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# ASX Announcement

**18 July 2018**

## RESTRUCTURE OF OWNERSHIP OF CASTLE HILL GOLD DEPOSIT

***Highlights***

- Agreement to terminate Norton Gold Fields' right to mine and process ore from the Castle Hill deposit
- Provides Evolution with full ownership and unfettered access to the Castle Hill deposit located 25 kilometres from its Mungari processing facility
- Castle Hill is estimated to contain Mineral Resources of 695,000 ounces and Ore Reserves of 236,000 ounces which will provide a material extension to the operating life at Mungari
- Infill drilling and engineering studies to commence immediately

Evolution Mining Limited (ASX:EVN) ("Evolution") is pleased to advise that it has reached agreement with Norton Gold Fields Limited ("Norton") to terminate Norton's right to mine and process ore from Evolution's Castle Hill deposit and other historic rights Norton held over certain Evolution tenements near Mungari in Western Australia (the "Agreement"). The Agreement allows Evolution to explore and develop an important package of tenements at Mungari that were effectively quarantined by the rights held by Norton.

The tenements impacted by the Agreement are located approximately 25 kilometres northwest of Evolution's Mungari processing facility (see Figure 1). The tenements contain several prospective deposits and exploration targets. Castle Hill is the most advanced and most significant deposit in the tenement package. It hosts a Mineral Resource of 19.32 million tonnes grading 1.12g/t Au for 695,000 ounces of gold and an Ore Reserve of 5.35 million tonnes grading 1.38g/t Au for 236,000 ounces. The Agreement delivers an immediate boost in Ore Reserves attributable to the Mungari operation and is expected to materially extend the mine life at Mungari.

Castle Hill is now expected to provide base-load feed for the Mungari processing facility following forecast completion of the White Foil open-pit in FY20. Importantly, once developed, Castle Hill will be an operational hub that will provide operating synergies for several smaller nearby deposits and thereby reduce the cost to develop and mine these deposits. Infill drilling and engineering studies relevant to Castle Hill and the surrounding deposits will commence immediately.

The agreement with Norton also terminates historic rights including royalties, clawback rights and options to treat or purchase ore from certain tenements (see Figure 1). Termination of these rights now allows Evolution to more aggressively explore these tenements and, where relevant, commence development planning.

Commenting on the Agreement, Evolution's Executive Chairman, Jake Klein, said:

> *"Full ownership of Castle Hill materially extends the mine life at Mungari and provides the flexibility to optimise the long-term future of the operation. Importantly, we now have control over the timing of development at Castle Hill."*

In return for Norton terminating the right to mine and other historic rights Evolution will pay to Norton:

- An initial upfront cash payment of A$12 million;
- An additional cash payment of A$3 million payable six months after completion of the transaction; and
- A 2% net smelter return royalty over the first 38,000 ounces of gold production from certain tenements within the Castle Hill deposit area

The right to mine agreement had meant that Evolution had to wait until Norton had completed mining a Stage 1 open-pit before it could access the deeper mineralisation. Norton had continually delayed the development of the Stage 1 open-pit, effectively quarantining the deposit.

