



**Evolution**  
MINING

# 2019 FULL YEAR FINANCIAL RESULTS

15 AUGUST 2019

JAKE KLEIN – EXECUTIVE CHAIRMAN  
LAWRIE CONWAY – FINANCE DIRECTOR AND CFO

# FORWARD LOOKING STATEMENT

These materials prepared by Evolution Mining Limited (or “the Company”) include 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.

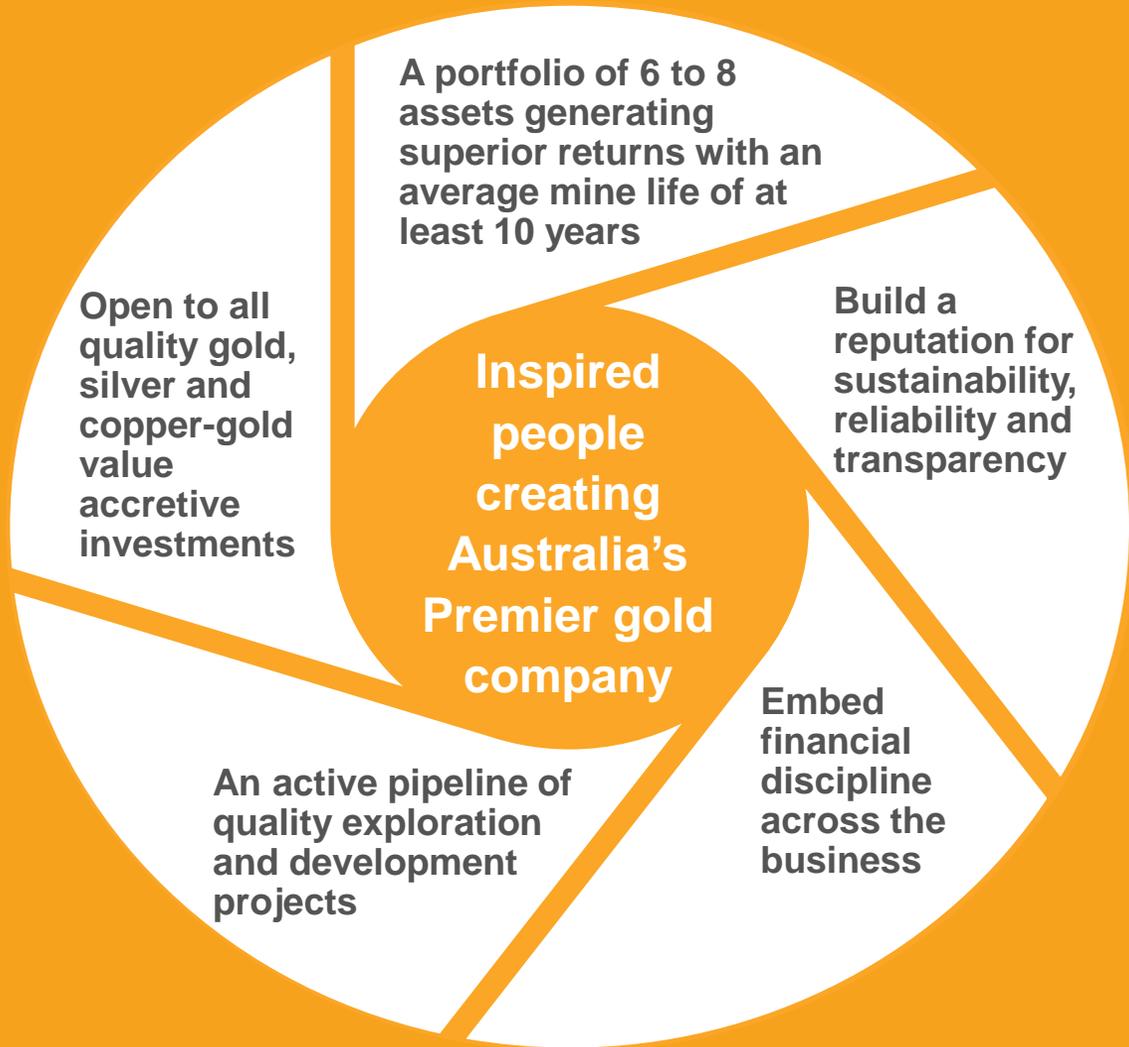
Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the 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.

## Non-IFRS Financial Information

The Company results are reported under International Financial Reporting Standards (IFRS). This presentation also includes non-IFRS information including EBITDA and Underlying Profit. The non-IFRS information has not been subject to audit or review by the Company’s external auditor and should be used in addition to IFRS information.

