ASX Announcement
15 August 2019

FY19 FINANCIAL RESULTS AND FINAL DIVIDEND

Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2019 (FY19) and reports that it will pay an increased final dividend for the year of 6 cents per share fully franked.

FY19 Group Highlights

- Statutory net profit after tax of A$218.2 million (FY18: A$263.4 million)
- Underlying net profit after tax of A$218.2 million (FY18: A$250.8 million)
- Sales revenue of A$1,509.8 million (FY18: A$1,540.4 million)
- EBITDA of A$730.3 million (FY18: A$795.1 million)
- Gold production of 753,001 ounces – eighth consecutive year of meeting production guidance
- AISC\(^1\) of A$924 per ounce (US$661/oz)\(^2\) – among the lowest cost gold producers in the world
- Operating mine cash flow of A$771.5 million (FY18: A$811.8 million)
- Net mine cash flow of A$497.8 million (FY18: A$539.9 million)
- Cash balance increased to A$335.2 million (30 June 2018: A$323.2 million)
- Bank debt reduced to A$300.0 million (30 June 2018: A$395.0 million)
- Fully franked dividends totalling A$127.0 million paid during the year (FY18: A$109.9 million)

Final fully franked dividend of 6 cents per share, totalling A$101.8 million, declared based on Evolution’s new dividend policy of a payout ratio targeting 50% of free cash flow

- Ex-dividend date – 26 August 2019
- Record date – 27 August 2019
- Payment date – 27 September 2019
- Nil Conduit Foreign Income (CFI) component

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

“Our exceptional free cash flow generation, after investing in growth opportunities within our business, has enabled us to further increase the final dividend by 50% to a fully franked 6 cents per share. With the current spot price\(^3\) around A$450 higher than the A$1,760 per ounce gold price achieved in FY19, we remain focused on maintaining our low cost base to bank every additional dollar and return excess funds to our shareholders.”

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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 FY19 of US$0.7156
3. A$ gold spot price on 12 August 2019
Driving a safety culture where our people do the right thing because they want to, not because they have to underpins our safety programs. Disappointingly the total recordable injury frequency (TRIF) for the year was 8.3 (30 June 2018: 5.5). Investigations showed an increase in minor injuries with a need to increase focus on promoting mindfulness and pre-task risk identification. Safety programs included Health, Safety and Environment (HSE) Systems and Critical Control verification audits. The focus continues to be on improving Evolution’s safety culture and embedding adequate management of critical controls associated with high risks across all sites.

Evolution published an inaugural Sustainability Report during the year to improve transparency on its objective to deliver long term stakeholder value through safe, low-cost gold production in an environmentally and socially responsible manner.

The Group recorded a statutory net profit after tax of A$218.2 million for the year, a decrease of 17% on the prior year. Underlying profit after tax decreased by 13% to A$218.2 million (30 June 2018: A$250.8 million).

The Group's ongoing focus on productivity improvements and cost efficiencies delivered another year of strong results. Total gold production of 753,001 oz was above the midpoint of guidance for the year of 720,000 – 770,000 oz. AISC of A$924/oz (US$661/oz) placed Evolution among the lowest cost gold producers in the world.

Evolution has guided FY20 gold production of 725,000 – 775,000 ounces at an All-in Sustaining Cost of A$890 – A$940 per ounce. Full details are contained in the FY19 Financial Results presentation released to ASX on 15 August 2019.

Operating mine cash flow of A$771.5 million was generated. Net mine cash flow was A$497.8 million with all mines contributing positive cash flows after meeting their operating and capital needs.

Evolution continued to invest in extensions of mine life and production growth, including the approval of major development projects and exploration drilling at Cowal, and development of an underground mine and plant upgrade at Mt Carlton.

Evolution moved into a net cash position during the year. As at 30 June 2019 the net cash position was A$35.2 million (30 June 2018: net bank debt of A$71.8 million). During the financial year the Group made A$95.0 million of repayments on the Senior Secured Term Loan (“Facility D”). The A$350.0 million Senior Secured Revolving Loan (“Facility A”) remains undrawn at 30 June 2019.