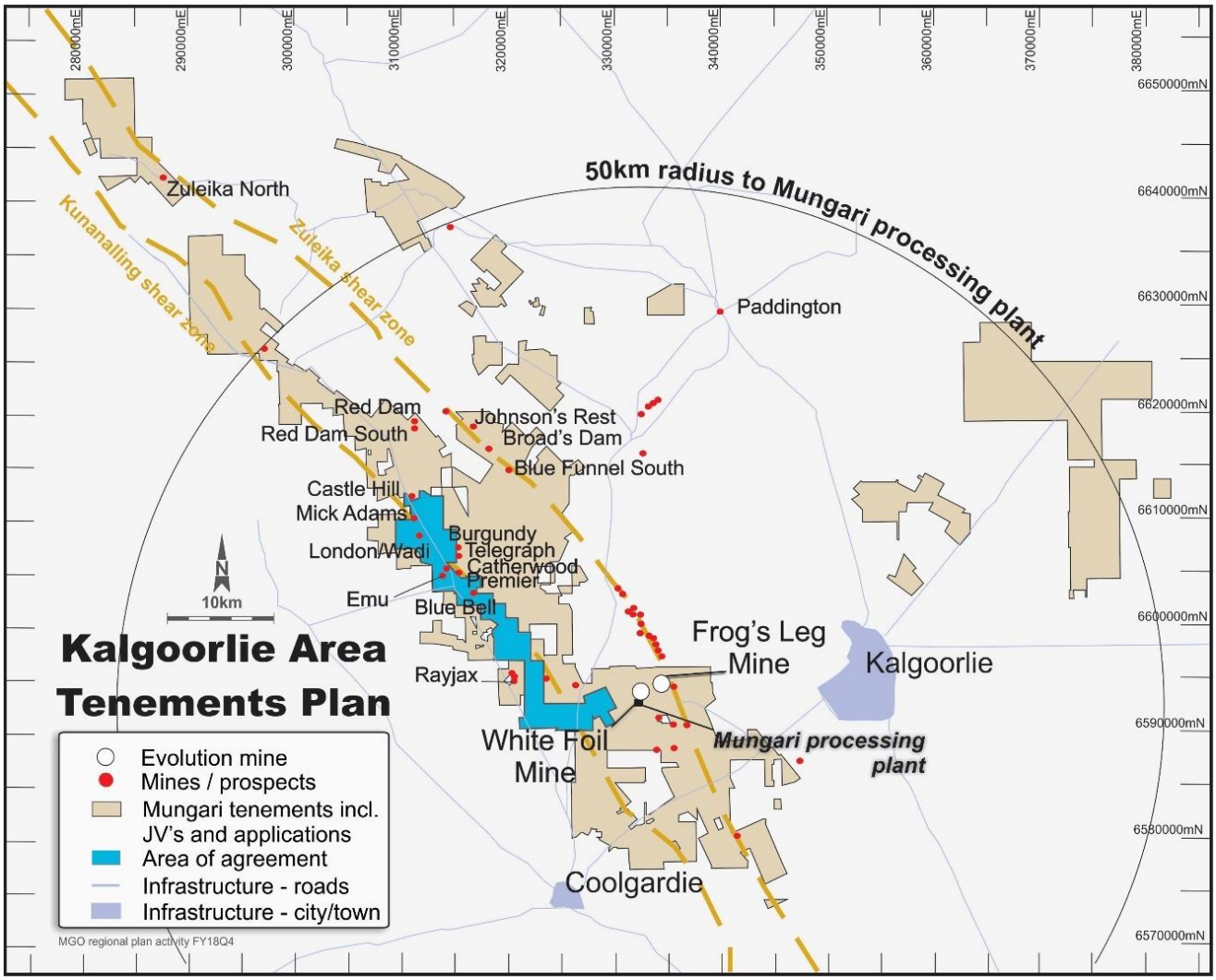


**Figure 1.** Location of the tenements impacted by the agreement with Norton Gold Fields Limited

***Castle Hill Mineral Resource and Ore Reserve***

| Castle Hill Mineral Resource | | | | |
|---|---|---|---|---|
| **Classification** | **Cut-off (g/t gold)** | **Tonnes (Mt)** | **Gold Grade (g/t)** | **Gold Metal (koz)** |
| Measured | | - | - | - |
| Indicated | 0.5 | 16.54 | 1.10 | 585 |
| Inferred | 0.5 | 2.78 | 1.22 | 110 |
| **Total** | **0.5** | **19.32** | **1.12** | **695** |

| Castle Hill Ore Reserve | | | | |
|---|---|---|---|---|
| **Classification** | **Cut-off (g/t gold)** | **Tonnes (Mt)** | **Gold Grade (g/t)** | **Gold Metal (koz)** |
| Proved | | - | - | - |
| Probable | 0.85 | 5.35 | 1.38 | 236 |
| **Total** | **0.85** | **5.35** | **1.38** | **236** |

*Data is reported to significant figures to reflect appropriate precision*
*Mineral Resources are inclusive of Ore Reserves*

The Castle Hill Mineral Resource estimate is based on an A$1,800/oz gold price assumption.

The Castle Hill Ore Reserve estimate is based on an A$1,350/oz gold price assumption.

Evolution's Mineral Resource and Ore Reserve estimates as at 31 December 2017 were released to the ASX on 19 April 2018 in the report entitled "Annual Mineral Resources and Ore Reserves Statement" (also available to view at www.evolutionmining.com.au). In this report the Castle Hill Mineral Resource attributable to Evolution was estimated at 23.06Mt grading 0.91g/t Au for 671koz after accounting for Norton's share of the Stage 1 open pit over which Norton had the right to mine and process ore. Following termination of Norton's right to mine and process ore from the Castle Hill deposit Evolution now has full ownership of the Mineral Resource and has re-estimated the Mineral Resource using its assumptions and operating parameters. Also, in the 19 April 2018 Annual Mineral Resources and Ore Reserves Statement the Castle Hill Ore Reserve attributable to Evolution was estimated at 1.93Mt grading 1.04g/t Au for 65koz (at a 0.6g/t Au cut-off) representing a 50% share of the Norton Stage 1 open pit over which Evolution would receive a profit share (i.e. 50% of total profits). Similarly, Evolution has now re-estimated the Ore Reserve using its assumptions and operating parameters.

***JORC 2012 and ASX Listing Rules Requirements***

The Castle Hill Mineral Resource and Ore Reserve statements have been prepared in accordance with the 2012 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code 2012). A Material Information Summary is provided pursuant to ASX Listing Rules 5.8 and 5.9 and the Assessment and Reporting Criteria in accordance with JORC Code 2012 requirements. The Assessment and Reporting Criteria is presented in Appendix 1.

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**About Evolution Mining**

Evolution is a leading, growth-focussed Australian gold miner. The Company 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 the life of mine area Evolution will have a 49% interest in future copper, gold and silver production.

**Competent Persons Statement**

The information in this statement that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Andrew Engelbrecht, who is employed on a full-time basis by

Evolution Mining Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Engelbrecht has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Engelbrecht consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this statement that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Matthew Varvari, who is employed on a full-time basis by Evolution Mining Limited and is a member of the Australasian Institute of Mining and Metallurgy. Mr Varvari has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Varvari consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Evolution employees acting as a Competent Person may hold equity in Evolution Mining Limited and may be entitled to participate in Evolution's executive equity long-term incentive plan, details of which are included in Evolution's annual Remuneration Report. Annual replacement of depleted Ore Reserves is one of the performance measures of Evolution's long-term incentive plans.

**Forward looking statements**

This announcement prepared by Evolution Mining Limited (or "the Company") 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.

## MATERIAL INFORMATION SUMMARY

## 1. MUNGARI – CASTLE HILL

The Mineral Resource is estimated at 19.32 million tonnes grading 1.12g/t gold for 695,000 ounces, an increase of 24,000 ounces compared to the previous December 2017 estimate of 23.06 million tonnes grading 0.91g/t gold for 671,000 ounces. Changes are due to the refinement of geostatistical domains and estimation parameters. Further work is scheduled in FY19 to extend and de-risk the current model.

The Ore Reserve is estimated at 5.35 million tonnes grading 1.38g/t gold for 236,500 ounces, an increase of approximately 170,000 ounces compared to the previous December 2017 estimate of 1.93 million tonnes grading 1.04g/t gold for 647,000 ounces. Changes are due to updates in the resource model and change of cost assumptions to reflect 100% Evolution ownership.

### 1.1 Castle Hill Mineral Resources

*1.1.1 Material Assumptions for Mineral Resources*

The Castle Hill Mineral Resource has been reported at a 0.5g/t cut-off within an optimised pit shell generated at an AUD$1800/oz gold price. Search orientations have been modified from previous estimates with support from drilling in 2016 and geological mapping.

*1.1.2 Geology and Geological Interpretation*

The Castle Hill Mineral Resource comprises five deposits from south to north: Wadi, Mick Adam, Outridge, and Kiora.

The principal lithology to host gold mineralisation at Castle Hill is the Kintore Tonalite - a large elliptical intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The Kintore Tonalite attenuates to the south to form a narrow (80m wide in plan) intrusion which hosts the Mick Adam and Wadi gold mineralisation.

Primary mineralisation within the tonalite at Mick Adam and Wadi occurs as discrete narrow west-dipping quartz veins containing moderate to high gold grades and as fine disseminated gold within the tonalite groundmass. Visible gold has been observed in drill core in both quartz veins and as blebs in the tonalite groundmass. The disseminated gold is commonly associated with minor blebs of pyrite, arsenopyrite and rare chalcopyrite. High gold grade veins are typically 10 to 20cm thick and commonly occur in extensional arrays of four to five veins generating high grade zones up to 10m in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite. At the southern end of Mick Adam extensional vein arrays have been intersected in the footwall of the mafic unit proximal to the tonalite contact.