# CLEAR AND CONSISTENT STRATEGY



Safety



Excellence



Accountability



Respect

# SUSTAINABILITY PRINCIPLES



The objective of our sustainability efforts is to deliver long-term stakeholder value through safe, low-cost gold production in an environmentally and socially responsible manner

## → Our commitments



Be an employer of choice attracting the most talented people and foster a safe, diverse and inclusive workplace



Demonstrate robust risk management and safety leadership



Contribute positively to local, regional and national sustainability efforts by achieving an outstanding level of environmental stewardship



Actively manage climate related risks and opportunities including improving energy efficiency and the responsible management of water



Protect and enhance our reputation as a trusted partner and provide community benefits that endure beyond the life of our mines



Advance the outcomes for indigenous peoples and protect their cultural heritage



Respect the human rights of all our stakeholders



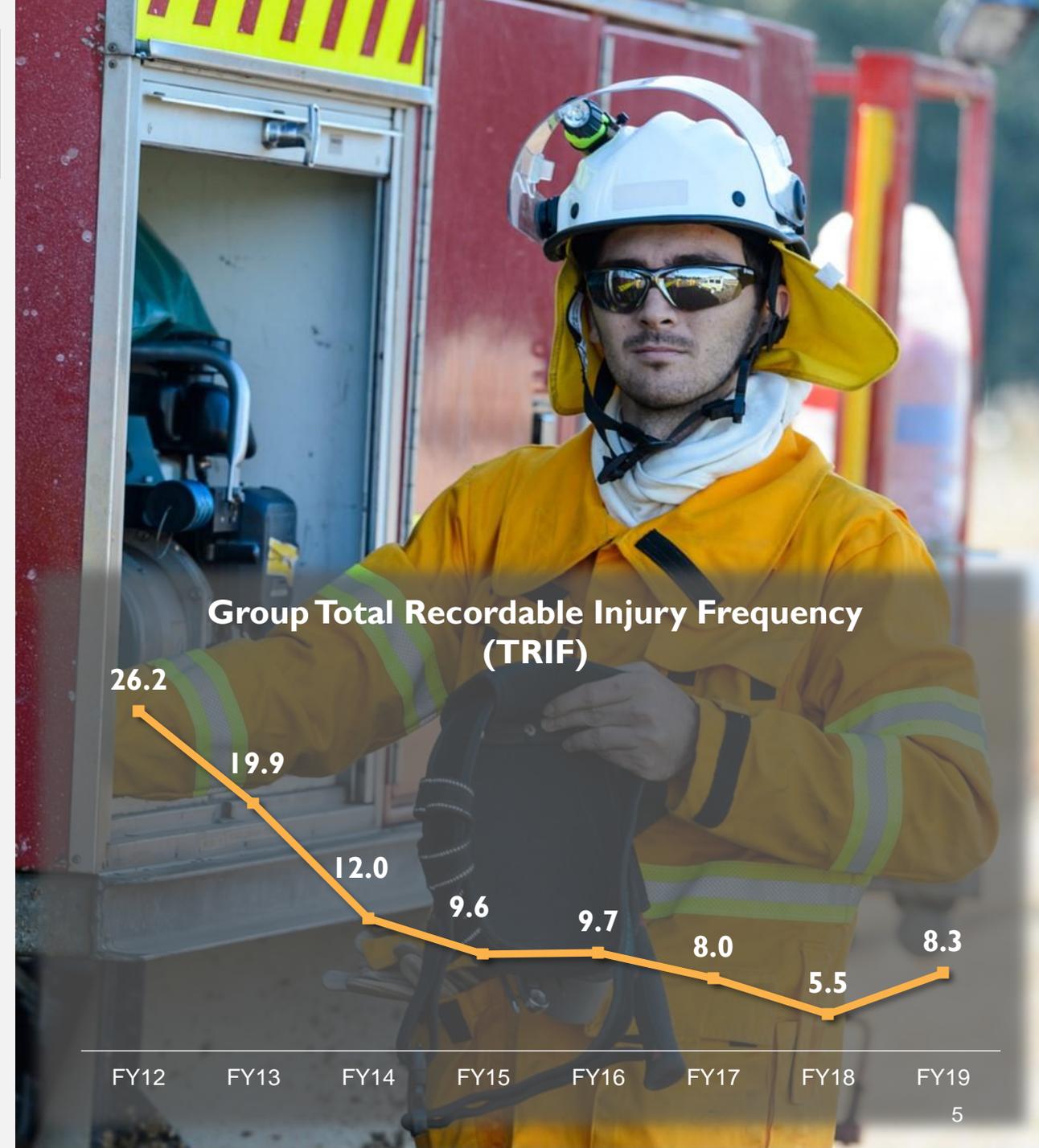
Be transparent at all levels of Corporate Governance, comply with applicable laws and regulations and operate at the highest standards of financial and ethical behaviour



Relentlessly drive for operational excellence through an innovative culture and inspired people delivering to plan

# SAFETY

- Driving a safety culture of doing the right thing because people want to, not because they have to
- Safety stop conducted across all sites in July 2019 following recent tragedies in Queensland
- Strong focus on addressing rise in TRIF
- FY19 performance:
  - improvement in reporting culture
  - reduction in severity of incidents
  - faster completion of significant incident investigations with corrective actions completed on time
- HSE System and Critical Control verification audits conducted at each asset during FY19



# FINANCIAL HIGHLIGHTS

Financials	Units	FY19	FY18	Change
Statutory Profit before tax	A\$M	314.8	338.9	(7%)
Statutory Profit after tax	A\$M	218.2	263.4	(17%)
Underlying Profit after tax	A\$M	218.2	250.8	(13%)
EBITDA	A\$M	730.3	795.1	(8%)
Operating Mine Cash Flow	A\$M	771.5	811.8	(5%)
Net Mine Cash Flow	A\$M	497.8	539.9	(8%)
Group Cash Flow <sup>1</sup>	A\$M	291.6	395.6	(26%)
EBITDA Margin <sup>2</sup>	%	48	53	(10%)
Earnings Per Share	cps	12.9	15.6	(21%)
<b>Final dividend (fully franked)</b>	<b>cps</b>	<b>6.0</b>	<b>4.0</b>	<b>50%</b>

