weighting of 30%. For FY21, the Board evaluated progress against the FY21 BBP, delivery against key projects at Cowal, Red Lake and Mungari and improving the overall business aligned to the strategy, via business development and operational effectiveness. Balancing all factors, the Board awarded a score of 120% being between target and stretch for the strategic imperatives measure, resulting in an overall STI outcome of 117%, which the Board believes is an appropriate reflection of the overall performance for FY21. A full breakdown is provided in the report.

Remuneration Report (Letter continued)

LTI Outcomes

Our LTI performance measures directly link to shareholder expectations and reinforce our focus on delivering sustainable superior shareholder returns. For the FY19 LTIPs, tested and vesting as at 30 June 2021, the measures focused on Absolute Shareholder Return, Relative Shareholder Return, Earnings per share and Reserve growth per share. Through strong performance against all measures over the three (3) year period, the Company achieved an overall vesting outcome of 77.0%. A full breakdown is provided in the report.

Signed:

Tommy McKeith
Chair of the Nomination and Remuneration Committee

Remuneration Report (Audited)

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2021. This report contains details of the remuneration paid to the Directors and Key Management Personnel ("KMP") and is aligned to the Group's overall remuneration strategy and framework. The Group's remuneration philosophy and strategy is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and retain high quality and appropriately experienced Directors, KMP and employees.

This remuneration report is presented under the following sections:

a. Remuneration Overview
b. Remuneration Governance
c. Remuneration Strategy, Framework and Philosophy
d. Changes in relation to Remuneration in FY21
e. Executive Remuneration Performance Measures and Outcomes – STIs and LTIs
f. Non-Executive Director Remuneration Outcomes
g. Other Remuneration Information
h. Transactions with KMP
i. Changes planned for remuneration in FY22
j. Summary of Key Terms

(a) Remuneration Overview

(i) Response to COVID-19

In response to the COVID-19 pandemic, the Group developed an approach based on the following principles:

Elements	Principles
People	Driven by our values of Safety, Excellence, Accountability and Respect Continued discipline with health and safety practices Sound review, reporting and learning culture Strong communication to ensure all employees had clarity on the expectations and approach to effectively managing through the pandemic Engaged workforce in touch with indigenous and community groups to provide support on local issues
Process	Risk assessments and Triggered Action Response Plans (TARPs) with ongoing review; Medical experts engaged for ongoing advice, support and review; Supply Chain regularly reviewed; Scenario's modelled through the cycle – People and site response – Commercial and financial considerations – Community impacts and plans
Structure	Roles and responsibilities defined and appointed; Company Crisis Management and Site Incident Management Teams activated and mobilised; Document controlled data and information.
Communication	Internal – our people and contractors External – Communities, Government and Industry

The Group continues to actively respond to the ongoing COVID-19 pandemic. The health and safety of every person working at Evolution, their families and our communities remains paramount during this time. The Group is operating under protocols developed to minimise risks to our people and the communities within which we operate and ensure that we can continue to safely produce gold during this challenging period. These plans include activation of our crisis management protocols, restricting international and domestic travel, detailed risk assessments across all operations including the Company's Greenfields exploration projects, enacting strict social distancing protocols including reducing face-to-face interactions, increasing flexible working arrangements, ensuring best practice health management maintenance and regular COVID-19 communication with the entire workforce.

Whilst the Group has had very limited exposure with one positive case of COVID-19 (at the Red Lake operations), each site and associated community has been impacted in different ways. The Group continues to work closely within the communities where we operate and with regulators and industry groups to ensure all our operations are complying with agreed protocols and remain responsive to changing needs.

The Group has also strongly encouraged and supported all staff to be vaccinated to reduce COVID-19 risks. These have been formalised in a guideline which outlines provisions that enable staff to attend vaccination appointments during work hours (as appropriate) in addition to providing additional leave in the event of any side effects following vaccination. Externally facilitated medical information and awareness sessions have also been held and will continue to be offered to provide appropriate qualified information to our teams on the risks and benefits of vaccination.

To mitigate the mental and physical health impacts that lockdowns and periods of isolation may cause, communication lines have been strengthened across the business as well as with the Employee Assistance Program (EAP). Our sites have also deployed technologies to enable risk mitigation and tracing, such as contact tracing cards at Cowal, QR codes in the Sydney Office and site access protocols have been strengthened at each site.

Support for Community groups and employees remains ongoing. The Group has additionally provided donations to our local communities impacted by the pandemic – since the start of the pandemic, over $2.5 million has been donated to provide direct and indirect support to our communities.

Remuneration Report (Audited)

(a) Remuneration Overview (continued)

The Nomination and Remuneration Committee (Committee), along with Risk and Sustainability Committee and the Board have regularly reviewed and considered the impacts of COVID-19 on the performance of the business. Specific to COVID-19, no adjustment has been made to the FY21 remuneration outcomes.

(ii) Executive Directors, Non-Executive Directors and Key Management Personnel

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

Name	Position
Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway	Finance Director and Chief Financial Officer
James Askew	Non-Executive Director
Andrea Hall	Non-Executive Director
Thomas McKeith	Non-Executive Director
Jason Attew	Non-Executive Director
Vicky Binns	Non-Executive Director
Peter Smith	Non-Executive Director
Paul Eagle	Vice President People & Culture
Evan Elstein	Company Secretary & Vice President Information Technology
Bob Fulker	Chief Operating Officer
Glen Masterman	Vice President Discovery & Business Development
Fiona Murfitt*	Vice President Sustainability

* Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the KMP as VP - Sustainability effective 1 July 2020.
** For NEDs Remuneration information refer to page 33.

(iii) Executive service agreements - all agreements are ongoing agreements

Name	Position Title	Total Fixed Remuneration	Notice Period by Executive	Notice Period by Evolution	Termination payments *
Existing Executive Directors and Key Management Personnel					
Jacob Klein	Executive Chairman	805,674 300,000 fixed Director's Fees	6 months	6 months	12 month Total Fixed Remuneration
Lawrie Conway	Finance Director and Chief Financial Officer	626,874 135,000 fixed Director's Fees	3 months	6 months	6 months Total Fixed Remuneration
Paul Eagle	Vice President People and Culture	421,874	3 months	6 months	6 months Total Fixed Remuneration
Evan Elstein	Company Secretary and Vice President Information Technology	421,874	3 months	6 months	6 months Total Fixed Remuneration
Bob Fulker	Chief Operating Officer	541,874	3 months	6 months	6 months Total Fixed Remuneration
Glen Masterman	Vice President Discovery and Business Development	451,874	3 months	6 months	6 months Total Fixed Remuneration
*Fiona Murfitt***	Vice President Sustainability	405,000	3 months	6 months	6 months Total Fixed Remuneration

*For a change of control event, the termination payment is 12 months TFR for Executive Directors and KMP.

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executive Directors and KMP total fixed remuneration as at the date of this report.

**Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the KMP as VP - Sustainability effective 1 July 2020.

Remuneration Report (Audited)

(b) Remuneration Governance

The Board of Directors ("the Board") has an established Nomination and Remuneration Committee, consisting solely of Non-Executive Directors, with the delegated responsibility to report on and make recommendations to the Board on the:

- Appropriateness of the remuneration strategy, philosophy, policies and supporting systems, having regard to whether they are:
  - Relevant to the Group's wider objectives and strategies;
  - Legal and defensible; and
  - In accordance with the people and culture objectives of the Group
- Performance of the Executive Directors (on an annual basis) and ensure there is a process for determining key performance indicators for the ensuing period; and
- Remuneration of the Executive Directors, Non-Executive Directors and KMP, in accordance with approved Board policies and processes.

The Group's target remuneration philosophies are:

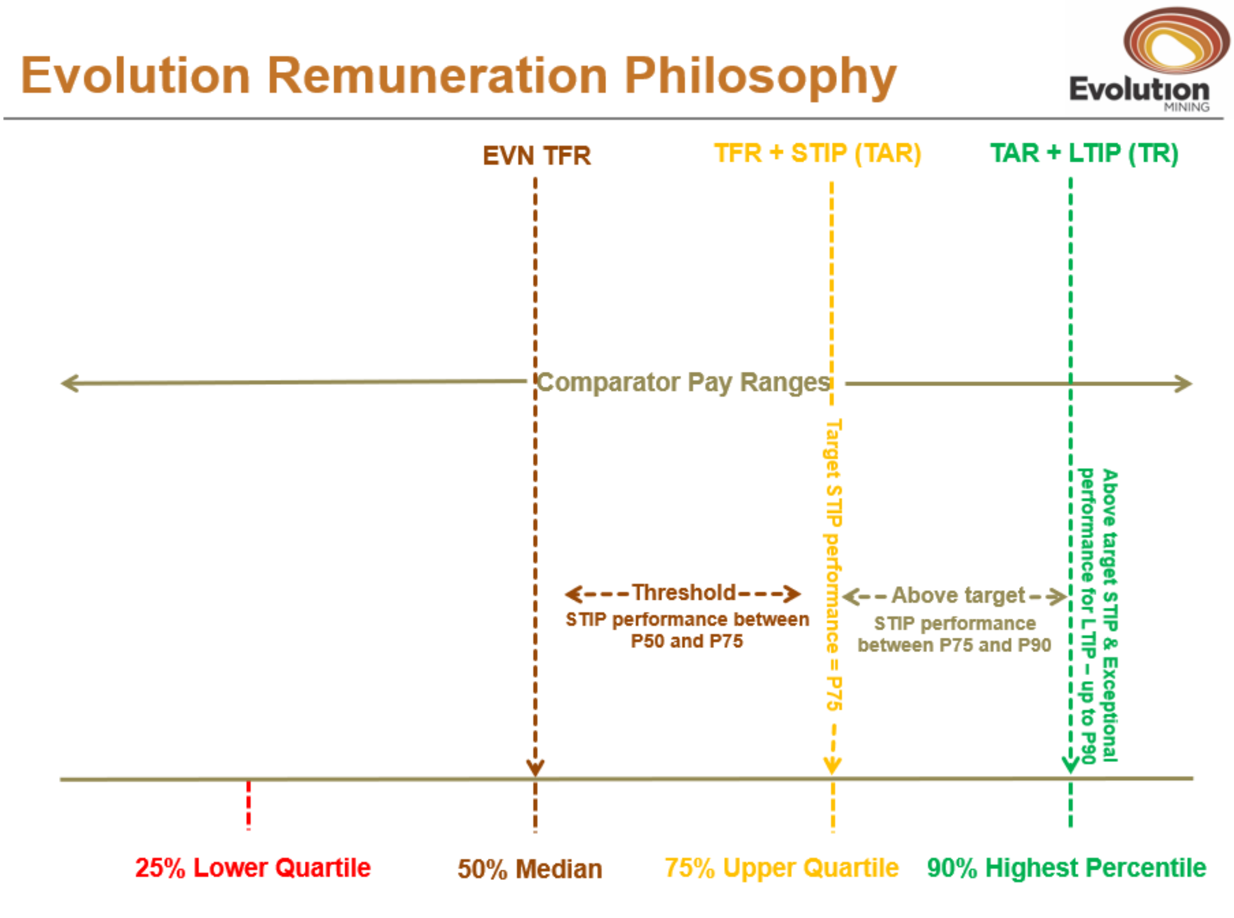
- **Total Fixed Remuneration** - **TFR** (being salary, superannuation, plus regular allowances) positioned at the median (50th percentile) based on the industry benchmark Aon Remuneration report in Australia (an industry recognised gold and general mining remuneration benchmarking survey covering 126 organisations within the industry) and a combination of the Mercer and Korn Ferry Remuneration reports for the Canadian market.

- **Total Annual Remuneration** - **TAR (TFR plus STI)** at the 75th percentile for on target performance; and

- **Total Remuneration** - **TR (TAR plus LTI)** at the 75th percentile, with flexibility to provide up to the 90th percentile level for critical roles and exceptional individual performance.

Remuneration Report (Audited) (continued)

(b) Remuneration Governance (continued)



The overarching objectives and principles of the Group's remuneration strategy are that:

- Total remuneration for each level of the workforce is appropriate and competitive;
- Total remuneration comprises a competitive fixed component and a sizeable "at risk" component based on performance hurdles;
- Short term incentives are appropriate with hurdles that are measurable, transparent and achievable;
- Incentive plans are designed to motivate and incentivise for high performance and delivery on organisational objectives;
- The Group long-term incentives are focused on delivering shareholder value; and
- The principles and integrity of the remuneration review process deliver fair and equitable outcomes

(c) Remuneration Strategy and Framework

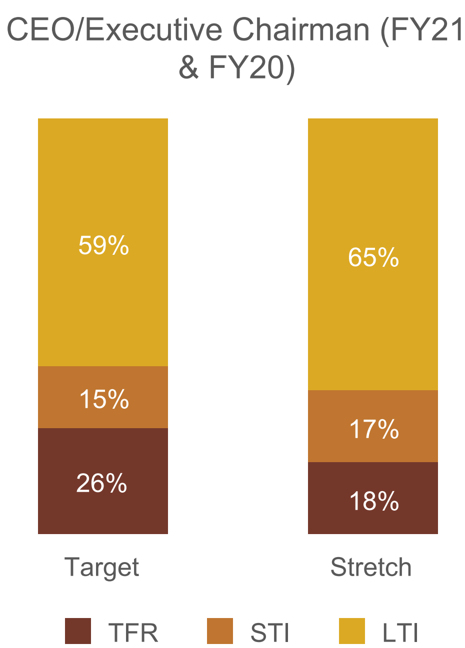
The following table outlines the remuneration components for all KMP for the 2021 financial year:

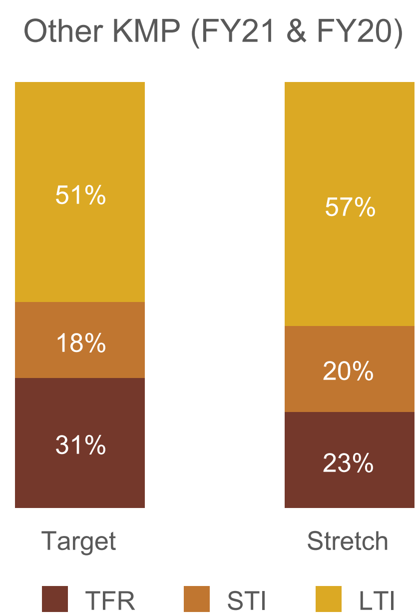
Remuneration Report (Audited) (continued)

(c) Remuneration Strategy and Framework (continued)

Component	Performance measure	Strategic objective
Total Fixed Remuneration (TFR)	Key results areas for each role are determined based on the individual's position, key business imperatives and individual KPIs aligned to the business plan and strategy.	Remuneration is designed to attract, motivate and retain high performing individuals. Considerations include: • Overall Company strategy and annual business plan • Key skills and knowledge required • External market conditions • Key employee value drivers • Individual employee performance • Industry benchmark data
Short Term Incentive (STI)	Key Performance indicators are set with a mix of individual and corporate elements. The relative weighting of which is dependent on the individual employee job banding and position. For the Executive Chairman, the weighting is 70% corporate and 30% individual and for the remainder of the KMP, 60% corporate and 40% individual. For the corporate component for FY21, the measures focused on safety, critical controls, cash contribution, costs and strategic imperatives focused on improving our overall asset portfolio aligned to the business strategy, improving operational effectiveness via the delivery of priority capital projects and progress in the company's sustainability targets.	The objective is to motivate employees to achieve key annual targets focused on safety, risk, operations, cash contribution, and effective cost management, improving the overall quality of the asset portfolio and driving a high achievement team culture.
Long Term Incentive (LTI)	Performance measures agreed with the Board have a 3 year time horizon and are focused on enhancing shareholder value.	The primary objective to deliver industry leading shareholder returns.

