Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2020 (FY20) and reports that it will pay a record final dividend for the year of 9 cents per share fully franked delivering a total FY20 dividend of 16 cents per share, a 68% increase on FY19.

FY20 Group Highlights

- Strong performance in safety and sustainability; no material impact to operations from COVID-19
- Statutory net profit after tax increased 38% to a record A$301.6 million (FY19: A$218.2 million)
- Underlying net profit after tax increased 86% to a record A$405.4 million (FY19: A$218.2 million)
- EBITDA increased 41% to a record A$1,029.4 million (FY19: A$730.3 million)
- Gold production of 746,463 ounces (FY19: 753,001 ounces)
- AISC1 of A$1,043 per ounce (US$700/oz)2 – among the lowest cost gold producers in the world
- Operating mine cash flow increased 45% to a record A$1,121.4 million (FY19: A$771.5 million)
- Net mine cash flow increased 48% to a record A$736.0 million (FY19: A$497.8 million)
- Group free cash flow increased 86% to a record A$541.8 million (FY19: A$291.6 million)
- Net bank debt of A$197.4 million at 30 June 2020 (cash A$372.6 million; bank debt A$570.0 million)

Final fully franked dividend of 9 cents per share declared, based on Evolution’s dividend policy of a payout ratio targeting 50% of free cash flow, resulting in a distribution to shareholders of A$153.4 million

- Ex-dividend date – 24 August 2020
- Record date – 25 August 2020
- Payment date – 25 September 2020
- Nil Conduit Foreign Income (CFI) component

Three Year Outlook

- Cowal and Red Lake to drive significant organic growth
- Group gold production and cost outlook:
  - FY21: 670,000 – 730,000 ounces at an AISC of A$1,240 – A$1,300 per ounce
  - FY22: 700,000 – 770,000 ounces at an AISC of A$1,220 – A$1,280 per ounce
  - FY23: 790,000 – 850,000 ounces at an AISC of A$1,125 – A$1,185 per ounce

Commenting on the FY20 Financial Results, Evolution’s Executive Chairman Jake Klein said:

“FY20 was a great year for Evolution with a strong improvement in safety and sustainability performance, record underlying net profit, record free cash flow generation and record dividends. Through our continued focus on upgrading the quality of our asset portfolio, we expect to deliver exciting organic growth in the coming years mainly driven by Cowal and Red Lake. The 11 million ounce Mineral Resource at Red Lake is a strong indication that Red Lake is likely to be the most transformative, value creating opportunity in Evolution’s history.”

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 FY20 of US$0.6714
The Group's focus and continued effort to improve safety performance has resulted in a lowered total recordable injury frequency (TRIF) of 6.8 as at 30 June 2020 (30 June 2019: 8.3). Evolution’s MSCI ESG rating was upgraded to 'A' from 'BBB', highlighting the Company’s achievements in sustainability performance. In September 2019, the Group was ranked in the top performing Australian mining companies for corporate sustainability in the annual assessment of the Dow Jones Sustainability Index Australia. During the year Evolution donated a total of A$3.0 million to Rural Aid Australia, NSW Rural Fire Service and Queensland Rural Fire Service, supporting their bushfire and drought relief and recovery efforts.

Evolution has had no material impact to operations from the COVID-19 virus with the Company operating under protocols developed to minimise risks to our people and communities and ensure safe production of gold during this challenging period. These plans include activation of our crisis management protocols, suspending international travel, restricting domestic travel, suspending most greenfields exploration activities until safe to resume, enacting strict social distancing protocols including reducing face-to-face interactions, increasing flexible working arrangements, ensuring best practice health management is maintained at all times and providing regular COVID-19 communication with the entire workforce.

Record statutory and underlying net profit after tax of A$301.6 million (30 June 2019: A$218.2 million) and A$405.4 million (30 June 2019: A$218.2 million) were generated in FY20. These were an increase of 38.2% and 85.8% respectively on the prior year.

Revenue for the year ended 30 June 2020 increased by 29% to a record A$1,941.9 million (30 June 2019: A$1,509.8 million). The higher achieved gold price of A$2,274/oz was partially offset by a slight decrease in produced ounces for the year to 746,463oz (30 June 2019: 753,001oz). Revenue was comprised of A$1,738.1 million for gold and A$203.7 million for copper and silver revenue (30 June 2019: A$1,307.5 million of gold and A$202.3m of copper and silver revenue).