1. Excludes proceeds from Edna May sale (FY18) and Tribune investment (FY19)

2. FY18 excludes Edna May



# UNDERLYING NET PROFIT

- Fundamentals of business remain strong
- Main drivers to lower profit were:
  - Lower copper and silver prices and volumes (A\$25.3M) offset by higher gold revenue (A\$31.9M)
  - Completion of White Foil cutback in FY18 resulted in A\$27.8M costs moving from capital to operating in FY19
  - Remainder of operating cash costs increase was due to a mix of input prices and activities
  - Lower D&A non-cash charges improved profit by A\$34.0M benefitting from higher reserve base to amortise assets

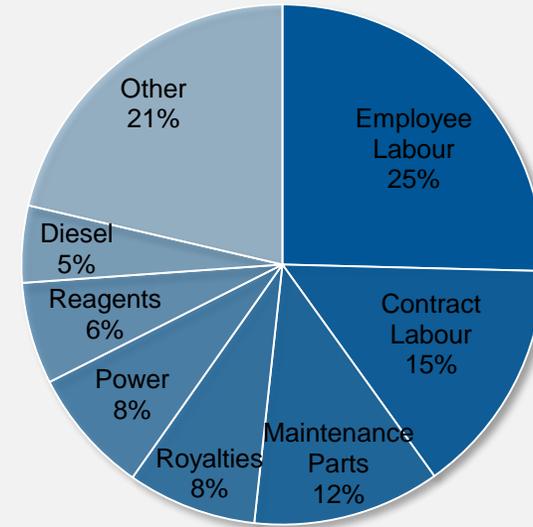
Underlying Net Profit After Tax (A\$M)



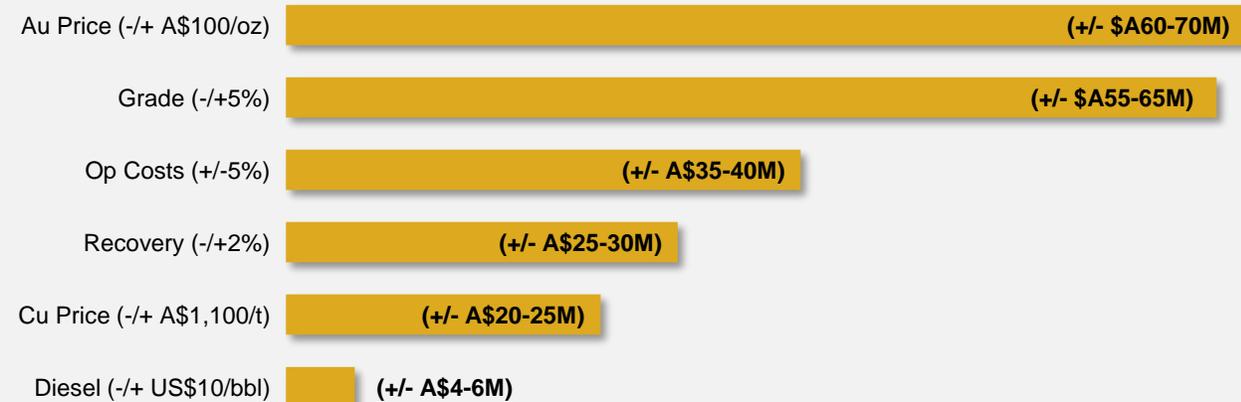
# MINE OPERATING COSTS – KEY DRIVERS

- Market conditions on costs have moved higher from the lows of 12-18 months ago
- Top seven cost categories comprise ~80% of cost base
- Labour costs increased ~3% during FY19 and expected to move 3½ - 4½% in FY20. Focus remains on rewarding via variable component
- Power costs increased A\$7.5M during FY19 reflecting a full year of new prices. No material movement expected in FY20 with prices fixed through to January 2021
- Consumables were mainly flat as savings on some consumables offset increases on others
- Drive on productivity improvements continues to mitigate impacts of cost pressures
- Sensitivities to cash flow show metal prices, grade and recovery having biggest impacts

