2018 Half Year Financial Results

15 February 2018

Jake Klein – Executive Chairman
Lawrie Conway – Finance Director and CFO
Forward looking statement

These materials prepared by Evolution Mining Limited (or “the Company”) include 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.

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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.

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Non-IFRS Financial Information

The Company results are reported under International Financial Reporting Standards (IFRS). This presentation also includes non-IFRS information including EBITDA and Underlying profit. The non-IFRS information has not been subject to audit or review by the Company’s external auditor and should be used in addition to IFRS information.
Consistent operational performance

Global leader in low-cost production

Continued significant cash generation

Increasing shareholder returns

Strong balance sheet

Quality of portfolio delivering superior financial performance
Safety

- Group total recordable injury frequency rate at end of December 2017 reduced to 6.2 and lost time injury frequency rate reduced to 0.4
- Major risk reduction project is underway to implement critical control plans for the top ten principal hazards
- NSW Mines Rescue challenge successfully hosted by Evolution (Cowal) in the local community of West Wyalong
## Financial highlights

<table>
<thead>
<tr>
<th>Financials</th>
<th>Units</th>
<th>H1 FY18</th>
<th>H1 FY17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory Profit before tax</td>
<td>A$M</td>
<td>175.1</td>
<td>121.0</td>
<td>↑ 45%</td>
</tr>
<tr>
<td>Statutory Profit after tax¹</td>
<td>A$M</td>
<td>122.5</td>
<td>136.7</td>
<td>↓ 10%</td>
</tr>
<tr>
<td>Underlying Profit after tax¹</td>
<td>A$M</td>
<td>124.7</td>
<td>115.0</td>
<td>↑ 9%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>A$M</td>
<td>399.1</td>
<td>345.3</td>
<td>↑ 16%</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>A$M</td>
<td>415.1</td>
<td>339.4</td>
<td>↑ 22%</td>
</tr>
<tr>
<td>Group Cash Flow</td>
<td>A$M</td>
<td>176.8</td>
<td>147.1</td>
<td>↑ 20%</td>
</tr>
<tr>
<td>EBITDA Margin²</td>
<td>%</td>
<td>53</td>
<td>50</td>
<td>↑ 6%</td>
</tr>
<tr>
<td>AIC Margin</td>
<td>A$/oz</td>
<td>628</td>
<td>536</td>
<td>↑ 17%</td>
</tr>
<tr>
<td>Gearing</td>
<td>%</td>
<td>9.5</td>
<td>22.0</td>
<td>↓ 57%</td>
</tr>
<tr>
<td>Interim dividend³</td>
<td>cps</td>
<td>3.5</td>
<td>2.0</td>
<td>↑ 75%</td>
</tr>
</tbody>
</table>

1. Refer to slides 17 and 18 for the statutory and underlying profit after tax reconciliations
2. H1 FY18 excludes Edna May; H1 FY17 excludes Pajingo
3. H1 FY18 fully franked; H1 FY17 unfranked
Group EBITDA

- Record group half year EBITDA (cash profit) up 16% to A$399.1M
- Low operating unit costs driving increased cash profit
- Driving efficiencies to offset any cost pressures
- Investment in Ernest Henry delivering value with A$116.3M contribution

<table>
<thead>
<tr>
<th>FY18 Half Year EBITDA (A$M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA December 2016: 345.3</td>
</tr>
<tr>
<td>Gold Volume: 8.2</td>
</tr>
<tr>
<td>Gold Price: (14.3)</td>
</tr>
<tr>
<td>By Product Volume: 72.7</td>
</tr>
<tr>
<td>By Product Price: 4.4</td>
</tr>
<tr>
<td>Mine Operating Costs: (16.6)</td>
</tr>
<tr>
<td>Exploration, Corporate &amp; Other: (0.6)</td>
</tr>
<tr>
<td>EBITDA December 2017: 399.1</td>
</tr>
</tbody>
</table>
**EBITDA margins**

- Site EBITDA margins of 37% to 67% able to support capital programs
- Group EBITDA margin up 8% to 53%\(^{(1)}\)

