



APPENDIX 4D
EVOLUTION MINING LIMITED ACN 084 669 036
AND CONTROLLED ENTITIES
HALF-YEAR FINANCIAL REPORT
For the half-year ended 31 December 2020

Results for Announcement to the Market

Key Information

	31 December 2020 \$'000	31 December 2019 \$'000	Up/(down) \$'000	%increase/ (decrease)
Revenues from contracts with customers	982,213	898,169	84,044	9 %
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	514,639	441,172	73,467	17 %
Statutory profit before income tax	327,389	210,264	117,125	56 %
Profit from ordinary activities after income tax attributable to members	228,696	147,216	81,480	55 %

Dividend Information

	Amount per share Cents	Franked amount per share
Interim dividend for the year ended 30 June 2021 Dividend to be fully paid on 26 March 2021	7.0	7.0
Final dividend for the year ended 30 June 2020 Dividend fully paid on 25 September 2020	9.0	9.0

Net Tangible Assets

	31 December 2020	31 December 2019
Net tangible assets per share	1.55	1.48

Earnings Per Share

	31 December 2020 Cents	31 December 2019 Cents
Basic earnings per share	13.39	8.66
Diluted earnings per share	13.34	8.62

Additional Appendix 4D disclosure requirements can be found in the notes of this Half-Year Financial Report and the Directors' Report attached thereto. This report is based on the consolidated Half-Year Financial Report which has been subject to review by PricewaterhouseCoopers.



Evolution Mining Limited Half-Year Financial Report

Corporate Information

ABN 74 084 669 036

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway	Finance Director and Chief Financial Officer
Thomas (Tommy) McKeith	Lead Independent Director
James (Jim) Askew	Non-Executive Director
Jason Attew	Non-Executive Director
Andrea Hall	Non-Executive Director
Victoria (Vicky) Binns	Non-Executive Director
Peter Smith	Non-Executive Director

Company Secretary

Evan Elstein

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Auditor

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One International Towers Sydney
SYDNEY, NSW 2000

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Website

www.evolutionmining.com.au

Stock Exchange Listing

Evolution Mining Limited (EVN) shares are listed on the Australian Securities Exchange.

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Evolution Mining Limited

Half-Year Financial Report

Directors' Report

31 December 2020

Directors' Report

The Directors present their report together with the consolidated financial report of the Evolution Mining Limited Group ("the Group") consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 ("the period").

Directors

Jacob (Jake) Klein	Executive Chairman
Lawrence (Lawrie) Conway (Tommy) McKeith	Finance Director and Chief Financial Officer Lead Independent Director
James (Jim) Askew	Non-Executive Director
Jason Attew	Non-Executive Director
Andrea Hall	Non-Executive Director
Victoria (Vicky) Binns	Non-Executive Director
Peter Smith	Non-Executive Director

Company Secretary

The Company Secretary during the whole of the half-year ended 31 December 2020 and up to the date of this report is as follows:
Evan Elstein

Key highlights for the half-year ended 31 December 2020 include:

Sustainability:

- Evolution published the Group's 2020 Sustainability Report during the period. As part of Evolution's ongoing Community Investment efforts, two Sustainability Projects were approved – the West Wyalong Community Theatre Project and the University of Queensland Underground Waste Project.
- Evolution has had no material impact to its operations from COVID-19 virus with the business operating under protocols developed to minimise risks to our people and communities and ensure we safely produce gold during this challenging period. These plans include activation of our crisis management protocols, minimised international travel, restricting domestic travel, suspending activities across most of the Company's Greenfields exploration projects, 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 regular COVID-19 communication with the entire workforce.
- The Group was advised of its continued inclusion in the Dow Jones Sustainability Index Australia – ranking among the top performing Australian mining companies for corporate sustainability. It is one of only two gold mining companies in this category. It has also maintained an 'A' rating in the MSCI ESG Ratings assessment. The Group is ranked among the top five industry leaders globally for 'Health and Safety' and 'Business Ethics'.
- The Group's total recordable injury frequency (TRIF) was 7.9 (30 June 2020: 6.8). The Company remains focused on continuing efforts to improve safety performance. Key initiatives to improve safety performance include quality field leadership and high-quality safety interactions.

Financials:

- The Group achieved a record half-year statutory and underlying net profit after tax of \$228.7 million and \$234.0 million respectively. This was an increase of 55.3% (31 December 2019: \$147.2 million) and 57.0% (31 December 2019: \$149.1 million) respectively on the prior period.
- Basic earnings per share increased 54.6% to 13.39 cents per share (31 December 2019: 8.66 cents).
- The Directors declared a fully franked interim dividend of 7.0 cents per share, which is the 16th consecutive dividend (31 December 2019: 7.0 cents per share). The aggregate amount of the interim dividend to be paid on 26 March 2021 is estimated at \$119.6 million representing 55% of Group cash flow for the half-year.
- The Group's key results are as follows:
 - Total gold production of 350,326 oz at an All-in Sustaining Cost (AISC) of \$1,182/oz.
 - Operating and net mine cash flow of \$531.2 million and \$353.9 million respectively.
 - Evolution's cash position increased to \$438.1 million (31 December 2019: cash of \$170.3 million) reducing net bank debt to \$86.9 million.
 - A record fully franked cash dividend of \$153.8 million was paid during the period as a final dividend for the year ended 30 June 2020 (30 June 2019 final dividend: \$102.1 million).

Evolution Mining Limited

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Directors' Report

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Key highlights for the period (continued)

Operational:

- The Board approved development of the Galway exploration decline at Cowal which is the second decline and will enable additional drilling to increase underground Ore Reserves and will also be used for future production. The 2,300 metre decline has received regulatory approval. This was another important milestone in growing Cowal's production to over 350,000 low cost ounces per annum.
- A major milestone was also achieved for the development of the Cowal Underground Mine with the submission of the Significant State Development (SSD) Application and the Modification 16 Development Application to the New South Wales Department of Planning, Industry and Environment. Statutory approvals are being progressed following receipt of public submissions.
- The Group acquired a 100% interest in the Crush Creek project located 30km southeast of Mt Carlton. Evolution achieved 70% ownership following sole funding A\$7.0 million of exploration expenditure and acquired the remaining 30% of the project for A\$4.5 million. Drilling continued at Crush Creek with excellent initial results returned at Gamma including 4.0m (4.0m etw) grading 14.70g/t gold from 138m.
- On 17 February 2021 Evolution announced that the Board approved the development of a decline at Red Lake. This will provide a near term opportunity to access additional low-cost ounces in the well-endowed, high-grade Upper Campbell mine. Annual gold production rates from access to two additional mining fronts, which are independent of the current shaft constrained infrastructure, are expected to be in excess of 1.0 million tonnes.

Mineral Resource and Ore Reserve:

- On 17 February 2021 the Company released its annual Mineral Resource and Ore Reserve estimates as at 31 December 2020. Highlights include a 74% year-on-year increase in Mineral Resources to 26.4 million ounces (31 December 2019: 15.2 million ounces) and a 49% year-on-year increase in Ore Reserves to 9.9 million ounces (31 December 2019: 6.6 million ounces) net of mining depletion of 920,000 ounces. Full details are contained in the annual Mineral Resources and Ore Reserves Statement released to the ASX today and are also available on Evolution's website www.evolutionmining.com.au

Operating and Financial Review

Overview

Evolution is a leading, low cost Australian gold mining company. As at 31 December 2020, the Group consisted of five wholly-owned operating gold mines: Cowal in New South Wales; Mt Carlton and Mt Rawdon in Queensland; Mungari in Western Australia; Red Lake in Ontario, Canada; and an economic interest in the Ernest Henry Copper-Gold Operation in Queensland.