Total gold sold equalled 764,655oz which included deliveries into the hedge book of 100,000oz at an average price of A$1,734/oz (30 June 2019: 150,000 oz, A$1,690/oz). The remaining 664,655oz were sold at spot price achieving an average price of A$2,320/oz (30 June 2019: 592,964 oz, A$1,777/oz). At 30 June 2020 the Group’s hedge book totalled 300,000oz at a price of A$1,872/oz for the Australian operations and 120,000oz at C$2,272/oz for Red Lake with quarterly deliveries through to June 2023.

Mine operating costs increased by 1.2% (A$8.0 million) from FY19. The main drivers to the increased operating costs were a general increase in labour rates of approximately 4%; a full year of operation of the Float Tails Leach facility at Cowal (A$4.6 million) and the commencement of the underground mine at Mt Carlton (A$9.5 million). These were mostly offset by lower power, diesel and consumables costs.

Red Lake operating costs for the first year were A$48.3 million while Cracow operating costs increased by 3% (A$2.2 million).

Inventory costs expensed were A$48.6 million higher driven by planned utilisation of ore stockpiles at Cowal, Mt Rawdon and Mt Carlton.

Royalties were A$9.8 million higher due to the higher gold price.

Operating mine cash flow increased by 45% to A$1,121.4 million (30 June 2019: A$771.5 million). Total capital investment was A$371.0 million (30 June 2019: A$273.6 million). This consisted of sustaining capital, including near mine exploration and resource definition of A$83.4 million (30 June 2019: A$93.2 million) and major capital of A$287.6 million (30 June 2019: A$180.4 million). The main capital projects included the Cowal Stage H development and the Integrated Waste Landform (IWL) tailings facility; underground mine development at Red Lake and Mt Carlton; capital waste stripping at Mt Carlton and Mt Rawdon; tailings storage facility costs at Mungari, Mt Rawdon and Cracow; and advancing the Boomer deposit at Mungari.

During the year, the Group made income tax payments of A$76.3 million and recognised an income tax expense of A$107.0 million (30 June 2019: A$96.6 million).

Total exploration expenditure for the year ended 30 June 2020 was A$82.8 million (30 June 2019: A$52.1 million) with an exploration expense of A$23.7 million (30 June 2019: A$7.2 million). The majority of the exploration investment was undertaken at Cowal (A$46.6 million) which focused on upgrading classification and extending the underground resource which now has an estimated Mineral Resource of 2.9 million ounces.

The Group acquired the Red Lake gold mine in Ontario, Canada for US$375.0 million and a contingent component of US$20.0 million for each one million ounces of gold resource inventory added up to a maximum of five million ounces, outside of the agreed resource baseline. Red Lake is a high-grade, long life, underground gold mine located in one of Canada’s most prolific gold districts. The acquisition was completed on 1 April 2020. Evolution has since completed extensive modelling work resulting in a JORC-2012 Mineral Resource of 48.1Mt.
grading 7.1 g/t Au for 11.0 million ounces\(^3\) which presents significant upside to Evolution’s initial Red Lake investment case.

After announcing the agreement to sell the Cracow Gold Mine in Queensland on 4 June 2020, the Group completed the divestment on 1 July 2020 to Aeris Resources Limited for a total consideration of up to A$125 million. The total consideration consists of:

- A$60 million cash payable upon completion which occurred on 1 July 2020
- A$15 million payable 30 June 2022
- Up to A$50 million contingent consideration payable in the form of a 10% net value royalty, based on gross revenues less C1 direct cash costs in relation to any gold produced at Cracow in the five-year period from 1 July 2022 to 30 June 2027

In FY20 an impairment of the Mt Carlton asset was recorded on a post-tax basis of A$101.0 million (A$144.3 million pre-tax) due to the down grade in the resource and reserve base. Further information on this can be found in the notes to the financial statements.

This announcement is a summary of the FY20 Financial Results. Full details of the FY20 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

The Board has declared a final FY20 fully franked dividend period of 9.0 cents per share, totalling A$153.4 million. Evolution shares will trade excluding entitlement to the dividend on 24 August 2020, with the record date being 25 August 2020 and payment date of 25 September 2020.

This results in a record full year dividend for FY20 of 16 cents per share fully franked which equates to a 68% increase on FY19.

This dividend is based on the policy approved by the Board on 15 August 2019 of whenever possible paying a dividend based on free cash flow generated during a year. The policy targets a payout ratio of 50% of cash flow. The Group’s free cash flow is defined as cash flow before debt and any acquisitions or divestments.