*1.1.3 Sampling and Sub-Sampling*

Diamond core was geologically logged and sampled to lithological contacts or changes in the nature of mineralisation. Maximum samples length of 1.2m with a minimum sample length of 0.3m. NQ core was half core sampled, HQ core was quarter core sampled. RC chips were sampled at 1m downhole intervals from surface. This is riffle or cone split at the rig to produce a sample of approximately 3kg which was pulverised to provide a subsample for 40g fire assay.

Selected holes were surveyed using downhole gamma for density measurements. These were checked by selected samples being measured for density by the water displacement method. Magnetic Susceptibility measurements were taken.

*1.1.4 Sample Analysis Methods*

The following summarises the analytical techniques employed:

- Metallurgical samples were assayed for Fe, S, Ag, As, Cu, Ni, Sb, C by acid digest with ICP/MS and Au by 40g fire assay
- Geotechnical holes are assayed by 40g fire assay
- Resource Definition holes were assayed by 40g fire assay

*1.1.5 Drilling Techniques*

The deposits at Castle Hill have been sampled by diamond drill core (DD) and RC chips. Drilling has been completed on variable spacings, with grids generally on a nominal 50m x 25m grid to 50m x 50m grid. Some infill

drilling has been done on 12.5m x 12.5m. No rotary airblast or aircore drilling samples are used in this Mineral Resource update.

*1.1.6 Estimation Methodology*

Grade interpolation was by ordinary kriging of top-cut composite samples. This was selected based on the overall grade distribution and current understanding of the geology and mineralisation at Castle Hill. Search parameters were applied based on the individual domain variography, geological mapping and kriging neighbourhood analysis results. The estimation approach follows typical industry practices.

*1.1.7 Resource Classification*

The Castle Hill project has been assessed as eventually being economic based on past mining at Castle Hill, recent mining of the analogous Kintore deposit and the proximity to the White Foil processing facility (ca.30-40 km).

Blocks have been classified as Indicated or Inferred using a range of criteria:

Indicated Mineral Resources are typically supported by a drill spacing of less than 40m x 40m.

Inferred Mineral Resources are classified based on limited data support and less confidence on the geological continuity. Typically drilling spacing is greater than 40m x 40m.

Other aspects that have been considered in defining the Mineral Resource classifications are:

- Data type and data quality (drill hole orientations; down hole surveys)
- Statistical performance of the estimate (i.e. slope regression, Kriging Efficiency, number of samples/drill hole used)
- Geological mapping

*1.1.8 Cut-off Grade*

For reporting purposes, a cut-off grade 0.5g/t gold was used which is consistent with previous reporting cut-off parameters.

*1.1.9 Mining and Metallurgical methods, parameters and other modifying factors considered to date*

Other than the potential for open pit mining, no assumptions on mining methodology have been made. Initial metallurgical tests yielded recoveries of 92% to 98% with high gravity component. Work to date indicates the mineralisation is free milling and leachable for each of the deposits, for both hard (fresh) and soft rock (transition and oxide) material.

**1.2 Castle Hill Ore Reserves**

*1.2.1 Material Assumptions for Ore Reserves*

The Castle Hill Open Pit Ore Reserve estimate is formulated by applying the Whittle Lerchs-Grossman algorithms to the Mineral Resource model using current and forecasted cost structures, revenue, recovery and geotechnical parameters. A detailed pit design derived from the selected optimum shell limits is used to estimate the Ore Reserve as at 1 June 2018. The open pit Ore Reserves are defined using a block grade cut-off approach. The strategy at Castle Hill will involve open pit mining by conventional drill and blast, excavator and truck activities.

*1.2.2 Ore Reserve Classification*

The Ore Reserves are currently derived from Indicated Resources for in-situ material (Probable Reserves). There are no Measured Resources (Proved Reserves).

*1.2.3 Mining Method*

Mining at Castle Hill will use a conventional drill and blast, truck and excavator open pit operation with 5-10m high blasting benches mined in two or four 2.5m flitches. The Castle Hill Ore Reserve estimate includes factors for ore loss and dilution. Waste material is classified as material below the marginal cut-off grade (0.50g/t Au) and will be transported to the waste storage facility. Mineralised waste between 0.50 and 0.85g/t gold is stockpiled separately and may be processed pending economic evaluation. Ore is classified as material greater than the marginal cut-off grade (0.85g/t Au) and will be taken to the ROM pad then hauled by road train to the Mungari plant for processing.

The current operations at White Foil open pit supports the appropriateness of this mining method as the basis of the Ore Reserve estimate.

*1.2.4 Processing method*

Castle Hill ore will be processed through a conventional crush, grind, carbon in leach (CIL) circuit which has capacity of 1.7Mtpa. Gold doré is produced at the final stage of the process.

A metallurgical recovery rate of 92.0% has been applied in the Ore Reserve estimate which is supported by metallurgical test work completed for Castle Hill ore and from historical recovery information of similar free-milling ores at Mungari.

No assumptions or allowances have been made for deleterious elements as these elements are not anticipated to impact the process or value of the ore.

*1.2.5 Cut-off Grade*

The marginal cut-off grade used to report the Ore Reserves is derived from the cost of processing ore (including road train haulage and site general and administration costs), additional incremental ore mining costs, metallurgical recoveries, royalties and gold price. A cut-off grade of 0.85g/t gold has been used for the Ore Reserve estimate.

*1.2.6 Estimation Methodology*

See section 1.1.6 above.

*1.2.7 Material Modifying Factors*

There are no concerning material modifying factors that need to be highlighted with the Ore Reserve. All regulatory leasing, approvals, licensing, agreements and current infrastructure are in place or anticipated to be forthcoming once final applications are submitted. The level of this estimation is considered to be equivalent to a pre-feasibility study.

**APPENDIX 1: JORC CODE 2012 ASSESMENT AND REPORTING CRITERIA**

The following information is provided in accordance with Table 1 of Appendix 5A of the JORC Code 2012 - Section 1 (Sampling Techniques and Data), Section 2 (Reporting of Exploration Results), Section 3 (Estimation and Reporting of Mineral Resources) and Section 4 (Estimation and Reporting of Ore Reserves).