The Group's strategy is to deliver shareholder value through safe, efficient gold production, growing gold reserves and developing, acquiring or divesting assets to improve the quality of the portfolio. Since its formation in November 2011, the Group has built a strong reputation for operational predictability and stability through consistently delivering to guidance. A portfolio approach to production provides Evolution with a Group-wide level of operational stability and predictability without reliance on one single asset. The Group's high-performance team culture and clearly defined business plans and goals further contribute to delivering reliable and consistent results.

The Group achieved a 57.0% increase and a record underlying net profit after tax of \$234.0 million for the half-year period ended 31 December 2020 (31 December 2019: \$149.1 million). The table below shows a reconciliation of statutory profit/(loss) before tax to the underlying profit after tax.

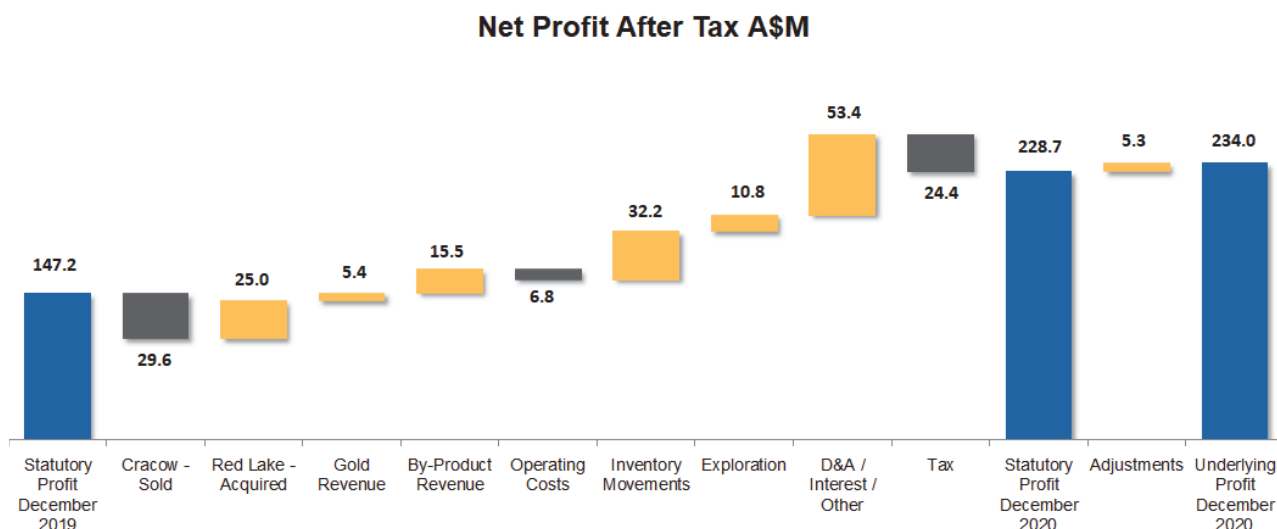
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Operating and Financial Review (continued)

The table below shows the differences of statutory profit before tax to the underlying profit after tax.

	2020 \$'000	2019 \$'000
Statutory profit before income tax	327,389	210,264
Transaction and integration costs	9,681	1,870
Underlying profit before income tax	337,070	212,134
Income tax expense	(98,693)	(63,048)
Tax effect of adjustments	(2,904)	-
Recognition of previously unrecognised tax losses	(1,461)	-
Underlying profit after income tax	234,012	149,086

The Group achieved a 55.3% increase and a record statutory net profit after tax of \$228.7 million for the half-year period ended 31 December 2020 (31 December 2019: \$147.2 million). The following graph shows the movements between the Group's profit after tax for the period ended 31 December 2019 and the year ended 31 December 2020.



The higher statutory profit for the half-year ended 31 December 2020 was driven predominantly by \$20.9 million in higher revenue; lower depreciation, finance expenses and higher other income of \$53.4 million; and lower inventory costs of \$32.2 million. This was partially offset by slightly higher operating costs. The increase in tax expense of \$24.4 million was a flow on of the effect of a higher operating profit.

The impacts of the acquisition of Red Lake and divestment of Cracow negated each other for this period. The half-year ended 31 December 2020 includes six months of income and expense incurred at the Red Lake Operation following its acquisition in April 2020. The increase in income attributable to the ownership of Red Lake of \$25.0 million is offset by the \$29.6 million impact of the divestment of Cracow in June 2020.

There was an increase during the period in both gold and by-product revenues of \$5.4 million and \$15.5 million respectively. Total revenue for the period of \$982.2 million represents a 9% increase on the prior period. This was underpinned by a 18% increase in the achieved gold price at \$2,474/oz compared to \$2,102/oz in the prior period.

The reduction in inventory costs expensed of \$32.2 million was driven predominantly by a decrease in costs incurred at Cowal as a result of the mining sequence and processing of lower grade stockpiles during the period. Costs in the prior period (December 2019) were driven by the utilisation of stockpiles at Cowal due to the transition from mining Stage G production ore to capital waste stripping at Stage H. In the current period, less stockpiles were utilised during the six months to 31 December 2020.

The decreased exploration expense is largely due to the expensing of the Tennant Creek investment of \$16.4 million as part of the total write off for the prior period of \$19.9 million in comparison to \$9.1 million for the period ended 31 December 2020.

The reduction in depreciation of \$51.1 million during the period was mainly driven by increased mine life at Cowal and Mt Rawdon, as well as the reduction in the asset base for Mt Carlton compared to the prior period

Tax expense for the current period is \$98.7 million, a \$35.6 million increase on the prior period primarily driven by higher operating profits.

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Operating and Financial Review (continued)

Operating mine cash flow increased by 3.8% totalling \$531.2 million (31 December 2019: \$511.8 million). Capital investment totalled \$174.0 million which included \$47.1 million of sustaining capital investment and \$126.9 million of major capital investment.

Key Results

The consolidated operating and financial results for the current and prior period are summarised below. All \$ figures refer to Australian thousand dollars (A\$'000) unless otherwise stated.

	31 December 2020	31 December 2019	% Change (ii)
Total underground ore mined (kt)	3,959	3,973	— %
Total underground lateral development (m)	12,194	9,976	22 %
Total open pit ore mined (kt)	3,408	4,495	(24)%
Total open pit waste mined (kt)	17,287	14,863	16 %
Processed tonnes (kt)	11,019	11,186	(1)%
Gold grade processed (g/t)	1.2	1.2	— %
Gold production (oz)	350,326	362,857	(3)%
Silver production (oz)	290,363	320,211	(9)%
Copper production (t)	11,001	10,954	— %
Gold sold (oz)	349,427	378,596	(8)%
Unit cash operating cost (A\$/oz) (i)	851	758	(12)%
All-in Sustaining Cost (A\$/oz) (i)	1,182	1,041	(14)%
All-in Cost (A\$/oz) (i)	1,622	1,446	(12)%
Gold price achieved (A\$/oz)	2,474	2,102	18 %
Silver price achieved (A\$/oz)	34	25	36 %
Copper price achieved (A\$/t)	9,817	8,643	14 %
Total Revenue	982,213	898,169	9 %
Cost of sales (excluding D&A) (i)	(452,690)	(419,244)	(8)%
Corporate, exploration and other income/(costs) (excluding D&A)	(14,884)	(37,753)	61 %
EBITDA (i)	514,639	441,172	17 %
EBIT (i)	345,828	233,086	48 %
Statutory profit after income tax	228,696	147,216	55 %
Underlying profit after income tax	234,012	149,086	57 %
Operating mine cash flow	531,228	511,837	4 %
Capital investment (iv)	(173,980)	(160,014)	(9)%
Net mine cash flow (v)	353,925	351,823	1 %

(i) EBITDA, EBIT, Unit cash operating cost, All-in Sustaining Cost (AISC), and All-in Cost (AIC) are non-IFRS financial information and are not subject to audit. The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now classified under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

(ii) Percentage change represents positive/(negative) impact on the business.

