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ASX Announcement

18 September 2017

AGREEMENT TO DIVEST THE EDNA MAY GOLD MINE

Evolution Mining Limited (ASX:EVN) ("Evolution" or the "Company") has entered into a binding agreement with Ramelius Resources Limited (ASX:RMS) ("Ramelius") and Ramelius Operations Pty Ltd (a wholly-owned subsidiary of Ramelius) to sell the Edna May gold mine in Western Australia to Ramelius Operations Pty Ltd for total consideration of up to A$90 million. The total consideration consists of a A$40 million cash payment payable upon completion[1] and up to A$50 million of contingent consideration comprising a royalty and cash and/or Ramelius shares. The contingent consideration is described in detail in an Appendix at the end of this announcement.

Evolution has consistently stated that a key objective of its corporate strategy is to improve the quality of its asset portfolio over time. The sale of the Edna May gold mine is in line with this strategy. The Edna May gold mine achieved an EBITDA margin of 18% in FY17 compared to the average of 49% achieved across Evolution's portfolio of assets.

Commenting on the divestment, Evolution's Executive Chairman, Jake Klein said:

> "Edna May was a founding asset of Evolution and its predecessor company Catalpa Resources. It formed an important part of the development of both companies. We thank everyone at Edna May for their important contribution to Evolution."
>
> "Evolution has grown significantly in recent years and Edna May is no longer a core asset of the Company. In line with improving the quality of the portfolio the decision to sell Edna May will lower our All in Sustaining Cost by approximately A$30 per ounce in FY18 and A$40 – A$50 per ounce on an annual basis. Our average mine life based on reserves will increase from 8.3 years to 8.7 years."

The transaction is expected to close on 3 October 2017. Evolution is committed to assisting Ramelius to ensure an orderly transition of ownership.

Allens acted as legal adviser to Evolution.

Revised FY18 Guidance

As a result of the sale, Evolution has revised its FY18 gold production guidance to 750,000 – 805,000 ounces (from 820,000 – 880,000 ounces) at an AISC of A$820 – A$870 per ounce (from A$850 – A$900 per ounce).

For further information please contact:

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1. The A$40 million upfront cash payment is subject to a working capital adjustment.

About Evolution

Evolution is a leading, growth-focussed Australian gold miner. Excluding Edna May, Evolution operates five wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon, and Cracow, in Queensland; and Mungari in Western Australia. In addition, Evolution holds an economic interest in the Ernest Henry copper-gold mine that will deliver 100% of future gold and 30% of future copper and silver produced from an agreed life of mine area. Outside of the life of mine area Evolution will have a 49% interest in future copper, gold and silver production.

About Edna May

The Edna May mine is located 350km east of Perth, Western Australia, near the town of Westonia. The current operation was developed by Catalpa Resources Ltd and commissioned in May 2010. Ore is currently sourced from a single open pit mine and is processed through a conventional carbon in leach processing facility. A portal was established and rehabilitation of an underground decline commenced in June 2016 to access higher grade lodes beneath the planned limits of the open pit. The mine produced 70,188 ounces of gold in FY17 representing approximately 8% of Evolution's total gold production in FY17.

About Ramelius

Ramelius is an ASX listed gold mining company. It owns the Mt Magnet gold mining and processing operation in Western Australia and the high-grade Vivien underground gold mine near Leinster in Western Australia. Ramelius produced 125,488 ounces of gold in FY17.

Appendix: Contingent Consideration Structure

The contingent consideration is made up of two components:

1. A royalty payment that is payable once Ramelius has produced 200,000 ounces from the current Edna May tenements; and
2. A milestone payment of A$20 million payable in cash and/or Ramelius shares that is payable when Ramelius makes a decision to commence a cut-back to the current Edna May open pit.

There are three possible scenarios relevant to the contingent consideration. Under each scenario, the maximum contingent consideration payable is A$50 million.

Scenario A

If Ramelius does not make a decision to commence a cut-back to the current Edna May open pit, then the contingent payment amount of A$50 million will be provided by royalty payments of A$100 per ounce from Edna May gold production. The royalty payments commence once Ramelius has produced 200,000 ounces from the current Edna May tenements following transaction close and are capped at A$50 million.

Scenario B

If Ramelius does make a decision to commence a cut-back to the current Edna May open pit, then the contingent payment amount of A$50 million will be provided by a A$20 million payment in cash and/or Ramelius shares (at Ramelius' election) payable when the decision to commence the cut-back is made and then royalty payments of A$60 per ounce from Edna May gold production. The royalty payments commence once Ramelius has produced 200,000 ounces from the current Edna May tenements following transaction close and are capped at A$30 million.

Scenario C

Where Ramelius makes a decision to commence a cut-back to the current Edna May open pit and it has already commenced making royalty payments of A$100 per ounce under Scenario A (i.e. it has produced 200,000 ounces from the current Edna May tenements following transaction close), then the A$20 million payment is payable when the decision to commence the cut-back is made and will be reduced by A$40 per ounce upon which the royalty has been previously paid. Thereafter, the royalty will be payable at the rate of A$60 per ounce. Total royalty payments, re-calculated at a rate of A$60 per ounce, will be capped at A$30 million.

Based on the contingent consideration structure Evoultion does not expect any material impact on the profit and loss for FY18. The value of the contingent consideration will be assessed at each reporting period.