The target achievement remuneration ratio mix for Executive Directors and KMP has not changed from prior financial year. The 2021 financial year and prior financial year is as follows:





(d) Changes in relation to remuneration in FY21.

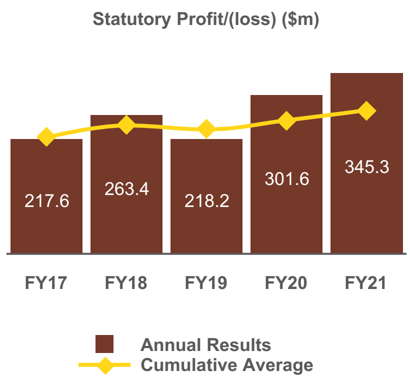
No changes were made in relation to remuneration in FY21.

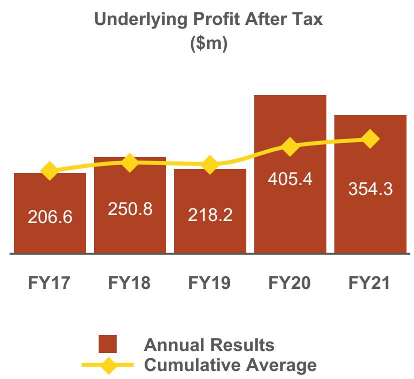
Remuneration Report (Audited) (continued)

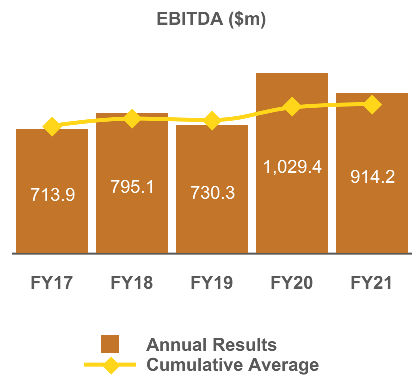
(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs

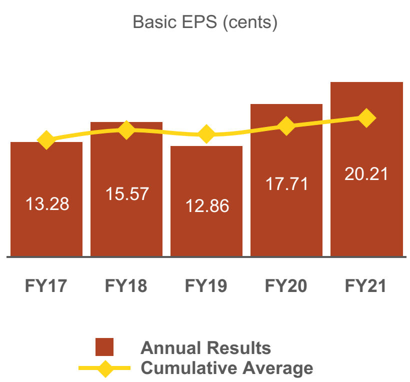
(i) Financial Performance

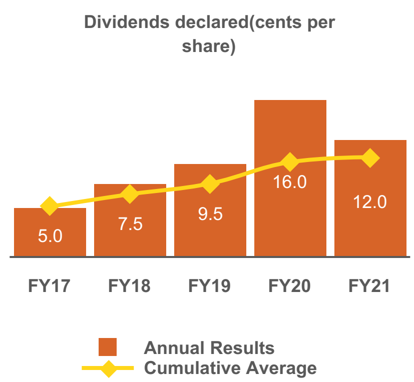
The Group has demonstrated strong financial performance over the past five years as shown in the following charts:

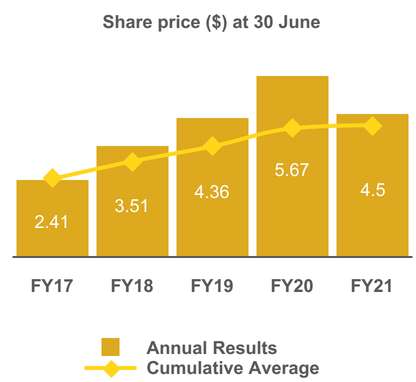












Remuneration Report (Audited) (continued)

(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs (continued)

(ii) STIP

STIP Overview

Component	Performance measure
Participation	The Overall Group STIP applies to site based employees at the level of Manager and above and all Group office employees.
Composition	The Group STIP is a cash bonus, up to a maximum percentage of TFR, based on the employee job band.
Performance conditions	It is assessed and paid annually conditional upon the achievement of key company objectives and individual KPIs. For the 2021 financial year, the Group objectives were focused on the areas of safety, risk, group cash contribution, all in sustaining costs and strategic imperatives, designed to improve the overall business aligned to the long term business strategy.
FY21 STIP considerations	At the time of setting the FY21 STIP measures, the Board determined it would consider the following factors when awarding the score for the strategic imperatives measure: 1. Progress relative to the FY21 Balanced Business Plan (BBP); 2. Delivery on key projects - including the Red Lake turnaround, (against identified FY21 improvements); Cowal (key projects on track, including the Underground project); Mungari (Satellite pits on track and studies completed for regional resources, including the heap leach study); 3. Progress on Sustainability targets (scope 1 and 2 emissions, water security targets and community plans).

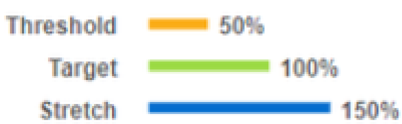
STIP Performance Measures and Outcomes

Measure	Weighting	Performance Outcome	Award
TRI Frequency (TRIF) (12mma)			**0.0 %**
Threshold 5.85 Target 5.25 Stretch 4.95	**15%**	**9.6**	The overall outcome was disappointing and remains an area of focus for the business. The Board notes that there were some pockets of excellence with Mt Rawdon setting an Evolution record of 463 days without a recordable injury, Mt Carlton going over 100 days since their last recordable injury as at 30 June 2021.
Risk - Critical and Material Risk Actions			**22.5 %**
Threshold 50% Target 100% Stretch 150%	**15%**	**150%**	All bow tie analysis and extreme risks controls were implemented and validated in line with the minimum standards. All actions were reviewed and reported weekly. There were no overdue actions. Independent audits where completed for all sites and all sites achieved a satisfactory rating or better.
Group Cash Contribution ($ million)			**30.0 %**
Threshold 190 Target 210 Stretch 255	**20%**	**$327.3m**	Against a target of $210.0 million, the performance of $327.3 million achieved a stretch outcome. The result for the year was predominantly driven by a strong focus on cost management, both operating and capital, and higher gold prices offset by lower than planned production, and higher tax payments due to higher profits.
Group All in Sustaining Cost ($/oz sold)			**28.5 %**
Threshold 1,335 Target 1,270 Stretch 1,205	**20%**	**1,215**	The continued focus on cost control resulted in a better than budget performance which delivered an outcome between target and stretch. This is a pleasing improvement considering the outcome for FY20 was below threshold.

Remuneration Report (Audited) (continued)

(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs (continued)

STIP Performance Measures and Outcomes (continued)

Measure	Weighting	Performance Outcome		Award
Strategic Imperatives				**36.0 %**
	**30%**	**120%**	1. Progress relative to the FY21 Balanced Business Plan (BBP) The BBP is designed to be a balanced scorecard which has 5 key business pillars: Zero Harm and Sustainability, People, Operations, Growth and Financial Outcomes. Against these business pillars most of the measures were achieved and all supporting projects achieved the desired outcomes. 2. Delivery on key projects - including the Red Lake turnaround, (as part of the 3 year transformation program); Cowal (key projects such as the Cowal Underground;Integrated Waste Landform (IWL); and Open Pit extension studies on track); Mungari (Satellite pits on track and studies completed for regional resources and province optimisation) At Red Lake, the integration and start of turning Red Lake into a cornerstone asset for Evolution has gone very well despite an inability for management to visit the site since March 2020. Key improvements included the significant upgrade in resources (to 11moz) and reserves (3moz), the restructure to align the workforce with the production profile and a number of transformation projects including decommissioning the Campbell shaft, replacement of mining equipment to drive greater efficiencies, establishment of additional mining fronts and increasing development metres. At Cowal, Stage H is nearing completion with access to ore planned in first half of FY22; the IWL successfully deposited material in stage 1 early with additional savings on the existing tails management facility achieved; Satellite open pit studies continued on plan and the Underground FS was completed on time and approved by the Board. For Mungari, the future growth project progressed to plan. 3. Progress on Sustainability targets (scope 1 and 2 emissions, water security targets and community plans). Community plans including first nation people's plans have been delivered. The independent materiality assessment also supported strong community sentiment. There were no material environmental incidents in FY21. In terms of scope 1 and 2 emissions, the FY21 target was to track and drive a reduction in CO2-e emissions per tonnes of material mined (ore and waste). This was assessed against the baseline of FY20 @ 0.012t CO2-e/t material mined. The performance over the year was varied with the first half of the year better than the latter half, both tracking around the baseline. Evolution is in a very strong position for water security as a result of increased planning and execution of the water strategy. The target was to track and reduce raw water drawn per dry tonne milled (DTM) off a baseline 0.54kL raw water drawn per DTM (12mma). The reduction in raw water has been significant due to factors such record return volumes for the Tailings IWL Cell at CGO and successful reuse and harvesting strategies across all sites. The reduction in the baseline was approximately a 35% improvement with an average - over the 12 months being around 0.35kL/DTM.	
Overall Outcome	**100%**			**116.96 %**

Remuneration Report (Audited) (continued)

(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs (continued)

The outcomes for the KMP are set out in the table below. They also reflect the strong performance of individual KMP members against their KPIs agreed with the Executive Chairman.

Component	Performance measure			
	2021	Total STIP Granted ($)	% of Maximum Entitlement Granted	% of Maximum Entitlement Forfeited
	Directors			
	Jacob Klein	583,000	80.6 %	19.4 %
	Lawrie Conway	460,000	81.7 %	18.3 %
	Key Management Personnel			
	Paul Eagle	300,000	79.3 %	20.7 %
	Evan Elstein	300,000	79.3 %	20.7 %
	Bob Fulker	385,000	79.2 %	20.8 %
	Glen Masterman	340,000	83.9 %	16.1 %
	Fiona Murfitt*	300,000	85.5 %	14.5 %

*Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the KMP as VP - Sustainability effective 1 July 2020.

(iii) LTIP

LTIP Overview

Component	Performance measure
Participation	The Group LTIP applies to employees at the level of Manager, Superintendent / Senior Specialist, Functional Lead and above across the Group.
Performance	Up to 3 years.
Composition	The Group has one long term incentive plan currently in operation, the Employee Share Option and Performance Rights Plan (“ESOP”). The ESOP (approved by shareholders on 23 November 2010, 26 November 2014 and 23 November 2017) provides for the issuance of Performance Rights to Executive Directors and eligible employees. This LTIP was first introduced for employees at the level of Manager and above and provides equity based “at risk” remuneration, up to maximum percentages, based on, and in addition to, each eligible employee’s TFR. Effective from 1 July 2018, the LTIP was extended to the superintendent and senior technical level in the Company. These incentives are aimed at retaining and incentivising those eligible employees on a basis that is aligned with shareholder interests and are provided via Performance Rights
Performance conditions	The Performance Rights are issued for a specified period and each Performance Right is convertible into one ordinary share. All Performance Rights expire on the earlier of their expiry date or termination of the employee’s employment subject to Board discretion. Performance Rights do not vest until a specified period after granting and their vesting is conditional on the achievement of certain performance hurdles that are aligned with shareholder interests. There are no voting or dividend rights attached to the Performance Rights. Voting and dividend rights attach to the ordinary shares when the Performance Rights vest and shares are allocated to the participating employee. Unvested Performance Rights cannot be transferred and will not be quoted on the ASX.

Remuneration Report (Audited) (continued)

(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs (continued)

LTIP Performance Measures

The following table outlines the performance measures for the LTIPs issued in FY21 and to be issued in FY22.

