

# ASX Announcement

23 November 2023

## CHAIR'S ADDRESS TO THE ANNUAL GENERAL MEETING

Good morning, everyone. My name is Jake Klein, Executive Chair of Evolution Mining and on behalf of the Board, I would like to welcome you to the Company's 2023 Annual General Meeting. We are delighted that so many Evolution shareholders are able to join us today.

Evolution respects and supports the Indigenous communities in which we operate – both here in Australia and in Canada. We acknowledge the Gadigal people of the Eora nation, on whose land we are hosting this meeting today and pay our respects to their Elders past and present, and to all First Nations, Aboriginal and Torres Strait Islander People.

I want to open today's address by talking about something I have been highlighting for some time – the rising risk we are witnessing around the world.

The ongoing war in Ukraine is approaching the end of its second year and last month we saw the start of a major new conflict erupt in the Middle East. These regional conflicts are not only having tragic local consequences, but are also having very significant social, political and economic impacts around the world. I think it's fair to say this is one of the most seminal geopolitical moments in our lifetime. A century ago, the global order was being redefined following World War One and similarly today, geopolitical changes have the potential to have ongoing, material repercussions for many years to come.

This deteriorating geopolitical outlook needs to be overlaid with the increasing financial risk – particularly debt levels and here our focus should be firmly on the United States. Just before World War Two, US debt was around US\$40 billion. Today, it is a staggering US\$33 trillion. That's 800 times higher and increasing at US\$100 million an hour. To put this into context, it effectively equates to a debt of over US\$200,000 for every taxpayer in the country. Looking all the way back to 1970, the US dollar spot gold price has shown a remarkable correlation to the trajectory of US debt, a trend which now seems very predictable and intractable.

At the same time, China has emerged as one of the world's largest investors in US treasuries issued to fund consistent government deficits, while also becoming the world's largest creditor to low and middle income countries.

Inflationary pressures also continue to have an impact on global markets. We have seen consecutive interest rate rises from the world's central banks as they seek to return inflation to target levels – in Australia there has already been thirteen increases to date. While the 'higher-for-longer' interest rate approach has led to a modest reduction in the rate of inflation in most developed countries, many are still above their targeted range and inflation remains an ongoing challenge.

In this unsettled macro environment, the Australian dollar spot gold price has increased approximately 14% since the beginning of the year to an all-time high of over \$3,000 an ounce. The major contributor to this has been central bank buying, which was 14% higher in the first ten months of 2023 compared to the same period last year, as well as a falling Australian dollar.

As a Company, we are not comfortable with the risk trajectory that is contributing to a higher gold price but acknowledge investor preference for safe-haven assets in times of uncertainty in global markets. Sadly, I don't see any scenario where this normalises in the foreseeable future.

Strategically this has implications for Evolution. To date, investors have tended to be “risk off” as they reallocate to interest bearing investments and we have not yet seen the expected rally in gold securities. I have no doubt this will change in time.

Likewise, investors will look to limit their exposure to geopolitical risk and Evolution is very well positioned in Tier One jurisdictions to benefit from this. Our focus on continually seeking ways to improve the quality of a small, highly concentrated portfolio of up to eight assets has resulted in us developing into one of the lowest cost gold producers in the world. Our acquisition of Ernest Henry has also provided investors exposure to copper, one of the metals that will be so critical to the “green revolution” that is underway.

Overall, we think our strategy is very well suited to the current environment.

Looking back at the year in review, it was challenging for Evolution as we continued to make significant capital investments across our portfolio, positioning our operations for a period of reduced costs, higher production and lower capital intensity. We produced a total of 651,000 ounces of gold at the very low All-In Sustaining Cost of \$1,450 per ounce in FY23.

This was despite a major weather event at Ernest Henry in March, which flooded the mine and meant that our lowest cost, most cash generative asset was unable to produce in the last three months of the financial year. Our team responded incredibly well to repair the significant damage and Ernest Henry has re-established itself as a reliable, consistent performer, delivering strong gold and copper production in the first quarter of FY24.

Mt Rawdon was likewise challenged by heavy rainfalls, whilst Cowal and Mungari performed very well. Red Lake’s transformation was slower than we would have liked and FY23 did not deliver to our expectations. We have made changes, which we believe this year will start to demonstrate that our persistence and commitment to this operation is well founded. Red Lake is a very large gold endowment that has the hallmarks to emerge as a cornerstone asset within our portfolio.