(iii) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry's operation.

(iv) Capital investment includes corporate spend of \$0.4 million for the half-year to 31 December 2020.

(v) Net mine cash flow includes \$3.6 million of restructuring costs.

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Operating and Financial Review (continued)

Mining Operations

Cowal

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	149,920	210,372	(60,452)
Sustaining capital (\$'000)	(1,380)	(5,041)	3,661
Major capital (\$'000)	(79,140)	(63,564)	(15,576)
Total capital (\$'000)	(80,520)	(68,605)	(11,915)
Net mine cash flow (\$'000)	69,400	141,767	(72,367)
Gold production (oz)	106,700	140,887	(34,187)
All-in Sustaining Cost (\$/oz)	991	891	(100)
All-in Cost (\$/oz)	1,816	1,512	(304)

Cowal was the highest producer in the Group, achieving 106,700oz of gold produced at an AISC of \$991/oz (31 December 2019: 140,887oz, AISC \$891/oz). The lower production in the period compared to the prior corresponding period is due to the transition from final Stage G ore in the prior period to stockpile material, at lower grade, in the current period.

Mine operating cash flow for the half-year was \$149.9 million (31 December 2019: \$210.4 million). Net mine cash flow was \$69.4 million (31 December 2019: \$141.8 million) post sustaining capital of \$1.4 million and major capital of \$79.1 million.

Capital investment for the half-year to 31 December 2020 consisted of investment in major projects including the continuation of Stage H stripping, construction of the Integrated Waste Landform (IWL) tailings facility and the Underground Feasibility Study.

The Board approved the accelerated development of the Galway decline during the period. At 31 December 2020, the contract award is complete with contractor mobilisation and lateral development activities planned to progress in the second half of the financial year.

The Underground Feasibility Study continues to optimise the mine plan and finalise site geotechnical investigation works for surface and underground infrastructure. Statutory approvals are being progressed following receipt of public submissions which have shown strong support for the project.

Ernest Henry

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	165,740	135,187	30,553
Sustaining capital (\$'000)	(8,820)	(6,438)	(2,382)
Major capital (\$'000)	-	-	-
Total capital (\$'000)	(8,820)	(6,438)	(2,382)
Net mine cash flow (\$'000)	156,920	128,749	28,171
Gold production (oz)	49,042	46,458	2,584
All-in Sustaining Cost (\$/oz)	(605)	(468)	137
All-in Cost (\$/oz)	(605)	(468)	137

- (i) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry operation.

Evolution's interest in Ernest Henry delivered 49,042oz of gold at an AISC of \$(605)/oz (31 December 2019: 46,458oz; \$(468)/oz) after taking into account copper and silver by-product credits of \$(2,039)/oz.

Operating mine cash flow for the six months to 31 December 2020 was \$165.7 million. Net mine cash flow for Evolution totalled \$156.9 million, post sustaining capital of \$8.8 million.

Ore mined was 3,340kt at an average grade of 0.60g/t gold and 1.09% copper. Underground lateral development was 3,709m. Ore processed was 3,358kt at an average grade of 0.60g/t gold and 1.09% copper. Gold recovery and copper recovery of 78.3% and 94.7% respectively were achieved.

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Directors' Report
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Operating and Financial Review (continued)

Mining Operations

Red Lake

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	55,820	-	-
Sustaining capital (\$'000)	(20,460)	-	-
Major capital (\$'000)	(17,530)	-	-
Total capital (\$'000)	(37,990)	-	-
Net mine cash flow (\$'000)	15,060	-	-
Gold production (oz)	60,347	-	-
All-in Sustaining Cost (\$/oz)	1,997	-	-
All-in Cost (\$/oz)	2,371	-	-

Red Lake produced 60,347oz of gold at an AISC of \$1,997/oz during the period. The transformation plan to achieve annual production of 200,000 ounces at an AISC of US\$1,000 per ounce continued ahead of plan.

Mine operating cash flow for the half-year was \$55.8 million. Net mine cash flow was \$15.1 million, post sustaining capital of \$20.5 million, major capital of \$17.5 million and restructuring costs of \$2.8 million.

During the period the Red Lake community was impacted by a nearby forest fire resulting in an evacuation of the community and temporary suspension of the operations. There was no damage to the community or operation and no resulting impact to production guidance for the year.

Underground development totalled 5,634m in the period, of which 1,069m was achieved in the month of December. It is expected that these productivity improvements will continue in the second half of the financial year.

The underground mine produced ore of 298kt at an average grade of 6.79g/t gold. Ore processed was 280kt at 6.79g/t gold with the Campbell mill achieving recoveries of 92.8% for the period ended 31 December 2020. An ore stockpile is being built up and will be processed through the Red Lake mill in the second half of the year.

Design work for the new surface decline commenced during the period. Decline development is due to commence in the second half of the year. This decline will provide independent access to the Upper Campbell and HG Young ore bodies where 4.8Moz of Red Lake's 11 million oz Mineral Resource estimate is situated.

Mungari

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	99,390	49,042	50,348
Sustaining capital (\$'000)	(10,850)	(5,408)	(5,442)
Major capital (\$'000)	(20,920)	(2,539)	(18,381)
Total capital (\$'000)	(31,770)	(7,947)	(23,823)
Net mine cash flow (\$'000)	67,620	41,045	26,575
Gold production (oz)	65,832	63,489	2,343
All-in Sustaining Cost (\$/oz)	1,246	1,347	101
All-in Cost (\$/oz)	1,655	1,534	(121)

Mungari produced 65,832oz of gold at an AISC \$1,246/oz (31 December 2019: 63,489oz, AISC \$1,347/oz).

Mine operating cash flow for the half-year was \$99.4 million (31 December 2019: \$49.0 million). Net mine cash flow was \$67.6 million (31 December 2019: \$41.0 million) post sustaining capital of \$10.9 million and major capital of \$20.9 million. Capital investment in the period consisted mainly of underground development drilling, the TSF expansion and Cutters Ridge mine development.

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Operating and Financial Review (continued)

Mining Operations

Mungari (continued)

The processing plant continued to perform strongly, capitalising on improved operational and maintenance initiatives. During the period Mungari achieved throughput of 999kt at an average grade of 2.25g/t with gold recoveries of 91.0% in the six months ended 31 December 2020.

Frog's Leg underground production achieved 227kt of ore mined at 3.49g/t gold. Total underground development was 1,408m and included completion of the first level of development in the Boomer deposit. Open pit ore mined was 833kt grading 1.24g/t gold. Ore was sourced from White Foil Stages 3a and 3b as well as Cutters Ridge open pits.

Mining Operations

Mt Rawdon

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	54,470	28,383	26,087
Sustaining capital (\$'000)	(4,640)	(6,658)	2,018
Major capital (\$'000)	(8,760)	(4,157)	(4,603)
Total capital (\$'000)	(13,400)	(10,815)	(2,585)
Net mine cash flow (\$'000)	40,280	17,568	22,712
Gold production (oz)	44,330	39,588	4,742
All-in Sustaining Cost (\$/oz)	1,342	1,782	440
All-in Cost (\$/oz)	1,544	1,888	344

Mt Rawdon produced 44,330oz of gold at an AISC of \$1,342/oz (31 December 2019: 39,588oz; \$1,782/oz).

