FY22 FULL YEAR FINANCIAL RESULTS AND FINAL DIVIDEND

Evolution Mining Limited (ASX: EVN) has today reported a statutory net profit of A$323.3 million for the year ended 30 June 2022 (“the year”) and that it will pay a final dividend of 3.0 cents per share fully franked.

Key highlights for the full-year included:

- Progress on Net Zero commitment including ~7% improvement in emissions intensity
- Statutory net profit after income tax of $323.3 million (FY21: $345.3 million)
- Underlying net profit after income tax of $274.7 million (FY21: $354.3 million)
- EBITDA of A$898.8 million (FY21: $914.2 million) with strong EBITDA margin of 44% (FY21: 49%)
- Operating mine cash flow of $893.3 million (FY21: $937.3 million)
- Gold production of 640,275 ounces at an All-in Sustaining Cost of A$1,259 ounce \(^1\) (US$914/oz)\(^2\)
- Investment grade credit rating reaffirmed as part of annual review process

Fully franked final dividend declared based on Evolution’s policy of a percentage of Group free cash flow

The Directors have declared a fully franked final dividend of 3.0 cents per share (30 June 2021: 5.0 cents per share), an aggregate payment to shareholders of A$55 million. This is the 19\(^{th}\) consecutive dividend paid to shareholders for a total of $1,053 million since 2013.

- Dividend amount – 3.0 cents per share fully franked
- Ex-dividend date – 30 August 2022
- Record date – 31 August 2022
- Payment date – 30 September 2022
- Nil Conduit Foreign Income (CFI) component

Commenting on the full year result, Evolution’s Executive Chairman Jake Klein said:

“FY22 was a pivotal year for Evolution, with the portfolio transformed through the consolidation of the Mungari district, the acquisition of full ownership in Ernest Henry and the divestment of Mt Carlton. In addition to this, the progress achieved in the transformation of Red Lake and the execution of the Cowal Underground project have laid the foundations for a successful FY23 and beyond. We are pleased to be able to maintain a dividend of 3 cents per share, fully franked, which now takes the cumulative dividends paid to shareholders past $1 billion.”

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1 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
2 All USD values in this release have been calculated using the average AUD:USD exchange rate for the full-year of A$0.7258
Key highlights for the year

The past twelve months has seen Evolution continue to execute against our strategy through the acquisition of Kundana and the East Kundana Joint Venture (EKJV – Evolution’s interest 51%) to consolidate the Mungari operation; move to 100% ownership of the Ernest Henry operation; and divestment of the Mt Carlton operation. These changes to the portfolio have considerably improved the quality of the portfolio and will deliver superior returns over the long term for our shareholders.

While our operational performance in the past twelve months did not deliver to shareholders or our expectations, pleasingly the operations ended FY22 in a position to deliver more consistently in FY23. We progressed well with our growth projects, in particular the Cowal underground mine development and the new Upper Campbell underground mine at Red Lake and both projects are on schedule and budget. Our studies for other organic growth at our operations also advanced, including the mine extension at Ernest Henry; the plant expansion at Mungari; the Mt Rawdon Pumped Hydro project and multiple transformation projects at Red Lake.

The changes to our portfolio, together with the growth projects and studies, provide the solid platform for Evolution over the next few years where production is planned to increase by around 25% and maintain a very low cost position. In FY23, production is planned to increase by 12.5% to around 720,000 ounces, increasing a further 11% to around 800,000 ounces in FY24. All-in Sustaining Cost (AISC) is expected to be maintained at around $1,240 per ounce in FY23 and FY24.

Sustainability has been at the core of Evolution since inception and is integrated into every aspect of the business. This captures the health, safety, environment, First Nations engagement and broader community relations to ensure we operate in a socially and environmentally responsible way. Evolution publicly committed to transition to ‘Net Zero’ greenhouse gas emissions by 2050 (scope 1 and 2) and a 30% reduction in emissions by 2030. In FY22, we achieved a significant reduction in our net use of energy with our emissions per tonne of material mined ~7% lower compared to the FY20 baseline.

Evolution continues to be recognised for its Sustainability performance, achieving a sector leading rating in Sustainalytics, ISS and MSCI ESG Ratings assessments and being one of three gold companies recognised in the Dow Jones Sustainability Index Australia.

Evolution demonstrated resilience and strong risk management though the COVID-19 pandemic. Operations were maintained, supported by protocols developed to minimise risks to our people and communities that allowed safe production during this challenging time. Notwithstanding these measures, regulatory isolation requirements resulted in high levels of COVID related absenteeism which adversely impacted the performance during the year.

We remain committed to an improved health and safety performance with a heavy focus on leading indicators, increased reporting, field leadership, action closure discipline and high-quality safety interactions. Overall health and safety improved across the Group, with delivery on or better than target. The total recordable injury frequency (TRIF) was 10.66 (including 6 months at Ernest Henry) as at 30 June 2022.

Financials

Key results for FY22 are as follows:

- Total gold production of 640,275oz at an AISC of $1,259/oz
- Operating mine and net mine cash flow of $893.3 million and $284.1 million respectively
- Statutory net profit after tax of $323.3 million (30 June 2021: $345.3 million)
- Basic earnings per share was 17.74 cents per share (30 June 2021: 20.21 cents)
- Fully franked dividends of $146.6 million (30 June 2021: $273.4 million) were paid during the year

The Directors declared a final fully franked dividend of 3.0 cents per share, which is the 19th consecutive dividend (30 June 2021: 5.0 cents). The aggregate amount of the final dividend to be paid on 30 September 2022 is estimated at $55.0 million.

