

# ASX Announcement

17 February 2021

[www.evolutionmining.com.au](http://www.evolutionmining.com.au)

## FY21 HALF YEAR FINANCIAL RESULTS AND INTERIM DIVIDEND

Evolution Mining Limited (ASX: EVN) has today reported a record half-year statutory net profit after tax of A\$228.7 million and record underlying net profit after tax of A\$235.5 million for the six months ended 31 December 2020 (“the half-year”). As a result of this strong financial performance, a fully franked interim dividend of 7.0 cents per share, totalling A\$119.6 million, has been declared.

### Key highlights for the half-year included:

- Records set in each of the following metrics:
  - Statutory net profit after income tax increased 55% to A\$228.7 million (H1 FY20: A\$147.2M)
  - Underlying net profit after income tax increased 57% to A\$234.0 million (H1 FY20: A\$149.1M)
  - EBITDA increased 17% to A\$514.6 million (H1 FY20: A\$441.2M)
  - Mine operating cash flow increased 4% to A\$531.2 million (H1 FY20: A\$511.8M)
  - Net mine cash flow increased 1% to A\$353.9 million (H1 FY20: A\$351.8M)
- Group free cash flow generated was A\$218.1 million (H1 FY20: A\$242.2M)
- EBITDA margin increased to 52% (H1 FY20: 49%)
- Mineral Resources increased 74% year-on-year to 26.4 million ounces (31 December 2019: 15.2Moz)<sup>1</sup>
- Ore Reserves increased 49% year-on-year to 9.9 million ounces (31 December 2019: 6.6Moz)<sup>1</sup>
- Gold production of 350,326 ounces at an All-in Sustaining Cost of A\$1,182 per ounce<sup>2</sup> (US\$854/oz)<sup>3</sup>
- Cash position increased to A\$438.1 million (31 December 2019: A\$170.3 million)
- Bank debt outstanding of A\$525.0 million resulting in net bank debt position of A\$86.9 million

### Fully franked interim dividend declared based on Evolution’s policy of a percentage of group free cash flow, targeting a 50% payout rate:

The Group has declared a fully franked interim dividend of 7.0 cents per share for the half-year (31 December 2019: 7.0 cents per share).

- Dividend amount – 7.0 cents per share fully franked
- Ex-dividend date – 1 March 2021
- Record date – 2 March 2021
- Payment date – 26 March 2021
- Nil Conduit Foreign Income (CFI) component

1. See ASX release entitled “Annual Mineral Resources and Ore Reserves Statement” released on 17 February 2021 for details on Mineral Resources and Ore Reserves, available to view at [www.evolutionmining.com.au](http://www.evolutionmining.com.au)

2. AISC (All-in Sustaining Costs) includes C1 cash cost, plus royalties, plus sustaining capital, plus general corporate and admin expense.  
Calculated on a per ounce sold basis

3. All USD values in this release have been calculated using the average AUD:USD exchange rate for the half-year of A\$0.7227

Commenting on the half-year, Evolution's Executive Chairman Jake Klein said:

*“These record half year financial results continue to demonstrate the quality of Evolution's asset portfolio. Our ongoing focus on margin has ensured we remain sector leaders in terms of EBITDA margins and free cash flow per ounce. The fully franked interim dividend of 7.0 cents per share is our 16<sup>th</sup> consecutive dividend and reflects the priority we place on ensuring our shareholders benefit from our high cash generation. Importantly, the outstanding discovery success we have had at growing the Mineral Resources and Ore Reserves at our key long life, high margin assets reflect the sustainability of this strong cash generation.”*

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.

The Group achieved a record half-year statutory and underlying net profit after tax of A\$228.7 million and A\$234.0 million respectively. This was an increase of 55.3% (31 December 2019: A\$147.2 million) and 57.0% (31 December 2019: A\$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 A\$119.6 million.

The Group's key results are as follows:

- Total gold production of 350,326 oz at an All-in Sustaining Cost (AISC) of A\$1,182/oz (US\$854/oz)
- Operating and net mine cash flow of A\$531.2 million and A\$353.9 million respectively
- Evolution's cash position increased to A\$438.1 million (31 December 2019: cash of A\$170.3 million) reducing net bank debt to A\$86.9 million
- A record fully franked cash dividend of A\$153.8 million was paid during the period as a final dividend for the year ended 30 June 2020 (30 June 2019 final dividend: A\$102.1 million)

The Board approved development of the Galway exploration decline at Cowal which is the mine's 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<sup>1</sup>.

1. See ASX release entitled "December 2020 Quarterly Report" released to the ASX on 28 January 2021 for details on exploration results. Note "etw" is estimated true width

On 17 February 2021 Evolution announced that the Board approved the development of a surface 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.

Also 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](http://www.evolutionmining.com.au).

### **Dividend payment**

A record fully franked cash dividend of A\$153.8 million was paid during the period as a final dividend for the year ended 30 June 2020. The Directors have approved a fully franked interim dividend of 7.0 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 26 March 2021 is estimated at A\$119.6 million representing 55% of Group cash flow for the half-year. This is Evolution's 16<sup>th</sup> consecutive dividend and increases the total amount returned to shareholders, upon payment of this interim dividend, to A\$851.4 million since August 2013.

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

The Board has confirmed that Evolution is in a sound position to meet its commitment under this policy to pay a fully franked interim dividend for the current period of 7.0 cents per share on 26 March 2021.

Full details of the FY21 Half-Year Financial Results are available in the Appendix 4D released to the ASX today and are also available on Evolution's website [www.evolutionmining.com.au](http://www.evolutionmining.com.au).

### **Approval**

This release has been approved by the Evolution Board of Directors.

### **Conference Call**

Evolution's Executive Chairman, Jake Klein, Finance Director and Chief Financial Officer, Lawrie Conway and Vice President Discovery and Business Development, Glen Masterman, will host a conference call to discuss the FY20 Half-Year Financial Results and the Annual Mineral Resources and Ore Reserves Statement at 11.00am (Sydney time) **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](http://www.evolutionmining.com.au). The audio stream is 'listen only' and available to access on the home page and under the menu, Investors/Webcasts & Media. 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. To access the conference call, participants will pre-register for the call at the link below.

<https://s1.c-conf.com/diamondpass/10011428-jd7321.html>

You will receive a dial in number, a passcode and a unique code which will be emailed to you as a calendar invite. Please dial in five minutes before the conference call starts, enter the passcode followed by your pin and you will join the conference. To ask a question, participants will need to dial \*1 (star, 1) on their telephone keypad.

**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.

**Forward looking statements**

This announcement includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.