FY21 Guidance

Evolution is forecasting FY21 Group gold production of 670,000 – 730,000 ounces with AISC expected to be in the range of A$1,240 – A$1,300 per ounce. Assuming an AUD:USD exchange rate of 0.72, Evolution’s forecast FY21 AISC equates to approximately US$890 – US$940 per ounce.

Investment in sustaining capital in FY21 is forecast to be between A$112.5 – A$137.5 million. Red Lake accounts for a significant amount of Group sustaining capital as Evolution invests in transforming the operation with key items including: replacement of mobile fleet (A$10.0 – A$15.0 million); shaft decommissioning (A$6.0 – A$8.0 million); resource definition (A$10.0 – A$15.0 million); and major maintenance and upgrades (A$10.0 – A$15.0 million).

Investment in major capital and exploration is additional to the costs included in AISC and are reported in All in Cost (AIC). Major capital in FY21 is expected to be in the range of A$260.0 – A$290.0 million. A large amount of the major capital is associated with expansion projects at Cowal as the operation invests in projects that will contribute towards achieving its objective of increasing production to over 300,000 ounces per annum. Major capital at Cowal includes the final stages of mine development at Stage H (A$55.0 – A$60.0 million); continuation of the construction of the Integrated Waste Landform (A$70.0 – A$75.0 million), and the underground feasibility study (A$25.0 – A$30.0 million). Major capital investment at other operations includes accelerated mine development at Red Lake (A$25.0 – A$30.0 million); and mine development at Mungari (A$30.0 – A$40.0 million).

FY21 exploration investment is expected to be A$70.0 – A$100.0 million. Cowal (A$35.0 – A$45.0 million) accounts for the majority of this investment with development of a second exploration decline and continued drilling of the GRE46-Dalwhinnie underground as it is advanced towards production. This work is aimed at both resource extensions and infill drilling to improve understanding of grade distribution in order to optimise the mine plan. Red Lake (A$15.0 – A$20.0 million) and Mungari (A$8.0 – A$13.0 million) will also receive a significant discovery investment in FY21.

\(^3\)See page 8 of this release for details on the Red Lake Mineral Resources.
A breakdown of production, costs and capital guidance is provided in the table below:

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowal</td>
<td>205,000 – 230,000</td>
<td>990 – 1,040</td>
<td>12.5 – 17.5</td>
<td>170.0 – 180.0</td>
</tr>
<tr>
<td>Red Lake</td>
<td>125,000 – 135,000</td>
<td>2,050 – 2,100</td>
<td>55.0 – 60.0</td>
<td>30.0 – 40.0</td>
</tr>
<tr>
<td>Mungari</td>
<td>120,000 – 130,000</td>
<td>1,320 – 1,370</td>
<td>17.5 – 22.5</td>
<td>45.0 – 50.0</td>
</tr>
<tr>
<td>Mt Rawdon</td>
<td>87,500 – 92,500</td>
<td>1,290 – 1,340</td>
<td>10.0 – 15.0</td>
<td>15.0 – 20.0</td>
</tr>
<tr>
<td>Mt Carlton</td>
<td>47,500 – 52,500</td>
<td>1,700 – 1,750</td>
<td>5.0</td>
<td>0</td>
</tr>
<tr>
<td>Ernest Henry</td>
<td>85,000 – 90,000</td>
<td>(350) – (300)</td>
<td>10.0 – 15.0</td>
<td>0</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td>65 – 70</td>
<td>2.5</td>
<td>0</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>670,000 – 730,000</strong></td>
<td><strong>1,240 – 1,300</strong></td>
<td><strong>112.5 – 137.5</strong></td>
<td><strong>260.0 – 290.0</strong></td>
</tr>
</tbody>
</table>

4. AISC assumes A$2,200/oz Au and A$8,400/t Cu for royalties and by-products

**Three-Year Outlook**

Production is planned to increase to over 800,000 ounces during the three-year period to FY23. Growth will be largely driven by the commencement of the Cowal underground mine in late FY22 and execution of the Red Lake transformation plan.

Costs are expected to decline over the three-year period. Red Lake will initially increase Group AISC by A$200 – A$215 per ounce before trending lower as the benefits of the transformation plan are realised.

