

ASX Announcement

10 July 2019

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PRELIMINARY FY19 OPERATING RESULTS AND FY20 GUIDANCE

Evolution Mining Limited (ASX:EVN) ("Evolution") provides the following preliminary June 2019 quarter and FY19 production, costs and cash flow results:

June 2019 Quarter

- Gold production of 194,866 ounces (Mar 2019 qtr: 175,901oz)
- All-in Sustaining Cost (AISC) of A\$915 per ounce (Mar 2019 qtr: A\$925/oz)
- Operating mine cash flow of A\$217.4 million (Mar 2019 qtr: A\$168.3M)
- Net mine cash flow of A\$154.4 million (Mar 2019 qtr: A\$107.8M)

FY19

- Gold production of 753,001 ounces (Guidance: 720,000 – 770,000oz)
- AISC of A\$924 per ounce (Guidance: A\$850 – A\$900/oz)
- Operating mine cash flow of A\$773.6 million
- Net mine cash flow of A\$500.0 million

The significant cash generation during the quarter of A\$109.4 million moved Evolution to a net cash position as at 30 June 2019 of A\$35.2 million (31 Mar 2019: net bank debt of A\$74.2 million). The Group cash balance increased by A\$79.4 million to A\$335.2 million and bank debt was reduced by A\$30.0 million to A\$300.0 million.

FY19 Group gold production of 753,001 ounces was above the midpoint of guidance.

FY19 AISC achieved was above the top of the A\$850 – A\$900 per ounce guidance range. This was driven by both operational and non-operational factors. Mungari, despite an improved performance in June, experienced slight delays in some of the Frog's Leg Mists stopes which resulted in an overall lower than anticipated grade processed; Mt Rawdon was unable to extract sufficient higher-grade ore as it transitioned back into the northern end of the pit; metal prices in the June quarter negatively impacted AISC due to higher royalties (higher achieved gold price) and lower by-product credits (lower achieved copper price); and higher non-cash share based payments expense due to a higher percentage of performance rights expected to vest at the end of FY19. A table reflecting the impact of each of these items is included in the appendix to this announcement.

Full details of the June 2019 quarter production results will be provided in the Quarterly Report to be released on 24 July 2019.

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

"The outstanding cash generation of our business reflects the quality of our portfolio, moving us to a net cash position at the end of the year. This cash generating capacity of the business is expected to continue in FY20. Notwithstanding this, we are disappointed we did not deliver to our cost guidance in FY19. We are determined to remain focused on margin and operating efficiencies which is reflected in our guidance for FY20. This will ensure we maintain our position as one of the lowest cost gold producers in the world and continue to generate superior returns for our shareholders."

FY20 Guidance

Evolution is forecasting FY20 Group gold production of 725,000 – 775,000 ounces of gold with AISC expected to be in the range of A\$890 – A\$940 per ounce.

Using the average AUD:USD exchange rate of 0.7156 for the 12 months to 30 June 2019, Evolution's forecast FY20 costs are among the lowest of global gold producers and equate to AISC of US\$635 – US\$670 per ounce.

Investment in sustaining capital in FY20 is forecast to be between A\$90.0 – A\$130.0 million. This is approximately in line with FY19 sustaining capital. Investment in tails facilities is the main capital item taking place at Mungari, Mt Carlton, Mt Rawdon and Cracow. Resource definition drilling, which is included in sustaining capital, is expected to be A\$13.0 – A\$20.0 million.

Investment in major project capital and exploration is additional to the costs included in AISC. Major capital in FY20 is expected to be in the range of A\$195.0 – A\$235.0 million. The bulk of the major project capital investment is associated with expansion projects at Cowal as the operation delivers on its objective of increasing production from 250,000 per annum to over 300,000 ounces per annum. Major capital at Cowal includes continuation of the Stage H mine development of A\$75.0 – A\$85.0 million, a ramp up of the Integrated Waste Landform (Life of Mine tails solution) of A\$35.0 – A\$40.0 million and the plant expansion project and other projects of A\$5.0 – A\$10.0 million. Major project capital investment at Mt Carlton predominantly relates to the development of the new underground mine of A\$30.0 – A\$35.0 million; plant optimisation of A\$5.0 – A\$10.0 million; and Stage 4 open pit mine development of A\$15.0 – A\$20.0 million.

FY20 exploration investment is expected to be A\$80.0 – A\$105.0 million. This is a substantial increase on the FY19 group exploration spend of approximately A\$50.0 million and is largely driven by the success at Cowal as the GRE46 and Dalwhinnie underground mineralisation continues to be defined and extended. Cowal (A\$50.0 – A\$60.0 million), Mungari (A\$15.0 – A\$20.0 million) and greenfields exploration projects (A\$10.0 – A\$15.0 million) will receive the largest allocation of the discovery investment in FY20.

FY20 production guidance of 725,000 – 775,000 ounces is unchanged from the three-year outlook issued at Evolution's Annual General Meeting on 22 November 2018. AISC guidance of A\$890 – A\$940 per ounce is in line with the cost results achieved in FY19 and is approximately 5% higher than the previous outlook.

A breakdown of production, costs and capital guidance is provided in the table below:

FY20 guidance	Gold production (oz)	C1 cash costs ¹ (A\$/oz)	All-in sustaining cost ¹ (A\$/oz)	Sustaining capital (A\$M)	Major capital (A\$M)
Cowal	255,000 – 265,000	810 – 860	930 – 980	25 – 35	115 – 135
Mungari	115,000 – 125,000	1,030 – 1,080	1,230 – 1,280	10 – 15	10 – 15
Mt Carlton	95,000 – 105,000	400 – 450	800 – 850	20 – 25	50 – 60
Mt Rawdon	90,000 – 100,000	960 – 1,010	1,210 – 1,260	10 – 15	10 – 12.5
Cracow	82,500 – 87,500	800 – 850	1,200 – 1,250	15 – 20	10 – 12.5
Ernest Henry	87,500 – 92,500	(925) – (880)	(590) – (540)	10 – 15	0
Corporate			45 – 50	0 – 5	
Group	725,000 – 775,000	610 – 660	890 – 940	90 – 130	195 – 235
Copper (t)					
Ernest Henry	19,000 – 21,000				
Mt Carlton	2,000 – 3,000				

1. A copper price assumption of A\$8,800/t has been used for by-product credits

FY21 Outlook

Evolution's FY21 production outlook is unchanged from the previous outlook issued on 22 November 2018 of 710,000 – 765,000 ounces. AISC has been revised higher by A\$20 per ounce to A\$880 – \$930 per ounce. Sustaining capital in FY21 is expected to be in the range A\$80.0 – A\$110.0 million while major capital increases to A\$220.0 – A\$260.0 million in FY21 as a result of the significant investment at Cowal to increase production to over 300,000 ounces per annum and the underground mine at Mt Carlton.

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About Evolution Mining

Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Cracow, Mt Carlton and Mt Rawdon 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.

APPENDIX

Drivers of higher June 2019 quarter and FY19 AISC

Driver	June 2019 qtr AISC Impact (A\$/oz)	FY19 AISC Impact (A\$/oz)
Access to higher grade ore at Mungari and Mt Rawdon	35	10
Higher royalties (higher gold price)	10	5
Lower by-product credits (lower copper price)	15	5
Higher share-based payments (non-cash)	10	5
Combined impact	70	25