In July 2021, Evolution successfully completed a $400 million fully underwritten institutional placement of approximately 104 million new fully paid ordinary Evolution shares to institutional investors at a price of $3.85 per share. The funds raised under the placement were used to fund the acquisition of the Kundana mine and Carbine project, a 51% interest in the EKJV, and a 75% interest in the West Kundana Joint Venture (the Kundana assets). The Group also successfully raised approximately $68 million under the Share Purchase Plan at $3.85 per new share in August 2021 with the funds to be used for general corporate purposes. Both capital issues received strong support from investors.
On 13 August 2021, Evolution announced that it had received an investment grade credit rating and successfully priced a US$550 million placement in the United States private placement market. The drawdown of the inaugural US Private Placement was completed in November 2021. On 4 August 2022, as part of the regular annual review process the Group received confirmation the investment grade rating has been reaffirmed.

On 18 August 2021, the acquisition of the Kundana assets from Northern Star Resources Limited was completed with effective date being 1 August 2021. Processing of higher grade ore from Kundana commenced in late August and the first ore processing campaign for EKJV (Evolution's interest 51%) was completed as planned in October 2021.

On 5 October 2021, consistent with Evolution’s strategy to continuously seek to upgrade the quality of its portfolio, the Company entered into a binding agreement with Navarre Minerals Limited to sell the Mt Carlton gold mine in Queensland for a total consideration of up to $90 million. The sale was completed on 14 December 2021 with Navarre's economic interest in Mt Carlton commencing from 1 October 2021.

On 17 November 2021, Evolution announced the acquisition of full ownership of the Ernest Henry operation. The Company previously held an economic interest in Ernest Henry which is a large-scale, long-life, copper-gold mine located ~38km north-east of Cloncurry, Queensland. An immediate increase in copper production reduced the Group's All-in Sustaining Costs and positions Evolution as one of the lowest cost gold producers in the world. The acquisition was via an agreement with Glencore to acquire 100% of the shares in Ernest Henry Mining Pty Ltd for $1 billion. To complete the acquisition an initial consideration of $800 million was paid to Glencore on 6 January 2022, with the remaining $200 million due and payable on 6 January 2023. The transaction was partly funded from a new US$200 million US Private Placement maturing in FY31, which settled on 15 February 2022.

Operations

Cowal achieved significant milestones during the year with the Board and regulatory approvals to commence construction of the new Underground mine adjacent to the existing E42 open pit. The project has now awarded all material contracts and remains on budget and schedule for critical path items, with first stope ore planned for Q4 FY23. The waste strip of Stage H completed in Q1 FY22 which has enabled the operation to access higher grade ore. Construction of the Integrated Waste Landform continued as planned to provide tailings capacity to support the life of mine.

Ernest Henry was successfully integrated into the Evolution portfolio. The significance of acquiring full ownership of the operation from 1 January 2022 is evidenced by the material net mine cash flow generated in FY22 at over $435 million. A new Mineral Resource estimate for Ernest Henry was published on 1 August 2022, with contained copper increasing 28% and contained gold increasing 24%. This new Mineral Resource estimate will inform the Pre-Feasibility study on a mine extension down to the 775mRL that is due for completion in December 2022.

At Red Lake the transformation focused on operational improvements to both mining and processing, with performance now at the rates required to deliver FY23 production guidance. Development rates averaged over 1,200 metres per month for the last nine months of FY22 which has enabled the operation to access additional mining fronts and increase mining rates. Construction of the Campbell Young Dickenson (CYD) decline ramped up during FY22 which will enable first stope ore from Upper Campbell to be mined in the September 2022 quarter. The upper limits of the Campbell and Red Lake processing plant throughput rates were tested during FY22 and the result is that they are now consistently processing at an annual equivalent of 1 million tonnes per annum.

Mungari focussed on integrating the Kundana and EKJV operations as “one Mungari” during the year, with both cost and operational benefits realised to date. The increase in mined grade, production and ongoing synergies demonstrate the strategic significance of that acquisition. A Feasibility Study on a mill expansion at Mungari is ongoing and is due for completion by December 2022. An expanded mill has the ability to unlock significant long-term value at the operation through increased processing capacity and lower costs.

The Mt Rawdon Pumped Hydro (MRPH) project has the potential to make a significant contribution towards Queensland's renewable energy ambitions. The Feasibility Study is being completed with our partner, Ironstone Capital Australia, and is due for completion in June 2023. Evolution will retain a 50% share of the MRPH project if the project proceeds.
**Dividend payment**

The Directors have approved a fully franked final dividend of 3.0 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 30 September 2022 is estimated at $55.0 million. The elevated payout rate for this dividend considers the proceeds received from the divestments of Mt Carlton and Cracow, the outlook for the business in FY23, and balances capital investment and balance sheet management with investor returns.

This is Evolution’s 19th consecutive dividend and increases the total amount returned to shareholders, upon payment of this dividend, to $1,053 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 per annum. The Group's free cash flow is defined as cash flow before dividends, debt repayments, equity raises 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 dividend for the current period of 3.0 cents per share on 30 September 2022.

Full details of the FY22 Full Year Financial Results are available in the Appendix 4E 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 Chair, Jake Klein, and Finance Director and Chief Financial Officer, Lawrie Conway will host a conference call to discuss the FY22 Full Year Financial Results 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.


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.

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About Evolution Mining

Evolution Mining is a leading, globally relevant gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Ernest Henry and Mt Rawdon in Queensland, Mungari in Western Australia, and Red Lake in Ontario, Canada. Financial Year 2023 gold production guidance is 720,000 ounces (+/-5%) at a sector leading All-in Sustaining Cost of $1,240 per ounce (+/-5%).

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.