FY20 Key Cost Drivers<sup>(1)</sup>



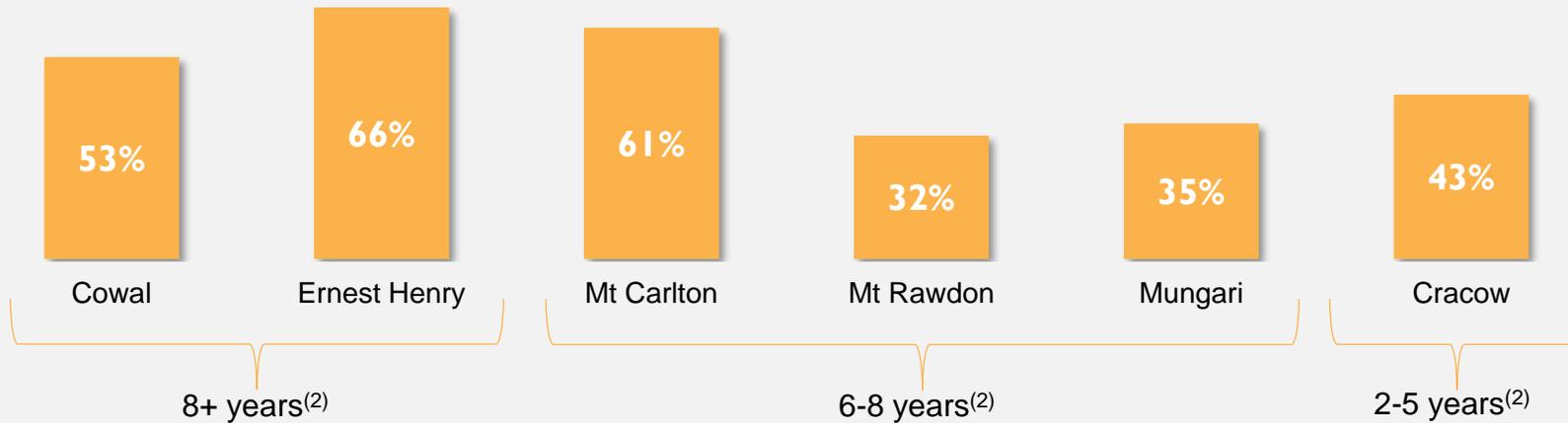
FY20 Sensitivities Cash Flow (A\$M)



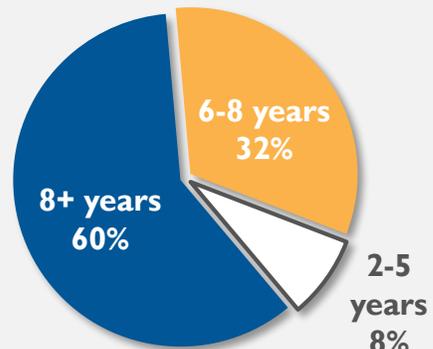
# EBITDA MARGINS

- All sites continue to deliver strong operating cash margins
- Longest life assets generating highest margins