## 1.0 MUNGARI – Castle Hill

## Section 1 Castle Hill Sampling Techniques and Data

| Criteria | Commentary |
|---|---|
| ***Sampling techniques*** | The deposits at Castle Hill have been sampled by Diamond Drill Core (DD) and Reverse Circulation percussion (RC) chips. Drilling has been completed on variable spacings, with grids generally on a nominal 50m x 25m grid to 50m x 50m grid. Some infill drilling has been done on 12.5m x 12.5m. No RAB or aircore drilling samples are used in this Mineral Resource update.<br><br>Drill hole locations were surveyed by a qualified surveyor and downhole measurements collected by a downhole survey contractor.<br><br>Diamond core was geologically logged and sampled to lithological contacts or changes in the nature of mineralisation. Maximum samples length of 1.2m with a minimum sample length of 0.3m. NQ core was half core sampled, HQ core was quarter core sampled:<br>• Metallurgical samples were assayed or Fe, S, Ag, As, Cu, Ni, Sb, C by acid digest with ICP/MS and Au by 40g fire assay;<br>• Resource Definition holes were assayed by 40g fire assay.<br><br>RC chips were sampled at 1m downhole intervals from surface. This is riffle or cone split at the rig to produce a sample of approximately 3kg which was pulverised to provide a subsample for 40g fire assay. Selected holes were surveyed using downhole gamma for density measurements. These were checked by selected samples being measured for specific gravity by the water displacement method. Magnetic Susceptibility measurements were taken. |
| ***Drilling techniques*** | RC sampling was completed using a 4.5” to 5.5” diameter face sampling hammer. Diamond holes are predominantly wireline NQ2 (50.5mm) or HQ (63.5mm) holes. Diamond core was orientated using the reflex (act II or ezi-ori) tool. |
| ***Drill sample recovery*** | RC samples were split using a static or oscillating cone splitter. RC drilling sample weights were recorded for selected sample intervals and monitored for fluctuations against the expected sample weight. If samples were below the expected weight, feedback was given promptly to the RC driller to modify drilling practices to achieve the expected weights. A large number of historic RC holes have no sample recovery information.<br><br>Diamond drill core loss (in metres) was measured in the core trays and core loss and recovery (%) recorded in geotechnical records. Most core loss was associated with drilling through highly weathered regolith. In general core recoveries exceeded 95% so analysis of diamond tails recovery was not conducted.<br><br>No biases in sample recovery were observed. |
| ***Logging*** | Diamond core and RC chips have been geologically logged for lithology, mineralisation, structure and alteration to a level of detail sufficient to support the Mineral Resource estimate.<br>Core has been logged geotechnically to record Rock Quality Designation (RQD) and fracture frequency, along with structural information and readings taken from oriented core as alpha and beta readings. Some historical logging terminology issues were noted and selected holes are being re-logged to maintain consistency.<br><br>Logging has been conducted both qualitatively and quantitatively – full description of lithologies, alteration and comments are noted, as well as percentage estimates on alteration, veining and sulphide amount.<br><br>All drill holes were logged in full. |

| Criteria | Commentary |
|---|---|
| ***Sub-sampling techniques and sample preparation*** | Most diamond core was half cored sampled and the remaining half was retained. In the oxide zone, where cutting can wash away samples, some surface holes were full core sampled.<br>The whole length of core was sampled using a minimum sample size of 0.3m and a maximum size of 1.2m, separated on lithology. Some half core has been utilised for metallurgical testwork.<br><br>RC percussion samples were collected on 1m intervals. A subsample of 2-4kg was separated using a static or oscillating cone splitter.<br><br>The sampling methods chosen are consistent with industry best practice for the sampling of gold mineralisation.<br><br>QAQC practices are variable due to the mixed ownership of the project. For diamond samples, Certified Standard reference material (CRM) has been consistently used. Insertion rates vary between every 10 and 40 samples. Blank material was inserted periodically (variably between every 20 to 75 samples), or after any samples observed to contain visible gold.<br>For RC drilling CRMs were inserted every 30m starting from 15m, Blank and field duplicate samples were inserted every 30m starting from 30m.<br><br>Duplicate RC samples have been taken at a rate of 3-5%.<br><br>A sample size of 2-3 kg is considered appropriate for the grain size of material and the style of mineralisation. |
| ***Quality of assay data and laboratory tests*** | Assay laboratories in Kalgoorlie and Perth were used for assaying of samples from Castle Hill. Gold assays were determined using a fire assay with 40g or 50g charge and AAS finish. Multi-elements assayed on 1% of the samples were done using an acid digest with ICP-MS finish.<br><br>No geophysical tools were used to provide information for the estimation of grades.<br><br>The laboratories used completed internal standard regimes and re-assayed every 20th sample. Umpire checks were undertaken by different laboratories in Kalgoorlie and or Perth.<br>QAQC reviews of historical data by an independent consultant showed acceptable performance with 98% of the CRMs and blanks returned values within 3 standard deviations of the expected values. Some minor numbers of sample swaps and misclassification were noted. Field duplicates for RC drilling (1,473 samples) show low precision for values <0.1ppm Au. No coarse reject samples were taken for diamond core. |
| ***Verification of sampling and assaying*** | Selected intersections were verified by an independent consultant by manual calculation and visual inspection of drillcore at site during the December 2013 Mineral Resource estimate process. A relogging and validation program is underway on site by Evolution staff. The objective being to standardise and validate historical logging codes and structural data.<br><br>The twinning of holes is done as necessary for validation purposes. Data which is inconsistent with the known geology undergoes further verification to ensure its quality.<br><br>All sample and assay information is stored utilising the acQuire database software system. Data undergoes QAQC validation prior to being accepted and loaded into the database. Assay results are merged when received electronically from the laboratory. The geologist reviews the database checking for the correct merging of results and that all data has been received and entered. Any adjustments to this data are recorded permanently in the database. Historical paper records (where available) are retained in the exploration and mining offices.<br>No adjustments or calibrations have been made to the final assay data reported by the laboratory. |
| ***Location of data points*** | Collar locations were routinely surveyed using a differential GPS with an accuracy of ± 2cm. DGPS was referenced back to state survey mark (SSM) network.<br>Elevation values are in AHD RL. No additions or subtractions were made to this measurement.<br>All holes were routinely downhole surveyed using open hole gyro methods using a mix of true north-seeking and non-true north seeking surveys. Diamond tails have been surveyed at approximately 30m intervals using a digital electronic magnetic survey tool.<br><br>Drilling was planned and executed using the MGA94 zone 51 grid. All resource modelling has been carried out using this grid system.<br><br>Topography was surveyed in the immediate drilling area by qualified surveyor using a Trimble R8 RTK GPS, meshed with 2012 30cm Lidar contours. Issues identified by Phoenix with some historic drill hole collar RLs (missing Z values, >1m discrepancy) were addressed by adjusting the collar Z value to match the Lidar data (apart from holes under stockpiles or in mined out areas). Visual inspection in GIS programs did not identify any inaccuracies with the spatial position of the drill holes. |

