ASX Announcement
16 February 2017

FY17 HALF-YEAR FINANCIAL RESULTS AND INTERIM DIVIDEND

Evolution Mining Limited (ASX: EVN) has today reported a record half-year underlying net profit of A$136.3 million for the six months ended 31 December 2016 ("the half-year"). This represents a 26% increase compared to the A$107.9 million underlying net profit reported in the prior corresponding period.

This result was driven by a strong operating performance across Evolution’s sites with half-year production of 423,120 ounces at an All-in Sustaining Costs (AISC)\(^1\) of A$978 per ounce (H1 FY16: 377,869 ounces; AISC A$954/oz). The half-year included the first two months contribution from the acquisition of the economic interest in Ernest Henry which is expected to improve the quality and longevity of Evolution’s portfolio and materially reduce the Group’s cost profile.

Group cash generation remains robust with mine operating cash flow of A$339.4 million and net mine cash flow of A$213.6 million after all capital expenditure, including stripping. The major cash flow contributors were Cowal (A$97.1 million), Mungari (A$42.7 million) and Mt Carlton (A$39.1 million).

Key financial highlights for the half-year included:

- Record half year underlying profit increased 26% to A$136.3 million (H1 FY16: A$107.9M)
- Record half year statutory profit of A$136.7 million (H1 FY16: net loss of A$15.5M)
- EBITDA increased 21% to A$345.3 million (H1 FY16: A$285.6M)
- EBITDA margin of 50% (H1 FY16: 47%)
- Revenue from gold, silver and copper sales increased 17% to A$711.2 million (H1 FY16: A$607.1M)
- Mine operating cash flow increased 17% to A$339.4 million (H1 FY16: A$289.3M)
- Net mine cash flow increased 5% to A$213.6 million (H1 FY16: A$202.9M)
- Group gold production increased 12% to 423,120 ounces (H1 FY16: 377,869oz)
- Group average C1 cash costs of A$667 per ounce (US$503/oz)\(^2\) (H1 FY16: A$700/oz)
- Group average AISC\(^1\) of A$978 per ounce (US$738/oz)\(^2\) (H1 FY16: A$954/oz)
- Debt repayments of A$160.0 million
- Net debt of A$588.5 million (22% gearing)

Interim dividend declared based on a gold revenue linked dividend policy:

- Dividend amount – 2 cents per share unfranked
- Ex-dividend date – 23 February 2017
- Record Date – 27 February 2017
- Payable Date – 27 March 2017

Commenting on the record half-year, Evolution’s Executive Chairman Jake Klein said:

> The record half year underlying net profit and an EBITDA margin of 50% is a clear reflection of the quality of Evolution’s asset portfolio and consistent operational performance. With Ernest Henry only contributing for two months of the December half, we expect further improvement once the full impact of this asset on Group costs and cash flow becomes evident.

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1. AISC (All-in Sustaining Costs) includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and admin expense. Calculated on a per ounce sold basis
2. All USD values in this announcement have been calculated using the average AUD:USD exchange rate for the half-year of $0.7546
Evolution’s half-year results were achieved at an average realised gold price of A$1,656 per ounce (H1 FY16: A$1,547 per ounce).

Sales revenue for the half-year period was A$711.2 million – a 17% increase on the prior corresponding period.

Unit cash operating costs for the period were A$667 per ounce (US$503/oz) with AISC of A$978 per ounce (US$738/oz) – placing Evolution among global leaders in low cost gold production.

All operations produced positive operating mine cash flows totalling A$339.4 million (H1 FY16: A$289.3 million) representing a 17% year-on-year improvement. Total capital expenditure increased 46% to A$125.8 million which was in line with plan (including all sustaining and major capital expenditure and capital stripping) and had a large impact on the resulting net mine cash flow of A$213.6 million (H1 FY16: A$202.9M).

The half-year included two months contribution from the acquisition of the economic interest in Ernest Henry which is expected to improve the quality and longevity of Evolution’s portfolio and materially reduce the Group’s cost profile. In September 2016, the Group sold the Pajingo asset to Minjar Gold Pty Limited as part of its strategy to continually seek to improve the quality of its asset portfolio.

