Evolution MINING

2016 Annual Report

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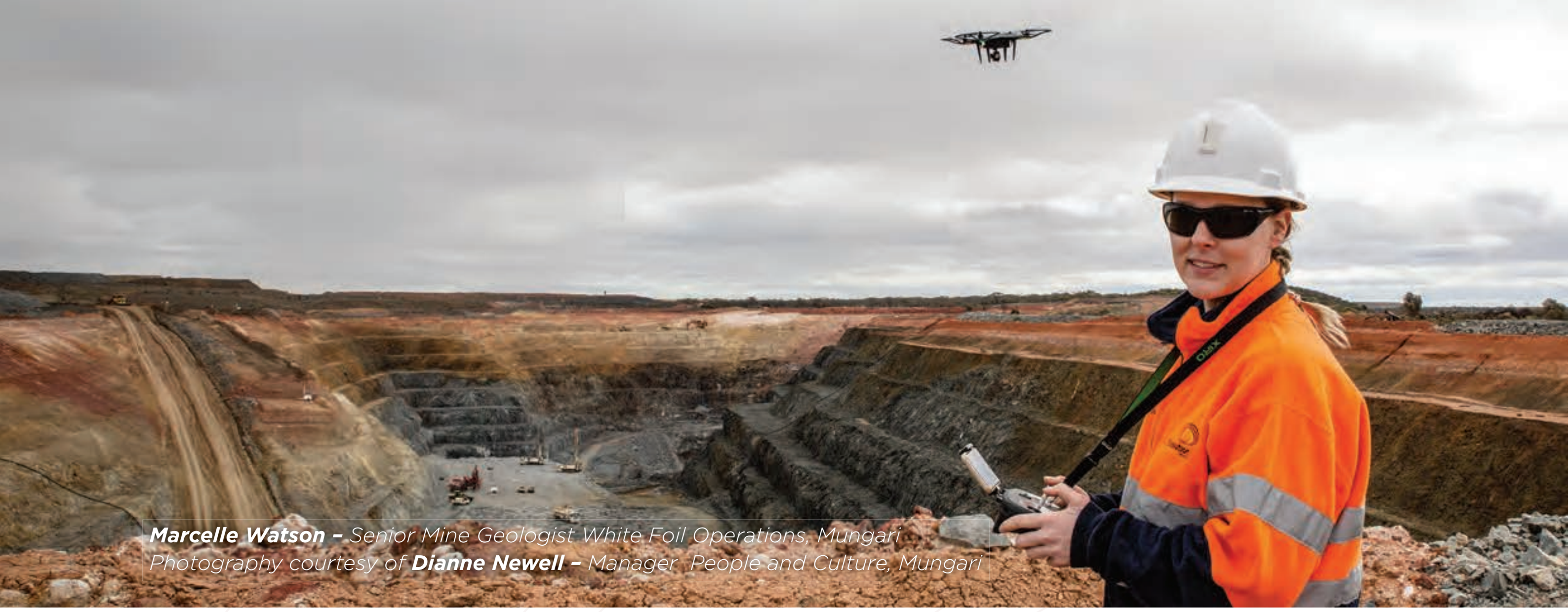


Marcelle Watson – *Senior Mine Geologist White Foil Operations, Mungari*
Photography courtesy of ***Dianne Newell –*** *Manager People and Culture, Mungari*

Contents

Forward Looking Statements

This report prepared by Evolution Mining Limited (or "the Company") 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.

Creating Australia's premier gold mining company

Evolution Mining is a leading, growth-focused Australian gold miner. We operate six wholly-owned mines – Cowal in New South Wales, Mt Carlton, Mt Rawdon, and Cracow in Queensland, and Mungari and Edna May in Western Australia. We are acquiring an economic interest in the Ernest Henry copper-gold operation[1] in Queensland.