**Site EBITDA Margin**

- **Cowal**
  - 10+ years\(^{(2)}\)
  - EBITDA Contribution: 59%
- **Ernest Henry**
  - 61% to 66%
- **Mt Carlton**
  - 64% to 67%
- **Mt Rawdon**
  - 55% to 40%
- **Mungari**
  - 39% to 37%
- **Cracow**
  - 49% to 45%

**Group EBITDA Margin (%)**

- FY14: 33%
- FY15: 40%
- FY16: 46%
- FY17: 49%
- H1 FY18: 53%

- Group margin up 60% from FY14
- H1 FY18 drivers: lower unit costs; higher copper price; Edna May sale and lower achieved gold price

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\(^{(1)}\) FY18 excludes Edna May

\(^{(2)}\) Indicative reserve life based on FY18 production guidance mid-point
Discovery and resource definition

- Continued investment in organic growth at A$27.8M
  - Discovery investment of A$16.2M with majority directed to Mungari
  - Resource definition investment of A$11.6M across all sites

- Cowal – developing gold and copper targets at E41 along with proof of (geological) concept drilling along Galway-Regal-E46 trend
- Mungari – White Foil Phase 1 infill concluded at north extension target with initial results in line with expectations. Aggressive regional drilling campaign ongoing
- Cracow – Coronation-Imperial-Empire corridor continuing to deliver strong infill and step-out results

Cowal - Isometric view showing >0.4g/t gold outlines of the major identified resources (E41 and E42), resource targets E46 and Galway-Regal, and recent drill hole locations

Cowal exploration results are extracted from the report entitled “Quarterly Report for the period ending 31 December 2017” released to ASX on 30 January 2018 and is available to view on www.evolutionmining.com.au. The reported intervals are a downhole width as true widths are not currently known. An estimated true width ("etw") is provided. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Report.
Group cash flow

- All operations cash positive after capital investment
- Sustaining and major capital remain in line with FY18 guidance
- First tax payment of A$36M for FY17 income generating franking credits
- Banking high cash generation to continue to reduce net debt

### Operating Cash Flow (A$M)
- 53% of revenue
  - Operating Cash: A$415M

### Free Cash Flow (A$M)
- 23% of revenue
  - Prior year Tax payment: A$36M
  - Interest: A$11M
  - Corporate: A$12M
  - Discovery: A$16M
  - Working Capital Movement: A$40M
  - Capital: A$123M
  - Free Cash: A$177M

### Net Cash (A$M)
- 11% of revenue
  - Dividends Paid: A$51M
  - Debt Repayments: A$40M
  - Net Cash: A$86M

1. Net cash excludes A$40M proceeds from Edna May sale
## Delivering value from investments

### Assets Developed or Acquired

<table>
<thead>
<tr>
<th></th>
<th>Asset Cost (A$M)</th>
<th>Capital Investment (A$M)</th>
<th>Average ROI (p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mt Carlton</td>
<td>263</td>
<td>127</td>
<td>25%</td>
</tr>
<tr>
<td>Cowal</td>
<td>756</td>
<td>146</td>
<td>23%</td>
</tr>
<tr>
<td>Mungari</td>
<td>358</td>
<td>127</td>
<td>16%</td>
</tr>
<tr>
<td>Ernest Henry</td>
<td>901</td>
<td>15</td>
<td>21%</td>
</tr>
</tbody>
</table>

*Net payback is net of capital investment subsequent to commissioning / ownership.*
Balance sheet continues to strengthen

- Significant improvement in liquidity
  - Cash and undrawn debt of A$463.5M
- Term Facility B fully repaid during the half-year – approximately three years ahead of schedule
- Bank debt at 31 December 2017 of A$395.0M for Term Loan Facility D
- FY18 remaining debt payment obligation of A$30M
- Gearing reduced by 40% from June 2017 to 9.5%
- Adequate hedging in place out to June 2020
  - Total of 362,500oz at A$1,670/oz average
  - FY18 H2 112,500oz at A$1,578/oz average
- Restricted tax loss asset of A$11.5M available for use to offset future profits