Revenue for the year ended 30 June 2019 decreased by 2% to A$1,509.8 million (30 June 2018: A$1,540.4 million). The 7% higher achieved gold price of A$1,760/oz was offset by a decrease in produced ounces of 6% to 753,001 oz (30 June 2018: 801,187 oz) and lower copper and silver revenue which is a result of both volume and price. Revenue comprised of A$1,307.5 million for gold and A$202.3 million for copper and silver (30 June 2018: A$1,312.6 million for gold and A$227.8 million for copper and silver). The Edna May operation contributed revenue in 2018 for three months of A$37.2 million prior to its sale on 3 October 2017.

Total gold sold of 742,964 oz included deliveries into the hedge book of 150,000 oz at an average price of A$1,690/oz (30 June 2018 hedge deliveries: 205,915 oz at A$1,564/oz). The remaining 592,964 oz were sold at spot, achieving an average price of A$1,777/oz (30 June 2018 spot sales: 592,186 oz at A$1,673/oz). The Group’s hedge book as at 30 June 2019 totals 400,000 oz at an average price of A$1,838/oz with deliveries through to June 2023.

Group operating costs (excluding depreciation, amortisation and fair value adjustments of A$398.5 million) increased to A$736.0 million (30 June 2018: A$705.5 million). Mine operating costs excluding Edna May and inventory movements were higher than FY18 by A$43.4 million. Lower capitalisation of mine costs in the financial year, mainly due to the completion of the White Foil cutback at Mungari during FY18, contributed to A$27.8 million of higher mine operating costs being expensed in FY19 with the remainder of the increase driven by a mix of input prices and activities. Higher power prices contributed an additional A$7.5 million to power costs, mainly at Cowal, due to the full year impact in FY19 of higher priced contracts that were effective from 1 January 2018. Oil price increases resulted in A$6.6 million of higher diesel costs while FY19 labour costs moved approximately 3% higher than FY18.

Inventory movements resulted in an additional charge to costs in FY19 of A$21.6 million driven by utilisation of ore stockpiles at Mt Rawdon resulting in an A$5.3 million expense in FY19 compared to a credit to costs of A$23.8 million in FY18 where ore stockpiles increased. Inventory movements at other sites partially offset the impact at Mt Rawdon with a net credit to operating costs in FY19 of A$7.5 million.
During the year, the Group made income tax payments of A$91.2 million related to the 30 June 2018 and 30 June 2019 financial years and recognised an income tax expense of A$96.7 million (30 June 2018: A$75.5 million).

Total exploration expenditure for the year ended 30 June 2019 was A$52.1 million (30 June 2018: A$31.6 million) with an exploration expense of A$7.2 million (30 June 2018: A$5.4 million).

Capital expenditure for the year totalled A$275.1 million which includes A$1.4 million of Group capital (30 June 2018: A$273.5 million; A$1.6 million). This consisted of sustaining capital, including near mine exploration and resource definition and Group capital, of A$93.2 million (30 June 2018: A$100.9 million) and major capital of A$180.4 million (30 June 2018: A$171.0 million). The main major capital projects included the Cowal Stage H development, Float Tails Leach project and E46 land acquisition costs; underground mine development at Cracow, Mt Carlton and Mungari; and capital waste stripping at Mt Carlton and Mt Rawdon.

This announcement is a summary of the FY19 Financial Results. Full details of the FY19 Financial Results are available in the Appendix 4E and Annual Financial Report released to the ASX today and are also available at the Company's website.

**Dividend Payment**

In August 2019, the Directors approved a change to the dividend policy of whenever possible paying a dividend based on free cash flow generated during a year. The Directors will assess the group cash flow and outlook for the business with the intention to return excess cash to shareholders and targeting a level around 50% of cash flow. The Group's free cash flow is defined as cash flow before debt and dividends. The change was effective immediately and was applied to the final dividend for FY19.

The Board has confirmed that Evolution is in a sound position to meet its commitment under the new policy to pay a final fully franked dividend for FY19 of 6 cents per share, totalling A$101.8 million. Evolution shares will trade excluding entitlement to the dividend on 26 August 2019, with the record date being 27 August 2019 and payment date of 27 September 2019.

**Conference Call**

Evolution’s Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY19 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. 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 093 431
- International Toll: +61 2 8047 9393

Participant PIN Code: 80226360#

Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code. The call includes Q&A participation.
About Evolution Mining

Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Cracow, Mt Carlton and Mt Rawdon 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.

Evolution has guided FY20 gold production of 725,000 – 775,000 ounces at an All-in Sustaining Cost of A$890 – A$940 per ounce.