ASX Announcement

17 August 2017

FY17 FINANCIAL RESULTS AND NEW DIVIDEND POLICY

Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2017 and is pleased to report that it will pay an increased final fully franked dividend for the year of 3 cents per share.

FY17 Highlights:

- Record statutory net profit after tax of A$217.6 million (FY16: net loss A$24.3 million)
- Underlying net profit of A$206.6 million
- Sales revenue increased by 11% to A$1,479.9 million
- EBITDA increased by 17% to A$713.9 million
- Group gold production increased by 5% to a record 844,124 ounces
- Record low Group average AISC of A$907 (US$684) per ounce
- Operating cash flow increased by 12% to a record A$706.5 million
- Net mine cash flow increased by 8% to a record A$461.5 million
- Total debt repayments of A$325.0 million
- Gearing reduced from 22.0% to 15.9% in the June 2017 half-year
- Sixth consecutive year of meeting Group production and cost guidance

Final fully franked dividend of 3 cents per share declared based on new dividend policy of a payout ratio of 50% of after tax earnings:

- Ex-dividend date – 25 August 2017
- Record Date – 28 August 2017
- Payable Date – 29 September 2017
- Nil Conduit Foreign Income (CFI) component

Commenting on the Financial Results, Evolution’s Executive Chairman Jake Klein said:

“In the 2017 financial year we continued to deliver on our business strategy of improving the quality of our asset portfolio to build a business that prospers through the cycle. An ongoing focus on lowering costs, together with the acquisition of an economic interest in Ernest Henry copper-gold mine and the divestment of Pajingo, saw Evolution achieve another year of record high production and record low costs which contributed to a strong underlying net profit of A$206.6 million.”

“We expect FY18 to be another strong year for Evolution with forecast gold production of 820,000 – 880,000 ounces and low AISC in the range of A$850 – A$900 per ounce.”

“These results and robust outlook have enabled us to further increase the final dividend to a fully-franked 3 cents per share under the new dividend policy of a payout ratio of 50% of after tax earnings.”

1. All-in Sustaining Cost includes C1 cash cost, plus royalty expense; sustaining capital; and general corporate and administration expenses on a per ounce sold basis.
2. Calculated using an average AUD:USD exchange rate for FY17 of US$0.7546
The safety and well-being of our people is of paramount importance to Evolution. In the 2017 financial year Evolution’s strong safety culture continued to drive positive results. Highlights for the year included a focus on assurance reviews of critical control plans and a significant reduction in vehicle incidents. The Company’s safety culture has been recognised by winning the NSW Mining HSEC award for Project Arrive Alive and receiving a high commendation from the Queensland Mining Industry for Evolution’s Health and Well-being program.

Evolution recorded a statutory net profit after tax of A$217.6 million for the year ended 30 June 2017 (30 June 2016: statutory net loss after tax of A$24.3 million) driven by record production, a continued focus on cost control and a higher gold price. The period included an eight month contribution from the acquisition of the economic interest in the Ernest Henry Copper-Gold Operation which has improved the quality and longevity of Evolution’s portfolio as well as materially reducing the Group’s cost profile. In September 2016, the Group disposed of the Pajingo asset to Minjar Gold Pty Limited as part of its strategy to improve the quality of its asset portfolio.

The Group recorded an underlying net profit after tax of A$206.6 million for the year ended 30 June 2017 (30 June 2016: A$134.5 million).

Total gold production was 844,124 ounces, representing an increase of 5% on the prior year and at the upper end of FY17 guidance of 800,000oz - 860,000oz.

An FY17 Group EBITDA margin of 49%, excluding Pajingo, and record net mine cash flow of A$461.5 million reflected the quality of Evolutions asset portfolio.

Revenue for the year ended 30 June 2017 increased by 11% to A$1.479 billion (30 June 2016: A$1.329 billion). This is largely due to the inclusion of results from Ernest Henry totalling A$163.342 million. This is comprised of A$102.9 million for 8 months of copper and silver revenue and A$60.4 million for 5 months of gold revenue. An increase of 3% in achieved gold price to A$1,641/oz (30 June 2016: A$1,597/oz) also had an impact. This was partly offset by the disposal of the Pajingo operation which contributed revenue of A$17.5 million in the year representing a decrease of A$95.6 million on the prior year.


Operating costs (excluding depreciation, amortisation and fair value adjustments of A$431.6 million) increased to A$719.7 million (30 June 2016: A$674.2 million) largely as a result of the first year inclusion of Ernest Henry which accounted for operating costs of A$64.1 million offset by A$47.3 million following the sale of Pajingo during the year. The operating costs for the six existing mine sites increased by 5% on the prior year to A$640.5 million. This increase is primarily due to the shift from capital to operating stripping at Cowal for Stage G, and the completion of underground development activities as well as Stage 2 of the open cut which resulted in higher costs at Mungari.

The Group’s All in Sustaining Cost decreased by 11% to A$907/oz (30 June 2016: A$1,014/oz). The impact of a decline in average grade mined across the Group was more than offset by the inclusion of Ernest Henry which contributed a negative AISC of A$(361)/oz for the year.