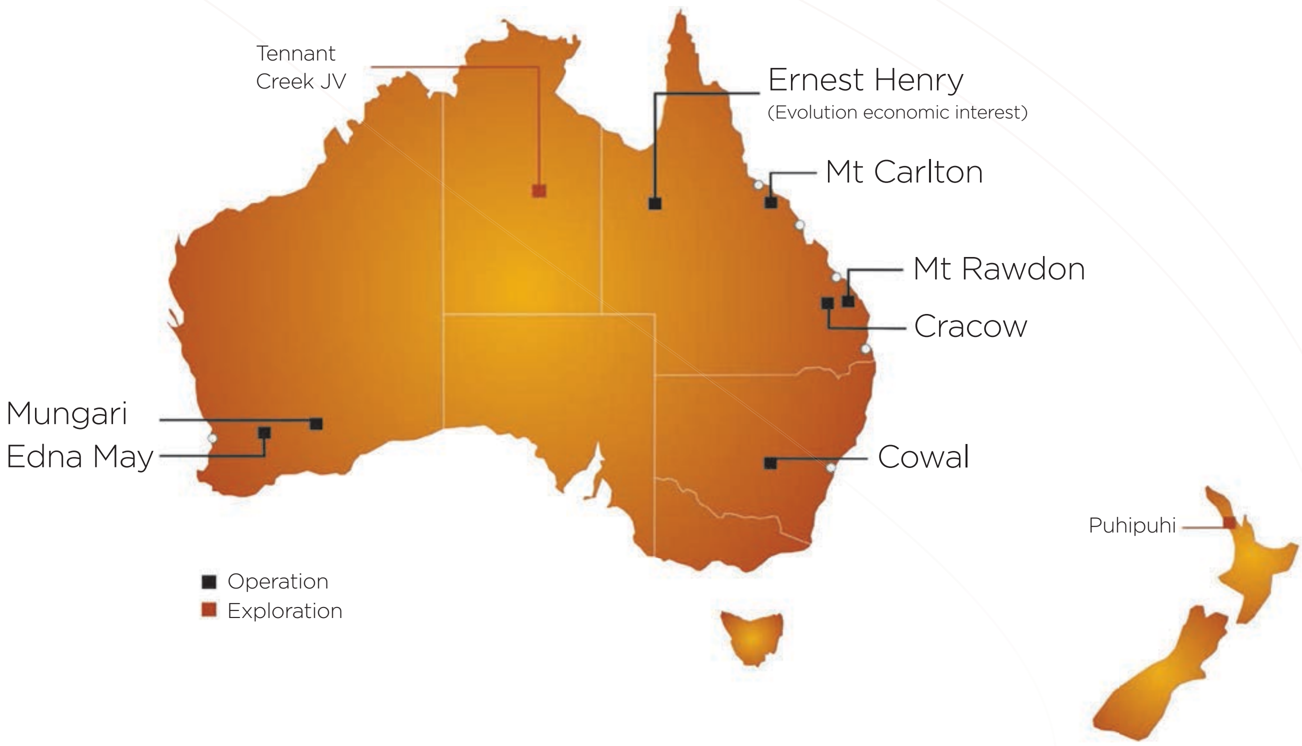
In FY16 Evolution produced 803,476 ounces of gold at an AISC of A$1,014 per ounce, generating a net mine cash flow of A$428.2 million.

Assuming the completion of the proposed acquisition of an economic interest in Ernest Henry, Evolution has revised FY17 Group gold production guidance to 800,000 – 860,000 ounces at an AISC of A$900 – A$960 per ounce.

Our company has continued to grow into a genuine mid-tier Australian gold producer after the acquisition of Cowal in July 2015 and Mungari in August 2015.

We have improved the quality of our assets through the sale of the Pajingo Mine and the acquisition of an economic interest in the world-class Ernest Henry copper-gold mine, expected to complete in the December quarter 2016.

We have a reputation for: operational consistency and reliability with a track record of always achieving production and cash cost guidance since formation; and for value accretive acquisitions.