| Criteria | Commentary |
|---|---|
| ***Data spacing and distribution*** | Drill data spacing appropriate to the resource infill aim of the drill program. Most drilling is 50m x 25m, which reduces in areas to approximately 25m x 25m.<br>This spacing is considered adequate to determine the geological and grade continuity for reporting of Mineral Resources.<br>The sample data has been composited to 1m or 2m depending on the geometry of the mineralisation. |
| ***Orientation of data in relation to geological structure*** | Drilling is planned to intersect ore domains in an orientation that does not introduce sample bias. A number of orientations were drilled to target different zones of mineralisation and to assess the effect on sampling variably oriented vein sets. It has been noted that the westerly dipping vein set has not been effectively tested in some parts of the model. Evolution Mining drilled a number of holes in 2016 to the east which provided more favorable intersection angles and tested additional vein sets in some areas. Structural information gained from this program in conjunction with pit mapping has informed the search orientation and Resource classification in the estimate and will contribute to planning future drilling. Some local bias exists but in the context of a global estimate is not considered material. |
| ***Sample security*** | Chain of custody protocols to ensure the security of samples were followed. Prior to submission samples were retained on site and access to the samples were restricted. Collected samples are delivered to the respective commercial laboratories in Kalgoorlie. The laboratories are contained within a secured compound. Access to the laboratory is restricted and movements of personnel and the samples are tracked under supervision of the laboratory staff. During some drill campaigns, some samples are collected directly from site by the commercial laboratory. While various laboratories have been used, the chain of custody and sample security protocols have remained similar. |
| ***Audits or reviews*** | Evolution staff have relogged many historical holes with no fundamental flaws noted. Periodical audits and reviews of the assay laboratories are performed by Evolution staff with any issues raised and resolved at the time. Evolution engages independent third parties to review estimation protocol and models periodically. A third-party audit of process occurred in 2017 and a detailed review is scheduled for 2019. |

## Section 2 Castle Hill Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | Commentary |
|---|---|
| ***Mineral tenement and land tenure status*** | The Castle Hill Project area is located within a number of granted mining tenements held 100% by Hayes Mining Pty Ltd. which is a wholly owned subsidiary of Phoenix (EVN): M16/22, M16/24, M16/40, M16/141, M16/152, M16/179, M16/189, M16/195, M16/533, M16/532 and M16/526<br>Royalties are payable on M16/24 and M16/536:<br>W.A. State Government royalty of 2.5%; and<br>A net smelter return royalty is payable at 2% on gold production from M16/24 and M16/526.<br>No native title claims are current over these tenements. |
| ***Exploration done by other parties*** | Exploration has been carried out by a number of parties including Electrum Resources NL (1985-1989), Castle Hill Resources NL (1989-1996), Goldfields Exploration Ltd (2001) and Cazaly Resources Ltd (2004-2008). The historical data and database have been reviewed by Cube and is deemed to be of acceptable quality for Mineral Resource estimation. |
| ***Geology*** | The Castle Hill Mineral Resource comprises four deposits from south to north: Wadi, Mick Adam, Outridge and Kiora.<br>The principal lithology to host gold mineralisation at Castle Hill is the Kintore Tonalite - a large elliptical intrusive granitoid of granodioritic composition. The tonalite intrudes a sequence of basaltic and ultramafic rocks to the east and west. The Kintore Tonalite attenuates to the south to form a narrow (80m wide in plan) intrusion which hosts the Mick Adams and Wadi gold mineralisation.<br>Primary mineralisation within the tonalite at Mick Adams and Wadi occurs as discrete narrow west dipping quartz veins containing moderate to high gold grades and as fine disseminated gold within the tonalite groundmass. Visible gold has been observed in drill core in both quartz veins and as blebs |

| Criteria | Commentary |
|---|---|
| | in the tonalite groundmass. The disseminated gold is commonly associated with minor blebs of pyrite, arsenopyrite and rare chalcopyrite. High grade gold veins are typically 10 to 20cm thick and commonly occur in extensional arrays of four to five veins generating high grade zones up to 10m in horizontal thickness. Extensional veins are more common along the eastern margin of the tonalite. At the southern end of Mick Adams extensional vein arrays have been intersected in the footwall of the mafic unit proximal to the tonalite contact.<br>Extensional shear zone arrays are also the host of the gold mineralisation at Kiora. Sheeted quartz veins are interpreted as the extensional veins propagating out from the shears. The veins within Kiora are hosted within the tonalite along the contact with ultramafic rocks and have been interpreted as having undergone supergene enrichment. Gold mineralisation at Kiora is also hosted within fault fill veins formed by movement on a shallowly dipping normal fault. Primary mineralisation within the basalt which forms the immediate hangingwall of the Mick Adams mineralisation is characteristically associated with shearing, extensional veining and biotite alteration. This mineralisation has been called Outridge and comprises a number of zones which pinch and swell along strike and down dip and has been interpreted as steeply dipping to the west. |
| ***Drill hole Information*** | No exploration results are being reported in this release. |
| ***Data aggregation methods*** | No exploration results are being reported in this release. |
| ***Relationship between mineralisation widths and intercept lengths*** | No exploration results are being reported in this release. |
| ***Diagrams*** | No exploration results are being reported in this release. |
| ***Balanced reporting*** | No exploration results are being reported in this release. |
| ***Other substantive exploration data*** | No exploration results are being reported in this release. |
| ***Further work*** | A relogging and validation program is underway on site by Evolution staff. The objective being to standardise and validate historical logging codes and structural data. Infill drilling is being planned to convert existing Inferred resource category material to Indicated resource category and test for vein sets within the existing model not targeted by historical drilling. |