Investment in two significant growth projects at Cowal and Red Lake will materially increase production and transform the quality of Evolution’s asset portfolio. Major capital at Cowal, to enable production to increase above 300,000 ounces per annum, consists of development of the new underground (A$100.0 – A$130.0 million in FY22; A$100.0 – A$125.0 million in FY23) and investment in the Integrated Waste Landform (A$70.0 – A$80.0 million in FY22; A$15.0 – A$20.0 million in FY23). Red Lake will continue to invest in mine development (A$30.0 – A$35.0 million in FY22; A$15.0 – A$20.0 million in FY23) which is planned to enable annual production to increase to in excess of 200,000 ounces.
Production Target

Material Assumptions

The material assumptions on which the Production Target is based are presented in ASX release entitled “Annual Mineral Resources and Ore Reserves Statement” released to the ASX on 12 February 2020 and available to view at www.evolutionmining.com.au. The material assumptions upon which the forecast financial information is based are: Gold A$1,450/oz; Silver A$20/oz; Copper A$6,000/t; and Diesel A$80/bbl.

Relevant Proportions of Mineral Resources and Ore Reserves underpinning the Production Target

The Production Target comprises 20.8% Proved Ore Reserves, 61.4% Probable Ore Reserves, 1.7% Indicated Mineral Resources, 14.2% Inferred Mineral Resources and 1.8% Exploration Targets.

Cautionary Statement concerning the proportion of Inferred Mineral Resources

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Cautionary Statement concerning the proportion of Exploration Target

Of Evolution’s three-year production outlook, 1.8% is comprised of an Exploration Target. The potential quantity and grade of this Exploration Target is conceptual in nature and there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that Production Target itself will be realised.

Exploration Target

The Boomer North Exploration Target at Mungari of approximately 30,000 to 40,000 tonnes grading 7.0 – 10.0 g/t for 8,000 to 12,000 gold ounces is based on first-pass exploration drilling results.

A similar geological setting has been defined north of the Boomer mineralisation (north of the Mary fault and south of the Sovereign fault), with an exploration target strike length of 1,000m (Figure 1). The south-west dipping structures (hosting Boomer gold mineralisation) show continuity along strike north and south of Boomer.

Boomer North potential quantity and grade is conceptual with insufficient drilling to define a Mineral Resource. Drill spacing is currently 80m x 200m. Further Boomer North exploration drill programs are anticipated to commence in H1 FY21.

Information on previous drilling programs at Boomer is provided in the ASX releases entitled “June 2020 Quarterly Results”, “March 2020 Quarterly Results”, December 2020 Quarterly Results and September 2019 Quarterly Results released to the ASX on 23 July 2020, 23 April 2020, 29 January 2020 and 15 October 2020 respectively and available to view at www.evolutionmining.com.au.
Figure 1: Boomer gold deposit long section showing location of drilling and the Boomer North exploration target zone in relation to the Mary fault.

The Crush Creek Exploration Target at Mt Carlton of approximately 100,000 to 130,000 tonnes grading 5.0 – 9.0g/t for 16,000 to 37,600 gold ounces is based on results from historic and first-pass exploration drilling results from the Delta and BV7 prospects. Mineralisation occurs in low sulphidation epithermal quartz veins and breccia bodies associated with numerous rhyolite dome complexes. Current drill spacing at Delta and BV7 range from 40m x 40m to 80m x 80m.

Drilling to date at Delta shows grade continuity along strike and down dip within several northwest striking, north-easterly dipping, structures that remain open to the north along strike and down dip. The Delta Exploration Target is approximately 250m in terms of strike.

Drilling to date at BV7 shows grade continuity along a northwest striking, southwest dipping structural corridor with mineralised zones in the footwall and hangingwall. The BV7 Exploration Target is approximately 300m long in terms of strike. Exploration results from BV7 are planned to be reported in the September 2020 Quarterly Results.

The potential quantity and grade of Delta and BV7 exploration targets are conceptual in nature as there has been insufficient exploration to determine a Mineral Resource. There is no certainty that further exploration work will result in the determination of Mineral Resources or that the Production Target itself will be realised. Resource definition drill programs will be completed at both Delta and BV7 in H1 FY21.

Information on previous drilling programs at Delta is provided in the ASX releases entitled “June 2020 Quarterly Results” and “Mt Carlton Update” released to the ASX on 23 July 2020 and 19 June 2020 respectively and available to view at www.evolutionmining.com.au.
Figure 2. Location of the Crush Creek Exploration Target (Delta and BV7 prospects) in relation to the Mt Carlton Operation

Figure 3: Plan view of the Delta Prospect showing Evolution drilling and mineralised intercepts received to date
**Competent Persons Statement**

The information in this release that relates to the Boomer North (Mungari) Exploration Target and the Crush Creek Exploration Target (Mt Carlton) is based on information compiled by Rex Brommecker and Daniel Macklin respectively. Rex and Daniel Members of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists respectively and are full-time employees of Evolution Mining. Rex and Daniel have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves’. Rex and Daniel consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**Red Lake Mineral Resources as at 31 December 2019**