Definitions applicable to this Report:

AISC (All-in Sustaining Cost) includes C1 cash cost, plus royalty expense, plus sustaining capital expense, plus general corporate and administration expenses on a per ounce sold basis
AIC (All-in cost) is ASIC plus growth (major capital) and discovery expenditure. Calculated on per ounce produced basis
Calculated using an average AUD:USD exchange rate for FY16 of US$0.7284

1. Completion of the transaction is subject only to Australian Foreign Investment Review Board ("FIRB") approval

Evolution – Australia's second largest gold producer

Photography courtesy of Dianne Newell – Manager People and Culture, Mungari

Note:
Production from FY12-FY15 was gold equivalent ounces. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton.
FY16 will be gold ounces
* Attributable gold equivalent ounces

800,000 - 860,000	**FY17 GUIDANCE** PRODUCTION OUNCES
A$900 - A$960	**FY17 GUIDANCE** AISC COST PER OUNCE
14,015koz	**DEC15 RESOURCE**
5,853koz	**DEC15 RESERVE**
+2.3Moz	**AU EQ PRODUCED** SINCE NOVEMBER 2011

Our Achievements in FY16

↑84%

FY16 GROUP PRODUCTION
803,476 ounces

33%↓

TRIFR
14.5* to 9.7

↑114%

FY16 UNDERLYING PROFIT
A$226.9M

A$1,014/oz

FY16 AISC
US$739/oz record low

A$1,134/oz

REDUCED AIC BY 12%
US$826/oz result of sustained focus on cost reduction and productivity improvements

↑211%

RECORD NET MINE CASH FLOW
A$428.2M

- Record gold production of 803,476 ounces – an 84% increase
- Keeping our people safe – we maintained a steady total recordable injury frequency rate (TRIFR[1]) of 9.7
- Record low AISC of A$1,014/oz (US$739/oz) – the lowest quartile of global gold producers
- AIC reduced by 12% to A$1,134/oz (US$826/oz)
- Underlying profit increased by 114% to A$226.9M
- EBITDA increased by 123% to A$607.5M
- Record operating mine cash flow of A$628.4M
- Record net mine cash flow of A$428.2M
- Statutory net loss of A$24.3M after acquisition, integration and impairment costs
- Gearing reduced from a peak of 32%[2] to 15% – A$322.0M debt repayment
- Doubling the dividend payout ratio to 4% of revenue
- Five consecutive years of achieving guidance since the Company's inception
- Completion of the Cowal and Mungari transactions – significantly reducing Group costs and increasing cash generation
- Dealer of the Year Award 2016 – 25th Diggers and Dealers Mining Forum
- Ore Reserves increased from 1.56Moz to 2.85Moz (+83%) under Evolution ownership
- Cowal gold production of 237,940 ounces with an AISC of A$776/oz (US$565/oz)
- Mungari gold production of 137,193 ounces with an AISC of A$1,024/oz (US$745/oz) from ten months ownership
- Takeover of Phoenix Gold Limited – clear commercial logic given the close proximity to the Mungari operations
- Outstanding results from Mt Carlton with gold production of 113,056 ounces (45% increase on FY15) at an AISC of A$742/oz (US$540/oz) – our lowest cost mine
- Resource definition drilling delivering positive drill results from Cowal's Stage H cutback and Cracow, and extending mineralisation at Frog's Leg and White Foil at Mungari
- High-grade mineralisation confirmed outside of the V2 open pit at Mt Carlton
- High-grade gold intersections returned at Edna Beryl West (Tennant Creek JV)
- We maintained an outstanding environmental performance across all of our sites

In FY16 we completed transformational acquisitions of Cowal and Mungari, integrated these new assets, focused on operational efficiency at all operations, and hunted for more opportunities to upgrade the quality of our asset portfolio

1. Total recordable injury frequency rate (TRIFR) is the frequency of total recordable injuries per million hours worked
2. Post completion of Cowal and Mungari acquisitions

Executing a clear and sound strategy

First world jurisdiction

- Operating in Australia
- Gold miners currently experiencing strong tailwinds

Mid-tier

- Portfolio of 6 - 8 assets to ensure focus is maintained

Low cost

- Driving down costs and improving productivity
- Upgrading the quality of the portfolio

Reliability

- Five consecutive years of meeting production and cost guidance
- Optimising diversified open pit and underground asset base

Organic growth

- Investing in near mine and regional exploration

M&A

- Logical, opportunistic, value accretive acquisitions

Superior returns

- Balance sheet strength
- Capital growth and increased dividends

Executive Chairman's Report

On behalf of the Board of Directors of Evolution Mining I am pleased to present you with the Company's 2016 Annual Report.