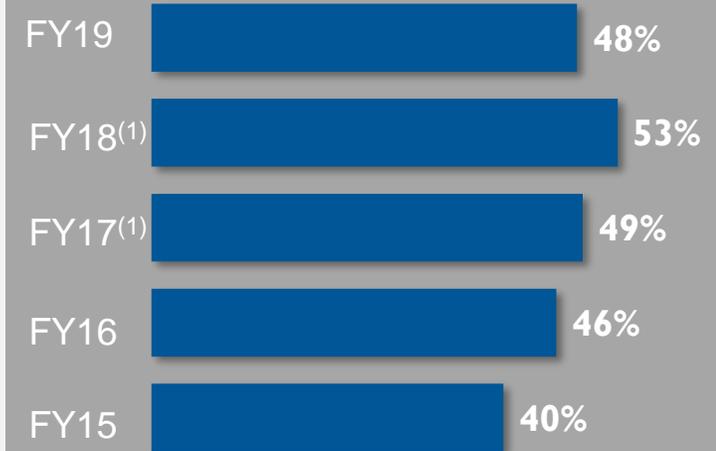
**FY19 Site EBITDA Margin**



**FY19 EBITDA Contribution Comparison**



**Group EBITDA Margin (%)**

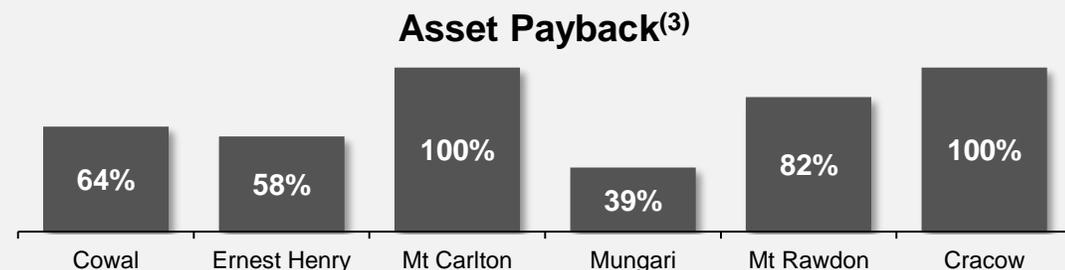
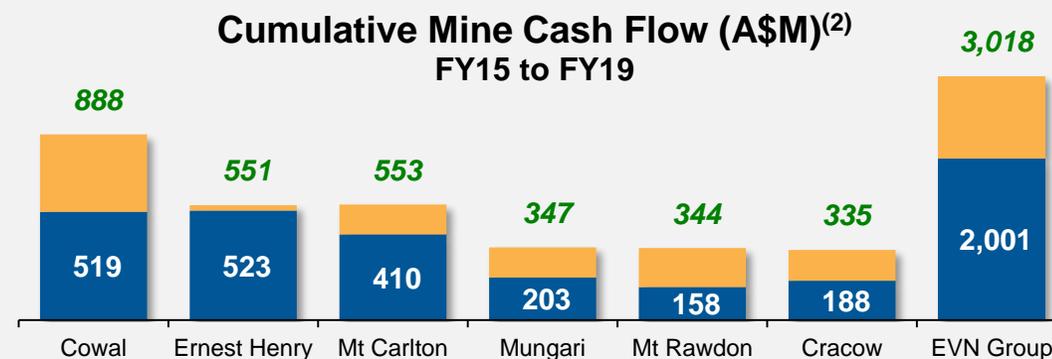
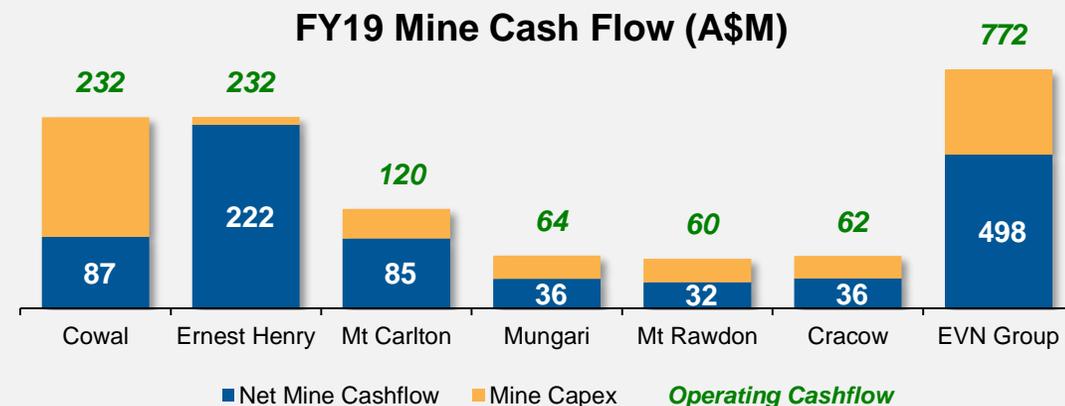


- Group EBITDA margin healthy at 48% despite decline in past year
- Averaging 50% for last 3 years
- Business focus is to increase margin through productivity improvements and capture benefits of higher current spot gold price

(1) FY18 excludes Edna May, FY17 excludes Pajingo  
 (2) Reserve life calculated by dividing Ore Reserves by FY20 production guidance mid-point

# MINE CASH FLOW

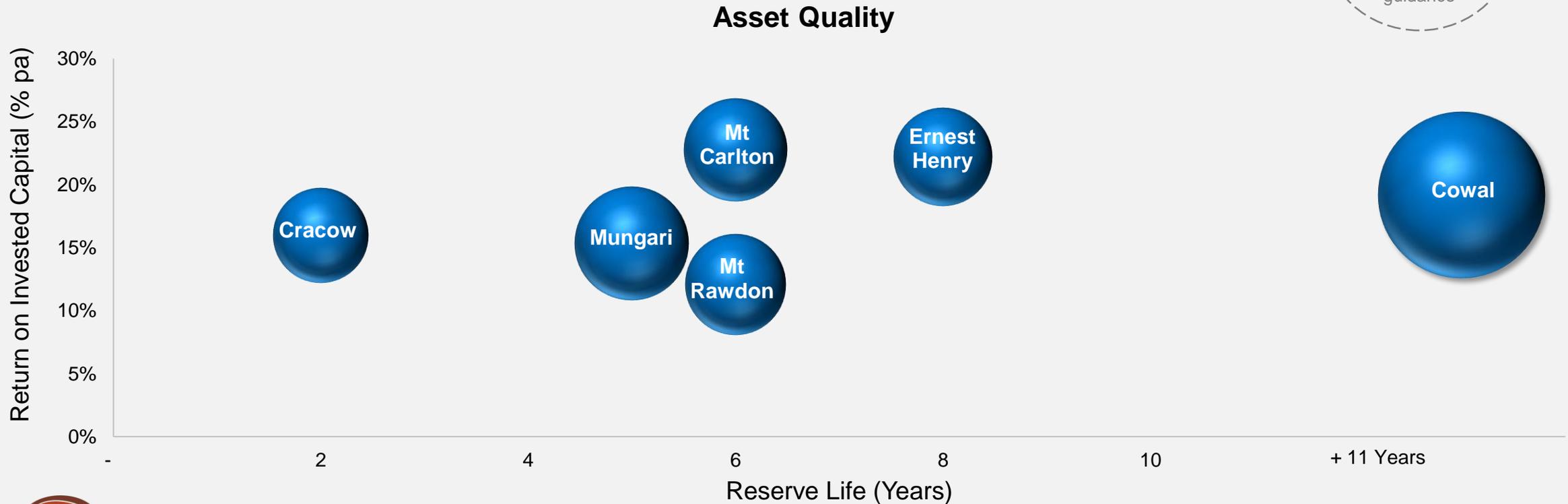
- Strong FY19 mine cash flow
  - Operating cash flow: A\$772M
  - Net mine cash flow: A\$498M
- Quality portfolio with over A\$3B of operating and A\$2B of net mine cash flow since FY15
- All assets cash positive each year for last 5 years or for period of Evolution ownership
- Upside at current gold price environment which is ~A\$570/oz<sup>(1)</sup> above the five-year average achieved price of ~A\$1,640/oz
- Key financial component is for asset to repay invested capital and acquisition costs
  - Two sites fully repaid and others on their way
  - Rapid paybacks at Cowal and Ernest Henry
  - Long mine life remaining