Total exploration expenditure for the year ended 30 June 2017 was A$29.4 million (30 June 2016: A$27.8 million) with an exploration expense of A$12.6 million (30 June 2016: A$13.8 million).

Capital expenditure for the year totalled A$245.0 million (30 June 2016: A$200.2 million). This consisted of sustaining capital, including near mine exploration and resource definition of A$116.6 million (30 June 2016: A$107.0 million) and mine development of A$128.4 million (30 June 2016: A$93.2 million). The main capital projects include the Stage H and Float Tails (Dual) Leach projects at Cowal, Cracow underground mine development, Mt Rawdon capital waste stripping, Edna May Southern and Northern cutbacks and
underground mine development, Mungari underground development, and Mt Carlton capital waste stripping in the northern section of Stage 3.

This announcement is a summary of the FY17 Financial Results. Full details of the FY17 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company’s website.

**Dividend Payment**

With the continued growth over the past year and the recent inclusion in the ASX100, coinciding with the Group moving to a tax paying position, the Directors have approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after tax earnings. This change, effective immediately, has been applied to the final dividend for 2017.

The Board has confirmed that Evolution is in a sound position to continue its commitment to pay a final fully franked dividend for the current period of 3 cents per share, totalling A$50.5 million. Evolution shares will trade excluding entitlement to the dividend on 25 August 2017, with the record date being 28 August 2017 and payment date of 29 September 2017.

In relation to Evolution’s dividend policy, the Board of Directors has suspended the Dividend Reinvestment Plan (“DRP”) until further notice.

**FY18 Guidance**

Evolution is forecasting FY18 Group gold production of 820,000 – 880,000 ounces of gold. Group C1 cash costs are expected to be in the range of A$590 – A$650 per ounce and Group AISC are expected to be in the range of A$850 – A$900 per ounce.

Using the average AUD:USD exchange rate of 0.7546 for the 12 months to 30 June 2017, Evolution’s forecast FY18 costs are among the lowest of global gold producers and equate to C1 cash costs of US$445 – US$490 per ounce and AISC of US$640 – US$680 per ounce.

Production on an operation-by-operation basis continues to show the benefits of a diverse portfolio. A full year of production at Ernest Henry along with higher production at Mt Rawdon, Cracow and Edna May due to generally higher grades and recoveries offset expected lower production at Cowal and Mungari due to planned lower grades.

Investment in sustaining capital in FY18 is forecast to be in the range of A$95.0 – A$125.0 million. The majority of the investment will be at Cowal with lifts planned on both the southern and northern tails facilities and the possible acquisition of a fleet bringing tails facility work inhouse. Investment in tails facilities will also take place at Mt Carlton, Mt Rawdon and Mungari. Due to mine life extensions at Mt Carlton and Cracow investment will be made on refurbishment or replacement of mobile fleets.

Investment in growth (major project) capital and exploration is additional to the costs included in AISC. Investment in major capital in FY18 is forecast to be in the range of A$175.0 – A$215.0 million. The bulk of the major project capital investment is associated with expansion projects at Cowal with mine development of A$45.0 – A$50.0 million and float tails leach project investment of $30.0 – A$35.0 million. The balance of Cowal major project investment relates to start-up capital for Stage H cutback and the plant expansion study. Major project capital investment at Mt Carlton, Mungari and Mt Rawdon relates predominantly to mine development.

Exploration investment is expected to total approximately A$25.0 – A$30.0 million with Mungari receiving the largest allocation of the investment in FY18 at A$10.0 – A$12.0 million.

FY18 AISC guidance of A$850 – A$900 per ounce is effectively in line with the updated three year outlook issued on 13 September 2016 of A$840 – A$900 per ounce. The favorable impact on AISC of a full year of
production from Ernest Henry and a higher copper price assumption are being negated by lower production at Cowal and Mungari; higher power costs across the group (adding A$10-20/oz); and additional sustaining capital investment as mentioned above.

A breakdown of production, costs and capital forecasts is provided in the table below:

<table>
<thead>
<tr>
<th>FY18 Guidance</th>
<th>Gold production (oz)</th>
<th>C1 cash costs(^1) (A$/oz)</th>
<th>All-In sustaining cost(^1) (A$/oz)</th>
<th>Sustaining Capital (A$M)</th>
<th>Major Capital (A$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowal</td>
<td>235,000 - 245,000</td>
<td>660 – 720</td>
<td>950 – 1,000</td>
<td>52.5 – 57.5</td>
<td>85 – 100</td>
</tr>
<tr>
<td>Mungari</td>
<td>120,000 - 130,000</td>
<td>860 – 910</td>
<td>990 – 1,050</td>
<td>10 – 15</td>
<td>32.5 – 40</td>
</tr>
<tr>
<td>Mt Carlton</td>
<td>100,000 - 110,000</td>
<td>420 – 470</td>
<td>680 – 730</td>
<td>5 – 10</td>
<td>17.5 – 22.5</td>
</tr>
<tr>
<td>Mt Rawdon</td>
<td>105,000 - 115,000</td>
<td>670 – 720</td>
<td>850 – 900</td>
<td>5 – 10</td>
<td>20 – 22.5</td>
</tr>
<tr>
<td>Edna May</td>
<td>90,000 - 100,000</td>
<td>1,100 – 1,150</td>
<td>1,250 – 1,300</td>
<td>2.5 – 5</td>
<td>10 – 15</td>
</tr>
<tr>
<td>Cracow</td>
<td>85,000 - 90,000</td>
<td>810 – 860</td>
<td>1,150 – 1,200</td>
<td>10 – 12.5</td>
<td>10 – 15</td>
</tr>
<tr>
<td>Ernest Henry</td>
<td>85,000 - 90,000</td>
<td>(500) – (300)</td>
<td>(200) – (150)</td>
<td>10 – 15</td>
<td>0</td>
</tr>
<tr>
<td>Corporate</td>
<td>32 – 37</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>820,000 - 880,000</strong></td>
<td><strong>590 – 650</strong></td>
<td><strong>850 – 900</strong></td>
<td><strong>95 – 125</strong></td>
<td><strong>175 – 215</strong></td>
</tr>
</tbody>
</table>

