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MINING

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ASX Announcement

15 February 2018

FY18 HALF-YEAR FINANCIAL RESULTS AND INTERIM DIVIDEND

Evolution Mining Limited (ASX: EVN) has today reported a half-year statutory net profit after tax of A\$122.5 million and underlying profit after tax of A\$124.7 million for the six months ended 31 December 2017 ("the half-year").

This result was driven by a strong operating performance across Evolution's sites with half-year production of 407,459 ounces. All-in Sustaining Costs (AISC)¹ declined by 20% from the December 2016 half-year to A\$785 per ounce (US\$611/oz)².

Group cash generation continued to strengthen with net cash flow after investing up 20% to A\$176.8 million. This was a result of mine operating cash flow increasing 22% to A\$415.1 million and net mine cash flow increasing 37% to A\$292.5 million after all capital expenditure. The major cash flow contributors were Ernest Henry (A\$107.4 million), Cowal (A\$87.3 million) and Mt Carlton (A\$57.5 million).

Key financial highlights for the half-year included:

- EBITDA increased 16% to A\$399.1 million (H1 FY17: A\$345.3M)
- EBITDA margin³ of 53% (H1 FY17: 50%)
- Statutory profit before income tax increased 45% to A\$175.1 million (H1 FY17: A\$121.0M)
- Statutory net profit after income tax declined 10% to A\$122.5 million (H1 FY17: A\$136.7M)
- Underlying net profit after income tax increased 8% to A\$124.7 million (H1 FY17: A\$115.0M)
- Mine operating cash flow increased 22% to A\$415.1 million (H1 FY17: A\$339.4M)
- Group cash flow increased 20% to A\$176.8 million (H1 FY17: A\$147.1M)
- Net bank debt reduced by 61% to A\$231.5 million (H1 FY17: A\$588.5M)
- Gearing reduced to 9.5% (H1 FY17: 22.0%)

Fully franked interim dividend declared based on a policy of 50% of after tax earnings:

- Dividend amount – 3.5 cents per share fully franked
- Ex-dividend date – 23 February 2018
- Record Date – 26 February 2018
- Payable Date – 30 March 2018
- Nil Conduit Foreign Income component

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

These half year financial results continue to demonstrate the quality of Evolution's asset portfolio and consistent operational performance. A 20% decline in AISC contributed to higher EBITDA margins of 53% and a 20% increase in Group cash generated to A\$176.8 million. It is also pleasing to have increased our interim dividend by 75% to 3.5 cents per share fully franked. Our business is clearly in great shape but we remain focussed on driving further improvements.

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 \$0.7789
3. FY18 excludes Edna May; FY17 excludes Pajingo

The safety of Evolution's people is of paramount importance and this focus has been demonstrated through maintaining a steady total recordable injury frequency rate (TRIFR) of 6.2 and lost time injury frequency rate (LTIFR) of 0.4.

Evolution's half-year results were achieved at an average realised gold price of A\$1,621 per ounce (H1 FY17: A\$1,656 per ounce).

Sales revenue for the half-year period was A\$782.1 million – a 10% increase on the prior corresponding period.

Unit cash operating costs for the period declined 24% to A\$507 per ounce (US\$395/oz) and AISC declined 20% to A\$785 per ounce (US\$611/oz) – ranking Evolution as one of the lowest cost gold producers in the world.

The Group posted an increase of 45% in profit before tax to A\$175.1 million driven by increased sales and lower unit costs which were offset by a lower achieved gold price. Having utilised all unrestricted tax losses during FY17, income tax expense in the FY18 half-year increased by A\$68.2 million and was the driver of the lower statutory profit after tax which was down 10%, to A\$122.5 million.

Underlying net profit after tax increased by 9% to A\$124.7 million (H1 FY17: A\$114.9 million).

Operating mine cash flows totalled A\$415.1 million (H1 FY17: A\$339.4M) representing a 22% year-on-year improvement. Total capital expenditure declined 3% to A\$122.6 million (H1 FY17: A\$125.8M). Net mine cash flow increased 37% to A\$292.5 million (H1 FY17: A\$213.6M).

The FY18 half-year included a three-month contribution from Edna May prior to its sale on 2 October 2017 as Evolution continued to deliver on its strategy of upgrading the quality of its asset portfolio.

Evolution's discovery program continues to focus on extending the reserve life of the portfolio. Exploration expenditure for the period was A\$16.2 million. The discovery team's focus has been on key projects at Cowal, Mungari and Cracow.

The Group's gold hedge book at 31 December 2017 was 362,500 ounces at an average price of A\$1,670 per ounce. These hedges are over a period from January 2018 through until June 2020.

In December 2017, the Group made its first income tax payment of A\$36.2 million relating to the 30 June 2017 financial year.

During the half year the outstanding balance of A\$40.0 million on the Senior Secured Term Loan ("Facility B") was repaid. This facility was fully repaid approximately three years earlier than scheduled.

The cash balance at 31 December 2017 was A\$163.5 million (31 Dec 2016: A\$14.5M).

Total outstanding bank debt at 31 December 2017 was A\$395.0 million in the Senior Secured Term Loan ("Facility D"). The A\$300.0 million Senior Secured Syndicated Revolver Facility is undrawn. Liquidity increased to A\$463.5 million.

Full details of the FY18 Half-Year Financial Results are available in the Appendix 4D released to the Australian Securities Exchange (ASX) today and are also available on the Evolution website.

Dividend payment

The Evolution Board has agreed to pay a fully franked interim dividend of 3.5 cent per share. The aggregate amount of the dividend to be paid is A\$59.2 million. The Record Date for receiving the dividend is 26 February 2018 and the dividend payment will be made on 30 March 2018.

The dividend is based on the Company's policy of, whenever possible, paying a half-yearly dividend equivalent to 50% of the Group's after-tax earnings.

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 FY18 Half-Year Financial Results 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 093 431
- International Toll: +61 2 8047 9393

Participant PIN Code: 46950419#

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About Evolution Mining

Evolution is a leading, growth-focussed Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon, and Cracow, in Queensland; and Mungari 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 this life of mine area Evolution will have a 49% interest in future copper, gold and silver production at Ernest Henry.

FY18 Group gold production guidance is 750,000 – 805,000 ounces at an AISC of A\$820 – A\$870 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.