When Evolution was formed in 2011 we articulated a very clear strategy to build a globally relevant mid-tier Australian gold miner. In the 2016 Financial Year we continued to deliver on this strategy by leveraging our operational success to improve the quality of our asset portfolio. The immediate impact of the acquisition and integration of the Cowal and Mungari operations during the year saw Evolution achieve a record 2016 year on almost every metric.

To succeed as a company we need to live our core value of safety. I am pleased to say that in FY16 Evolution maintained a strong focus on improving our high safety standards across our business. At the same time, the Company continued its track record of delivering to or outperforming production and cost guidance, marking five consecutive years of achieving guidance since the Company's inception in 2011.

Evolution's gold production increased by 84% to a record 803,476 ounces at an average C1 cash cost of A$722 per ounce, an AISC[1] of A$1,014 per ounce and a AIC[2] of A$1,134 per ounce. Using the average AUD:USD exchange rate for FY16 of 0.7284, Evolution's AISC equated to US$739 per ounce, placing the Company in the lowest cost quartile of global gold producers. The contribution from our new, low cost assets, our "acting like owners" culture across our workforce, and maintaining a focus on cost and efficiency gains, saw our AIC fall by 12% in the 2016 financial year.

In 2016 Evolution's underlying net profit increased by 114% to a record A$226.9 million. The strong Australian dollar gold price and lower cost base resulted in record high cash margins and a record operating cash flow of A$628.4 million in 2016. Net mine cash flow, after all sustaining and major project capital expenditure, increased by 211% to A$428.2 million.

This strong cash generation enabled Evolution to make A$322.0 million in debt repayments during the period. As a result, the Company's gearing was reduced to 15% by 30 June 2016 after peaking at 32% in July 2015 at the completion of the Cowal transaction.

All seven of our operations were cash flow positive throughout the year. In the first year under Evolution ownership both Cowal and Mungari made a strong contribution to our FY16 result. Cowal produced 237,940 ounces of gold at an AISC of A$776 per ounce. Mungari produced 137,193 ounces of gold at an AISC of A$1,024 per ounce from just over ten months of ownership.

Mt Carlton delivered an outstanding result with gold production of 113,056 ounces. This substantially exceeded original FY16 guidance of 80,000 – 87,500 ounces and represented a 45% increase on FY15 production. Importantly, this was achieved at an AISC of A$742 per ounce which made Mt Carlton Evolution's lowest cost asset in 2016.

Our confidence in the future cash generation of the business allowed Evolution's Board of Directors to approve the doubling of the Company's dividend payout ratio to 4% of gold revenue. This change was announced in June 2016 and was applied to the final 2016 dividend declared in August 2016.

Following on from the Cowal and Mungari acquisitions that were announced during FY15, Evolution moved quickly to acquire Phoenix Gold Limited. This transaction was completed in January 2016. The Phoenix tenement package adjoined the Mungari operation and covers a significant strike length of the highly prospective Zuleika Shear and Kunanalling Shear. Evolution now has a land package of approximately 880km² surrounding the newly built 1.6Mtpa Mungari mill – just 20 kilometres west of Kalgoorlie in Western Australia.