KPI's	Weighting	Measure	Criteria	
Relative TSR Performance	**25%**	Performance Rights will be tested against the Group's TSR performance relative to a peer group of comparator gold companies. The Group's and the peer group's TSR will be based on the percentage by which its 30-day volume weighted average share price quoted on the ASX ("VWAP") (plus the value of any dividends paid during the performance period) has increased over a three year period	**Threshold** **Target** **Exceptional**	8th ranking = 33% (Below 8th = 0%) 7th ranking = 50% Above 4th ranking and below 7th ranking = Straight line pro-rata between 50% and 100% Top 3 ranking = 100%
Absolute TSR Performance	**25%**	Performance rights will be tested against the Group's Absolute TSR performance relative to the 30 days VWAP (Absolute TSR Performance) as at 30 June each year, measured as the cumulative annual TSR over the three year performance period.	**Threshold** **Target** **Exceptional**	10% return per annum = 33% >10% to <15% = pro-rata between 33% and 66% 15% return per annum= 66% >15% to <20% = pro-rata between 66% and 100% >20% return per annum = 100%
Relative AISC	**25%**	Performance Rights will be tested against Evolution's relative ranking of its AISC performance for the 12 month period compared to the AISC performance ranking of the Peer Group Companies for the same period.	**Threshold** **Target** **Exceptional**	8th ranking = 33% (Below 8th = 0%) 7th ranking = 50% Above 4th ranking and below 7th ranking = pro-rata between 50% and 100% Top 3 ranking = 100%
Increase in ore reserves per share	**25%**	Performance Rights will be tested against the Group's ability to grow its Ore Reserves, calculated by measuring the growth over the three year performance period by comparing the baseline measure of the Ore Reserves as at 31 December ("Baseline Ore Reserves") to the Ore Reserves as at 31 December three years later on a per share basis, with testing to be performed at 30 June each year.	**Threshold** **Target** **Exceptional**	90% of Baseline Ore Reserves = 33% >90% but below 100% of Baseline Ore Reserves = pro-rata between 33% and 66% 100% of Baseline Ore Reserves = 66% >100% of Baseline Ore Reserves and below 120% of Baseline Ore Reserves = pro-rata between 66% and 100% >120% and above of Baseline Ore Reserves = 100%
Total LTI	**100%**			

Remuneration Report (Audited) (continued)

(e) Executive Remuneration Performance Measures and Outcomes – STIs and LTIs (continued)

LTIP Outcomes

Component	Performance measure
Award outcome for the year - ESOP Performance Rights	Outcomes for the FY18 award which were approved by the Board and vested in August 2020 are set out as follows:

Performance Target		Measure	Weighting	FY18 Outcome	% of Maximum Vested	% Vested
(i)	Relative TSR Performance	Percentile	25 %	20th	77.3 %	19.3 %
(ii)	Absolute TSR performance	Compound annual return	25 %	38.3 %	100.0 %	25.0 %
(iii)	Growth in Earnings per share	Compound annual return	25 %	18.1 %	100.0 %	25.0 %
(iv)	Increase in ore reserves per share	Percentage increase	25 %	118.6 %	97.6 %	24.4 %
		Total	**100.0 %**			**93.7 %**

Outcomes for the FY19 award approved by the Board for vesting in August 2021 are set out as follows:

Performance Target		Measure	Weighting	FY19 Outcome	% of Maximum Vested	% Vested
(i)	Relative TSR Performance	Percentile	25 %	30th	59.4 %	14.9 %
(ii)	Absolute TSR performance	Compound annual return	25 %	16.4 %	75.6 %	18.9 %
(iii)	Growth in Earnings per share	Compound annual return	25 %	11.8 %	72.8 %	18.2 %
(iv)	Increase in ore reserves per share	Percentage increase	25 %	125.1 %	100.0 %	25.0 %
		Total	**100.0 %**			**77.0 %**

(f) Non-Executive Director Remuneration Outcomes

The Board policy is to remunerate Non-Executive Directors (NEDs) at market rates for comparable companies for time, commitment and responsibilities. The Nomination and Remuneration Committee determines Non-Executive Directors fees and reviews this annually, based on market practice, their duties and areas of responsibility. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders (currently $1,200,000 per annum). Fees for Non-Executive Directors are not linked to the performance of the Group and they currently do not participate in the Group's STIP or LTIP.

Under the NED Equity Plan, NEDs will be granted Share Rights as part of their remuneration. The number of Share Rights granted will be calculated in accordance with the following formula:
"Equity Amount" ($) for the financial year/Value per Share Right
Where:

- "Equity Amount" is an amount determined by the Board, having regard to level of board and committee fees paid in cash and independent advice received. For 2021, the Equity Amount is $65,000 for each NED, other than the Lead Independent Director (LID), who received an Equity Amount of $80,000. For 2022, the Equity Amount will be $65,000 for each NED, and $80,000 for the LID.
- The Value per Share Right equals the volume weighted average price (VWAP) of Evolution's ordinary shares traded on the ASX over the 10 trading day period commencing the day after the release of the full year financial results. For 2021, the 10 trading day period to calculate the VWAP used to determine the number of share rights granted to each NED commences on 19 August 2021.

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

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

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

Remuneration Report (Audited) (continued)

(f) Non-Executive Director Remuneration Outcomes (continued)

Outlined in the table below is a summary of the fee structure by individual as at 30 June 2021. For remuneration outcomes please refer to table in section d (iv).

	Cash Component ($)					Equity ($)	
	Base Fees	Lead Independent	Sub-Commitee Chairman	Sub-Commitee Member	Total Cash Fees	NED Equity Plan Shares	Total per annum ($)
Directors							
James Askew	120,000	—	35,000	20,000	175,000	65,000	240,000
Andrea Hall	120,000	—	40,000	20,000	180,000	65,000	245,000
Thomas McKeith	120,000	15,000	35,000	—	170,000	80,000	250,000
Peter Smith	120,000	—	—	20,000	140,000	65,000	205,000
Vicky Binns	120,000	—	—	20,000	140,000	65,000	205,000
Jason Attew	120,000	—	—	40,000	160,000	65,000	225,000
	720,000	**15,000**	**110,000**	**120,000**	**965,000**	**405,000**	**1,370,000**

(g) Other remuneration information

(i) Remuneration Summary Table

	Fixed Remuneration		Leave**		Post-Employment Benefits		STI		LTI			
	Base Salary and Fees		Movement		Superannuation		Bonus		Amortised Value *		Total	Total
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Directors												
Jacob Klein	1,083,980	1,082,797	30,574	19,546	21,694	21,003	583,000	510,000	1,177,278	2,109,599	2,896,526	3,742,945
Lawrie Conway	740,179	738,997	51,645	16,525	21,694	21,003	460,000	412,000	646,785	727,543	1,920,303	1,916,068
James Askew	175,000	163,750	—	—	—	—	—	—	52,638	42,363	227,638	206,113
Andrea Hall	164,384	156,773	—	—	15,616	14,893	—	—	52,638	42,363	232,638	214,029
Thomas McKeith	155,251	162,862	—	—	14,749	15,472	—	—	64,786	48,906	234,786	227,240
Jason Attew	160,000	93,333	—	—	—	—	—	—	52,638	28,352	212,638	121,685
Vicky Binns	127,854	31,963	—	—	12,146	3,037	—	—	32,501	—	172,501	35,000
Peter Smith	127,854	31,963	—	—	12,146	3,037	—	—	32,501	—	172,501	35,000
Graham Freestone****	—	60,883	—	—	—	5,784	—	—	—	34,216	—	100,883
Colin Johnstone*****	—	87,500	—	—	—	—	—	—	—	50,378		137,878
Key Management Personnel												
Paul Eagle	400,179	398,997	12,148	13,274	21,694	21,003	300,000	271,000	474,594	464,035	1,208,615	1,168,309
Evan Elstein	400,179	398,997	8,423	11,063	21,694	21,003	300,000	277,000	482,847	486,283	1,213,143	1,194,346
Bob Fulker	520,180	518,997	25,450	13,512	21,694	21,003	385,000	343,000	618,275	656,990	1,570,599	1,553,502
Glen Masterman	430,180	428,997	5,345	11,337	21,694	21,003	340,000	302,000	516,408	513,936	1,313,627	1,277,273
Fiona Murfitt***	383,306	—	20,840	—	21,694	—	300,000	—	177,230	—	903,070	—
	4,868,526	**4,356,809**	**154,425**	**85,257**	**206,515**	**168,241**	**2,668,000**	**2,115,000**	**4,381,119**	**5,204,964**	**12,278,585**	**11,930,271**

*Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year for KMP, and retention rights for NEDs.

**Leave comprises of annual and long service leave movement for a financial year.

***Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the KMP as VP - Sustainability effective 1 July 2020.

****Graham Freestone retired as Non-Executive Director effective 28 November 2019.

*****Colin Johnstone retired as Non-Executive Director effective 11 March 2020.

Remuneration Report (Audited) (continued)

(g) Other remuneration information (continued)

(ii) Performance Rights granted, vested or lapsed in each financial year:

	FY17	FY18	FY19	FY20	FY21	Running Balance
Granted	6,797,540	6,586,571	5,699,933	6,038,033	5,166,893	38,430,338
Granted - TIP	3,375,000	—	—	—		3,375,000
Vested	(4,051,551)	(4,019,532)	—	—	—	(12,094,027)
Vested - TIP	(2,892,476)	—	—	—	—	(2,892,476)
Forfeited	(3,228,513)	(2,567,039)	(2,035,401)	(1,562,211)	(536,774)	(14,548,260)
Subject to vesting	—	—	3,664,532	4,475,822	4,630,119	12,770,473
Testing date	30/6/2019	30/6/2020	30/6/2021	30/6/2022	30/6/2023	—
Testing date - TIP**	16/12/2019	—	—	—	—	—
Vesting (%) - excluding TIP	88.2 %	93.7 %	77.0%*	— %	— %	— %

*The FY19 Tranche 1 performance rights are re-tested as at 30 June 2021 and adjusted to reflect the outcome for the full three year performance period.

** The Transition Incentive Plan (TIP) was entered into by Evolution with the Executive Chairman Mr. Jake Klein.

(iii) Movement in Performance Rights in FY20 and FY21:

	2021 Number	2020 Number
Outstanding balance at the beginning of the year	13,776,882	18,643,061
Performance rights granted during the period	5,166,893	6,038,033
Vested during the period	(4,019,532)	(7,025,612)
Forfeited during the period	(2,153,770)	(3,878,600)
Outstanding balance at the end of the year	**12,770,473**	**13,776,882**

(iv) Performance Rights and Shares

					At end of the year			
Directors	Balance at the start of the year*	Granted as compensation	Vested	Forfeited	Balance at the end of the year	Vested and exercisable	To be Forfeited	Unvested
Jacob Klein	1,738,939	475,404	(648,904)	(43,261)	1,522,178	381,621	114,314	1,026,243
Lawrie Conway	943,815	264,038	(345,985)	(23,065)	838,803	206,865	61,966	569,972
James Askew (i)	12,727	10,984	(12,727)	—	10,984	—	—	10,984
Andrea Hall (i)	12,727	10,984	(12,727)	—	10,984	—	—	10,984
Thomas McKeith (i)	15,664	13,519	(15,664)	—	13,519	—	—	13,519
Jason Attew***	12,727	10,984	(12,727)	—	10,984	—	—	10,984
Vicky Binns**** (i)	—	10,984	—	—	10,984	—	—	10,984
Peter Smith**** (i)	—	10,984	—	—	10,984	—	—	10,984
Key Management Personnel								
Paul Eagle	613,399	177,434	(219,124)	(14,608)	557,101	133,954	40,125	383,022
Evan Elstein	636,487	177,434	(233,540)	(15,569)	564,812	139,888	41,903	383,021
Bob Fulker	818,618	228,129	(302,737)	(20,183)	723,827	178,040	53,331	492,456
Glen Masterman	675,594	190,108	(245,072)	(16,338)	604,292	149,214	44,697	410,381
Fiona Murfitt**	91,628	164,760	—	—	256,388	—	—	256,388
	5,572,325	1,745,746	(2,049,207)	(133,024)	5,135,840	1,189,582	356,336	3,589,922

*Opening balance does not match the performance period ended 30 June 2020 as the performance plan was not tested until August 2020 so the forfeitures were included in closing balance.

**Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the VP - Sustainability effective 1 July 2020.

Remuneration Report (Audited) (continued)

(g) Other remuneration information (continued)

**The performance rights issued have a zero exercise price. The performance rights may be exercised on or after the vesting date. Once vested the performance rights have 15 years until expiry.

*** Grant date for Key Management Personnel performance rights was 17 September 2020. Jake Klein and Lawrie Conway's performance rights was granted on 26 November 2020 following shareholder approval at the Annual General meeting. Non-Executive Directors had share rights granted on 26 November 2020.

(i) Non-Executive Director Share Rights granted under the NED Equity Plan are not subject to performance conditions or any other service requirements which could result in potential forfeiture.

The fair value at grant date for the Key Management Personnel FY21 performance rights are stated below:

	Relative TSR	Absolute TSR	Relative AISC	Growth in Ore Reserves
September 2020 Performance Rights issue				
Fair value at grant date ($)	2.99	2.42	5.52	5.52

The fair value at grant date for the Non-Executive Directors FY21 share rights were $5.0 and are based on one year service condition.

The fair value at grant date for the Jake Klein and Lawrie Conway's FY21 performance rights are stated below:

	Relative TSR	Absolute TSR	Relative AISC	Growth in Ore Reserves
November 2020 Performance Rights issue				
Fair value at grant date ($)	2.09	1.52	4.62	4.62

(v) Directors and key **management personnel equity holdings**

	Balance at the start of the year	Received during the year on conversion of performance rights	Other changes	Balance at the end of the year
Directors				
Jacob Klein	14,745,960	648,904	—	15,394,864
Lawrie Conway	955,612	345,985	(185,000)	1,116,597
James Askew	801,731	12,727	—	814,458
Andrea Hall	28,144	12,727	—	40,871
Thomas McKeith	201,364	15,664	—	217,028
Jason Attew	—	12,727	14,000	26,727
Vicky Binns	—	—	—	—
Peter Smith	—	—	26,126	26,126
Key Management Personnel				
Paul Eagle	167,000	803,355	(182,326)	788,029
Evan Elstein	555,251	233,540	(103,540)	685,251
Bob Fulker	—	302,737	(282,737)	20,000
Glen Masterman	—	245,072	(240,000)	5,072
Fiona Murfitt*	—	—	—	—
	17,455,062	**2,633,438**	**(953,477)**	**19,135,023**

*Fiona Murfitt joined the Group in January 2020 as the General Manager Sustainability and was promoted to the VP - Sustainability effective 1 July 2020.

Remuneration Report (Audited) (continued)

(h) Transactions with KMP

(a) Loans:

There are no loans provided to Key Management Personnel as at 30 June 2021.

(b) Related Party Transactions:

Directors fees in the amount of $175,000 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (30 June 2020: $163,750).

(i) Changes are planned for remuneration in FY22

The planned change for the FY22 KPIs is:

Element	Changes for FY22	Reason for Change
	Change in the comparator group.	To maintain a good balance of similar sized companies by market capitalization and representation across the Australian and Canadian markets and to reflect changes where companies have merged or been acquired.