## Section 3 Castle Hill Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

| Criteria | Commentary |
|---|---|
| ***Database integrity*** | The drilling database is maintained by Evolution Mining in Acquire software. Look-up tables and fixed formatting are used for data entry of logging, spatial and sample data. Sample numbers are uniquely coded and pre-numbered bags used.<br>Data transfer for sampling, assays and downhole surveying is done electronically.<br>Historical data is validated and formatted into the Evolution standard field settings for each record category. These workflow methods minimise the potential of errors.<br>As part of the Mineral Resource update selected drill hole data was verified visually and by cross-referencing data of different types and confidence in three dimensions to identify inconsistencies of |

| Criteria | Commentary |
|---|---|
| | drill hole traces. The minor inconsistencies were corrected. |
| ***Site visits*** | Several site visits to the Castle Hill deposit have been undertaken by the Competent Person(CP) who is a full-time employee of Evolution. The CP was able to review existing workings at Castle Hill and inspect core and other material samples from the deposit. |
| ***Geological interpretation*** | The geological interpretation and model was updated in 2017 and was the basis for this estimate. A number of historical holes have been relogged and more are planned in future to validate and standardise logging codes. The main elements of the model are expected to remain unchanged with any future changes being driven by new data (infill drilling).<br>The updated interpretation and estimation was informed by RC and diamond drilling, pit mapping and technical reports<br>For the primary mineralisation, aligning the search orientation to that observed in mineralised veining in pit mapping and drill core has been a substantial change to previous estimates.<br>Alternative interpretations for the oxide and transitional mineralisation are expected to produce variation at a local scale.<br>Current interpretations use geological data to define domains for estimation and structural data to guide search orientation.<br>Primary mineralisation at Mick Adam and Wadi is hosted within the tonalite, and predominantly occurs as discrete narrow west dipping quartz veins containing moderately to extremely high gold grades; and as fine disseminated gold within the tonalite groundmass.<br>Gold mineralisation at Outridge is hosted within fault fill veins formed by movement on a shallowly dipping normal fault and in extensional shear zone arrays, which have been interpreted as having undergone supergene enrichment.<br>The key factors impacting the fresh mineralisation is the host lithology (tonalite or others), the presence of any rheology contrasts and the interaction and proximity to structural controls on mineralisation. Subtle variation in the location and orientation of these factors affect the grade and geological continuity at Castle Hill.<br>Within the weathered profile oxide and transitional secondary mineralisation occurs at a variety of different horizons.<br>The major factor affecting the oxide and supergene mineralisation is the local development of the weathering profile and proximity to gold mineralisation at depth. The weathering profile is impacted by the host lithology and local faulting, shearing and jointing. |
| ***Dimensions*** | The Castle Hill Mineral Resource area has dimensions of 4km (strike length) by 500m (width) and 480m (elevation). The maximum depth known to date for the deepest mineralisation at Mick Adams is 480m below the surface. Multiple lode systems exist within this area, dominated by the Mick Adams and the Wadi tonalite mineralisation. Mick Adams and Wadi are separated by a north-east trending fault which has generated an offset of 250m across strike. |
| ***Estimation and modelling techniques*** | The June 2018 Castle Hill Mineral Resource is updated from the Castle Hill February 2016 Mineral Resource statement for Castle Hill.<br>Grade interpolation was by ordinary kriging of top-cut composite samples. This was selected on the basis of the overall grade distribution for each domain and current understanding of the geology and mineralisation at Castle Hill.<br>The composite samples for Mick Adams and Wadi domains were composited to 1m composite length to reflect the narrow mineralisation style.<br>Updated variography was undertaken for the domains where there were sufficient composite samples only. Where domains had insufficient sampling, the grade estimation was done using inverse distance method with search orientation adjusted to reflect the overall geology.<br>The interpretations from Mick Adams, Wadi, Outridge, Picante and Lady Alice were created in Surpac™ v.6.6.0. Statistical and variogram modelling was conducted using Supervisor™ v8.8.0 software, with block modelling and grade estimation completed in Surpac™ v6.6.0.<br>All mineralised domain boundaries were treated as hard boundaries to constrain the Mineral Resource estimate.<br>Search parameters were derived on a domain basis and reflect the variography, statistical parameters and the available number of samples in that domain. The estimation used three search passes to manage the irregular data distribution and orientation across the various deposits. The search passes were:<br>• Pass 1 – search radii ranging from 20 to 55m (2/3 of the variogram range) in the direction of |

| Criteria | Commentary |
|---|---|
| | maximum continuity, 5 to 27m in the intermediate direction and 3 to 12m in the minor direction. Pass 1 used between 10 and 20 samples for the majority of domains, and the less well sampled domains used as few as 6 to 18. No octant search restriction applied but a restriction of 4 samples per drill hole applied for all domains.<br>• Pass 2 – increased search range to the full range of the variogram, with identical number of samples used as Pass 1, with no octant search but applied 4 samples per drill hole restriction.<br>• Pass 3 – used identical search as Pass 2 and between 4 and 20 samples. No octant search but applied 4 samples per drill hole restriction.<br><br>No SMU assumptions have been made, other than the expectation that future mining of the deposit is likely to be by open pit mining on 5m high benches.<br>No gold grade-density correlation was observed, and there are no other variables for correlation.<br>The influence of extreme grade values was reduced by applying top-cuts on an individual domain basis for all domains, except for two small domains which did not require a top-cut. The top-cut values were determined using a combination of grade distribution plots, disintegration analysis and mean/variance plots.<br>Block model validation was conducted as follows:<br>• Volumetric comparison of the wireframe/solid volume to that of the block model volume for each domain.<br>• Visual inspection of block model estimates in relation to raw drill data on a section and plan basis.<br>• A global comparison of input and block grades.<br>• A comparison between the top-cut composite and block model grade trends by northing, easting and elevation.<br><br>The validation identified no bias between the composite and model volume or gold grade. |
| ***Moisture*** | The tonnages are estimated on a dry basis. |
| ***Cut-off parameters*** | For reporting purposes, a cut-off grade 0.5g/t gold was used which is consistent with reporting cut-off parameters at an AU$1800/oz gold price. |
| ***Mining factors or assumptions*** | Other than the potential for open pit mining, no assumptions on mining methodology have been made. |
| ***Metallurgical factors or assumptions*** | Initial metallurgical tests yielded recoveries of 92% to 98% with high gravity component. Work to date indicates the mineralisation is free milling and leachable for each of the deposits, for both hard (fresh) and soft rock (transition and oxide) material. |
| ***Environmental factors or assumptions*** | The project is located in the Great Western Woodlands. Initial flora and fauna surveys at Castle Hill have not discovered any significant impediments to the proposed operations at this stage. Stygofauna surveys are yet to be completed but it is unlikely to be an issue - based on similar nearby studies.<br>The major host rock for the deposits is a tonalite. There are very few sulphides associated with either the mineralisation or the waste material. It is not expected that either the tailings, or waste land forms are going to contain any deleterious elements. There is limited topsoil coverage over the project area. Saprolite clays in existing pits appear to support vegetation recovery without rehabilitation. There is very limited ground water in the project area, so mining and processing effects on the water table are not expected to be significant.<br>Studies are on-going to confirm these initial observations and assumptions. |
| ***Bulk density*** | Bulk densities results were derived from dry density measurements of drill core and open pit measurements from the Mick Adam/Wadi deposits. In addition, downhole gamma-gamma density measurements were taken from 11 drill holes at 0.1 m intervals, which were them compared against available immersion data with good correlations. These were checked by selected samples being measured for specific gravity by the water displacement method.<br>Bulk density was assigned in the block model attribute ‘density’ according to the weathering and rock type. |
| ***Classification*** | **Measured** Mineral Resources are typically supported by drilling data which was mostly less than 20m x 20m spacing and is additionally confirmed by grade control drilling. |