Mine operating cash flow was \$54.5 million (31 December 2019: \$28.4 million). Net mine cash flow of \$40.3 million (31 December 2019: \$17.6 million) was generated post sustaining capital of \$4.6 million, major capital of \$8.8 million and restructuring costs of \$0.8 million.

On 4 December, Mt Rawdon achieved the significant milestone of exceeding the previous longest reportable injury free period of 315 days. As at the date of this report, Mt Rawdon has achieved 341 days without a reportable injury.

Mining activity and production was adversely impacted in the period by a rock fall in the open pit and heavy rain fall that prevented access to higher grade material and to the open pit respectively. Total ore mined in the period to 31 December 2020 was 1,257kt at an average grade of 0.97g/t.

The plant performed well during the period with recoveries achieved of 89.2%. Ore processed was 1,688kt at an average grade of 0.92g/t gold.

Mt Carlton

Key Business Metrics	31 December 2020	31 December 2019	Change
Operating cash flow (\$'000)	5,780	42,814	(37,034)
Sustaining capital (\$'000)	(600)	(14,806)	14,206
Major capital (\$'000)	(520)	(35,213)	34,693
Total capital (\$'000)	(1,120)	(50,019)	48,899
Net mine cash flow (\$'000)	4,660	(7,205)	11,865
Gold production (oz)	24,074	30,664	(6,590)
All-in Sustaining Cost (\$/oz)	2,452	1,525	(927)
All-in Cost (\$/oz)	2,518	2,549	31

Mt Carlton produced 24,074oz of payable gold at an AISC of \$2,452/oz (31 December 2019: 30,664oz; A\$1,525/oz).

Mine operating cash flow was A\$5.8 million (31 December 2019: \$42.8 million). Net mine cash flow of \$4.7 million (31 December 2019: \$(7.2) million) was generated post sustaining capital of \$0.6 million and major capital of \$0.5 million.

Evolution Mining Limited

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Operating and Financial Review (continued)

Mining Operations

Mt Carlton (continued)

Underground development during the period reached the Western Feeder Zone ahead of schedule. Dewatering activities in the A39 pit commenced in preparation for portal establishment and the development of a decline to access high-grade silver ore during the June 2021 half-year.

The mill achieved throughput of 480kt at an average grade of 2.39g/t. Plant recoveries averaged 83.3% in the period.

Financial Performance

Profit or Loss

The Group achieved a half-year record statutory and underlying net profit after tax of \$228.7 million and \$234.0 million respectively. This was an increase of 55.3% (31 December 2019: \$147.2 million) and 57.0% (31 December 2019: \$149.1 million) respectively on the prior period.

Revenue for the period ended 31 December 2020 increased by 9.4% to \$982.2 million (31 December 2019: \$898.0 million). The 17.7% higher achieved gold price of \$2,474/oz (31 December 2019: \$2,102/oz) was slightly offset by a decrease in sold ounces of 349,427 (31 December 2019: 378,596oz). Revenue comprised \$864.6 million for gold revenue and \$117.6 million for copper and silver revenue (31 December 2019: \$796.0 million of gold revenue and \$102.0 million of copper and silver revenue).

Basic earnings per share increased 54.6% to 13.39 cents per share (31 December 2019: 8.66 cents).

Total gold sold included deliveries into the hedge book of 70,000oz at an average price of \$1,981/oz (31 December 2019: 50,000oz, \$1,680/oz). The remaining 279,427oz were sold in the spot market achieving an average price of \$2,598/oz (31 December 2019: 328,596oz, \$2,166/oz). The Group's hedge book as at 31 December 2020 consisted of 250,000oz at an average Australian dollar price of \$1,882 and 100,000oz at an average Canadian dollar price of \$2,271 with quarterly deliveries through to June 2023.

Copper revenue increased to \$107.6 million (31 December 2019: \$94.8 million) driven predominantly by an increase in the achieved copper price which increased by 13.6% to \$9,817/t (31 December 2019: \$8,643/t). Total copper sold was in line with the prior period 10,971 tonnes (31 December 2019: 10,982 tonnes).

Other income increased to \$15.7 million (31 December 2019: \$2.5 million) driven by favourable foreign exchange movements of \$12.7 million. This mainly relates to Red Lake's USD denominated contingent consideration liability. Other income is also comprised of the Group's dividend income of \$2.3 million received from Tribune.

The reduction in depreciation of \$51.1 million during the period was mainly driven by increased mine life at Cowal and Mt Rawdon, as well as the reduction in the asset base for Mt Carlton compared to the prior period.

Balance Sheet

Total assets of \$3,782.8 million was in line with the prior period (30 June 2020: \$3,769.6 million). Cash and cash equivalents increased \$65.5 million driven by the sustained high cash generation of the business ensuring the benefits of the high gold price environment flow through to the cash balance.

Current ore inventory has decreased by 5.9% to \$190.2 million driven by planned increased utilisation of ore stockpiles at Cowal and Mt Rawdon. The net carrying amount of property, plant and equipment and producing mines increased \$12.7 million due to capital additions of \$205.4 million outstripping a depreciation charge of \$167.2 million and exchange differences of taken to reserves of \$27.4 million. This is partially offset by exploration write-offs of \$9.1 million, mainly consisting of the Drummond JV of \$3.9 million and work conducted at the East Girral prospect at Cowal \$3.1 million.

Total liabilities for the Group decreased to \$1,279.2 million at 31 December 2020, a decrease of \$27.1 million, or 2.1% on the prior period. The key drivers to the decrease is attributable to \$45.0 million reduction in debt through the scheduled debt repayments, \$28.2 million reduction in trade payables and \$11.4 million reduction in lease, deferred tax and other non current liabilities. This is partially offset by an increase in non-current provisions of \$30.4 million mainly relating to rehabilitation provisions across the Group's operating sites

The Group ended the period with a cash balance of \$438.1 million and available credit of \$360.0 million in the undrawn Facility A as part of its Senior Secured Syndicated Revolver. As at 31 December 2020 the Group had outstanding debt of \$525.0 million on the term loan Facility B.

As part of the acquisition of Red Lake, the Group is required to allocate the total consideration paid across the identified net assets acquired at fair value. As a result of this 12 month process and due to the acquisition occurring on 1 April 2020, a restated 30 June 2020 Balance Sheet along with associated commentary is presented in Note 14 Business Combinations.

Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2020

Financial Performance (continued)

Taxation

During the period, the Group made income tax payments of \$45.8 million related to the 30 June 2020 and 30 June 2021 financial years and recognised an income tax expense of \$98.7 million (31 December 2019: \$63.0 million).

On the balance sheet, the Group increased deferred tax liability to \$143.9 million with the increase arising from fair value adjustments at Red Lake (30 June 2020: \$116.4 million).

Capital Investment

Capital investment for the year totalled \$174.0 million (31 December 2019: \$160.0 million). This consisted of sustaining capital of \$47.1 million (31 December 2019: \$47.0 million) and major capital of \$126.9 million (31 December 2019: \$113.0 million). The main projects included the Cowal Stage H development, Integrated Waste Landform (IWL) tailings facility and Underground Feasibility Study and drilling, underground mine development and discovery drilling at Red Lake, Cutters Ridge mine development and underground development drilling at Mungari, Open pit mine development, tails storage buttressing project and fixed plant maintenance at Mt Rawdon.

Financing

Total finance costs for the period were \$10.0 million (31 December 2019: \$12.9 million). Interest expense was \$1.7 million higher at \$8.4 million (31 December 2019: \$6.7 million) related to the term loan for the acquisition of Red Lake. In addition to interest expense finance costs included amortisation of debt establishment costs of \$0.8 million (31 December 2019: \$5.4 million) and discount unwinding on mine rehabilitation liabilities of \$0.2 million (31 December 2018: \$0.8 million).