Remuneration Report (Audited) (continued)

(j) Summary of Key Terms

Below is a list of key terms with definitions used within the Director's Report:

Key Term	Definition
The Board of Directors ("the Board" or "the Directors")	The Board of Directors, the list of persons under the relevant section above.
Key Management Personnel ("KMP")	Senior executives have the authority and responsibility for planning, directing and controlling the activities of the Group and are members of the senior leadership team. KMP for the financial year ended 30 June 2018 are listed above.
Total Fixed Remuneration ("TFR")	Total Fixed Remuneration comprises a base salary plus superannuation. This is currently positioned at the median (50th percentile) of the industry benchmarking report.
Short Term Incentive ("STI") and Short Term Incentive Plan ("STIP")	STI is the short-term incentive component of Total Remuneration. The STI usually comprises a cash payment that is only received by the employee if specified annual goals are achieved. STIP refers to the plan under which the incentives are granted and paid.
Long Term Incentive ("LTI") and Long term Incentive Plan ("LTIP")	LTI is the long-term incentive component of Total Remuneration. The LTI comprises of Performance Rights, usually with a three year vesting period that are subject to specified vesting conditions established by the Board. Further details of the vesting conditions associated with the performance rights are detailed in the Vesting Conditions of Performance Rights section. Performance Rights cannot be exercised unless the vesting conditions have been satisfied. LTIP refers to the plan under which LTIs are granted and is aimed at retaining and incentivising KMP and senior managers to achieve business objectives that are aligned with shareholder interests, and are currently provided via Performance Rights.
Total Annual Remuneration	Total Fixed Remuneration plus STI.
Total Remuneration	Total Fixed Remuneration plus STI and LTI.
Superannuation Guarantee Charge ("SGC")	This is the employer contribution to an employee nominated superannuation fund required by law. The percentage contribution was set at 9.5% in the reporting period and is capped in line with the SGC maximum quarterly payment.
Employees and Contractors Option Plan ("ECOP")	The plan permits the Group, at the discretion of the Directors, to grant Options over unissued ordinary shares of the Group to eligible Directors, members of staff and contractors as specified in the plan rules. The plan is currently dormant and no further Options will be issued under this plan.
Employee Share Option and Performance Rights Plan ("ESOP")	The plan permits the Group, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Group to eligible Directors and members of staff as specified in the plan rules.
NED Equity Plan	The plan permits the Group, at the discretion of the Board and Remuneration. Committee to issue remuneration to Non-Executive Directors through Share Rights.
Total Shareholder Return ("TSR")	TSR is the total return on an ordinary share to an investor arising from growth in the share price plus any dividends received.
Key Performance Indicators ("KPIs")	A form of performance measurement for individual performance against a pre-defined set of goals.
Volume Weighted Average Share Price ("VWAP")	A volume weighted average share price quote on the Australian Stock Exchange (ASX) measured over a specified number of trading days. The VWAP is to be used when assessing Company performance for TSR.
Fees	Fees paid to Executive and Non-Executive Directors for services as a Director, including sub-committee fees as applicable.
Forfeiture	Performance rights forfeited upon cessation of employment or vesting conditions not met.

Indemnification of officers and auditors

During the financial year the Group paid a premium in respect of a contract insuring the Directors of the Group, the Group secretaries and all executive officers of the Group and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has entered into a Deed of Indemnity, Insurance and Access with each Director. In Summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Group;
- The provision of Directors and Officers Liability Insurance; and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Group.

Except for the above the Group has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Group

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

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

Non-audit services

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

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below. Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in note 29(a).

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

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

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, Evolution Mining Limited, its related practices and non-related audit firms. Also included are fees paid or payable for non-audit services by non PricewaterhouseCoopers audit firms, although these firms do not provide audit services to Evolution Mining Limited.

Non-audit services (continued)

	2021 $	2020 $
Other assurance services		
PricewaterhouseCoopers firm:		
Due diligence services	**—**	—
Other	**6,560**	6,891
Non PricewaterhouseCoopers audit firms		
Internal audit services	**217,541**	149,651
Other assurance services	**41,348**	—
Total remuneration for other assurance services	**265,449**	156,542
Taxation services		
PricewaterhouseCoopers firm:		
Tax compliance services	**77,380**	103,060
Non PricewaterhouseCoopers audit firms		
Tax compliance services	**67,557**	44,183
Tax advisory services	**555,348**	393,762
Total remuneration for taxation services	**700,285**	541,005
Total remuneration for non-audit services		
Total remuneration paid to PricewaterhouseCoopers	**83,940**	109,951
Total remuneration paid to Non PricewaterhouseCoopers	**881,794**	587,596
	965,734	697,547

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 40.

Rounding of amounts

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

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 audit of Evolution Mining Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

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

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
19 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Evolution Mining Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Sales revenue	2	**1,864,058**	1,941,863
Cost of sales	2	**(1,285,131)**	(1,285,350)
Gross Profit		**578,927**	656,513
Interest income		**1,847**	3,540
Other income	2	**12,950**	4,949
Share based payments expense	28	**(11,371)**	(10,691)
Corporate and other administration costs	2	**(37,107)**	(32,859)
Transaction and integration costs	2	**(15,058)**	(35,053)
Gain on sale of subsidiary		**—**	11,517
Exploration and evaluation costs expensed	9	**(12,877)**	(23,719)
Impairment loss on assets - Mt Carlton		**—**	(144,346)
Finance costs	2	**(21,140)**	(21,261)
Profit before income tax expense		**496,172**	408,590
Income tax expense	3	**(150,910)**	(107,038)
Profit after income tax expense attributable to Owners of Evolution Mining Limited		**345,262**	301,552
Other comprehensive income			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) net of tax (will not be reclassified to profit or loss)	12(b)	**(25,861)**	19,958
Exchange differences on translation of foreign operations (may be reclassified to profit or loss)	12(b)	**17,713**	(47,261)
Other comprehensive income for the period, net of tax		**(8,148)**	(27,303)
Total comprehensive income for the period		**337,114**	274,249
Total comprehensive income for the period is attributable to:			
Owners of Evolution Mining Limited		**337,114**	274,249
		337,114	274,249
		Cents	Cents
Earnings per share for profit attributable to Owners of Evolution Mining Limited:			
Basic earnings per share	4	**20.21**	17.71
Diluted earnings per share	4	**20.14**	17.62

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

Evolution Mining Limited
Consolidated Balance Sheet
As at 30 June 2021

	Notes	30 June 2021 $'000	Restated[1] 30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	10	**160,062**	372,592
Trade and other receivables	13	**115,742**	149,040
Inventories	15	**188,558**	202,157
Total current assets		**464,362**	723,789
Non-current assets			
Inventories	15	**113,634**	86,517
Equity investments at fair value	16(a)	**62,904**	96,195
Property, plant and equipment	7	**989,894**	683,010
Mine development and exploration	9	**2,159,989**	2,073,848
Right-of-use assets	8	**22,886**	34,364
Deferred tax assets	20	**94,917**	14,114
Other non-current assets	17	**48,449**	66,113
Total non-current assets		**3,492,673**	3,054,161
Total assets		**3,957,035**	3,777,950
LIABILITIES			
Current liabilities			
Trade and other payables	14	**190,977**	190,810
Interest bearing liabilities	11	**102,843**	93,453
Current tax liabilities		**2,712**	8,881
Provisions	19	**38,448**	41,947
Lease liabilities	8	**14,418**	22,000
Other Current Liabilities		**—**	6,392
Total current liabilities		**349,398**	363,482
Non-current liabilities			
Interest bearing liabilities	11	**508,389**	468,609
Provisions	19	**319,396**	263,998
Deferred tax liabilities	20	**166,004**	124,702
Lease liabilities	8	**10,684**	21,132
Other non-current liabilities	18	**68,274**	72,717
Total non-current liabilities		**1,072,747**	951,158
Total liabilities		**1,422,145**	1,314,640
Net assets		**2,534,890**	2,463,310
EQUITY			
Issued capital	12(a)	**2,183,727**	2,183,727
Reserves	12(b)	**49,406**	49,723
Retained earnings	12(c)	**301,757**	229,860
Capital and reserves attributable to owners of Evolution Mining Limited		**2,534,890**	2,463,310
Total equity		**2,534,890**	2,463,310

1. *Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.*

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

Evolution Mining Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2021

	Notes	Issued capital $'000	Share-based payments $'000	Fair value revaluation reserve $'000	[1]Foreign currency translation $'000	Retained earnings $'000	Total equity $'000
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 year		**2,183,727**	**53,870**	**18,509**	**—**	**149,684**	**2,405,790**
Profit after income tax expense		—	—	—	—	301,552	301,552
Changes in fair value of Equity investments at FVOCI net of tax		—	—	19,958	—	—	19,958
Exchange differences on translation of foreign operations		—	—	—	(47,746)	—	(47,746)
Total comprehensive income		**—**	**—**	**19,958**	**(47,746)**	**301,552**	**273,764**
Transactions with owners in their capacity as							
Dividends provided for or paid	5	—	—	—	—	(221,376)	(221,376)
Recognition of share-based payments	28	—	5,132	—	—		5,132
		—	**5,132**	**—**	**—**	**(221,376)**	**(216,244)**
Balance at 30 June 2020		**2,183,727**	**59,002**	**38,467**	**(47,746)**	**229,860**	**2,463,310**
Balance at 1 July 2020		**2,183,727**	**59,002**	**38,467**	**(47,746)**	**229,860**	**2,463,310**
Profit after income tax expense			—	—	—	345,262	345,262
Changes in fair value of Equity investments at FVOCI net of tax		—	—	(25,861)		—	(25,861)
Exchange differences on translation of foreign operations		—	—	—	17,713	—	17,713
Total comprehensive expense		**—**	**—**	**(25,861)**	**17,713**	**345,262**	**337,114**
Transactions with owners in their capacity as owners:							
Dividends provided for or paid	5	—	—	—	—	(273,365)	(273,365)
Recognition of share-based payments	28	—	7,831	—	—	—	7,831
		—	7,831	—	—	(273,365)	(265,534)
Balance at 30 June 2021		**2,183,727**	**66,833**	**12,606**	**(30,033)**	**301,757**	**2,534,890**

1. Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

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

Evolution Mining Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2021

	Notes	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		**1,870,293**	1,967,563
Payments to suppliers and employees		**(988,237)**	(846,182)
Payments for transaction and integration costs		**(15,058)**	(35,052)
Other income		**3,427**	2,428
Interest received		**1,847**	4,440
Interest paid		**(18,524)**	(11,568)
Income taxes paid		**(96,740)**	(76,305)
Net cash inflow from operating activities	6(a)	**757,008**	1,005,324
Cash flows from investing activities			
Payments for property, plant and equipment		**(160,260)**	(124,386)
Payments for mine development and exploration		**(272,561)**	(342,814)
Proceeds from sale of property, plant and equipment		**—**	317
Proceeds from contingent consideration		**6,976**	1,237
Proceeds from sale of subsidiary		**57,022**	—
Payments for equity investments		**(1,123)**	(1,500)
Payments for exploration asset acquisitions		**(4,500)**	(2,000)
Payments for acquisition of subsidiary, net of cash acquired	25	**(349,669)**	(534,831)
Net cash outflow from investing activities		**(724,115)**	(1,003,977)
Cash flows from financing activities			
Proceeds from Term Loan and Revolving Credit Facility	11	**145,000**	570,000
Repayment of interest bearing liabilities	11	**(95,000)**	(300,000)
Lease liability principal payments	8	**(21,422)**	(12,718)
Dividends paid	5	**(273,365)**	(221,376)
Net cash (outflow)/inflow from financing activities		**(244,787)**	35,906
Net (decrease)/increase in cash and cash equivalents		**(211,894)**	37,253
Cash and cash equivalents at the beginning of the year	10	**372,592**	335,164
Effects of exchange rate changes on cash and cash equivalents		**(636)**	175
Cash and cash equivalents increase at end of year	10	**160,062**	372,592

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

Business Performance

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

1 Performance by Mine

(a) Description of segments

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

The Group's operational mine sites and exploration 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 year.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA also excludes financial items not considered to be contributing to underlying profit such as fair value amortisation expenses and transaction and integration costs.

The Group's operations are conducted in the mining industry in Australia and Canada. Red Lake and Battle North Gold are in Canada, and the revenue generated by Red Lake is outside of Australia.

(b) Segment information

The segment information for the reportable segments for the year ended 30 June 2021 is as follows:

	Cowal	Mungari	Mt Carlton	Mt Rawdon	Ernest Henry	Red Lake	Cracow	Exploration	Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	495,792	278,162	168,597	187,717	439,513	294,277	—	—		1,864,058
EBITDA	288,173	138,602	33,620	83,250	318,606	97,079	—	(12,877)	(32,218)	914,235
Sustaining Capital	12,876	20,526	965	9,307	14,221	46,773	—	—	1,016	105,684
Major Capital	157,546	52,481	5,136	12,713	—	46,265	—	—	—	274,141
Total Capital	170,422	73,007	6,102	22,021	14,221	93,037	—	—	1,016	379,826

The segment information for the reportable segments for the year ended 30 June 2020 is as follows:

	Cowal	Mungari	Mt Carlton	Mt Rawdon	Ernest Henry	Red Lake	Cracow	Exploration	Corporate	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	618,630	297,401	167,383	195,156	391,017	76,389	195,887	—	—	1,941,863
EBITDA	369,637	154,092	75,584	79,210	270,999	28,004	111,398	(23,719)	(35,773)	1,029,432
Sustaining Capital	11,920	12,480	16,100	9,960	11,200	6,600	13,310	—	1,810	83,380
Major Capital	169,310	14,190	65,380	12,090	—	14,270	12,350	—	—	287,590
Total Capital	181,230	26,670	81,480	22,050	11,200	20,870	25,660	—	1,810	370,970

1 Performance by Mine (continued)

(c) Segment reconciliation

	30 June 2021 $'000	30 June 2020 $'000
Reconciliation of profit before income tax expense		
EBITDA	**914,235**	1,029,432
Depreciation and amortisation	**(383,712)**	(435,239)
Impairment loss on assets - Mt Carlton	**—**	(144,346)
Interest income	**1,847**	3,540
Transaction and integration costs	**(15,058)**	(35,053)
Finance costs	**(21,140)**	(21,261)
Gain on sale of subsidiary	**—**	11,517
Profit before income tax expense	**496,172**	408,590

Recognition and measurement

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

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

(d) Segment non-current assets

Segment non-current assets disclosed below are amounts expected to be recovered more than 12 months after the reporting period, excluding financial instruments, deferred tax assets and post-employment benefit assets. Segment non-current assets are aggregated on a geographical basis.

	Australia $'000	Canada $'000	Total $'000
As at 30 June 2021			
Inventory	113,634	—	113,634
Property, Plant & Equipment	574,135	415,759	989,894
Mine Development & Properties	1,582,712	577,277	2,159,989
Right of use asset	17,280	5,606	22,886
Other	47,995	454	48,449
Total segment non-current assets	2,335,756	999,096	3,334,852

2 Revenue and Expenses

	30 June 2021 $'000	30 June 2020 $'000
Revenue from contracts with customers		
Gold sales	**1,604,997**	1,738,131
Silver sales	**22,127**	15,833
Copper sales	**236,934**	187,899
Total Revenue from contracts with customers	**1,864,058**	1,941,863

2 Revenue and Expenses (continued)

Disaggregation of revenue from contracts with customers

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Ernest Henry $'000	Red Lake $'000	Cracow $'000	Total $'000
30 June 2021								
Gold sales	490,993	277,791	135,470	184,477	222,400	293,865	—	1,604,997
Silver sales	4,800	371	10,575	3,239	2,731	413	—	22,127
Copper sales	—	—	22,553	—	214,382	—	—	236,934
Total Revenue from contracts with customers	495,792	278,162	168,597	187,717	439,513	294,277	—	1,864,058

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Ernest Henry $'000	Red Lake $'000	Cracow $'000	Total $'000
30 June 2020								
Gold sales	614,199	297,091	146,657	192,865	215,998	76,333	194,988	1,738,131
Silver sales	4,431	310	6,592	2,291	1,254	56	899	15,833
Copper sales	—	—	14,134	—	173,765		—	187,899
Total Revenue from contracts with customers	618,630	297,401	167,383	195,156	391,017	76,389	195,887	1,941,863

Revenues of $217.1 million (30 June 2020: $175.0 million) which relate to copper and silver sales are derived from a single external customer. The other major customers include refineries and financial institutions.