1 AISC (all-in sustaining cost) includes C1 cash cost plus royalty expense, sustaining capital expense, general corporate and administration. Calculated on per ounce produced basis

2 AIC (All-in cost) is ASIC plus growth (major capital) and discovery expenditure. Calculated on per ounce produced basis

Executive Chairman's Report (continued)

Subsequent to the end of the 2016 financial year, Evolution continued to actively pursue its strategy of upgrading the quality of its asset portfolio. In August 2016 Evolution announced the acquisition of an economic interest in the Ernest Henry mine – a large scale, long life, copper-gold asset operated by Glencore plc. Evolution's economic interest consists of:

- 100% of gold and 30% of copper and silver produced over current 11 year Life of Mine plan
- 30% contribution to current Life of Mine production costs
- 49% interest in all copper, gold and silver production beyond current Life of Mine plan
- An agreement to work together to establish an exploration joint venture

If Evolution had owned this asset in FY16 it would have delivered pro-forma production of 88,000 ounces of gold at an AISC of A$(59) per ounce and a net mine cash flow of A$142.0 million. The transaction remains subject to Foreign Investment Review Board approval and is expected to close in the December quarter 2016.

In August 2016 Evolution also announced the divestment of the Pajingo gold mine for total proceeds of up to A$52.0 million, including an upfront cash payment of A$42.0 million. Pajingo made a very important contribution to Evolution for the last six years, however our significant growth in the last 18 months means it made strategic sense for the asset to be operated by an emerging gold producer which can provide the focus needed to extend the mine's operating life. We sincerely thank all the team at Pajingo for the contribution they have made to Evolution.

Discovery remains a key part of our business as we continue to focus on increasing our reserve base to extend the average Group mine life. In June 2016, Dr Glen Masterman was appointed as our new VP Discovery and Chief Geologist and brings more than 20 years of experience in the gold sector in senior technical and management roles both in Australia and internationally. Further exciting progress was made in Discovery across Evolution's portfolio during FY16. Highlights included:

- Positive drill results from the Cowal E42 Stage H resource definition program
- Strong results at Mt Carlton testing for high-grade extension opportunities to the V2 orebody
- Mungari resource definition drilling extended mineralisation at Frog's Leg underground and the White Foil open pit beyond the limits of the December 2015 Ore Reserve
- Encouraging results from early drilling at Johnson's Rest, Mungari
- A new structure (Coronation, Zone 14) identified from resource definition drilling at Cracow
- Significant intersections in exploration drilling at Edna Beryl West in the Tennant Creek JV

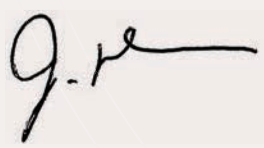
During the year Evolution invested A$26.8 million in exploration and we expect to spend a further A$25 – A$30 million in the year ahead.

Across our entire business our people have continued to work incredibly hard during the year and I would like to thank each and every Evolution employee and contractor for their contribution. I also appreciate the support that our Leadership Team has received from the Board of Directors this year and recognise this as a critical ingredient of our success.

Assuming completion of the Ernest Henry transaction, in FY17 Evolution expects to produce 800,000 – 860,000 ounces of gold at an AISC of A$900 – A$960 per ounce. Evolution has issued a three year outlook which highlights continued improvement in both production and costs. In FY19 we expect to produce 830,000 – 890,000 ounces at an AISC of A$830 – A$900 per ounce.

Evolution has a strong platform of high quality assets, all located in a stable region with a highly skilled workforce, and in an operating environment where costs have declined and the currency is low. Our balance sheet is strong, our assets are generating substantial cash flow and our business is well positioned for the future.

Yours faithfully,



JAKE KLEIN
EXECUTIVE CHAIRMAN

Safety and Health

The safety and well-being of our people is of paramount importance to us. We believe that every injury is preventable.