Discovery remains an integral part of Evolution’s growth strategy. Discovery expenditure for the period was A$15.6 million. The Company is committed to investing A$25.0 – A$30.0 million on discovery in FY17. The exploration team’s focus has been on key projects at Cowal, Mungari and Mt Carlton.

The Group’s gold hedge book at 31 December 2016 was 579,487 ounces at an average price of A$1,633 per ounce. These hedges are over a period from January 2017 through until December 2019.

The cash balance at 31 December 2016 was A$14.5 million.

As a result of the significant net cash flows in excess of capital requirements during the period, the Group has been able to accelerate repayments on the Senior Secured Syndicated Revolving and Term Facility. The Group made mandatory and voluntary repayments of A$160.0 million during the period with commitments met up to October 2017.

Total outstanding bank debt is A$600.0 million, comprising A$75.0 million in the Senior Secured Syndicated Revolver Facility, A$80.0 million in the Senior Secured Syndicated Term Facility B and A$445.0 million in the Senior Secured Syndicated Term Facility D. The undrawn amount of the Senior Secured Syndicated Revolver Facility remains is A$225.0 million.

Full details of the FY17 Half-year Financial Results are available in the Appendix 4D released to the Australian Securities Exchange (ASX) today and also available on the Company’s website.

Cowal mine life extended to 2032

Following the receipt of NSW regulatory approval on 8 February 2017 to extend the mine life of the Cowal gold operation to 2032, the Evolution Board has approved the E42 Stage H Cutback and the Dual Leach project. The life of Evolution’s Cowal gold mine has now been secured for at least the next 15 years allowing the Company to continue its transformation of this cornerstone asset. Please refer to the separate announcement released on the ASX platform today.

Dividend payment

The Evolution Board has agreed to pay an interim dividend of 2 cent per share. The Record Date for receiving the dividend is 27 February 2017 and the dividend payment will be made on 27 March 2017.

The dividend is based on the Company policy of, whenever possible, paying a dividend to shareholders equal to the value of 4% of Evolution’s revenue for the period. In this case however, the total dividend amount of A$33.6 million equates to approximately 4.7% of sales revenue in the six months to 31 December 2017. The Company issued equity during the period as part of the Ernest Henry transaction, however the asset will not commence generating full revenue until the second half of the year. For consistency, the Board has decided to maintain the dividend at 2 cents per share.

Evolution has a Dividend Reinvestment Plan (DRP) that allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. DRP information is available on Evolution’s website www.evolutionmining.com.au. Notification to participate in the DRP must be received before 5.00pm (Sydney time) on 28 February 2017. The allotted shares in respect of the H1 FY17 interim dividend will be issued at a 5.0% discount to the volume-weighted average price for the five days immediately after the record date of 27 February 2017.
Conference Call
Evolution’s Executive Chairman, Jake Klein, and Finance Director and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY17 Half-Year Financial Results and Cowal Mine Life Extension at 11.00am (Sydney time) today. Access details are provided below.

Shareholders – Live Audio Stream
A live audio stream of the conference call will be available on Evolution’s website www.evolutionmining.com.au. The audio stream is ‘listen only’.
The audio stream will also be uploaded to the website shortly after the conclusion of the call and can be accessed at any time.

Analysts and Media – Conference Call Details
Conference call details for analysts and media includes Q & A participation. Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code.
Dial-in numbers:
- Australia: 1800 268 560
- International Toll: +61 2 7200 9400

Participant PIN Code: 746298#

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About Evolution Mining
Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates 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. In addition Evolution holds an economic interest in the Ernest Henry copper-gold mine that will deliver 100% of future gold and 30% of future copper and silver produced from an agreed life of mine area. Outside of the life of mine area Evolution will have a 49% interest in future copper, gold and silver production.

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.

As a result of the acquisition of an economic interest in Ernest Henry in November 2016, Evolution revised its FY17 Group gold production guidance to 800,000 – 860,000 ounces at an AISC of A$900 – A$960 per ounce.
Forward looking statements

This announcement includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.