Recognition and measurement - revenue from contracts with customers

The Group generates sales revenue primarily from the performance obligation to deliver goods such as gold and concentrate to the buyer. Revenue from contracts with customers is recognised when control of the goods are transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

For gold doré sales, revenue is recognised at the point where the doré leaves the gold room at the Group's mine site to the buyer or where gold metal credits are transferred to the customer's account. In relation to the Group's economic interest in Ernest Henry (note 26) gold sales are recognised when the metal is received from Glencore and sold by the Group.

For concentrate sales, revenue is recognised generally upon receipt of the bill of lading when the commodity is delivered for shipment. Copper and silver in concentrates sales in relation to the Group's economic interest in Ernest Henry (note 26) are recognised as accrued revenue in the same month as their production is reported as the production is in the control of the customer. The transaction price for each contract is allocated entirely to this performance obligation.

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

Accounting estimates and judgements

Timing of Revenue Recognition - Ernest Henry Operation

The Group applied significant judgement as to when gold, silver and copper revenue should be recognised from the Ernest Henry Mine. Gold sales are recognised by the Group when the bullion is delivered to the Group's gold account and sold in the third month after the month of production. Copper and silver sales are recognised as accrued revenue by the Group in the same month as their production is reported by the operator Glencore. Copper and silver is sold in accordance with the Offtake Agreement with Glencore where the metal is sold immediately following treatment and refining and is paid for in cash.

2 Revenue and Expenses (continued)

	30 June 2021 $'000	30 June 2020 $'000
Other Income		
Net foreign exchange gain	**11,031**	2,631
Other	**1,919**	2,318
Total Other Income	**12,950**	4,949

	30 June 2021 $'000	30 June 2020 $'000
Cost of sales		
Mine operating costs	**841,170**	777,584
Royalty and other selling costs	**63,558**	75,353
Depreciation and amortisation expense (i)	**380,403**	432,413
	1,285,131	1,285,350
Corporate and other administration costs		
Corporate overheads	**33,798**	30,033
Depreciation and amortisation expense (i)	**3,309**	2,826
	37,107	32,859
Transaction and integration costs		
Contractor, consultants and advisory expense	**9,736**	15,161
Corporate and administration expense	**5,322**	19,892
	15,058	35,053
Finance costs		
Amortisation of debt establishment costs	**2,204**	6,734
Unwinding of discount on provisions	**413**	1,812
Interest expense unwinding - lease liability	**1,150**	1,147
Interest expense	**17,374**	11,568
	21,140	21,261
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry) (i)	**250,554**	306,357
Cost of sales (Ernest Henry)	**129,849**	126,056
Corporate and other administration costs (i)	**3,309**	2,826
	383,712	435,239

(i) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets. Depreciation arising from Right-of-use assets (AASB 16) has also been classified here.

3 Income tax expense

(a) Income tax expense

	30 June 2021 $'000	30 June 2020 $'000
Current tax on profits for the period	**94,003**	89,548
Deferred tax	**57,315**	18,358
Adjustments for current tax of prior periods	**(408)**	(868)
Total	**150,910**	107,038

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

	30 June 2021 $'000	30 June 2020 $'000
Profit before income tax	**496,172**	408,590
Tax at the Australian tax rate of 30%	**148,852**	122,577
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Derecognise deferred tax liability on sale of subsidiary	—	(5,347)
Adjustments for current tax of prior periods	**(408)**	(868)
Share-based payments	**3,411**	3,207
Gain on sale of subsidiary	—	(3,455)
Previously unrecognised tax losses	**(1,461)**	(6,769)
Other	**(1,039)**	(2,307)
Adjustment for difference between Australian and overseas tax rates	**1,555**	—
Income tax expense	**150,910**	107,038

4 Earnings per share

(a) Earnings per share

	30 June 2021 Cents	30 June 2020 Cents
Basic earnings per share (cents)	**20.21**	17.71
Diluted earnings per share (cents)	**20.14**	17.62

(b) Earnings used in calculating earnings per share

	30 June 2021 $'000	30 June 2020 $'000
Earnings per share used in the calculation of basic and diluted earnings per share:		
Profit after income tax attributable to the owners of the parent	**345,262**	301,552

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

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating the basic earnings per share	**1,708,094,924**	1,702,328,240
Effect of dilutive securities (i)	**6,248,654**	8,718,718
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	**1,714,343,578**	1,711,046,958

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

5 Dividends

(a) Ordinary shares

	30 June 2021 $'000	30 June 2020 $'000
Interim dividend - 2021 Interim dividend for the year ended 30 June 2021 of 7.0 cents per share fully franked (30 June 2020: 7.0 cents per share fully franked) per fully paid share paid on 26 March 2021	**119,606**	119,552
Final dividend - 2020 Final dividend for the year ended 30 June 2020 of 9.0 cents per share fully franked (30 June 2019: 6.0 cents per share fully franked) paid on 22 September 2020	**153,759**	101,824
Total dividend paid	**273,365**	221,376

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

	30 June 2021 $'000	30 June 2020 $'000
In addition to the above dividends, since period end the Directors have recommended the payment of a fully franked final dividend of 5.0 cents per fully paid ordinary share (30 June 2020: 9.0 cents fully franked). The aggregate amount of the proposed dividend expected to be paid on 28 September 2021 out of retained earnings at 30 June 2021, but not recognised as a liability at period end, is	**91,300**	153,404

(c) Franked dividends

The final dividend recommended after 30 June 2021 will be fully franked out of the franking credits balance at the end of the financial year and the franking credits expected to arise from the payment of income tax during the year ending 30 June 2022. The franking account balance at the end of the financial year is $1.3 million (30 June 2020: $20.7 million).

6 Other cash flow information

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

	30 June 2021 $'000	30 June 2020 $'000
Profit after income tax	**345,262**	301,552
Depreciation and amortisation	**383,712**	435,239
Loss on disposal of assets	**1,508**	—
Unwind of discount on provisions	—	2,959
Amortisation of debt establishment costs	—	6,734
Share-based payments expense	**10,085**	6,933
Gain on sale of subsidiary	—	(11,517)
Exploration and evaluation costs expensed	**12,877**	23,719
Impairment loss on assets	—	144,346
Timing difference on settlement of Ernest Henry sales/costs	—	(1,011)
Income tax expense	**150,910**	107,038
Tax Payments	**(96,740)**	(76,305)
Change in operating assets and liabilities:		
(Increase) in operating receivables	**(8,112)**	(2,343)
(Increase)/Decrease in inventories	**(12,044)**	27,529
(Decrease)/Increase in operating payables	**(29,393)**	14,314
(Decrease) in borrowing costs	**(829)**	(8,106)
(Decrease)/Increase in other provisions	**(226)**	34,243
Net cash inflow from operating activities	**757,008**	1,005,324

6 Other cash flow information (continued)

(b) Net (debt)/cash reconciliation

This section sets out an analysis of net debt and the movements in net (debt)/cash for each of the periods presented.

	30 June 2021 $'000	30 June 2020 $'000
Net debt		
Cash and cash equivalents	**160,062**	372,592
Bank loans	**(620,000)**	(570,000)
Net (debt)/cash	**(459,938)**	(197,408)

	30 June 2021 $'000	30 June 2020 $'000
Net (debt)/cash at the beginning of the year	**(197,408)**	35,164
Cash (outflow) inflow	**(211,894)**	37,253
Effects of exchange rate changes on cash and cash equivalents	**(636)**	175
Bank loan drawdown	**(145,000)**	(570,000)
Bank loan repayment	**95,000**	300,000
Net (debt) as at end of the year	**(459,938)**	(197,408)

Resource Assets and Liabilities

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

7 Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2020			
Cost	19,220	2,377,804	2,397,024
Accumulated depreciation	—	(1,714,014)	(1,714,014)
Net carrying amount	19,220	663,790	683,010
Year ended 30 June 2021			
Carrying amount at the beginning of the year (i)	19,220	663,790	683,010
Additions	—	160,260	160,260
Amounts acquired in a business combination	—	235,914	235,914
Reclassifications	—	626	626
Disposals	—	(1,508)	(1,508)
Depreciation (ii)	—	(98,632)	(98,632)
Exchange differences taken to reserve	18	10,205	10,223
Carrying amount at the end of the year	19,238	970,656	989,894
At 30 June 2021			
Cost	19,238	2,319,065	2,338,303
Accumulated depreciation	—	(1,348,409)	(1,348,409)
Net carrying amount	19,238	970,656	989,894
Included in above			
Assets in the course of construction	—	202,856	202,856

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

(ii) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

7 Property, plant and equipment (continued)

	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
Year ended 30 June 2020			
Carrying amount at the beginning of the year	17,529	559,524	577,053
Additions	—	124,386	124,386
Amounts acquired in a business combination (i)	4,757	151,230	155,987
Disposals	(59)	(258)	(317)
Depreciation	—	(87,921)	(87,921)
Impairment	—	(40,531)	(40,531)
Exchange differences taken to reserve	(314)	(9,989)	(10,302)
Divestment of Cracow	(2,693)	(32,652)	(35,345)
Carrying amount at the end of the year	19,220	663,790	683,010
At 30 June 2020			
Cost	19,220	2,377,804	2,397,024
Accumulated depreciation	—	(1,714,014)	(1,714,014)
Net carrying amount	19,220	663,790	683,010
Included in above			
Assets in the course of construction	—	116,338	116,338

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

Recognition and measurement

Cost

Plant and equipment is carried at cost less accumulated depreciation and impairment. Cost equals the the amount of cash or cash equivalents paid or the fair value of the other consideration given at acquisition date and includes expenditure that is directly attributable to the acquisition of the items and an estimate of future restoration costs specific to the asset.. Freehold land is carried at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit or Loss during the reporting period in which they are incurred.

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

Depreciation

Depreciation of plant and equipment is calculated using either the straight line or units of production method to allocate their cost, net of their residual values, over their estimated useful lives. The rates range from 20% to 33% per annum for straight line or on a units of production basis in line with the economically recoverable reserves of the mine property at which the item is located. Freehold land is not depreciated.

Accounting estimates and judgements

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

8 Leases

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

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

	30 June 2021 $'000	30 June 2020 $'000
Right-of-use assets		
Plant and Machinery	**19,202**	29,116
Property	**3,673**	5,223
Office Equipment	**11**	25
Total Right-of-use assets	**22,886**	34,364

	30 June 2021 $'000	30 June 2020 $'000
Lease Liabilities		
Current	**14,418**	22,000
Non-current	**10,684**	21,132
Total Lease Liabilities	**25,102**	43,132

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

	30 June 2021 $'000	30 June 2020 $'000
Depreciation charge of right-of-use assets		
Plant and Machinery	**14,284**	10,171
Property	**1,353**	1,550
Office Equipment	**14**	36
Total depreciation charge of right-of-use assets	**15,651**	11,757

	30 June 2021 $'000	30 June 2020 $'000
Other Items		
Interest expense	**1,150**	1,147
Expense relating to short-term leases	**1,897**	4,236
Total Other Items	**3,047**	5,383

The total cash outflow in the current year was $24.5 million including interest and short-term lease payments.

The tables 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 30 June 2021						
Lease liabilities	14,973	3,620	3,439	5,460	27,492	25,102

9 Mine development and exploration

	Producing mines	Exploration and evaluation	Total
	$'000	$'000	$'000
At 1 July 2020			
Cost	4,518,777	347,126	4,865,903
Accumulated depreciation	(2,792,055)	—	(2,792,055)
Net carrying amount	1,726,722	347,126	2,073,848
Year ended 30 June 2021			
Carrying amount at the beginning of the year (i)	1,726,722	347,126	2,073,848
Additions	259,909	60,732	320,641
Amounts acquired in a business combination	8,266	33,661	41,927
Transfers to Mine Development and Exploration	1,285	(1,285)	—
Amortisation (ii)	(274,619)	—	(274,619)
Amortisation recognised in inventory	4,055	—	4,055
Reclassifications	936	—	936
Write-off	—	(12,874)	(12,874)
Exchange differences taken to reserve	3,781	2,294	6,075
Carrying amount at the end of the year	1,730,335	429,654	2,159,989
At 30 June 2021			
Cost	3,870,426	429,654	4,300,080
Accumulated amortisation	(2,140,091)	—	(2,140,091)
Net carrying amount	1,730,335	429,654	2,159,989

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

(ii) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

9 Mine development and exploration (continued)

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 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
Year ended 30 June 2020			
Carrying amount at the beginning of the year	1,459,658	212,410	1,672,068
Additions	262,006	82,808	344,814
Amounts acquired in business combination (i)	482,176	97,200	579,376
Transfers to Mine Development and Exploration	8,172	(8,172)	—
Reclassifications	—	(2,900)	(2,900)
Write-off	(985)	(23,719)	(24,704)
Amortisation	(297,724)	—	(297,724)
Impairment	(95,500)	—	(95,500)
Exchange differences taken to reserve	(41,596)	(2,618)	(44,214)
Amortisation recognised in inventory	(1,150)	—	(1,150)
Divestment of Cracow	(48,335)	(7,883)	(56,218)
Carrying amount at the end of the year	1,726,722	347,126	2,073,848
At 30 June 2020			
Cost	4,518,777	347,126	4,865,903
Accumulated depreciation	(2,792,055)	—	(2,792,055)
Net carrying amount	1,726,722	347,126	2,073,848

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

Recognition and measurement

Mines under construction

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

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

Producing mines - deferred stripping

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

- the production of ore inventory in the period - accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future - recognised under producing mines if the following criteria are met:
- Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;
- The component of the ore body for which access has been improved can be accurately identified; and
- The costs associated with the stripping activity associated with that component can be reliably measured.

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

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

9 Mine development and exploration (continued)

Recognition and measurement (continued)

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

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

Exploration and evaluation

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

- Costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by sale; or
- Where activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

Depreciation and amortisation

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

Impairment of non-financial assets

(i) Testing for impairment

At each reporting date, the Group tests its assets for impairment where there is an indication that:

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

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

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

(ii) Impairment calculations

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

Accounting estimates and judgements

Deferred stripping

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

Exploration and evaluation

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

9 Mine development and exploration (continued)

Accounting estimates and judgements (continued)

Exploration and evaluation (continued)

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

Units of production method of amortisation

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

Ore Reserves and Mineral Resources

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

Impairment

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

The Group has considered whether past impairment losses should be reversed given the expectation of continued improved earnings in relation to those CGUs.