(1) Spot gold price on 12 August 2019  
 (2) 5-year cash flow or cash flow for period of EVN ownership (MGO & CGO – Jul 15; EHO – Nov 16)  
 (3) Asset payback for period of EVN ownership

# RETURN ON INVESTMENT

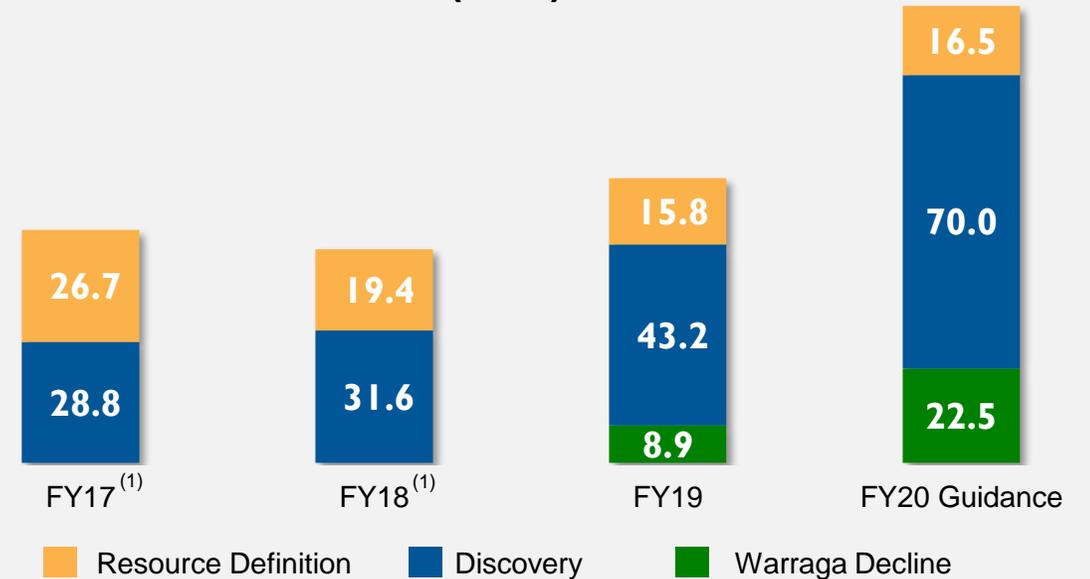
- Disciplined capital investment to ensure all assets generate adequate returns
- Average annual returns of 12 – 23% across portfolio with 10 – 27% in FY19
- Cowal now truly a cornerstone Tier 1 asset