<table>
<thead>
<tr>
<th>Project</th>
<th>Type</th>
<th>Cut-Off Gold (g/t)</th>
<th>Tonnage (Mt)</th>
<th>Gold Grade (g/t)</th>
<th>Gold Metal (koz)</th>
<th>Tonnage (Mt)</th>
<th>Gold Grade (g/t)</th>
<th>Gold Metal (koz)</th>
<th>Tonnage (Mt)</th>
<th>Gold Grade (g/t)</th>
<th>Gold Metal (koz)</th>
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</thead>
<tbody>
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<td>Lower Campbell</td>
<td>UG</td>
<td>3.3</td>
<td>2.67</td>
<td>7.43</td>
<td>638</td>
<td>2.33</td>
<td>6.39</td>
<td>478</td>
<td>5.00</td>
<td>6.94</td>
<td>1,116</td>
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<td>UG</td>
<td>3.3</td>
<td>8.52</td>
<td>10.57</td>
<td>2,896</td>
<td>4.38</td>
<td>10.26</td>
<td>1,444</td>
<td>12.90</td>
<td>10.46</td>
<td>4,339</td>
</tr>
<tr>
<td>Lower Red Lake</td>
<td>UG</td>
<td>3.3</td>
<td>7.83</td>
<td>6.09</td>
<td>1,534</td>
<td>4.40</td>
<td>6.11</td>
<td>864</td>
<td>12.23</td>
<td>6.10</td>
<td>2,398</td>
</tr>
<tr>
<td>Upper Red Lake</td>
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<td>-</td>
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<td>6.11</td>
<td>1,192</td>
<td>6.06</td>
<td>6.11</td>
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<td>HG Young</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>5.45</td>
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<tr>
<td>Cochenour</td>
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<td>3.73</td>
<td>5.17</td>
<td>620</td>
<td>5.72</td>
<td>4.79</td>
<td>881</td>
<td>9.45</td>
<td>4.94</td>
<td>1,502</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>22.76</strong></td>
<td><strong>7.77</strong></td>
<td><strong>5,687</strong></td>
<td><strong>25.33</strong></td>
<td><strong>6.49</strong></td>
<td><strong>5,287</strong></td>
<td><strong>48.08</strong></td>
<td><strong>7.10</strong></td>
<td><strong>10,974</strong></td>
</tr>
</tbody>
</table>

Data is reported to significant figures to reflect appropriate precision and may not sum precisely due to rounding. Mineral Resources are reported inclusive of Ore Reserves. UG denotes underground.

Red Lake Mineral Resources Competent Person is Dean Fredericksen.

This information on the Red Lake Mineral Resources is extracted from the report entitled “Red Lake Initial JORC Mineral Resource of 11 Million Ounces” released 13 August 2020 and available to view at www.evolutionmining.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the report and that all material assumptions and parameters underpinning the estimates in the report continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons’ findings are presented have not been materially modified from the report.
Conference Call
Jake Klein (Executive Chairman), Lawrie Conway (Finance Director and Chief Financial Officer), and Glen Masterman (Vice President Discovery and Business Development) will host a conference call to discuss the FY20 financial results and Red Lake Mineral Resources update 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 Evolution’s website www.evolutionmining.com.au under Latest News. The audio stream is ‘listen only’. The audio stream will also be uploaded to Evolution’s website shortly after the conclusion of the call and can be accessed at any time.

Analyst and Media – Conference Call Details
Conference call details for analysts and media includes Q & A participation. Please dial in five minutes before the conference call starts and provide your name and the participant ID number. To ask a question, participants will need to dial *1 (star, 1) on their telephone keypad.

Participant ID number: 4459736
Dial-in numbers:
- Phone toll: (612) 8038 5221
- Toll-free: 1 800 123 296
- Canada 1855 5616 766
- United States 1855 293 1544
- United Kingdom 0808 234 0757
- Hong Kong 3008 2034
- Singapore 800 616 2288

This announcement has been authorised for release by the Board of Directors.

For further information please contact:

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

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

About Evolution Mining
Evolution Mining is a leading, growth-focused Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Mungari in Western Australia, Mt Carlton and Mt Rawdon in Queensland, and Red Lake in Ontario, Canada. In addition, Evolution holds an economic interest in the Ernest Henry copper-gold mine in Queensland.

Evolution has guided FY21 gold production of 670,000 – 730,000 ounces at an All-in Sustaining Cost of A$1,240 – A$1,300 per ounce.