Capital Structure and Financing

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

10 Cash and cash equivalents

	30 June 2021 $'000	30 June 2020 $'000
Current assets		
Cash at bank	**160,062**	372,592
Total Current assets	**160,062**	372,592

Recognition and measurement

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

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

11 Interest bearing liabilities

	30 June 2021 $'000	30 June 2020 $'000
Current liabilities		
Bank loans	**105,000**	95,000
Less: Borrowing costs	**(2,157)**	(1,547)
Total Current liabilities	**102,843**	93,453
Non-current liabilities		
Bank loans	**515,000**	475,000
Less: Borrowing costs	**(6,611)**	(6,391)
Total Non-current liabilities	**508,389**	468,609

During the year, the Group drew down $145.0 million on the Revolving Facility (“Facility A”) to partly fund the Battle North Gold acquisition. The Group also entered into a new Guarantee Facility of $50.0 million during the half-year and was increased to $55.0 million at 30 June 2021. A total of $95.0 million was repaid on the Term Loan Facility (”Facility B”) during the year. No changes were made to the existing Performance Bond Facility (“Facility C”) and Performance Bond Facility (“Facility D”).

The Group also entered into a new Term Loan Facility ("Facility E") of $440.0 million which remains undrawn as at 30 June 2021.

The repayment periods, facility size and amounts drawn at 30 June 2021 on each facility are set out below:

Facility Name	Term Date	Facility Size $m	Amount Drawn $m	Available Amount $m
Revolving Credit Facility – Facility A - $m	31 Mar 2023	$360.0	$145.0	$215.0
Term Loan – Facility B - $m	15 Jan 2025	$570.0	$570.0	$0.0
Term Loan – Facility E - $m	15 Apr 2026	$440.0	$0.0	$440.0
Performance Bond – Facility C $m	31 Mar 2023	$175.0	$151.8	$23.2
Performance Bond – Facility D C$m	31 Mar 2023	$125.0	$66.2	$58.8
Guarantee Facility - $m	30 Oct 2021	$55.0	$55.0	$0.0

(a) Secured liabilities and assets pledged as security

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

11 Interest bearing liabilities (continued)

Recognition and measurement

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

12 Equity and reserves

(a) Contributed equity

Movements in ordinary share capital

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

	Number of shares	$'000
Balance at 1 July 2019	1,697,069,720	2,183,727
Shares issued on vesting of performance rights	6,944,027	—
Shares issued under Employee Share Scheme (i)	337,690	—
Shares issued under NED Equity Plan	62,538	—
Balance as at 30 June 2020	1,704,413,975	2,183,727
Shares issued on vesting of performance rights	4,019,532	—
Shares issued under Employee Share Scheme (i)	179,733	—
Shares issued under NED Equity Plan	53,845	—
Balance as at 30 June 2021	1,708,667,085	2,183,727

(i) Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 28.

Recognition and measurement

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

(b) Other reserves

	Notes	30 June 2021 $'000	30 June 2020 $'000
Fair value revaluation reserve		**12,606**	38,467
Share-based payments		**66,833**	59,002
Foreign currency translation		**(30,033)**	(47,261)
		49,406	50,208
Movements:			
Fair value revaluation reserve			
Balance at the beginning of the year		**38,467**	18,509
Change in fair value of equity investments	16(a)	**(25,861)**	19,958
Balance at the end of the year		**12,606**	38,467
Share-based payments			
Balance at the beginning of the year		**59,002**	53,870
Share based payments recognised		**7,831**	5,132
Balance at the end of the year		**66,833**	59,002

12 Equity and reserves (continued)

(b) Other reserves (continued)

	Notes	30 June 2021 $'000	Restated[1] 30 June 2020 $'000
Foreign currency translation			
Balance at the beginning of the year (i)		**(47,746)**	—
Currency translation differences arising during the year		**17,713**	(47,746)
Balance at the end of the year		**(30,033)**	(47,746)

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

Nature and purpose of other reserves

Fair value revaluation reserve

The fair value revaluation reserve records fair value changes on equity investments designated at fair value through other comprehensive income.

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Non-Executive Directors, Executive Directors, key management personnel and other Group employees as part of their remuneration. Refer to note 25 for further information.

Foreign currency translation

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

(c) Retained earnings

Movements in retained earnings were as follows:

	30 June 2021 $'000	30 June 2020 $'000
Balance at the beginning of the year	**229,860**	150,372
Adjustment on adoption of AASB 16 (net of tax)	**—**	(688)
Dividends provided for or paid	**(273,365)**	(221,376)
Net profit for the period	**345,262**	301,552
Balance at the end of the year	**301,757**	229,860

13 Trade and other receivables

	30 June 2021 $'000	30 June 2020 $'000
Current assets		
Accrued Revenue	**58,088**	49,478
Trade receivables	**21,207**	14,614
GST refundable	**6,172**	12,326
Prepayments	**10,752**	8,510
Other receivables	**19,523**	64,112
Total Current assets	**115,742**	149,040

13 Trade and other receivables (continued)

Recognition and measurement

Accrued Revenue

Accrued revenue of $58.1 million (30 June 2020: $49.5 million) is measured at fair value through profit or loss, and relates to silver and copper sales from April to June 2021 production for Ernest Henry. Fair value is determined using observable market data for estimated metal prices (level 2 valuation methodology). These amounts are to be settled in July to September 2021. Refer to note 2 for further information on the transaction and the financial results for the year ended 30 June 2021.

Trade receivables

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

A portion of the trade receivable balance relates to concentrate sales at Mt Carlton, which are provisionally priced based on fair value during the quotation period until the final settlement price is determined. Fair value is determined using observable market data for estimated metal prices (level 2 valuation methodology). Trade receivables post final settlement are carried at final settlement price less provision for impairment.

Other receivables

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

In FY21, net proceeds of $57.0 million was received from Cracow divestment. $14.2 million deferred consideration receivable was reclassified from other non-current assets to other receivables as it is due to be received in June 2022.

14 Trade and other payables

	30 June 2021 $'000	30 June 2020 $'000
Current liabilities		
Trade creditors and accruals	**142,376**	151,631
Other payables (i)	**48,601**	39,179
Total Current liabilities	**190,977**	190,810

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

Recognition and measurement

Trade creditors and accruals

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

Trade creditors and accruals include accrued costs of $30.5 million (30 June 2020: $34.6 million) relating to the Group's share of production costs for April 2021 to June 2021 for Ernest Henry. These amounts are to be settled in July 2021 to September 2021.

15 Inventories

	30 June 2021 $'000	30 June 2020 $'000
Current		
Stores	**82,239**	76,098
Ore	**33,555**	53,704
Doré and concentrate	**10,211**	12,557
Metal in circuit	**39,257**	27,426
Metal in transit	**23,296**	32,372
Total current inventories	**188,558**	202,157
Non-current		
Ore	**113,634**	86,517
Total non-current inventories	**113,634**	86,517

Recognition and measurement

Ore stockpiles, metal in circuit, gold doré, metal in transit, refined gold bullion and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods. If the stockpile is not expected to be processed within 12 months after reporting date, it is included in non-current assets.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Accounting estimates and judgements

Net realisable value

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

The total expense relating to inventory write downs to net realisable value for the year ended 30 June 2021 was $3.2 million (30 June 2020: $25.3 million).

16 Financial assets and financial liabilities

(a) Equity Investments at fair value

	30 June 2021 $'000	30 June 2020 $'000
Listed securities - Non-current		
Tribune Resources Ltd	**51,117**	80,828
Musgrave Minerals Ltd (i)	**8,031**	8,643
Emmerson Resources Ltd	**3,194**	5,160
Riversgold Ltd	**550**	1,558
Other	**12**	6
Total Listed securities - Non-current	**62,904**	96,195

(i) On 18 December 2020, the Group acquired 3.1 million shares in Musgrave Minerals Limited (“Musgrave”) for a cash consideration of $1.1 million.

16 Financial assets and financial liabilities (continued)

Recognition and measurement

Equity Investments at fair value

Changes in the fair value of equity investments are presented and accumulated in a separate reserve within equity and not through profit or loss. Fair value has been determined based on quoted market prices at balance date (level 1 valuation methodology). On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings. These equity instruments are not held for trading but rather intended to be held over the long-term as strategic investments and the group considers this classification to be more relevant.

17 Other non-current assets

	30 June 2021 $'000	30 June 2020 $'000
Non-current assets -Other		
Contingent consideration attributable to the Pajingo Operation	—	1,163
Contingent consideration attributable to the Edna May Operation	**28,629**	34,441
Contingent consideration attributable to Tennant Creek	**2,790**	2,790
Contingent consideration attributable to the Cracow Operation	**16,500**	16,500
Cash consideration attributable to the Cracow Operation	—	10,628
Other	**530**	591
Total other non-current assets	**48,449**	66,113

Recognition and measurement

Contingent consideration amounts classified as a financial asset are remeasured to fair value with changes in fair value recognised in profit or loss. The fair values for contingent consideration assets are determined using significant unobservable inputs (level 3 valuation methodology) such as expected future production, revenues and costs of the disposed operations. The expected cash flows are discounted using a risk-adjusted market rate which takes into account counterparty credit risk. No fair value gains or losses have been recognised in profit or loss during the year.

18 Other non-current liabilities

	30 June 2021 $'000	30 June 2020 $'000
Non-current liabilities -Other		
Contingent consideration liability to Newmont Corporation	**52,176**	56,243
Other	**16,098**	16,474
Total Non-current liabilities - Other	**68,274**	72,717

Recognition and measurement

In accordance with AASB 3 Business Combinations, the Group is required to recognise a contingent consideration liability assumed in a business combination at the acquisition date even if it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The contingent consideration liability is subsequently remeasured to fair value with changes recognised in profit or loss.

The Red Lake purchase consideration includes an additional payment of up to a maximum of US$100 million payable upon the discovery of new resources outside of the agreed base line, which represents a contingent consideration liability. The Group would be required to make an additional payment of US$20.0 million per each one million ounces of new Mineral Resources up to a maximum of five million ounces, discovered outside of the agreed base line and added to the agreed Red Lake resource base, over a 15-year period.

At initial recognition, the contingent consideration liability was recorded at AUD $62.3 million (see note 25) on 1 April 2020 and is now carried at AUD $52.2 million at 30 June 2021. The movement in the liability from initial recognition is mainly due to the USD/AUD foreign exchange movement and associated accretion. A fair value assessment of the contingent consideration liability including adjustments for foreign exchange movement will be assessed at each reporting date. The fair value of the contingent consideration liability is determined using significant unobservable inputs (level 3 valuation methodology), being the estimated discovery of additional gold resources.

19 Provisions

	30 June 2021 $'000	30 June 2020 $'000
Current		
Employee entitlements (i)	**38,448**	41,947
Total Current provisions	**38,448**	41,947
Non-current		
Employee entitlements	**6,743**	3,945
Rehabilitation provision (i)	**312,230**	259,630
Other long term provision (i)	**423**	423
Total Non-current provisions	**319,396**	263,998
Total provisions	**357,844**	305,945

(a) Movements in provisions
Movements in each class of provision during the financial year are set out below:

	Employee benefits $'000	Rehabilitation $'000	Other $'000	Total $'000
30 June 2021				
Carrying amount at the beginning of the year (i)	45,892	259,630	423	305,945
Charged to profit or loss				
provision recognised	(701)	—	—	(701)
Re-measurement of provision	—	43,580	—	43,580
Amounts recognised in business combinations	—	8,266	—	8,266
Exchange differences taken to reserve	—	754	—	754
Carrying amount at the end of the year	45,191	312,230	423	357,844
30 June 2020				
Carrying amount at the beginning of the year	35,153	147,970	210	183,333
Charged to profit or loss				
unwinding of discount	—	1,673	—	1,673
provision recognised	7,914		211	30,240
Re-measurement of provision	—	21,833	2	(280)
Amounts recognised in business combinations (i)	4,013	105,052	—	109,065
Exchange differences taken to reserve (i)	(1,188)	(6,936)	—	(8,124)
Divestment of Cracow	—	(9,962)	—	(9,962)
Carrying amount at the end of the year	45,892	259,630	423	305,945

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

Employee benefits

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

Rehabilitation

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

19 Provisions (continued)

Recognition and measurement

Employee benefits

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

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

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

Rehabilitation

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

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

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

The increase in rehabilitation provisions in FY21 is largely driven by initial recognition at Ernest Henry and Battle North Gold.

Accounting estimates and judgements

Employee benefits

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

Rehabilitation

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

20 Deferred tax balances

(a) Recognised deferred tax balances

	30 June 2021 $'000	[1]Restated 30 June 2020 $'000
Inventories	**31,983**	31,836
Equity investments at fair value	**—**	(8,553)
Exploration and evaluation expenditure	**(49,100)**	(87,624)
Property, plant and equipment	**(129,870)**	(124,306)
Mine development	**(68,543)**	(45,978)
Employee benefits	**10,189**	9,624
Lease liabilities	**2,030**	3,165
Provisions	**75,392**	62,031
Share issue costs	**—**	379
Other	**3,865**	28,754
Deferred tax balances from temporary differences	**(124,054)**	(130,672)
Tax losses carried forward	**52,967**	20,084
Deferred tax (liabilities)/assets	**(71,087)**	(110,588)
Deferred tax (liabilities)/assets - Australian entities	**(111,793)**	(81,705)
Deferred tax assets/(liabilities) - Canadian entity	**40,706**	(28,883)
Deferred tax (liabilities)/assets	**(71,087)**	(110,588)

1. *Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.*

(b) Movement in deferred tax balances during the year

	[1]Restated Balance at 1 July 2020 $'000	Recognised in profit or loss $'000	Recognised in equity —	Utilised to reduce tax liability $'000	Recognised on business combinations $'000	FX translation $'000	Balance at 30 June 2021 $'000
Inventories	31,836	147	—	—	—	—	31,983
Equity investments at fair value	(8,553)	—	8,553	—	—	—	—
Exploration and evaluation	(70,861)	(15,087)	—	—	35,713	1,135	(49,100)
Property, plant and equipment	(124,306)	(34,067)	—	—	27,766	737	(129,870)
Mine development	(45,978)	(49,818)	—	—	28,513	(1,260)	(68,543)
Employee benefits	9,624	589	—	—	—	(24)	10,189
Lease liabilities	3,165	(1,153)	—	—	—	18	2,030
Provisions	62,031	13,259	—	—	—	102	75,392
Share issue costs	379	(379)	—	—	—	—	—
Tax losses carried forward	20,084	27,762	—	(2,518)	6,595	1,044	52,967
Other	11,991	1,432	—	—	(9,346)	(212)	3,865
Deferred tax assets/ (liabilities)	(110,588)	(57,315)	8,553	(2,518)	89,241	1,540	(71,087)

1. *Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.*

(c) Unrecognised deferred tax assets

The Group has unrecognised available tax losses of $307.5 million as at 30 June 2021 (30 June 2020: $10.3 million). Tax losses and temporary differences unrecognised from the Battle North Gold acquisition amounted to $260.8 million with $65.2 million as a deferred tax asset. For Red Lake, $41.3 million are unrecognised temporary differences with $10.3 million as a deferred tax asset. For Australia, $5.4 million tax losses and a deferred tax asset of $1.6 million have not been recognised.