| Criteria | Commentary |
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| | **Indicated** Mineral Resources are classified similar as Measured, but with less support from grade control data. Typically drill spacing is less than 40m x 40m.<br>**Inferred** Mineral Resources are classified based on limited data support and less confidence on the geological continuity. Typically drilling spacing is greater than 40m x 40m.<br>Other aspects that have been considered in defining the Mineral Resources classifications are:<br>• Data type and data quality (drill hole orientations; down hole surveys)<br>• Statistical performance of the estimate (i.e. slope regression, Kriging Efficiency, number of samples/drill hole used)<br>• Geological mapping<br>The Mineral Resource estimate appropriately reflects the view of the Competent Person. |
| ***Audits or reviews*** | Previous Resource estimates at Castle Hill have been reviewed by Cube Consulting and Optiro.<br>Cube Consulting Pty Ltd (Cube) conducted a detailed audit of the Castle Hill project data and work practices as part of the August 2013 Mineral Resource estimate, and no material issues were identified. The data quality was found to support Mineral Resources.<br>Optiro conducted a brief review of the data quality as part of the Mineral Resource update and no material issues were identified. As part of the 2016 update, Optiro undertook an internal peer review.<br>No third-party reviews have been undertaken on the updated Evolution Mineral Resource Model. |
| ***Discussion of relative accuracy/ confidence*** | The relative accuracy and confidence is reflected in the current Mineral Resource classification.<br>This model is considered a global resource estimate and additional close spaced drilling (potentially at the grade control scale) will be required to improve the understanding of local scale variation.<br>In addition, more bulk density data is required to improve confidence at a local scale.<br>Although there has been trial mining at the Mick Adams deposit, the standard of sampling and record keeping is not sufficient to allow reconciliation against a block model.<br>The standard of sampling and record keeping for historical production and trial mining is not sufficient to allow reconciliation against a block model so no comparison is possible. |

## Section 4 Castle Hill Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

| Criteria | Commentary |
|---|---|
| ***Mineral Resource estimate for conversion to Ore Reserves*** | The Ore Reserve estimate is based on the current Mineral Resource estimate as described in Section 3.<br>The Mineral Resource is reported as wholly inclusive of the Ore Reserve. |
| ***Site visits*** | The Competent Person is a full-time employee of Evolution Mining, at the Mungari operation and has visited the Castle Hill project site three times during 2017. |
| ***Study status*** | This Ore Reserve estimate is based on the current Mineral Resource estimate described in Section 3.<br>Studies have been completed to Pre-Feasibility Study level and include:<br>- Geotechnical review undertaken in Feb-2017 by SRK Consulting using geotechnical data collected for the 2013 Castle Hill Feasibility Study by Golder Associates on behalf of Phoenix Gold (project owner at that time).<br>- Metallurgical test work completed during the 2013 study confirms ore is free-milling and amenable to processing at the Mungari plant.<br>- Mine planning has been completed in accordance with Evolution's mine planning processes applied to estimate Ore Reserves for all other open pit projects at Mungari.<br>- Costs are estimated consistently with the methodology applied for budget and life of mine planning at Mungari and are based on current costs at the White Foil pit and Mungari plant. |

| Criteria | Commentary |
|---|---|
| | The Ore Reserve only includes material within the pit design classified as Indicated Mineral Resource – the Mineral Resource does not contain any Measured resource category material). Inferred resource blocks are excluded from the Ore Reserve. |
| ***Cut-off parameters*** | The Ore Reserve is reported at a cut-off grade of 0.85 g/t Au (in-situ, without dilution).<br><br>The cut-off grades for estimation of the Ore Reserves are the average of the previous twelve months' actual unit costs at the Mungari plant (Jan 2017 to Dec 2017), road haulage costs based on haulage distance from mine to plant and a metal selling price of A$1,350 /oz. |
| ***Mining factors or assumptions*** | The mine planning parameters applied for the Ore Reserve are as per Mungari's Dec-2017 Ore Reserve and are aligned to the conventional drill/blast/load/haul method deployed at the operating White Foil open pit<br><br>The Castle Hill Ore Reserve has been estimated by the following process:<br><br>- Pit optimisation shells generated using the Geovia Whittle software;<br>- Design of staged pits per geotechnical and operational parameters;<br>- Evaluation of pit designs against current topography and resource model to provide in-situ tonnes, grade and resource classification for each ore stream (high/low grade);<br>- Application of dilution and mining recovery factors to estimate diluted tonnes and grade;<br>- Reporting of Ore Reserve by classification.<br><br>The geological block model uses block dimensions of 10mL x 10mW x 5mH, with sub-blocking only used at edges of the mineralisation shapes which varying from 150m, down to 10m wide. The majority of ore blocks are not sub-blocked. Due to the large blocks in the geological model, no block regularisation was performed as the ore blocks are appropriate for the mining method selected.<br><br>Mining dilution applied to ore mined on each bench is 15.0% at zero grade. This factor is higher than other deposits at Mungari (usually 5-10%) due to the small sub-block size in the geological model which will incur external dilution during mining.<br><br>Mining recovery of ore on each bench is applied as 99.0%, consistent with other deposits at Mungari based on actual performance at White Foil. |
| ***Metallurgical factors or assumptions*** | Castle Hill ore will be treated at Evolution's fully owned Mungari Processing Plant which was commissioned in April 2014. Mungari is located 25km south-east of the Castle Hill project.<br><br>Castle Hill ore is conventional free-milling ore which is amenable to processing through a carbon-in-leach (CIL) gold processing plant, such as Mungari.<br><br>Metal recovery for Castle Hill through Mungari is assumed to be 92.0%, which is slightly lower than actual performance at Mungari processing similar grades. Using the Mungari standard grade-recovery curve, the 1.4 g/t average grade at Castle Hill results in 92.8% recovery.<br><br>The slightly conservative recovery estimate is considered appropriate based on the metallurgical test work (results from 2013 Phoenix study) deemed equivalent to pre-feasibility study level for Castle Hill ore at Mungari. An additional test work program will be undertaken to understand ore variability and how to optimise Mungari for treating Castle Hill ore.<br><br>No deleterious elements have been identified for Castle Hill ore during test work. |
| ***Environmental*** | Statutory permitting to extract the Ore Reserve and dispose of generated waste is well advanced but additional permitting is required before operations can commence.<br><br>Elements which are already in place are:<br><br>- Mineral Tenure;<br>- Environmental baseline surveys;<br>- Groundwater abstraction; and<br>- Vegetation clearing.<br><br>Outstanding elements are:<br><br>- Mining Proposal approved by Western Australian (WA) state Department of Mines, Industry Regulation and Safety.<br><br>All required closure, monitoring and reporting requirements after completion of Castle Hill are included in the life of mine plan of the Mungari operation. |