No changes have been made to the existing Revolving Credit Facility ("Facility A"), Performance Bond Facility ("Facility C") and Performance Bond Facility ("Facility D").

During the period, the Group made repayments totalling \$45.0 million on the Term Loan Facility ("Facility B") bringing the total balance outstanding at 31 December 2020 to \$525.0 million. The Performance Bond Facility ("Facility C") had a total outstanding balance at 31 December 2020 of \$147.2 million. The performance Bond Facility ("Facility D") had a total outstanding balance at 31 December 2020 of C\$58.5 million. The Group also entered into a new Guarantee Facility of \$50.0 million expiring 30 October 2021.

Facility Name	Term Date	Facility Size \$m	Amount Drawn \$m	Available Amount \$m
Term Loan – Facility A - A\$m	31 Mar 2023	\$360.0	\$0.0	\$360.0
Term Loan – Facility B - A\$m	15 Jan 2025	\$570.0	\$570.0	-
Performance Bond – Facility C A\$m	31 Mar 2023	\$175.0	\$147.2	\$27.8
Performance Bond – Facility D C\$m	31 Mar 2023	\$125.0	\$58.5	\$66.5
Guarantee Facility - A\$m	30 Oct 2021	\$50.0	\$36.6	\$13.4

Dividends

The Board has confirmed that Evolution is in a sound position to meet its commitments and has declared as interim fully franked dividend for the current period of 7.0 cents per share, totalling \$119.6 million to be paid on 26 March 2021. The Dividend Reinvestment Plan ("DRP") remains suspended.

Matters subsequent to the end of the financial period

No matter or circumstance has occurred subsequent to the period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or state of affairs of the Group or economic entity in subsequent financial periods.

**Evolution Mining Limited
Half-Year Financial Report
Directors' Report
31 December 2020**

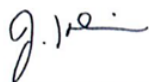
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This report is made in accordance with a resolution of Directors.



Jacob (Jake) Klein

Executive Chairman



Andrea Hall

Chair of the Audit Committee

Sydney



Auditor's Independence Declaration

As lead auditor for the review of Evolution Mining Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Evolution Mining Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M Upcroft', is written over a light blue horizontal line.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
17 February 2021

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation.

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Notes	31 December 2020 \$'000	31 December 2019 \$'000
Sales Revenue	3	982,213	898,169
Cost of sales	3	(619,842)	(636,731)
Gross profit		362,371	261,438
Interest income		1,283	2,687
Other income		15,722	2,469
Share based payments expense		(5,424)	(5,555)
Corporate and other administration costs	3	(17,753)	(16,127)
Transaction and integration costs	3	(9,681)	(1,870)
Exploration and evaluation costs expensed	8	(9,088)	(19,885)
Finance costs	3	(10,041)	(12,893)
Profit before income tax expense		327,389	210,264
Income tax expense	4	(98,693)	(63,048)
Profit after income tax expense attributable to the Owners of Evolution Mining Limited		228,696	147,216
Other comprehensive income			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVOCI) (will not be reclassified to profit or loss)		(12,708)	2,240
Exchange differences on translation of foreign operations (may be reclassified to profit or loss)		(24,706)	(12,781)
Other comprehensive income for the period, net of tax		(37,414)	(10,541)
Total comprehensive income for the period		191,282	136,675
Total comprehensive income for the period attributable to Owners of Evolution Mining Limited		191,282	136,675
		191,282	136,675
		Cents	Cents
Earnings per share for profit attributable to the Owners of Evolution Mining Limited:			
Basic earnings per share		13.39	8.66
Diluted earnings per share		13.34	8.62

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Evolution Mining Limited
Half-Year Financial Report
Consolidated Balance Sheet
As at 31 December 2020

		31 December 2020 \$'000	Restated ¹ 30 June 2020 \$'000
	Notes		
ASSETS			
Current assets			
Cash and cash equivalents		438,127	372,592
Trade and other receivables		99,661	149,040
Inventories		190,215	202,157
Total current assets		728,003	723,789
Non-current assets			
Inventories		98,218	86,517
Equity investments at fair value through other comprehensive income (FVOCI)		79,164	96,195
Property, plant and equipment	6	684,537	683,010
Mine development and exploration	8	2,095,885	2,065,513
Right of use assets	7	26,299	34,364
Deferred tax asset		3,804	14,114
Other non-current assets		66,929	66,113
Total non-current assets		3,054,836	3,045,826
Total assets		3,782,839	3,769,615
LIABILITIES			
Current liabilities			
Trade and other payables		162,650	190,810
Interest bearing liabilities	9	98,415	93,453
Lease liabilities	7	20,503	22,000
Provisions		42,062	41,947
Current tax liabilities		18,686	8,881
Other current liabilities		1,499	6,392
Total current liabilities		343,815	363,483
Non-current liabilities			
Interest bearing liabilities	9	419,403	468,609
Lease liabilities	7	11,934	21,132
Provisions		294,367	263,998
Deferred tax liability		143,874	116,366
Other non-current liabilities		65,819	72,717
Total non-current liabilities		935,397	942,822
Total liabilities		1,279,212	1,306,305
Net assets		2,503,627	2,463,310
EQUITY			
Issued capital	10	2,183,727	2,183,727
Reserves		15,103	49,723
Retained earnings		304,797	229,860
Capital and reserves attributable to the owners of Evolution Mining Limited		2,503,627	2,463,310
Total equity		2,503,627	2,463,310

1. Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 14 for further details.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

	Notes	Issued capital \$'000	Share-based payments \$'000	Fair value revaluation reserve \$'000	Cash flow hedges \$'000	Restated ¹ Foreign currency translation \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2019		2,183,727	53,870	18,509	-	-	150,372	2,406,478
Adjustment on adoption of AASB 16 (net of tax)		-	-	-	-	-	(688)	(688)
Restated total equity at the beginning of the financial year		2,183,727	53,870	18,509	-	-	149,684	2,405,790
Profit after income tax		-	-	-	-	-	147,216	147,216
Changes in fair value of equity investments at FVOCI		-	-	2,240	-	-	-	2,240
Changes in fair value of cash flow hedges		-	-	-	(12,781)	-	-	(12,781)
Total comprehensive income		-	-	2,240	(12,781)	-	147,216	136,675
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	5	-	-	-	-	-	(102,067)	(102,067)
Recognition of share-based payments		-	1,237	-	-	-	-	1,237
		-	1,237	-	-	-	(102,067)	(100,830)
Balance at 31 December 2019		2,183,727	55,107	20,749	(12,781)	-	194,833	2,441,635
Balance at 1 July 2020		2,183,727	59,002	38,467	-	(47,746)	229,860	2,463,310
Profit after income tax		-	-	-	-	-	228,696	228,696
Changes in fair value of equity investments at FVOCI		-	-	(12,708)	-	-	-	(12,708)
Exchange differences on translation of foreign operations		-	-	-	-	(24,706)	-	(24,706)
Total comprehensive income		-	-	(12,708)	-	(24,706)	228,696	191,282
Transactions with owners in their capacity as owners:								
Dividends provided for or paid	5	-	-	-	-	-	(153,759)	(153,759)
Recognition of share-based payments		-	2,794	-	-	-	-	2,794
		-	2,794	-	-	-	(153,759)	(150,965)
Balance at 31 December 2020		2,183,727	61,796	25,759	-	(72,452)	304,797	2,503,627

1. Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 14 for further details.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Evolution Mining Limited
Half-Year Financial Report
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities		
Receipts from customers	989,499	926,023
Payments to suppliers and employees	(484,267)	(425,795)
Payments for transaction and integration costs (i)	(9,681)	-
Other income	3,127	2,469
Interest received	1,216	3,493
Interest paid	(8,398)	(6,235)
Income taxes paid	(45,827)	(44,587)
Net cash inflow from operating activities	445,669	455,368
Cash flows from investing activities		
Payments for property, plant and equipment	(50,343)	(54,704)
Payments for mine development and exploration	(179,908)	(155,261)
Proceeds from sale of property, plant, and equipment	3	224
Payments for transaction and integration costs (i)	-	(1,870)
Proceeds from sale of subsidiary	60,000	-
Payments for equity investments	(1,123)	(1,500)
Proceeds from contingent consideration	2,920	559
Payments for exploration assets	(4,500)	(2,000)
Payment for subsidiaries acquired through business combinations	(1,223)	-
Net cash outflow from investing activities	(174,174)	(214,552)
Cash flows from financing activities		
Repayment of interest bearing liabilities- Senior Secured Syndicated Revolving and Term Facility	(45,000)	(300,000)
Payment of lease liabilities	(11,017)	(3,851)
Dividends paid	(153,759)	(101,769)
Net cash outflow financing activities	(209,776)	(405,620)
Net increase/(decrease) in cash and cash equivalents	61,719	(164,804)
Cash and cash equivalents at the beginning of the period	372,592	335,164
Effects of exchange rate changes on cash and cash equivalents	3,816	-
Cash and cash equivalents at the end of the period	438,127	170,360

(i) Payments for transaction and integration costs was reclassified from investing to operating activities during the year ended 30 June 2020.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

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Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

1 Significant changes in the current reporting period

No matter or circumstance has occurred during the period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or state of affairs of the Group or economic entity in subsequent financial years.

2 Performance by Mine

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Chairman and the Senior Leadership Team (the chief business decision makers) in assessing performance and in determining the allocation of resources.

The Group's operational mine sites, Exploration and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group's operations are all conducted in the mining industry in Australia and Canada.

(b) Segment information

The segment information for the reportable segments for the half-year ended 31 December 2020 is as follows:

	Cowal \$'000	Red Lake \$'000	Mungari \$'000	Mt Carlton \$'000	Mt Rawdon \$'000	Ernest Henry \$'000	Explo- ration \$'000	Corporate \$'000	Total \$'000
31 December 2020									
Revenue	257,824	150,756	164,515	74,462	108,725	225,931	-	-	982,213
EBITDA	155,315	51,339	98,425	4,277	56,184	163,983	(9,088)	(5,796)	514,639
Sustaining Capital	1,380	20,460	10,850	600	4,640	8,820	-	360	47,110
Major Capital	79,140	17,530	20,920	520	8,760	-	-	-	126,870
Total Capital	80,520	37,990	31,770	1,120	13,400	8,820	-	360	173,980

The segment information for the reportable segments for the half-year ended 31 December 2019 is as follows:

	Cowal \$'000	Red Lake \$'000	Mungari \$'000	Mt Carlton \$'000	Mt Rawdon \$'000	Ernest Henry \$'000	Explo- ration \$'000	Corp- orate \$'000	Cracow \$'000	Total \$'000
31 December 2019										
Revenue	312,736	-	131,335	84,132	86,547	195,854	-	-	87,565	898,169
EBITDA	183,091	-	53,031	37,714	23,274	134,799	(19,885)	(17,870)	47,018	441,172
Sustaining Capital	5,041	-	5,408	14,806	6,658	6,438	-	-	8,660	47,011
Major Capital	63,564	-	2,539	35,213	4,157	-	-	-	7,480	112,953
Total Capital	68,605	-	7,947	50,019	10,815	6,438	-	-	16,140	159,964

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

2 Performance by Mine (continued)

(c) Segment Reconciliation

	31 December 2020 \$'000	31 December 2019 \$'000
Reconciliation of profit before income tax expense		
EBITDA	514,639	441,172
Depreciation and amortisation (i)	(168,811)	(218,832)
Interest income	1,283	2,687
Transaction costs	(9,681)	(1,870)
Finance costs	(10,041)	(12,893)
Profit before income tax expense	327,389	210,264

(i) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

3 Revenue and expenses

	31 December 2020 \$'000	31 December 2019 \$'000
Revenue from contracts with customers		
Gold sales	864,569	795,713
Silver sales	10,030	7,630
Copper sales	107,614	94,826
	982,213	898,169

Recognising revenue from major business activities

	Cowal \$'000	Red Lake \$'000	Mungari \$'000	Mt Carlton \$'000	Mt Rawdon \$'000	Ernest Henry \$'000	Total \$'000
31 December 2020							
Gold sales	255,802	150,656	164,320	60,781	107,170	125,840	864,569
Silver sales	2,022	100	195	4,778	1,555	1,380	10,030
Copper sales	-	-	-	8,903	-	98,711	107,614
Total Revenue from contracts with customers	257,824	150,756	164,515	74,462	108,725	225,931	982,213

	Cowal \$'000	Red Lake \$'000	Mungari \$'000	Mt Carlton \$'000	Mt Rawdon \$'000	Ernest Henry \$'000	Cracow \$'000	Total \$'000
31 December 2019								
Gold sales	310,090	-	131,171	76,376	85,356	105,556	87,164	795,713
Silver sales	2,646	-	164	2,632	1,191	596	401	7,630
Copper sales	-	-	-	5,124	-	89,702	-	94,826
Total Revenue from contracts with customers	312,736	-	131,335	84,132	86,547	195,854	87,565	898,169

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

3 Revenue and expenses (continued)

	31 December 2020 \$'000	31 December 2019 \$'000
Cost of sales		
Mine operating costs	418,984	383,056
Royalty and other selling costs	33,706	36,188
Depreciation and amortisation expense (i)	167,152	217,487
	619,842	636,731
Corporate and other administration costs		
Corporate overheads	16,094	14,782
Depreciation and amortisation expense (i)	1,659	1,345
	17,753	16,127
Transaction and integration costs		
Contractor, consultants and advisory expense	4,583	1,381
Corporate and administration expense	5,098	489
	9,681	1,870
Finance costs		
Amortisation of debt establishment costs	757	5,413
Unwinding of discount on provisions	235	786
Interest expense unwinding – Lease Liability	651	459
Interest expense	8,398	6,235
	10,041	12,893
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry) (i)	100,486	152,467
Cost of sales (Ernest Henry)	66,666	65,700
Corporate and other administration costs	1,659	665
	168,811	218,832

(i) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets. Also depreciation arising from Right-of-use assets (AASB 16) has also been classified here.