We have continued to improve our safety performance through FY16 with further significant reductions in our total recordable injury frequency rate (from 14.5* to 9.7). Strategies to continuously identify and manage risks in the workplace remain a high priority. Examples of these are:

- Vehicle Incident Prevention Program (VIPP) where we focused on educating through Alert Driver (an online training system) and increased communication on incident and prevention strategies
- Beyond Zero – a leadership development course aimed at enhancing front-line leaders' safety skills

In FY17 we will continue with existing programs and commence new initiatives that will help drive our strategy and the achievement of our key goals. These will include:

- Business as usual for the VIPP and Beyond Zero programs
- The development and roll out of Critical Control plans

We are very proud of our FY16 safety achievements

- Implementation of a range of technology deployments across the Group including installation of dash cameras, proximity detection systems and fatigue monitoring devices
- 813 people trained in Alert Driver safety training modules
- Improved engagement with our workforce – an average of 87 safety interactions conducted each day
- An average of 726 Take 5 pre-start safety checks conducted each day
- Conducted external safety audits of all operations against the Evolution Safety and Health Management system
- 258 leaders completed Beyond Zero safety leadership training
- Hosted the second Evolution Mine Rescue Challenge at Mt Carlton

Note:

*Mungari and Cowal data has been added to FY15 TRIFR for comparative purposes (operated by previous owner)

33% ↓

TRIFR

14.5* to 9.7

62% ↓

SIGNIFICANT SAFETY OCCURRENCES

55% ↓

VEHICLE INCIDENTS

Safety and Health (continued)

To support our value of "Safety – every job, every day" we live by our Safety Principles

Management takes accountability for safety performance

Everyone is empowered to stop at risk behaviour and control unsafe conditions

Everyone takes accountability for his/her own safety and for the safety of those around them

All injuries and incidents are preventable

No task is so important that it cannot be done safely

Working safely is a condition of employment

FY16 health achievements

- 1,832 proactive rehabilitation interventions taken
- Onsite gym facilities and access to health professionals at our remote camps
- Group exercise activities at remote camps
- Multi-purpose sporting court built at Mt Carlton
- Deployment of technology to assist people in monitoring their health
- Employee Assistance Program (EAP) available to all employees and immediate family members
- More than 75% workforce participation in our Health and Wellbeing program
- 1,205 Epworth sleep assessments
- 6,273 one-on-one health consultations

142,384km

"100,000KM" CHALLENGE

Successful health initiative rollout – the distance walked by Evolution employees combined over 6 weeks

KEY HEALTH METRIC AVERAGES REDUCED

including BMI, weight and blood glucose levels

371

FLU VACCINATIONS

administered

Our Assets

Cowal, New South Wales, Australia

Evolution ownership: 100%

Location: 350km west of Sydney, 40km north-east of West Wyalong

Ore Reserves (at 31 December 2015): 99.40Mt at 0.89g/t gold for 2.85Moz gold

Mineral Resources (at 31 December 2015): 164.12Mt at 0.96g/t gold for 5.05Moz gold

FY17 production guidance: 245,000 – 260,000oz gold at AISC of A$885 – A$945/oz

Evolution completed the transformational acquisition of Cowal on 24 July 2015. The Cowal gold mine is a world-class gold mining operation which has produced more than 2.5Moz of gold since production commenced in 2006.

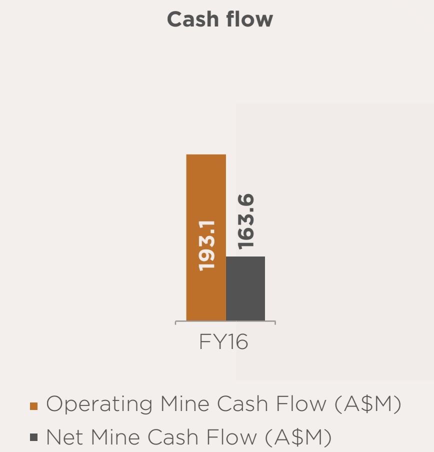
In the 2016 financial year Cowal continued its strong operational performance finishing the year with attributable gold production of 237,940oz, with unit cash operating costs in the lowest cost quartile globally at A$591/oz, and an AISC and AIC of A$776/oz and A$789/oz respectively.