![Graph showing cash and liquidity]

![Graph showing gearing and leverage ratio]

- Net Debt to EBITDA
- Gearing
- Leverage Ratio (Net Debt to EBITDA)
Dividends

- New dividend policy increasing returns to shareholders
- Fully franked interim dividend up 75% to 3.5 cents
- Total FY18 interim dividend of A$59.2M to be paid on 30 March 2018
Cowal projects update

- Significant investment in Cowal’s future
  - Investing ~A$300 million over four years
  - Delivers mine life through to 2032
  - Cornerstone asset with further extension opportunities

- Stage H cutback on track
  - All pre-work complete
  - Ramped up to full scale mining activity
  - Cutback scheduled to be completed in FY21

- Float Tails Leach project on time and on budget
  - Commissioning in December 2018 half-year
  - Expected to increase recoveries by 4 – 6%
## Generating superior financial returns

<table>
<thead>
<tr>
<th>Low cost</th>
<th>AISC</th>
<th>AIC</th>
<th>20%</th>
<th>11%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A$785/oz</td>
<td>A$993/oz</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High margin</th>
<th>EBITDA margin</th>
<th>AIC margin</th>
<th>6%</th>
<th>17%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53%</td>
<td>A$628/oz</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>High cash generation</th>
<th>Group cash flow</th>
<th>Cash flow per share</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A$176.8M</td>
<td>21 cents</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strong balance sheet</th>
<th>Gearing</th>
<th>Interim dividend</th>
<th>57%</th>
<th>75%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.5%</td>
<td>3.5 cents</td>
<td></td>
<td>fully franked</td>
</tr>
</tbody>
</table>

*Note: All movements are compared to H1 FY17*
Appendix

ASX code: EVN

www.evolutionmining.com.au
Statutory profit reconciliation

- Transaction costs of A$1.2M after tax relate to Edna May sale
- Deferred tax effect of Edna May sale of A$4.2M
- Non-cash fair value gain on unwind of derivative contracts (Mungari) of A$3.1M

Reconciliation of Underlying to Statutory Profit A$M

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying Profit, December 2017</td>
<td>124.7</td>
</tr>
<tr>
<td>Transaction Costs</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Gain on Fair Value Revaluation</td>
<td>3.1</td>
</tr>
<tr>
<td>Tax on sale of Edna May</td>
<td>(4.2)</td>
</tr>
<tr>
<td>Statutory Profit, December 2017</td>
<td>122.5</td>
</tr>
</tbody>
</table>
Underlying net profit reconciliation

*Consistent with the 30 June 2017 financial statements, underlying profit includes the fair value amortisation related to the acquisition of Cowal and Mungari. 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. Refer also to the Appendix 4E and Annual Financial Report for the year ended 30 June 2017.
Taxation

- All unrestricted tax losses utilised during the year to June 2017
- Tax payment for 2017 tax year of A$36M paid in December 2017
- Restricted tax losses recorded on balance sheet as an asset amount as at December 2017 is A$11.5M
  - A$10.1M of La Mancha acquired tax losses restricted by an available fraction of 16.4%
  - A$1.4M of Phoenix Gold acquired tax losses restricted by an available fraction of 2.7%
- Conquest acquired tax losses are now fully utilised

Income Tax Expense Reconciliation A$M

<table>
<thead>
<tr>
<th>Current Tax Expense</th>
<th>Adjustments for current tax on prior periods</th>
<th>Deferred Tax Expense</th>
<th>Income Tax Expense</th>
<th>Deferred Expense Timing</th>
<th>Tax Losses Utilised</th>
<th>Tax Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.9</td>
<td>(4.0)</td>
<td>17.6</td>
<td>52.5</td>
<td>(17.6)</td>
<td>(8.9)</td>
<td>26.0</td>
</tr>
</tbody>
</table>

1. The available fraction limits the annual rate at which losses may be recouped against taxable income