20 Deferred tax balances (continued)

Accounting estimates and judgements

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

Accounting policy

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them:

- Arise from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Are associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the expected manner of recovery of the carrying value of an asset or liability. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Risk and Unrecognised Items

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

21 Financial risk management

The Group's activities expose it to a variety of financial risks such as market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out at a corporate level under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors approves written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, gold price risk and use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	30 June 2021 $'000	30 June 2020 $'000
Financial Assets		
Cash and cash equivalents	**160,062**	372,592
Trade and other receivables at amortized cost	**43,411**	95,570
Trade and other receivables at FVTPL	**72,331**	53,470
Equity investments at FVOCI	**62,904**	96,195
Contingent consideration assets	**48,449**	66,113
	387,157	683,940
Financial Liabilities		
Trade and other payables (i)	**190,977**	190,810
Interest bearing liabilities	**611,232**	562,062
Contingent consideration liabilities	**52,176**	56,243
	854,385	809,115

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

(a) Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. The Group has no derivative financial instruments at 30 June 2021 (30 June 2020: nil).

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

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

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

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

21 Financial risk management (continued)

(a) Derivatives (continued)

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

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

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. Management has set up a policy to manage their foreign exchange risk against their functional currency and is measured using sensitivity analysis and cash flow forecasting. The Group generally does not hedge foreign exchange risks other than those relating to significant transactions, such as those relating to the 2020 and 2021 acquisitions of Red Lake and Battle North Gold. The Group typically utilises forward exchange contracts to hedge foreign exchange risks for significant transactions.

As at 30 June 2021, the Group held US$2.5 million (30 June 2020: US$0.7 million) in US dollar currency bank accounts, C$21.8 million in Canadian dollar currency bank account, outstanding receivables of US$8.3 million (30 June 2020: US$4.9 million) relating to the Mt Carlton operation and US$43.7 million (30 June 2020: US$34.0 million) relating to Ernest Henry.

The Group also recognised a USD denominated contingent consideration liability being US$38.44 million as part of the Red Lake purchase consideration (note 18). An increase/decrease in AUD:USD foreign exchange rates of 5% will result in $2.6 million impact to net assets and pre-tax profit.

The Group is exposed to translation-related risks arising from the Red Lake and Battle North Gold operations having a functional currency (CAD) different from the group’s presentation currency (AUD). An increase/decrease in AUD:CAD foreign exchange rates of 5% will result in $45.8 million impact to net assets and equity reserves.

(ii) Price risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold, silver and copper currently produced from its gold mines and market share prices on the available-for-sale assets. The Group has in place physical gold delivery contracts as at 30 June 2021 covering sales of 200,000 oz (30 June 2020: 300,000 oz) of gold at an average forward price of $1,892 per ounce (30 June 2020: $1,871 per ounce) and 80,000 oz of gold at an average forward price of C$2,272 (30 June 2020: C$2,273).

The Group is also exposed to market share price movements on its equity investments at fair value. Refer to note 16 for further details.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group’s receivables from customers and investment securities. The Group has a small but long standing customer base with an exemplary track record of meeting their contractual obligations. In addition the Group only deals with financial institutions that have investment grade or higher credit ratings. For these reason at the balance sheet date there were no significant concentrations of credit risk. The total trade and other receivables outstanding at 30 June 2021 was $115.7 million (30 June 2020: $149.0 million). Cash and cash equivalents at 30 June 2021 were $160.1 million (30 June 2020: $372.6 million).

(d) Interest rate risk

The Group is exposed to interest rate risk through its long term borrowings comprising $145.0 million on the Revolving Facility (“Facility A”) and $475.0 million on the Term Loan Facility ("Facility B"). As the borrowings are periodically contractually repriced, the Group is exposed to the risk of future changes in market interest rates.

Holding all other variables constant, the impact on current year post-tax profit of a 0.5 percent increase/decrease in the rate of interest on the long term borrowings of the Group would be a decrease/increase of $2.0 million.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

21 Financial risk management (continued)

(e) ***Liquidity risk (continued)***

(i) Financing arrangements

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

	30 June 2021 $'000	30 June 2020 $'000
Existing debt facilities - Undrawn		
Expiring beyond one year	**655,000**	360,000
	655,000	360,000

(ii) Maturities of financial liabilities

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

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

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

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
At 30 June 2021						
Non-derivatives						
Trade and other payables	190,977	—	—	—	190,977	190,977
Bank loans	105,000	265,000	250,000	—	620,000	620,000
Lease liabilities	14,973	3,620	3,439	5,460	27,492	25,102
	310,950	268,620	253,439	5,460	838,469	836,079
At 30 June 2020						
Non-derivatives						
Trade and other payables (i)	190,810	—	—	—	190,810	190,810
Bank loans	95,000	105,000	370,000	—	570,000	570,000
Lease liabilities	22,000	11,023	4,935	5,174	43,132	43,132
	307,810	116,023	374,935	5,174	803,942	803,942

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 25 for further details.

(f) Risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt capital markets to fund capital investment in working capital and exploration and evaluation activities.

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

(i) Loan covenants

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

22 Contingent liabilities and contingent assets

(a) Contingent assets

(i) Contingent consideration receivable

The Group recognised contingent consideration assets that arose from the past business divestments. Refer to note 17 for further details.

(b) Contingent liabilities

The Group had contingent liabilities at 30 June 2021 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 30 June 2021. The total of these guarantees at 30 June 2021 was $278.0 million with various financial institutions (30 June 2020: $198.1 million).

(iii) Red Lake

The Group recognised a contingent consideration liability on the purchase consideration of Red Lake. Refer to note 18 for further details.

23 Commitments

(a) Capital and lease commitments

(i) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. These obligations are subject to renegotiation when application for a mining lease is made and at various other times. These obligations are not provided for in the financial report and are payable:

	30 June 2021 $'000	30 June 2020 $'000
Within one year	**13,787**	10,881
Later than one year but not later than five years	**28,173**	29,986
Later than five years	**36,556**	33,979
	78,516	74,846

(ii) Capital commitments

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

	30 June 2021 $'000	30 June 2020 $'000
Within one year	**124,575**	24,244
	124,575	24,244

In relation to the Group's contingent consideration liability with Newmont (note 18), Evolution has agreed to 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 of ownership. As of the 30 June 2021 Evolution has invested capital of US$88.2 million on existing operations and US$15.8 million on exploration.

23 Commitments (continued)

(b) Gold delivery commitments

	Gold for physical delivery oz	Average contracted sales price $/oz	Value of committed sales $'000
At 30 June 2021			
Within one year	100,000	1,868	186,800
Later than one year but not greater than five years	100,000	1,916	191,600
	200,000	1,892	378,400
At 30 June 2020			
Within one year	100,000	1,829	182,909
Later than one year but not greater than five years	200,000	1,892	378,454
	300,000	1,871	561,363

	Gold for physical delivery oz	Average contracted sales price C$/oz	Value of committed sales C$'000
At 30 June 2021			
Within one year	40,000	2,272	90,880
Later than one year but not greater than five years	40,000	2,271	90,840
	80,000	2,272	181,720
At 30 June 2020			
Within one year	40,000	2,272	90,885
Later than one year but not greater than five years	80,000	2,271	181,705
	120,000	2,271	272,590

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") and Citibank N.A ("Citibank"). 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 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.

24 Events occurring after the reporting period

Subsequent to the end of the period on 22 July 2021, the Group announced that it has entered into an agreement with Northern Star Resources Limited to acquire:

- 100% interest in the Kundana Operations
- 51% interest in the East Kundana Joint Venture (EKJV)
- 100% interest in the certain tenements comprising the Carbine Project
- 75% interest in the West Kundana Joint Venture (WKJV)

The transaction completed on 18 August, 2021 with the acquired assets all sitting within 8km of the Group's Mungari Operations, which represent an important strategic opportunity for the Group to consolidate the region, optimise the value of its existing infrastructure and capture significant operational synergies. The Group has paid Northern Star $400.0 million in cash to acquire the assets, which was funded by a $400.0 million fully underwritten institutional placement and is accompanied by a non-underwritten share purchase plan.

On 13 August 2021, the Group announced that it has successfully priced a maiden debt private placement in the United States on 12 August 2021 totalling US$550 million. The Transaction is subject to standard closing conditions with proceeds expected to be drawn in November 2021.

The placement consists of US$200 million maturing November 2028 with a fixed rate coupon of 2.83% and US$350 million maturing November 2031 with a fixed rate coupon of 3.17%. The Group has entered into cross currency swaps to hedge the US dollar exposure.

Proceeds will be used to repay the existing Term Loan facility associated with the acquisition of Red Lake and for general corporate purposes. The placement will extend the Group's debt maturity profile from an average of 2.7 years to 7.1 years. The Group's balance sheet is well positioned to fund the recently announced pipeline of growth projects and this placement will more closely align debt maturity with the group's average mine life.

Other Disclosures

This section covers additional financial information and mandatory disclosures.

25 Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The consideration transferred also includes the fair value of any contingent consideration arrangement. Contingent consideration classified as a financial asset or liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Acquisition-related costs are expensed as incurred.

a) Red Lake Acquisition

(i) Summary of acquisition

On 1 April 2020, the Group completed the acquisition of the Red Lake gold mine in Ontario, Canada. The operation comprises of the Red Lake and Campbell complexes, each consisting of an underground mine, associated processing facilities and the Cochenour mine.

Details of the purchase consideration and the net assets acquired are as follows:

	AUD $'000
Purchase consideration	
Cash paid (a)	583,556
Contingent consideration (b)	62,255
	645,811

(a) Cash paid is comprised of US$375.0 million for the initial purchase, US$14.8 million working capital adjustment payment, C$5.3 million interim operating plan funding and C$1.2 million Ontario Mining Tax payment.

(b) Contingent consideration includes an additional payment up to a maximum of US$100 million payable upon the discovery of new resources outside of the agreed baseline. The Group would be required to make an additional payment of US$20.0 million per each one million ounces of new Mineral Resources up to a maximum of five million ounces, discovered outside of the agreed base line and added to the agreed Red Lake resource base, over a 15-year period.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Final Fair Value $'000	Preliminary Fair Value $'000
Net assets acquired		
Cash and cash equivalents	47,501	47,501
Trade and other receivables	670	671
Inventories	47,744	47,744
Property, plant and equipment	155,987	207,426
Mine development and exploration	579,376	419,333
Other non-current assets	587	587
Right-of-use-assets	5,818	2,765
Deferred tax assets	15,221	16,463
Trade and other payables	(24,142)	(27,077)
Other current liabilities	(6,844)	—
Employee entitlements	(4,013)	(1,078)
Lease liabilities	(3,895)	(3,895)
Other non-current provisions	(17,110)	—
Rehabilitation Provisions	(105,052)	(65,853)
Deferred tax liability	(46,037)	—
Total	645,811	644,587

The initial accounting for the acquisition has been revised and finalised for the current period as shown above. These adjustments have determined the net identifiable assets/(liabilities) as being $1.2 million higher than previously reported. The comparative information shown in the financial statements has been restated to include the adjusted fair values. There has been no material impact to the comparative profit or loss so as to require restatement.

25 Business Combinations (continued)

(ii) Outflow of cash to acquire subsidiary

	AUD $'000
Outflow of cash to acquire subsidiary	
Cash paid during year ended 30 June 2020	582,332
Cash paid during year ended 30 June 2021	1,223
Less: balance acquired	(47,501)
Total outflow of cash - investing activities	536,054

(iii) Acquisition and integration costs

Acquisition and integration costs of $5.5 million that were not directly attributable to the cash paid are included in acquisition and integration cost in the profit or loss and in operating cash flows in the statement of cash flows. A total of $30.1 million was paid for the year ended 30 June 2020.

b) Battle North Gold Acquisition

(i) Summary of acquisition

On 19 May 2021, the Group completed the acquisition of Battle North Gold Corporation. Battle North Gold's assets include the Bateman Gold Project, contiguous to Evolution’s Red Lake Operations in Ontario, Canada, and a large gold exploration land package on the Long Canyon gold trend near the Nevada-Utah border in the United States.

Details of the purchase consideration and the net assets acquired are as follows:

	AUD $'000
Purchase consideration	
Cash paid	355,790
	355,790

The assets and liabilities recognised as a result of the acquisition are as follows:

	Preliminary Fair Value $'000
Net assets acquired	
Cash and cash equivalents	7,345
Trade and other receivables	3,671
Inventories	337
Property, plant and equipment	235,914
Mine development and exploration	41,927
Other non-current assets	29
Right-of-use-assets	3,352
Deferred tax assets	89,241
Trade and other payables	(16,471)
Employee entitlements	(280)
Lease liabilities	(1,009)
Rehabilitation Provisions	(8,266)
Total	355,790

Please note the initial accounting for the acquisition is determined only on a provisional basis as at 30 June 2021. The Group will recognise any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date.

25 Business Combinations (continued)

(ii) Outflow of cash to acquire subsidiary

	AUD $'000
Outflow of cash to acquire subsidiary	
Cash paid	355,790
Less: balance acquired	(7,345)
Total outflow of cash - investing activities	**348,445**

(iii) Acquisition and Integration costs

Integration costs of $3.9 million that were not directly attributable to the cash paid are included in acquisition and integration cost in the profit or loss and in operating cash flows in the statement of cash flows during the year.

26 Ernest Henry Operation

(a) Description

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

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

(b) Financial performance and position

The below information presents the financial performance and balance sheet information of the Ernest Henry operation included in the Consolidated Financial Statements.