# DISCOVERY AND RESOURCE DEFINITION

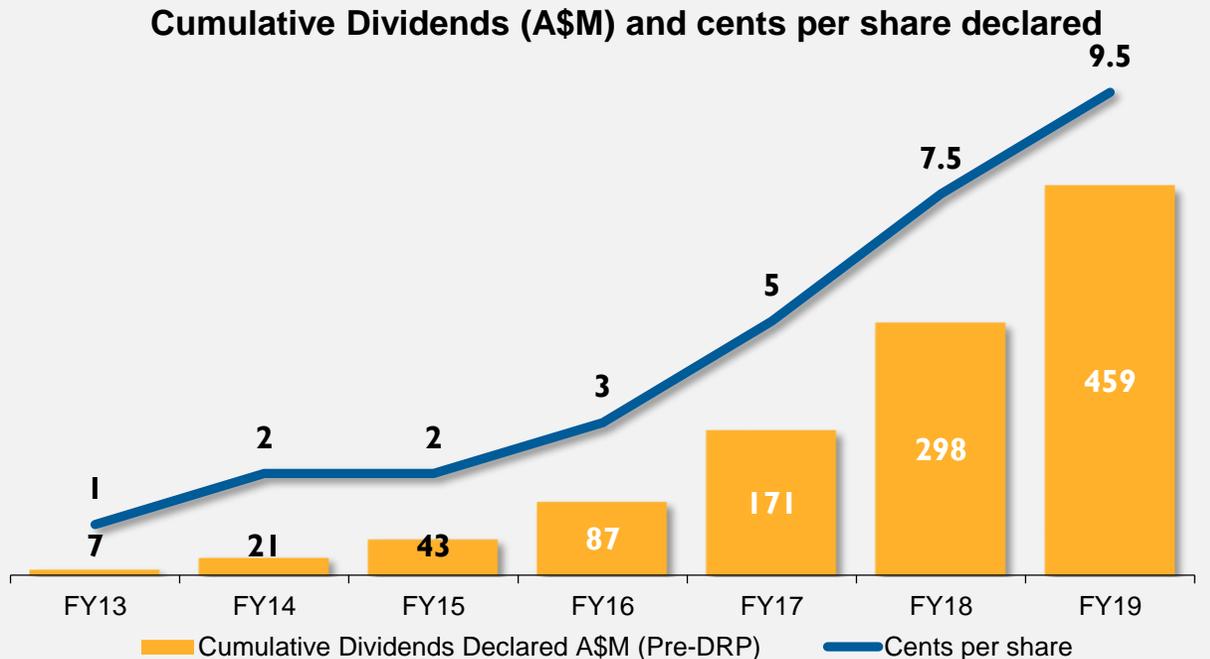
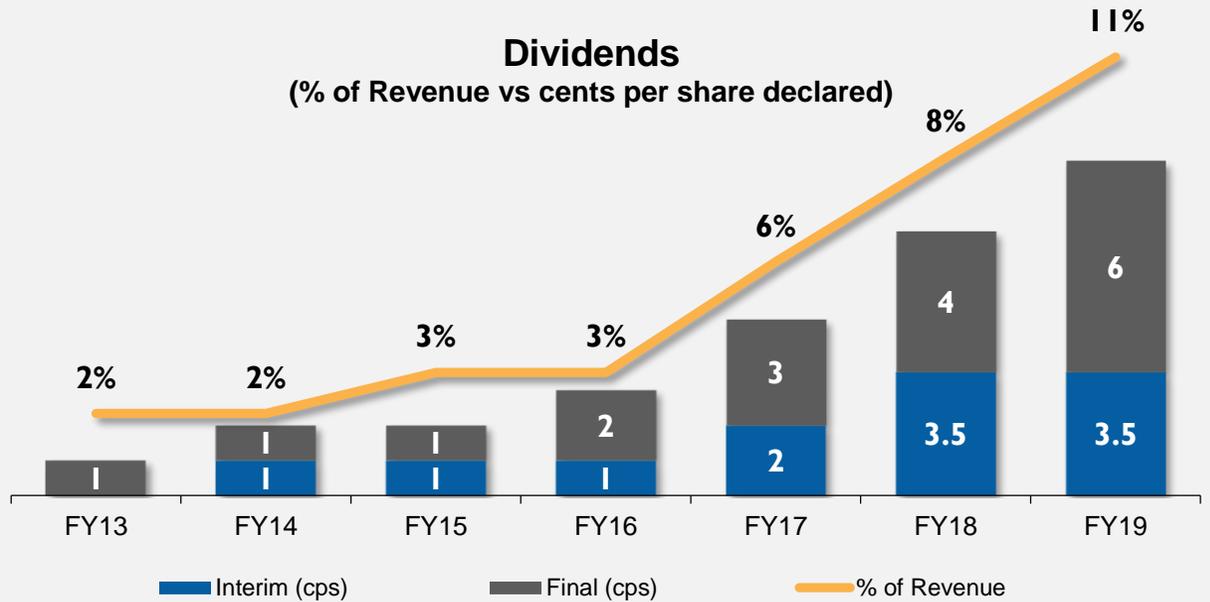
- Successful discovery strategy delivering strong results
  - GRE46 & Dalwhinnie at Cowal
  - Boomer showing early signs at Mungari
- FY20 discovery investment increased to A\$80 – A\$105M
- Average reserve life extended to 10 years
- Reserves per share increased 42% over 5 years

Discovery & Resource Definition Expenditure (A\$M)



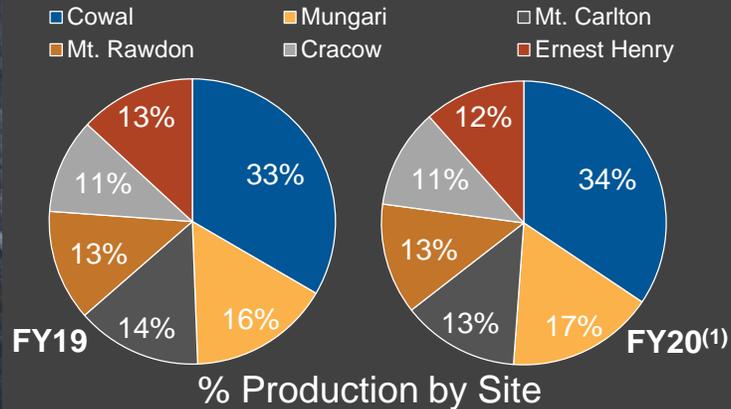
# DIVIDENDS

- Continuing to increase return to shareholders
- 13th consecutive dividend for total of A\$459M
- New dividend policy approved
  - Based on free cash flow before debt and M&A
  - Targeting payout rate of 50%
  - Applied to FY19 final dividend
- Total FY19 dividends of 9.5 cents
  - Increase of 27% on FY18
  - Equates to 11% of revenue
  - Under new policy equal to 55% of cash flow
- Final dividend up 50% over FY18
  - Fully franked dividend of 6 cents
  - A\$102M to be paid on 27 September 2019



