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# ASX Announcement

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## COMPLETION OF PAJINGO GOLD MINE DIVESTMENT

Evolution Mining Limited (ASX:EVN) ("Evolution" or the "Company") advises that the sale of the Pajingo gold mine and surrounding exploration tenements<sup>1</sup> to Minjar Gold Pty Ltd ("Minjar Gold") has successfully completed.

Evolution has now received the A\$41.9 million upfront cash payment<sup>2</sup> from Minjar Gold. The sale agreement also includes a 1% NSR (net smelter return) royalty of up to A\$10.0 million payable to an Evolution subsidiary for future gold production above 130,000 ounces<sup>3</sup> from Pajingo.

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### About Evolution Mining

Evolution Mining is a leading, growth-focussed Australian gold miner. Following the sale of Pajingo, Evolution will operate six wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon, and Cracow, in Queensland; and Mungari and Edna May in Western Australia. On 24 August 2016, Evolution announced that it was acquiring an economic interest in the Ernest Henry copper-gold operations in Queensland.

In FY16 Evolution produced 803,476 ounces of gold at an AISC of A\$1,014 per ounce generating a net mine cash flow of A\$428.2 million.

Following completion of the Pajingo sale and assuming completion of the acquisition of an economic interest in Ernest Henry, Evolution has revised FY17 Group gold production guidance to 800,000 – 860,000 ounces at an AISC of A\$900 – A\$960 per ounce.

### About Minjar Gold

Minjar Gold is a wholly-owned subsidiary of Shandong Tyan Home Co. Ltd ("Tyan Home"). Tyan Home is a publicly listed company which trades on the Shanghai Stock Exchange under the code 600807.SS with a current market capitalisation of approximately A\$2.6 billion. Tyan Home is involved in property and mining.

Tyan Home is 29.45% owned by the Shandong Tianye Group ("STG"). STG was founded in 1999 and is a private Chinese company based in Jinan, the capital of the Shandong Province. STG operates a diversified multi-national conglomerate with interests in property, property development, energy and mining.

Minjar Gold owns the Minjar gold mine, 550km northeast of Perth, Western Australia. Minjar acquired the Minjar gold mine in 2009 and delineated a resource base to support the recommencement of mining and milling operations in 2013. The operation produces approximately 35,000 ounces of gold per annum.

In 2015 Minjar Gold acquired the Kirkalocka gold project, 70km south of Mount Magnet, Western Australia.

Minjar Gold is seeking to further grow its production profile with acquisitions within Australia.

1. Includes the Twin Hills and Wirralie tenement packages
2. A\$41.9 million paid on completion of the transfer of shares in the Pajingo holding company ("**Share Transfer**"); a further A\$100,000 is payable on completion of the transfer of a stand-alone exploration permit once Ministerial approval under the *Mineral Resources Act 1989* (Qld) is obtained ("**Stand-Alone Tenement Transfer**"). The A\$41.9 million amount is subject to a working capital adjustment.
3. No royalty is payable in respect of the first 130,000 ounces produced following completion of the sale of the Pajingo gold mine. Once the 130,000 ounce production threshold has been reached, the royalty will be payable in respect of each subsequent 6 month period if the average daily gold price during each such period is above A\$1,400 per ounce and production is at least 50,000 ounces on an annualised basis. The aggregate amount of the royalty is capped at A\$10.0 million