	30 June 2021 $'000	30 June 2020 $'000
Revenue (note 2)	439,513	391,017
Cost of sales (excluding amortisation)	(120,907)	(120,017)
Amortisation	(129,849)	(126,056)
Profit before income tax	188,757	144,944

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

26 Ernest Henry Operation (continued)

Financial performance and position (continued)

	30 June 2021 $'000	30 June 2020 $'000
Assets		
Accrued Revenue	58,088	49,478
Inventories	23,296	32,372
Mine Development	402,623	458,254
Total assets	484,007	540,104
Liabilities		
Trade and other payables	30,485	34,641
Provision	54,976	—
Total liabilities	85,462	34,641
Net assets	398,545	505,463

27 Related party transactions

(a) Parent entities

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

(b) Subsidiaries

Interests in subsidiaries are set out in note 32.

(c) Key management personnel compensation

	30 June 2021 $'000	30 June 2020 $'000
Short-term employee benefits	**7,536,526**	6,471,811
Long Service Leave	**154,425**	85,257
Post-employment benefits	**206,515**	168,237
Share-based payments	**4,381,119**	5,204,963
	12,278,585	11,930,268

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 37.

(d) Transactions with other related parties

Directors fees in the amount of $175,000 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (30 June 2020:$163,750).

28 Share-based payments

(a) Types of share based payment plans

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

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

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. Shareholder approval was refreshed at the Annual General Meeting on 26 November 2014 and again on 23 November 2017 and permits the Group, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Group to eligible Directors and members of staff as specified in the plan rules.

28 Share-based payments (continued)

(a) Types of share based payment plans (continued)

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

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

(b) Recognised share based payment expenses

	30 June 2021 $'000	30 June 2020 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	11,371	10,691

Summary and movement of share based payment plans

The following table illustrates the number and movements in, performance rights issued during the year.

	2021 Number	2020 Number
Outstanding balance at the beginning of the year	13,776,882	18,643,061
Performance rights granted during the period	5,166,893	6,038,033
Vested during the period	(4,019,532)	(7,025,612)
Forfeited during the period	(2,153,770)	(3,878,600)
Outstanding balance at the end of the year	**12,770,473**	**13,776,882**

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

	2021 Number	2020 Number
Outstanding balance at the beginning of the year	53,845	57,235
Share Rights granted	68,439	71,875
Vested	(53,845)	(72,083)
Lapsed	—	(3,182)
Forfeited	—	—
Outstanding balance at the end of the year	**68,439**	53,845

There were 68,439 Share Rights granted during the 2021 financial year. Provided the NEDs remain directors of the Group, Share Rights will vest and automatically exercise 12 months after the grant date of 23 November 2020 with disposal restrictions attached to these shares.

(c) Fair value determination

During the year, the Group issued two allotments of performance rights that will vest on 30 June 2023. They have four performance components being a Total Shareholder Return ("TSR") condition, an absolute TSR condition, a Relative AISC condition and a Growth in Ore Reserves condition.

(i) TSR Performance Right Valuation

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

(ii) Absolute TSR Performance Right Valuation

The Absolute TSR Performance Right Valuation (market-based condition) will be measured as the cumulative annual TSR over the three year period ending 30 June 2023.

(iii) Relative AISC

Relative AISC (non-market-based condition) will be tested against Evolution's relative ranking of its AISC performance for the 12 month period ending 30 June 2023 (Evolution AISC) compared to the AISC performance ranking of the Peer Group Companies for the same period (Peer Group AISC).

(iv) Growth in Ore Reserves per Share

The growth in Ore Reserves per share (non-market-based condition) is measured by comparing the Baseline measure of the Ore Reserves as at 31 December 2019, to the Ore Reserves as at 31 December 2022 on a per share basis, with testing to be performed at 30 June 2023.

28 Share-based payments (continued)

(c) Fair value determination (continued)

The following tables list the inputs to the models used for the Performance Rights granted for the period:

	Relative TSR	Absolute TSR	Relative AISC	Growth in Ore Reserves
September 2020 Performance Rights issue				
Number of rights issued	1,068,550	1,068,550	1,068,550	1,068,550
Spot price ($)	5.90	5.90	5.90	5.90
Risk-free rate (%)	0.23%	0.23%	0.23%	0.23%
Term (years)	2.79 years	2.79 years	2.79 years	2.79 years
Volatility (%)	40%	40%	40%	40%
Fair value at grant date ($)	2.99	2.42	5.52	5.52
February 2021 Performance Rights issue				
Number of rights issued	37,836	37,836	37,836	37,836
Spot price ($)	4.68	4.68	4.68	4.68
Risk-free rate (%)	0.10%	0.10%	0.10%	0.10%
Term (years)	2.37 years	2.37 years	2.37 years	2.37 years
Volatility (%)	40%	40%	40%	40%
Fair value at grant date ($)	2.58	1.20	4.39	4.39

The volatility above was determined with reference to historical volatility but also incorporates factors that management believes will impact the actual volatility of the Group's shares in future periods.

Recognition and measurement

The Group provides benefits to its employees (including Key Management Personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Vesting conditions that are linked to the price of shares of the Group (market conditions) are taken into account when determining the fair value of equity settled transactions. Other vesting conditions such as service conditions are excluded from the measurement of fair value but are considered in estimating the number of investments that may ultimately vest.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period").

The charge to the Statement of Profit or Loss for the period is the cumulative amount as calculated above less the amounts already recognised in previous periods. There is a corresponding entry to equity.

Accounting estimates and judgements

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external specialist using an option pricing model, based off the assumptions detailed above.

29 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Evolution Mining Limited, its related network firms and non-related audit firms. Also included are fees paid or payable for non-audit services by non PricewaterhouseCoopers audit firms, although these firms do not provide audit services to Evolution Mining Limited.

(a) PricewaterhouseCoopers

	2021 $	2020 $
Audit and other assurance services		
Audit and review of financial statements	**640,757**	603,473
Canadian related audit services	**79,830**	52,083
Other	**6,560**	6,891
Total remuneration for audit and other services	**727,147**	662,447
Taxation services		
Tax compliance services	**77,380**	103,060
Total remuneration for taxation services	**77,380**	103,060
Total remuneration of PricewaterhouseCoopers	**804,527**	765,507

(b) Non-PricewaterhouseCoopers related audit firms

	2021 $	2020 $
Audit and other assurance services		
Other assurance services		
Internal audit services	**217,541**	149,651
Other assurance services	**41,348**	—
Total remuneration for audit and other assurance services	**258,889**	149,651
Taxation services		
Tax compliance services	**67,557**	44,183
Tax advisory services	**555,348**	393,762
Total remuneration for taxation services	**622,905**	437,945
Total remuneration of non-PricewaterhouseCoopers audit firms	**881,794**	587,596

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

30 Deed of cross guarantee

Evolution Mining Limited and those entities identified in note 32 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies identified above represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Evolution Mining Limited, they also represent the 'extended closed group'.

The Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and summary of movements in consolidated retained earnings for the year ended 30 June 2021 of the closed group is equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.

31 Interests in other entities

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described below:

			Equity holding	
Name of entity	Country of Incorporation	Class of shares	2021 %	2020 %
Evolution Mining Management Services Pty Ltd	Australia	Ordinary	**100%**	100%
Conquest Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Mt Rawdon Operations Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining NZ Pty Ltd (ii)	Australia	Ordinary	**0%**	100%
Evolution Mining (Cowal) Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining Mungari Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Toledo Holding (Ausco) Pty Ltd (i)	Australia	Ordinary	**100%**	100%
Evolution Mining (Mungari East) Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining (Mungari) Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining (Phoenix) Pty Limited (i) (ii)	Australia	Ordinary	**100%**	100%
Hayes Mining Pty Ltd (i)	Australia	Ordinary	**100%**	100%
Evolution Mining (Aurum 2) Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining (Connors Arc) Pty Ltd (i) (ii)	Australia	Ordinary	**100%**	100%
Evolution Mining (Canada Holdings) Ltd (ii)	Canada	Ordinary	**100%**	100%
Evolution Mining Management Services (Canada) Ltd (ii)	Canada	Ordinary	**100%**	100%
Evolution Mining Gold Operations Ltd (ii)	Canada	Ordinary	**100%**	100%
Evolution Red Lake Nominee Ltd (ii)	Canada	Ordinary	**100%**	100%
Battle North Gold Corporation (ii) (iv)	Canada	Ordinary	**100%**	0%
Rubicon Minerals Nevada Inc (iv)	Canada	Ordinary	**100%**	0%
Rubicon Alaska Holdings (Inc) (Ontario) (iv)	Canada	Ordinary	**100%**	0%

(i) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 31.

(ii) These entities are considered to be the material controlled entities of the Group. Their principal activities are identifying, developing and operating gold related projects.

(iii) These entities were divested during this financial year.

(iv) These entities have been acquired as part of the Battle North Gold acquisition.

Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

32 Parent entity financial information

The financial information for the parent entity, Evolution Mining Limited has been prepared on the same basis as the consolidated financial statements.

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2021 $'000	30 June 2020 $'000
Balance sheet		
Assets		
Current assets	**161,289**	399,574
Non-current assets	**2,904,584**	2,515,538
Total assets	**3,065,873**	2,915,112
Liabilities		
Current liabilities	**128,728**	122,452
Non-current liabilities	**696,404**	632,047
Total liabilities	**825,132**	754,499
Net assets		
Shareholders' equity	**2,240,741**	2,160,613
Issued capital	**2,183,727**	2,183,727
Fair Value revaluation reserve	**14,094**	39,961
Share based payment reserve	**66,759**	58,928
Accumulated losses	**(23,839)**	(122,003)
Total equity	**2,240,741**	2,160,613
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**371,529**	272,706
Other comprehensive expense	**—**	—
Total comprehensive expense	**371,529**	272,706

(b) Guarantees entered into by the parent entity

The parent entity has provided bank guarantees, as detailed in note 23.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021. For information about guarantees given by the parent entity, please see above.

33 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which have been measured at fair value.

The financial report has been presented in Australian (AU) dollars and all values are rounded to the nearest AU$1,000 (AU$'000) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year except for changes arising from adoption of new accounting standards which have been separately disclosed.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Evolution Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities (subsidiaries) is presented in note 32.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of more of the three elements of control. Specifically the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its control over the investee to affect its returns.

Non- controlling interests in the results and equity of the entities that are controlled by the Group is shown separately in the Statement of Profit or Loss or Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

(c) Foreign currency translation

(i) Functional and presentation currency

The presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency for Red Lake is Canadian dollars.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities which are denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial statements are taken to the Statement of Other Comprehensive Income and accumulated in a reserve.

(iii) Translation

The assets and liabilities of subsidiaries with functional currency other than Australian dollars (being the presentation currency of the Group) are translated into Australian dollars at the exchange rate at the reporting date and the Statement of Profit or Loss is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries are recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve.

34 New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Evolution Mining Limited
Directors' Declaration 30 June 2021

In the Directors' opinion:

(a) the financial statements and notes set out on pages 41 to 84 are in accordance with the Corporations Act 2001, including:

   (i) complying with Accounting Standard, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group or liabilities to which they are, or may become, subject by virtue identified in note 30 will be able to meet any obligations of the deed of cross guarantee described in note 30.

Note 33(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Jacob (Jake) Klein

Executive Chairman

Andrea Hall

Chair of the Audit Committee

Sydney

Independent auditor's report

To the members of Evolution Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Evolution Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

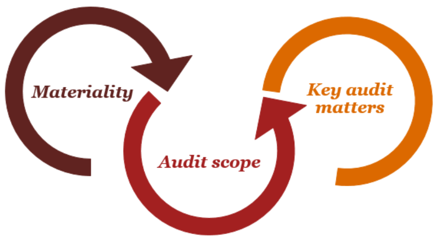
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*
• For the purpose of our audit we used overall Group materiality of $22.8 million, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation, amortisation and impairment expense (EBITDA). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We utilised a 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • A Canadian component audit team performed specified audit procedures over the financial information of the Red Lake Mine in Canada under the review and supervision of the Australian engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	*How our audit addressed the key audit matter*
Purchase Price Allocation for acquisition of Red Lake gold mine *(Refer to note 25 (a)) [$645.8 million]* The Group acquired 100% of the Red Lake gold mine (Red Lake) from Newmont Corporation on 1 April 2020. As a result of the size and complexity of the transaction, the purchase price accounting allocation was provisional as at 30 June 2020. The purchase price allocation was finalised during the year ended 30 June 2021. As part of the finalised purchase price allocation, the fair values of the assets and liabilities were determined using updated valuations of the assets acquired and liabilities assumed. Fair value was determined by the Group using various valuation methods, which were applied according to the assets and liabilities being measured. The Group was assisted by an expert in the process to determine the fair value of the rehabilitation provision at acquisition date. The purchase price allocation for the Red Lake acquisition was a key audit matter given the judgements and subjectivity required by the Group in the valuation methodologies and key assumptions.	Our procedures included the following, amongst others: • Evaluated the Group's accounting by considering the requirements of Australian Accounting Standards, key transaction agreements, our understanding obtained of the business acquired and its industry and selected minutes of the board of directors meetings. • Evaluated the valuation methodologies and assessed the appropriateness of the valuation assumptions used by the Group on which the final fair values of the identifiable assets and liabilities acquired were based. Evaluated the completeness and accuracy of the underlying data supporting the significant judgements and estimates used by the Group. • Evaluated the objectivity, competence and capabilities of the management expert utilised to assist the Group in determining the fair value of the rehabilitation provision. We further obtained an understanding of the work performed by the expert and evaluated the appropriateness of the conclusions reached. • Assessed the adequacy of the business combination disclosures in Note 25 (a) in light of the requirements of Australian Accounting Standards.

Key audit matter	***How our audit addressed the key audit matter***
Acquisition of Battle North Gold Corporation *(Refer to note 25 (b)) [$355.8 million]* During the year, the Group acquired 100% of Battle North Gold (Battle North). The acquisition was completed on 19 May 2021. The purchase consideration was $356 million (C$343 million) in cash. The acquisition of Battle North has been accounted for as a business combination in accordance with AASB 3 *Business Combinations* and involved consideration as to the acquisition date and the recognition and measurement of identifiable assets acquired and liabilities assumed as at that date. The accounting for the business combination has been recorded on a provisional basis in the consolidated financial statements. The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial impact on the Group.	Our procedures included the following, amongst others: • Evaluated the Group's accounting against the requirements of Australian Accounting Standards, key transaction agreements, our understanding obtained of the business acquired and minutes of the board of directors' meetings • Agreed the amount of the purchase consideration paid to the transaction agreements and bank statements • Assessed the appropriateness of the valuation methodologies and key assumptions used by the Group on which the provisional fair values of the identifiable assets and liabilities acquired were based, and • Assessed the adequacy of the business combination disclosures in Note 25 (b) in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 37 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
19 August 2021