1. A copper price assumption of A$7,700/t has been used for by-product credits

Additional guidance on FY18 D&A, resource definition and discovery expenditure on an operation-by-operation basis is provided in Appendix 2 of this release.

**Conference Call**

Evolution’s Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY17 Financial Results at 11.00am (AEST) today. Access details are provided below.

**Shareholders – Live Audio Stream**

A live audio stream of the conference call will be available on the Company’s website [www.evolutionmining.com.au](http://www.evolutionmining.com.au). The audio stream is ‘listen only’ and does not provide for Q&A participation.

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**

Dial-in numbers:
- Australia: 1800 268 560
- International Toll: +61 2 7200 9400

Participant PIN Code: 262361#

Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code. The call includes Q&A participation.
For further information please contact:

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

Michael Vaughan
Media Relations
Fivemark Partners
Tel: +61 422 602 720

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 FY17 Evolution produced 844,124 ounces of gold at an AISC of A$905 per ounce. FY18 Group gold production is expected to be in the range of 820,000 – 880,000 ounces at an AISC of A$850 – A$900 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.
Appendix

1. Underlying Net Profit Reconciliation

As presented in the 30 June 2016 financial statements, underlying profit excluded the fair value adjustments related to the acquisition of Cowal and Mungari. Following the completion of the purchase price allocation the fair value amortisation is included in underlying profit. All changes were non-cash items. For consistency, the 2016 underlying profit has been amended to reflect this treatment. No change to statutory profit was required. Underlying profit is a non-IFRS measure. If the fair value amortisation was excluded in 2017, underlying profit after tax would have been $238.1 million.

<table>
<thead>
<tr>
<th></th>
<th>2016 A$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit after income tax as presented at 30 June 2016</td>
<td>226.9</td>
</tr>
<tr>
<td>Fair value amortisation included in underlying profit</td>
<td>(58.2)</td>
</tr>
<tr>
<td>Tax effect of adjustments</td>
<td>(34.2)</td>
</tr>
<tr>
<td>Underlying profit after income tax 2016</td>
<td>134.5</td>
</tr>
</tbody>
</table>

2. FY18 Guidance: Non-cash Items and Discovery

<table>
<thead>
<tr>
<th>FY18 Guidance</th>
<th>Depreciation &amp; Amortisation(^1) A$/oz</th>
<th>Fair Value Unwind A$M</th>
<th>Resource Definition(^2) A$M</th>
<th>Discovery A$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowal</td>
<td>370 - 410</td>
<td>15.0 - 20.0</td>
<td>2.0 - 3.5</td>
<td>2.5 - 4.5</td>
</tr>
<tr>
<td>Mungari</td>
<td>530 - 570</td>
<td>17.0 - 22.0</td>
<td>6.0 - 7.0</td>
<td>10.0 - 12.0</td>
</tr>
<tr>
<td>Mt Carlton</td>
<td>400 - 440</td>
<td>1.0 - 2.5</td>
<td>0.0 - 1.0</td>
<td>0.0 - 1.0</td>
</tr>
<tr>
<td>Mt Rawdon</td>
<td>430 - 470</td>
<td>0.0 - 1.0</td>
<td>0.0 - 1.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Edna May</td>
<td>270 - 310</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Cracow</td>
<td>320 - 350</td>
<td>4.0 - 6.0</td>
<td>2.5 - 4.5</td>
<td>2.5 - 4.5</td>
</tr>
<tr>
<td>Ernest Henry</td>
<td>1,300 - 1,360</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Corporate</td>
<td>0.0</td>
<td>5.0 - 7.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>480 – 520</td>
<td>32.0 – 42.0</td>
<td>13.0 – 20.0</td>
<td>20.0 – 30.0</td>
</tr>
</tbody>
</table>

1. Depreciation & Amortisation FY18 guidance includes fair value unwind at Cowal & Mungari and amortisation of Ernest Henry prepayment (10-12%).
2. Resource definition is included in the Sustaining Capital guidance on Slide 14 of the presentation “2017 Full Year Financial Results” released on 17th August 2017 and available to view at www.asx.com.au