As a business that seeks to prosper through the cycle with a margin-over-ounces mentality, the Board and I are proud that despite the many external and internal challenges we confronted in FY23, we were able to declare two more dividends during the year to take our record to 21 consecutive dividends, returning over \$1.1 billion to shareholders since 2013.

Major investments at Red Lake and Cowal are scheduled to be completed and commissioned in FY24. We currently have only one major capital project scheduled in FY24 and FY25, being the \$250 million plant expansion at Mungari, which will extend its mine life to 2038.

Our organic growth pipeline remains strong with Board approval for the Ernest Henry Mine Extension Project to progress to the Feasibility Study phase in FY23. This approval includes a commitment to a \$15 million Feasibility Study and \$7.5 million drilling program to deliver a further significant mine life extension at our lowest cost and highest margin asset. Work has commenced on the Feasibility Study, which we expect to complete in the March quarter of FY25.

Our commitment to invest in exploration for new gold and gold-copper deposits at our existing operations, as well as greenfield projects, returned encouraging results at our key cornerstone assets. We were excited to announce new drilling results at Mungari and Cowal in the first quarter of FY24, which highlight the potential for additional high-grade mineralisation outside of known Mineral Resources near active mining fronts. Significant drill extensions were also reported at Ernest Henry throughout the year and supported the release of an increased Mineral Resource in August 2023.

As a business, we remain focused on ensuring sustainability is integrated into everything we do, safeguarding the health and safety of our people, working with the communities in which we operate and caring for the environment. We respect and welcome the input of our First Nation partners and appreciate the opportunity to learn from them about the lands on which we operate.

Prioritising initiatives to support the health and wellbeing of our employees continues to be a focal point for Evolution. In FY23, overall health and safety improved across the Company, with delivery on

or better than target across all sustainability targets. Pleasingly, we saw an almost 20% reduction in injuries to our people during the period.<sup>1</sup>

We also achieved an 11.2% reduction in absolute emissions in FY23 against the FY20 baseline<sup>2</sup>, furthering our commitment to a 30% emissions reduction by 2030 and net zero emissions by 2050.<sup>3</sup> I am proud of the positive gains we have made towards our sustainability goals during the year.

We continue to be recognised for our Sustainability performance, achieving a sector leading rating in Sustainalytics, ISS and MSCI ESG Ratings assessments, as well as being one of only three gold companies recognised in the Dow Jones Sustainability Index Australia.

The transition of Mt Rawdon from a 20-plus year gold mine into a major pumped hydro generator continues to build momentum with the feasibility study due for completion in the next few months. Once constructed, the project will have the capacity to power 2 million homes during peak periods and will reduce Queensland's emissions by approximately 3%. To me, this is a wonderful example of our willingness to think differently at Evolution.

Saving the most important point to last, it is our people who make our company unique and are our most valuable asset. We want working at Evolution to be a highlight of each person's career and this year we have again been fortunate to have had numerous examples of our people acting like owners, living our values and contributing to the success of our company. Thank you for making Evolution a better organisation.

In closing, on behalf of the Board, I would like to express our appreciation to you, our shareholders, whose support and trust we don't take for granted. As a Board we are optimistic about our future and excited about the continued growth and opportunities that lie ahead for Evolution. Thank you for being an important part of our journey.

This announcement is authorised by the Executive Chair.

**For further information please contact:**

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1. Total Recordable Injury Frequency (TRIF) reduced by 19% against FY22 to 8.6 as at June 2023. TRIF: The frequency of total recordable injuries per million hours worked. Results are based on 12-month moving average  
2. Calculated using market-based methodology and third-party validated. Data is an update to previously reported information.  
3. Emissions targets are related to Scope 1 and Scope 2 only

### **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 2024 gold production guidance is 770,000 ounces (+/-5%) at a sector leading All-in Sustaining Cost of \$1,370 per ounce (+/-5%).

### **Forward-looking statements**

This announcement includes forward-looking statements, including forward looking statements relating to the future operation of the Company. These forward-looking statements are based on the Evolution's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Evolution, which could cause actual results to differ materially from such statements. Evolution makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement to reflect the circumstances or events after the date of this announcement.