# GENERATING SUPERIOR FINANCIAL RETURNS

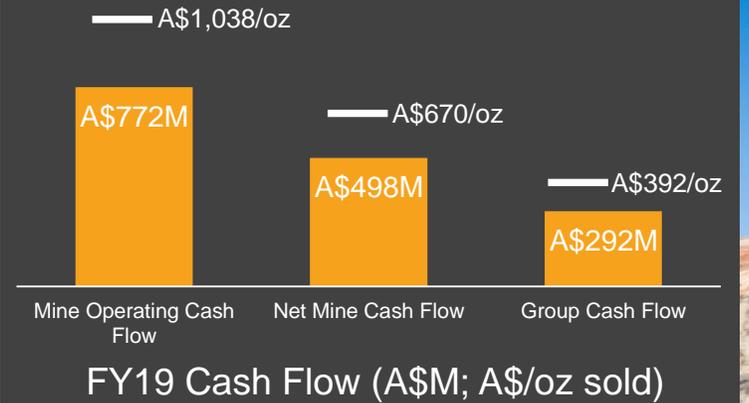
## Healthy Production Mix



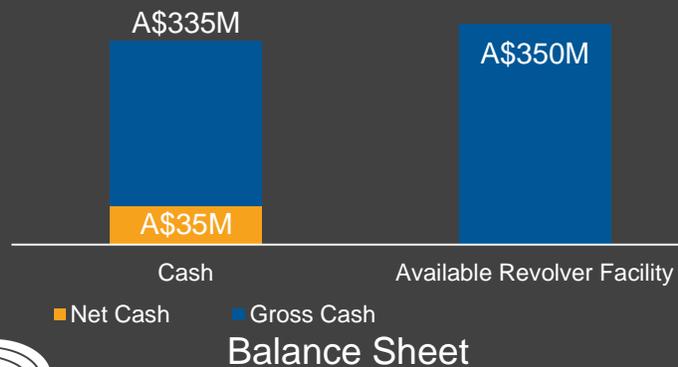
## Global Leader in Low Cost Production



## High Margins Equating to Strong Cash Flow



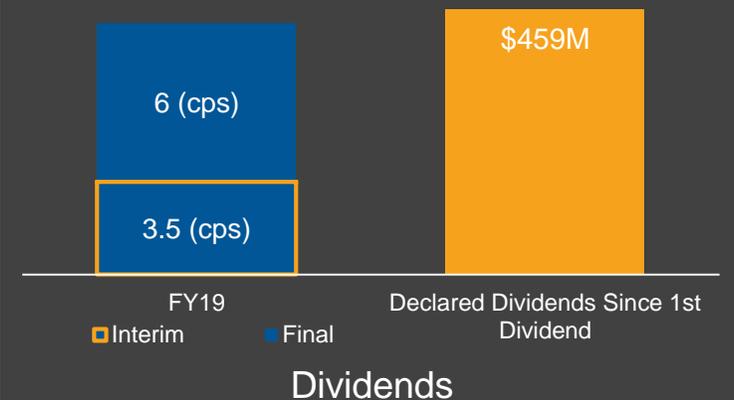
## Strong Cash and Liquidity Position



## History of Creating Value



## Focused on Returns to Shareholders



# APPENDIX



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# FY20 GUIDANCE: PRODUCTION, COSTS & CAPITAL

FY20 Guidance	Gold production	C1 cash costs	All-in sustaining cost	Sustaining Capital	Major Capital
	(oz)	(A\$/oz)	(A\$/oz)	(A\$M)	(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	
Corporate			45 – 50	0 - 5	
<b>Group</b>	<b>725,000 – 775,000</b>	<b>610 – 660</b>	<b>890 – 940</b>	<b>90 – 130</b>	<b>195 – 235</b>
Ernest Henry (Cu t)	19,000 – 21,000				
Mt Carlton (Cu t)	2,000 – 3,000				

\*AISC is based on Copper price of A\$8,800/t

# FY20 GUIDANCE - CAPITAL

## Major project capital items

- Cowlal:
  - Stage H cut-back A\$75 – 85M
  - IWL A\$35 – 40M
  - Process plant projects & Other A\$ 5 – 10M
- Mt Carlton:
  - Underground development A\$30 – 35M
  - Open pit mine development A\$15 – 20M
  - Plant Optimisation A\$ 5 – 10M
- Mungari:
  - Mine Development A\$ 7 – 10M
  - Cutters Ridge A\$ 3 – 5M
- Mt Rawdon:
  - Mine Development & LOM Buttress A\$10 – 12.5M
- Cracow:
  - Underground development A\$10 – 12.5M

FY20 Guidance	Sustaining Capital (A\$M)	Major Capital (A\$M)
Cowlal	25 – 35	115 – 135
Mungari	10 – 15	10 – 15
Mt Carlton	20 – 25	50 – 60
Mt Rawdon	10 – 15	10 – 12.5
Cracow	15 – 20	10 – 12.5
Ernest Henry	10 – 15	
Corporate	0 - 5	
<b>Group</b>	<b>90 - 130</b>	<b>195 – 235</b>

# FY20 GUIDANCE – DISCOVERY AND NON-CASH

FY20 Guidance	Depreciation & Amortisation <sup>(1)</sup> (A\$/oz)	Resource Definition <sup>(2)</sup> (A\$M)	Discovery (A\$M)
Cowal	350 – 400	3 – 5	50 – 60 <sup>(3)</sup>
Mungari	300 – 350	1 – 2	15 – 20
Mt Carlton	650 – 700	1 – 2	2 – 4
Mt Rawdon	475 – 525	1 – 2	0 – 1
Cracow	400 – 450	5 – 6	3 – 5
Ernest Henry	1,350 – 1,400	2 – 3	0
Corporate			10 – 15
<b>Group</b>	<b>520 – 570</b>	<b>13 – 20</b>	<b>80 – 105</b>

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