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

4 Income tax

(a) Income tax

	31 December 2020 \$'000	31 December 2019 \$'000
Current tax on profits for the period	55,499	76,104
Deferred tax	43,602	(11,800)
Adjustments for current tax of prior periods	(408)	(1,256)
Total income tax expense	<u>98,693</u>	<u>63,048</u>

(b) Numerical reconciliation of income tax to prima facie tax payable

	31 December 2020 \$'000	31 December 2019 \$'000
Profit before income tax	327,389	210,264
Tax at the Australian tax rate of 30%	98,217	63,079
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	1,628	1,667
Dividends income received	(663)	(663)
Adjustments for current tax of prior periods	(408)	(1,256)
Previously unrecognised tax losses	(1,461)	-
Other	473	221
Adjustment for difference between Australian and overseas tax rates	907	-
Total income tax expense	<u>98,693</u>	<u>63,048</u>

(c) Tax losses

The Group has unrecognised available tax losses of \$5.4 million as at 31 December 2020. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

5 Dividends

(a) Ordinary Shares

	31 December 2020 \$'000	31 December 2019 \$'000
Final dividend - 2020		
Final dividend declared for the year ended 30 June 2020 of 9 cents per share fully franked (30 June 2019: 6 cents per share fully franked) paid on 25 September 2020.	153,759	101,824
	<u>153,759</u>	<u>101,824</u>

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

5 Dividends (continued)

	31 December 2020 \$'000	31 December 2019 \$'000
Since period end the Directors have declared an interim fully franked dividend of 7.0 cents per fully paid ordinary share (31 December 2019 - 7.0 cents fully franked). The aggregate amount of the proposed dividend expected to be paid on 26 March 2021 out of retained earnings at 31 December 2020, but not recognised as a liability at the period end is:	119,607	119,303
	<u>119,607</u>	<u>119,303</u>

6 Property, plant and equipment

	Freehold land \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2020			
Cost	19,220	2,377,804	2,397,023
Accumulated depreciation	-	(1,714,014)	(1,714,014)
Net carrying amount (i)	<u>19,220</u>	<u>663,790</u>	<u>683,010</u>
Half-year ended 31 December 2020			
Carrying amount at the beginning of the period (i)	19,220	663,790	683,010
Additions	-	50,343	50,343
Depreciation relating to fair value uplift on business combinations	-	(2,812)	(2,812)
Reclassifications	-	1,611	1,611
Disposals	-	(3)	(3)
Depreciation (ii)	-	(40,363)	(40,363)
Exchange differences taken to reserve	(195)	(7,054)	(7,249)
Carrying amount at the end of the period	<u>19,025</u>	<u>665,512</u>	<u>684,537</u>
At 31 December 2020			
Cost	19,025	2,725,516	2,744,540
Accumulated depreciation	-	(2,060,004)	(2,060,004)
Net carrying amount	<u>19,025</u>	<u>665,512</u>	<u>684,537</u>
Included in above			
Assets in the course of construction	<u>-</u>	<u>135,098</u>	<u>135,098</u>

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 14 for further details.

(ii) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

7 Leases

This note provides information for leases where the Group is a lessee.

The consolidated balance sheet shows the following amounts relating to leases:

	31 December 2020 \$'000	31 December 2019 \$'000
Right-of-use assets		
Plant and Machinery	21,838	21,832
Property	4,448	5,998
Office Equipment	13	43
	<u>26,299</u>	<u>27,873</u>

	31 December 2020 \$'000	31 December 2019 \$'000
Lease liabilities		
Current	20,503	10,892
Non-current	11,934	19,148
	<u>32,437</u>	<u>30,040</u>

The table below analyse the Group's lease liabilities into relevant maturity groupings based on their contractual maturities.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
31 December 2020						
Lease liabilities	20,503	3,782	3,234	4,918	32,437	32,437

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 December 2020 \$'000	31 December 2019 \$'000
Depreciation charge of right-of-use assets		
Plant and Machinery	7,300	2,568
Property	775	775
Office Equipment	11	18
	<u>8,086</u>	<u>3,361</u>
Other items		
Interest expense	651	459
Expense relating to short-term leases	993	3,234
	<u>1,644</u>	<u>3,693</u>

The total cash outflow for leases during the period was \$11.0 million.

Evolution Mining Limited
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8 Mine development and exploration

	Producing mines \$'000	Exploration and evaluation \$'000	Total \$'000
At 1 July 2020			
Cost	4,441,658	347,126	4,788,784
Accumulated depreciation	(2,723,271)	-	(2,723,271)
Net carrying amount (i)	<u>1,718,387</u>	<u>347,126</u>	<u>2,065,513</u>
Half-year ended 31 December 2020			
Carrying amount at the beginning of the period (i)	1,718,387	347,126	2,065,513
Additions	155,022	29,385	184,407
Reclassifications	(1,611)	-	(1,611)
Write-offs	-	(9,088)	(9,088)
Amortisation (ii)	(124,018)	-	(124,018)
Exchange differences taken to reserve	(20,149)	(1,127)	(21,276)
Amortisation recognised in inventory	1,958	-	1,958
Carrying amount at the end of the period	<u>1,729,589</u>	<u>366,296</u>	<u>2,095,885</u>
At 31 December 2020			
Cost	5,658,969	366,296	6,025,265
Accumulated amortisation	(3,929,380)	-	(3,929,380)
Net carrying amount	<u>1,729,589</u>	<u>366,296</u>	<u>2,095,885</u>

(i) Upon revising the provisional fair values of Red Lake (acquired 1 April 2020), prior year comparative figures have been restated. Refer to note 14 for further details.

(ii) The fair value amortisation or unwind associated with the Cowal and Mungari non-current assets on historical acquisition is now reported under depreciation and amortisation. This has also been reflected in the comparative figures. The Group similarly uses the units of production basis when amortising these assets.

Evolution Mining Limited
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9 Interest bearing liabilities

	31 December 2020 \$'000	30 June 2020 \$'000
Current Liabilities		
Bank loans	100,000	95,000
Less: Borrowing costs	(1,585)	(1,547)
	<u>98,415</u>	<u>93,453</u>
Non-Current Liabilities		
Bank loans	425,000	475,000
Less: Borrowing costs	(5,597)	(6,391)
	<u>419,403</u>	<u>468,609</u>
Total Interest bearing liabilities	<u>517,818</u>	<u>562,062</u>

No changes have been made to the existing Revolving Credit Facility ("Facility A"), Performance Bond Facility ("Facility C") and Performance Bond Facility ("Facility D").

During the period, the Group made repayments totalling \$45.0 million on the Term Loan Facility ("Facility B") bringing the total balance outstanding at 31 December 2020 to \$525.0 million. The Performance Bond Facility ("Facility C") had a total outstanding balance at 31 December 2020 of \$147.2 million. The performance Bond Facility ("Facility D") had a total outstanding balance at 31 December 2020 of C\$58.5 million. The Group also entered into a new Guarantee Facility of \$50.0 million expiring 30 October 2021.

The repayment periods and outstanding balances as at 31 December 2020 on each facility are set out below:

Facility Name	Term Date	Facility Size \$m	Amount Drawn \$m	Available Amount \$m
Term Loan – Facility A - A\$m	31 Mar 2023	\$360.0	\$0.0	\$360.0
Term Loan – Facility B - A\$m	15 Jan 2025	\$570.0	\$570.0	-
Performance Bond – Facility C - A\$m	31 Mar 2023	\$175.0	\$147.2	\$27.8
Performance Bond – Facility D - C\$m	31 Mar 2023	\$125.0	\$58.5	\$66.5
Guarantee Facility - A\$m	30 Oct 2021	\$50.0	\$36.6	\$13.4

(a) Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	31 December 2020 \$'000	31 December 2019 \$'000
<i>Bank loans – revolving credit facility</i>		
Expiring within one year	-	-
Expiring beyond one year	360,000	350,000
	<u>360,000</u>	<u>350,000</u>

Evolution Mining Limited
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(b) Contractual maturities of interest bearing liabilities

The tables below analyse the Group's interest bearing liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows, which also includes interest and commitment fees.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount \$'000
31 December 2020						
Bank loans	100,000	115,000	310,000	-	525,000	525,000
	<u>100,000</u>	<u>115,000</u>	<u>310,000</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>
At 30 June 2020						
Bank loans	95,000	105,000	370,000	-	570,000	570,000
	<u>95,000</u>	<u>105,000</u>	<u>370,000</u>	<u>-</u>	<u>570,000</u>	<u>570,000</u>

(c) Debt covenants

The Revolving Credit Facility and Term Loan Facility have covenants in place based on the tangible net worth ratio, leverage ratio and interest coverage ratio. The Group has complied with these covenants during the period.

