



Evolution
MINING

ABN: 74 084 669 036

Registered Office
Level 30
175 Liverpool Street
Sydney NSW 2022

P +61 2 9696 2900
F +61 2 9696 2901

www.evolutionmining.com.au

ASX Announcement

26 November 2014

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Good morning. It is my pleasure to welcome you to the Annual General Meeting of Evolution Mining Limited. We are delighted that you are able to join us this morning.

My name is Jake Klein and I am Evolution's Executive Chairman. I would like to take this opportunity to make some opening remarks before we begin the formal business of today's meeting. Following the closure of the meeting Mark Le Messurier, our COO, Roric Smith, Chief Geologist, and myself will be providing a more detailed presentation about the Company.

The safety of our workforce is of paramount importance and a core cultural value. It is pleasing that the results of our operations in FY14 which I will present to you, were achieved in the context of a significant effort and focus in the safety area where we ended the year having achieved the best safety performance since Evolution was formed.

Our group total recordable injury frequency rate – a measure of the frequency of total recordable injuries per million hours worked – reduced significantly from 19.9 to 11.7, and the lost time injury frequency rate – a measure of the number of injuries involving one or more lost workdays – also reduced from 3.7 to 1.7. Strategies to continuously identify and manage risks in the workplace to improve on this record remain a high priority.

Evolution Mining was formed three years ago in November 2011. At that time we put in place a very clear strategy as to how we believed we could build a globally relevant company to fill the void in the Australian mid-tier gold mining space.

Reflecting on our first three years, I am very proud of the way we have been able to stay focussed on achieving our long-term strategy despite the extremely challenging environment the gold industry has endured through that time.

With the successful commissioning of Mt Carlton in FY14, the first new gold mine opened in Queensland in over a decade, we now have a portfolio of five similar sized producing mines. All our mines are 100% owned and located in Australia – a low political risk, first world jurisdiction with a high gold endowment.

In the 2014 financial year, our portfolio approach continued to deliver the operational predictability and stability for which we have built a strong reputation. In FY14 we produced 427,703 gold equivalent ounces at an average C1 cash cost of A\$781 per ounce and an All-in Sustaining Cost (AISC) of A\$1,083 per ounce. This result was within our original guidance range of 400,000 – 450,000 ounces at A\$770 – A\$820 per ounce and represents a 9% increase in production on FY13 and a 12% reduction in AISC.

The result reflects and captures the very significant effort and hard work from every one of our employees sustained over a 12 month period. During this time, big, courageous changes were made to our business in response to the challenging gold price environment, and they have paid off.

A major contributor to the significant success achieved in our efforts to reduce costs was the move to owner-miner at Cracow at the beginning of FY14. This initiative alone resulted in a cost saving of A\$18.1 million, or A\$190 per ounce, at Cracow last financial year. Importantly, we expect these savings to be repeated on an annual basis. Following this success, we made the decision to transition to owner-miner at Mt Rawdon in July

2014 which has achieved a better than expected improvement in operating costs to date. A major restructure at Pajingo saw total site costs reduce by 40% from A\$140.8 million in FY13 to A\$84.3 million in FY14. And at Edna May we have identified opportunities in the load & haul and drill & blast operations which will capture material savings in FY15 and beyond.

Perhaps the highlight of the year was the outstanding result from Mt Carlton in the mine's first year of commercial production. Mt Carlton produced 87,952 gold equivalent ounces – far in excess of the top end of the 65,000 – 75,000 guidance range given at the start of the year. This was achieved by a very focused and driven team who achieved ramp up faster than expected.

I am also pleased to report that we have been able to continue to strengthen our financial position. In the 2014 financial year our five mines were all cash flow positive and generated a total of A\$91.0 million dollars of cash flow. Around A\$17.0 million was spent on exploration, two dividend payments totaling A\$14.2 million were made, and the Group ended the year with cash of A\$31.5 million. We intend to continue to pay our unique and innovative dividend based on 2% of gold equivalent sales revenue. At the current share price, this provides a yield of around 3.5%.