| Criteria | Commentary |
|---|---|
| | All required approvals and permits are currently in place for the operating Mungari Processing Plant where Castle Hill ore will be treated. |
| ***Costs*** | Castle Hill will be developed as a regional project within the Mungari life of mine plan. As such, only limited capital expenditure will be required to establish the mining operation:<br>- Establishment of site access roads, waste and ore dumps;<br>- Offices and ablutions;<br>- Mobile equipment workshop;<br>- Communications network;<br>- Dewatering network; and<br>- Construction of a new haul road to the Mungari plant. Whilst there are existing ore haulage routes between Castle Hill and Mungari, a new haul road will be established to provide a more direct and cost-effective route which requires new mineral tenure and all associated permitting.<br>Some operational costs (waste stripping) will be amortised in line with accounting policies and these are accounted as sustaining capital in the operation's budget.<br>All cost estimates are done in Australian dollars, so no exchange rate assumptions are applicable.<br>All operating costs included in the mine plan (applied for cut-off grade calculation) are based on the Mungari FY18-H2 forecast cost estimate for open pit mining which is aligned to the current operating costs at White Foil.<br>Ore treatment cost allowances in the plan are based on the previous twelve months actual costs, including crusher feed, plant operations, plant maintenance and tailings disposal.<br>The WA state gold royalty has been allowed at the current rate of 2.5% of net smelter revenue (NSR). The Castle Hill project is spread over a range of mineral tenements with a number of different pre-existing third-party royalties in addition to the WA state royalty. These royalties are a mixture of NSR and lump sum trigger payments and have all been included in the operating cost estimate used to estimate the Ore Reserve. |
| ***Revenue factors*** | Metal production is based on the scheduled feed grade from the Ore Reserve, as described above.<br>For the estimation of the Ore Reserve, a flat gold price of A$1,350 /oz was applied.<br>No revenue is allocated from any by-product or co-product sales. |
| ***Market assessment*** | Gold is sold at spot or a hedged gold price. The Ore Reserve is updated annually using a metal selling price aligned to Evolution's guidance to maintain consistency across the company. |
| ***Economic*** | The Ore Reserves have been economically evaluated through a standard financial model. All operating and capital costs and revenue factors were included in the financial model. This process has demonstrated that the Ore Reserve for the open pit operation has a positive NPV. |
| ***Social*** | The operations at the Castle Hill project site are located on pre-existing Mining Leases, so no material stakeholder agreements are required before operations can commence (refer to Environmental section for overview of statutory permitting requirements).<br>Construction of the new haul road from Castle Hill to Mungari requires new mineral tenure which introduces the requirement to reach agreement with Maduwongga People, being registered native title claimants for the area. Evolution executed a native title agreement with Maduwongga People in 2018 which provides surety that new granted mineral tenure will not be precluded by Maduwongga. |
| ***Other*** | No material risks with the potential to prevent the commencement and operation of Castle Hill to extract the Ore Reserve have been identified. |
| ***Classification*** | Castle Hill has no Proved Ore Reserves.<br>Indicated Mineral Resources that are within designed pit stages and are above cut-off grade, have been converted to Probable Ore Reserves.<br>The Ore Reserve estimate appropriately reflects the view of the Competent Person. |
| ***Audits or reviews*** | Evolution has a standard process of internal peer review for Ore Reserves. |
| ***Discussion of relative accuracy/ confidence*** | The mine planning work carried out to develop this Ore Reserve has been done in accordance with standard operations planning processes used at Mungari for ore reserve calculation, life of mine and budget planning. |

| Criteria | Commentary |
| --- | --- |
| | Whilst it has not been accompanied by a specific Pre-feasibility Study, the supporting technical evaluations (geotechnical, metallurgical, hydrogeological) used to calculate this Ore Reserve have been completed to a standard required for a pre-feasibility level study. Mine planning is compliant to the annual Mungari life of mine plan with costs and factors (plant recovery, dilution, grade estimation methodology) calibrated to actual operating costs and experience in the current Mungari operations.<br><br>It is the opinion of the Competent Person that the confidence level for this Ore Reserve is, as a minimum, equivalent to a dedicated Pre-feasibility Study, because of the supporting technical evaluations and high confidence in cost and operational estimates, being calibrated to experience with current Mungari operations.<br><br>Inherent to any Ore Reserve estimate, this Ore Reserve does retain a level of uncertainty, particularly relating to the underlying Mineral Resource and future work is planned to improve confidence. However, the underlying risk in the resource is reflected in the classification of the entire Ore Reserve as Probable. Also, the risk of the Ore Reserve is offset by Inferred material within the pit design which will be targeted for upgrade to Indicated in future and could offset any minor reduction in the currently reported reserve. |