10 Issued Capital

(a) Contributed equity

Movements in ordinary share capital

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the rights to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

	Number of shares	\$'000
Balance at 1 July 2019	1,697,069,720	2,183,727
Shares issued under Transition Incentive Plan	2,892,476	
Shares issued on vesting of performance rights	4,051,551	
Shares issued under Employee Share Scheme	246,560	
Shares issued under NED Equity Plan	62,538	
Balance at 31 December 2019	<u>1,704,322,845</u>	<u>2,183,727</u>
Balance at 1 July 2020	1,704,413,975	2,183,727
Shares issued on vesting of performance rights	4,019,532	
Shares issued under NED Equity Plan	179,733	
Shares issued under Employee Share Plan	53,845	
Balance at 31 December 2020	<u>1,708,667,085</u>	<u>2,183,727</u>

11 Related party transactions

(a) Transactions with other related parties

Directors fees in the amount of \$87,500 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (31 December 2019: \$80,000).

Evolution Mining Limited
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12 Contingencies

The Group had contingent liabilities at 31 December 2020 in respect of:

(i) Claims

At the date of this report the Group was unaware of any material claims, actual or contemplated.

(ii) Guarantees

The Group has provided bank guarantees in favour of various government authorities and service providers with respect to site restoration, contractual obligations and premises at 31 December 2020. The total of these guarantees at 31 December 2020 was \$243.4 million with various financial institutions (30 June 2020: \$198.1 million).

(iii) Red Lake

The Group recognised a contingent liability on the purchase consideration of Red Lake on acquisition at 1 April 2020 up to a maximum of US\$100 million upon the discovery of new resources outside of the agreed baseline. The Group would be required to make an additional payment of US\$20.0 million per each one million ounces of new Mineral Resources up to a maximum of five million ounces, discovered outside of the agreed base line and added to the agreed Red Lake resource base, over a 15-year period.

The total liability recognised at 31 December 2020 is \$50.5 million.

13 Gold Delivery Commitments

	Gold for physical delivery oz	Average contracted sales price A\$/oz	Value committed sales \$'000
As at 31 December 2020			
Within one year	100,000	1,849	184,933
Later than one year but not greater than five years	150,000	1,904	285,547
	250,000		470,480
As at 30 June 2020			
Within one year	100,000	1,829	182,909
Later than one year but not greater than five years	200,000	1,892	378,454
	300,000		561,363

	Gold for physical delivery oz	Average contracted sales price C\$/oz	Value committed sales \$'000
As at 31 December 2020			
Within one year	40,000	2,272	90,885
Later than one year but not greater than five years	60,000	2,271	136,262
	100,000		227,147
As at 30 June 2020			
Within one year	40,000	2,272	90,885
Later than one year but not greater than five years	80,000	2,271	181,705
	120,000		272,590

The counterparties to the physical gold delivery contracts are Australia and New Zealand Banking Group Limited ("ANZ"), National Australia Bank Limited ("NAB"), Westpac Banking Corporation ("WBC"), Commonwealth Bank of Australia ("CBA") and Citibank N.A ("Citibank"). Contracts are settled on a quarterly basis by the physical delivery of gold per the banks instructions. The contracts are accounted for as sale contracts with revenue recognised once the gold has been delivered to ANZ, NAB, WBC, CBA, Citibank or one of their agents. The physical gold delivery contracts are considered a contract to sell a non-financial item and is therefore out of the scope of AASB 9 Financial Instruments. As a result, no derivatives are required to be recognised. The Company has no other gold sale commitment with respect to its current operations.

Evolution Mining Limited
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14 Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The consideration transferred also includes the fair value of any contingent consideration arrangement. Contingent consideration classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Acquisition-related costs are expensed as incurred.

(i) Summary of acquisition

On 1 April 2020, the Group completed the acquisition of the Red Lake gold mine in Ontario, Canada. The operation comprises of the Red Lake and Campbell complexes, each consisting of an underground mine, associated processing facilities and the Cochenour mine.

Details of the purchase consideration and the net assets acquired are as follows:

	AUD \$'000
Purchase consideration	
Cash paid (a)	583,556
Contingent consideration (b)	62,255
	<u>645,811</u>

(a) Cash paid is comprised of US\$375.0 million for the initial purchase, US\$14.8 million working capital adjustment payment, C\$5.3 million interim operating plan funding and C\$1.2 million Ontario Mining Tax payment.

(b) Contingent consideration includes an additional payment up to a maximum of US\$100 million payable upon the discovery of new resources outside of the agreed baseline. The Group would be required to make an additional payment of US\$20.0 million per each one million ounces of new Mineral Resources up to a maximum of five million ounces, discovered outside of the agreed base line and added to the agreed Red Lake resource base, over a 15-year period.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Revised Fair Value \$'000	Preliminary Fair Value \$'000
Net assets acquired		
Cash and cash equivalents	47,501	47,501
Trade and other receivables	670	671
Inventories	47,744	47,744
Property, plant and equipment	155,987	207,426
Mine development and exploration	570,451	419,333
Other non-current assets	587	587
Right-of-use-assets	5,818	2,765
Deferred tax assets	15,221	16,463
Trade and other payables	(24,142)	(27,077)
Other non-current liabilities	(6,844)	—
Employee entitlements	(4,013)	(1,078)
Lease liabilities	(3,895)	(3,895)
Other non-current provisions	(17,110)	—
Rehabilitation Provisions	(105,052)	(65,853)
Deferred tax liability	(37,112)	—
Total	<u>645,811</u>	<u>644,587</u>

Please note the initial accounting for the acquisition is determined only on a provisional basis as at 31 December 2020. The Group will recognise any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date.

The initial accounting for the acquisition has been revised for the current period as shown above. These adjustments have determined the net identifiable assets/(liabilities) as being A\$1.2 million higher than previously reported. The comparative information shown in the financial statements has been restated to include the adjusted fair values. There has been no material impact to the comparative profit or loss so as to require restatement.

Evolution Mining Limited
Half-Year Financial Report
Notes to the Consolidated Financial Statements

14 Business Combinations (continued)

(ii) Outflow of cash to acquire subsidiary

	AUD \$'000
Outflow of cash to acquire subsidiary	
Cash paid during year ended 30 June 2020	582,332
Cash paid during period ended 31 December 2020	1,223
Less: balance acquired	<u>(47,501)</u>
Total outflow of cash – investing activities	<u>536,054</u>

(iii) Acquisition and integration costs

Acquisition and integration costs of A\$5.4 million that were not directly attributable to the cash paid are included in acquisition and integration cost in the profit or loss and in operating cash flows in the statement of cash flows during the period. A total of A\$30.1 million was paid for the year ended 30 June 2020.

15 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

16 Basis of preparation of half-year report

This consolidated Half-Year Financial Report for the half-year ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated Half-Year Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the period ended 30 June 2020 and any public announcements made by Evolution Mining Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange.

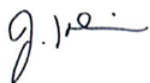
The accounting policies adopted are consistent with those of the previous Annual Financial Report and corresponding Half-Year Financial Report in the prior period.

Evolution Mining Limited
Half-Year Financial Report
Director's Declaration
31 December 2020

In the Directors' opinion:

- a. the financial statements and notes set out on pages 12 to 28 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Jacob (Jake) Klein

Executive Chairman



Andrea Hall

Chair of the Audit Committee

Sydney



Independent auditor's review report to the members of Evolution Mining Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Evolution Mining Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Evolution Mining Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757

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Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Marc Upcroft'.

Marc Upcroft
Partner

Sydney
17 February 2021