We remain committed to discovery as a core part of our business and recognise the long-term nature of our commitment. It is at least a five year journey and I am confident that in the last 12 months we have laid important groundwork for our future success. We have established an excellent team and have completed cutting edge analyses of each of our projects. The introduction of innovative seismic and other technologies will allow us to significantly improve the probability of making a transformational discovery. During the year, we also committed to a new and exciting exploration project with Emmerson Resources in the highly prospective Tennant Creek region.

At the same time, we have also kept an eye on the future and continue to believe that as a gold company we must focus on all three pillars of our business to create long term shareholder value. In the operations pillar we will act like owners and maintain a cost and productivity focus ensuring we don't compromise the long-term value of our assets. In discovery, we will make a significant investment over the long-term and will use science and technology to improve the probability of transformational discoveries. Finally, in the M&A pillar we will continue to seek out accretive, value-adding acquisition opportunities that improve the quality of our portfolio.

At Evolution our vision is to be a valued and respected industry leader in environmental stewardship. We believe we have an obligation to not only achieve environmental compliance but to strive for best practice in the industry. Over the past 12 months we have implemented a series of 11 environmental management protocols which articulate the way we will operate and manage environmental risk. All of our sites are required to meet the protocol requirements which are regularly audited by an independent third party. We were very proud to be recently nominated as a finalist in both the Golden Gecko award for Environmental Excellence and the Australian Mining Prospect award for Environmental Excellence.

Evolution strives to build relationships with our community stakeholders based on trust, mutual respect and genuine partnership. As we are a relatively new face in our communities, a priority for us in FY14 was to understand what it means to be a valued member of the community. We are committed to working with our communities to achieve their future aspirations and have combined with our stakeholders to identify shared value projects. These projects aim at providing long-term, sustainable outcomes for the community that last well beyond the life of the mine through local economic development, education and training, and sustainable health outcomes. A recent demonstration of this commitment was the launch of our first shared value project where we entered into a two year partnership with Gudjuda Reference Group Aboriginal Corporation to help them establish a native plant nursery and market garden.

One of the benefits of the recent downturn in the resources industry is that Evolution has been able to attract a very talented group of people. Evolution offers its employees long-term career opportunities as well as challenging and rewarding roles within a dynamic organisation. We have been successful in building a high performance team culture where we operate to the mantra of "We Say, We Do, We Deliver", best reflected by



meeting our original production and cost guidance each financial year since the Company's formation.

I appreciate the support that our leadership team has received from the Board of Directors this year and recognise this as a critical ingredient of our success. In FY14 we were fortunate to attract two very talented, new non-executive directors, namely Cobb Johnstone and Tommy McKeith, who, in their short time as members of the Board, have already demonstrated their capacity. Peter Smith and Paul Marks resigned as directors during the year and I thank them for their contribution to Evolution. I am also delighted that Lawrie Conway, who has served as a non-executive director since the Company's formation has agreed to join Evolution in an executive capacity as Finance Director and Chief Financial Officer.

While current market conditions in the gold industry remain challenging, and may well stay this way for some time, we see this as creating a significant opportunity. Costs are reducing, the currency has potential to decline and we believe that now is the time to capitalise on our strategy of growing into a leading Australian mid-tier gold producer. Vital skills are returning to the gold sector and I am confident that this painful period that the industry is enduring will only make us a stronger, more robust company in the years ahead.

In concluding, I would like to thank all of Evolution's stakeholders for your continued support, commitment and energy. I am pleased to report we have made a strong start to FY15 as demonstrated by the September quarterly results and I look forward to working with you all as we continue to transform Evolution from a good company into a great one.

For further information please contact:

Bryan O'Hara
Investor Relations Manager
Evolution Mining Limited
Tel: +61 2 9696 2900

About Evolution Mining

Evolution Mining is a leading, growth-focused Australian gold miner. The Company operates five wholly-owned Australian mines – Cracow, Mt Carlton, Mt Rawdon and Pajingo in Queensland and Edna May in Western Australia.

Group production for FY14 totalled 427,703 ounces gold equivalent at an average cash cost of A\$781/oz. FY15 forecast production is 400,000 – 440,000 ounces gold equivalent with cash operating costs expected to be in the range of A\$750 – A\$820 per ounce and All-in Sustaining Costs in the range of A\$1,050 – A\$1,130/oz.