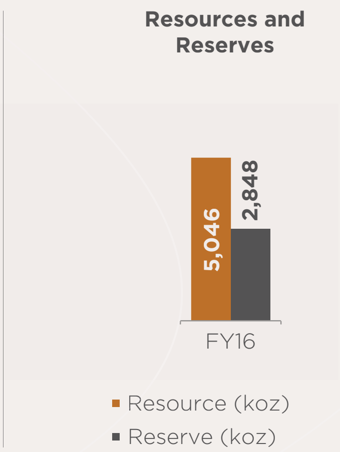
Evolution was successful at reducing operating costs in its first year of ownership. This was largely driven by lower unit mining costs, lower unit processing costs and increased recoveries. This strong performance led to an achieved unit cash operating cost and AISC well below the improved full year guidance of A$650 – A$750/oz and A$800 – A$850/oz respectively. Total ore processed for the 11 months of ownership was 6,666kt at a grade of 1.33g/t with a gold recovery of 83.5%. Gold production was also above plan for the year due to higher grades processed and increased recoveries.

In FY16 Cowal generated A$193.06 million and A$163.6 million in operating and net mine cash flow respectively. This outstanding result confirms the quality of the asset and the strategic rationale of Evolution's acquisition.

Highlights and improvements achieved during the year included:

- An increase in Ore Reserves from 1.56Moz to 2.85Moz (+83%)
- An increase in Mineral Resources from 3.26Moz to 5.05Moz (+55%)
- E42 Resource Development drilling is currently in progress in support of the Stage H cutback feasibility study – seven drill rigs are now in position and initial assays supporting prior interpretations and identifying new zones of mineralisation
- Shorter shut down times which reduced mill maintenance costs by A$6.8 million below budget





Our Assets (continued)

Mungari, Western Australia, Australia

Evolution ownership: 100%

Location: 600km east of Perth, 20km west of Kalgoorlie

Ore Reserves (at 31 December 2015): 7.92Mt at 2.61g/t gold for 665koz gold

Mineral Resources (at 31 December 2015): 79.33Mt at 1.77g/t gold for 4.53Moz gold

FY17 production guidance: 150,000 – 160,000oz gold at AISC of A$970 – A$1,030/oz

The acquisition of Mungari was completed on 24 August 2015 and saw the establishment of a strong strategic partnership with the La Mancha Group and its owner Naguib Sawaris. Mungari finished the year as the Group's second highest producer with 137,193oz from just over 10 months of ownership following its successful integration. Mungari is a quality, low cost asset which achieved a unit cash operating cost of A$756/oz and AISC of A$1,024/oz in FY16. Underground ore mined at Frog's Leg for the year totalled 563kt at an average grade mined of 5.89g/t gold. Production was predominantly sourced from the Fog, Dwarf, Mist and Rocket orebodies. Open pit ore mined from White Foil for the year was 1,121kt at an average grade mined of 1.47g/t gold. Total material mined from the pit was 8,590kt. Production focused on the completion of Stage 2A, progression of Stage 2B and the commencement of the northern Stage 3 cutback.

Highlights achieved during the year included:

- Strong progress on extending the life of the Frog's Leg mine as a result of well planned and executed diamond drilling programs
- The ramp up of regional exploration following the acquisition of Phoenix Gold tenements
- A live online data monitoring system was introduced to the mine which resulted in improving the average payload of trucks by 4% in the commissioning phase
- Mungari moved to owner-operator for shotcrete activities during the year. This resulted in reduced ground support costs by combining these activities with the paste-fill operations

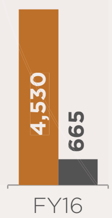
Production costs

- Production gold (oz)
- C1 (A$/oz)

Cash flow

- Operating Mine Cash Flow (A$M)
- Net Mine Cash Flow (A$M)

Resources and Reserves



- Resource (koz)
- Reserve (koz)

Our Assets (continued)

Mt Carlton, Queensland, Australia

Evolution ownership: 100%

Location: 150km south of Townsville

Ore Reserves (at 31 December 2015): 4.62Mt at 4.78g/t gold for 709koz gold

Mineral Resources (at 31 December 2015): 8.62Mt at 3.19g/t gold for 885koz gold

FY17 production guidance: 90,000 – 100,000oz gold at AISC of A$675 – A$725/oz

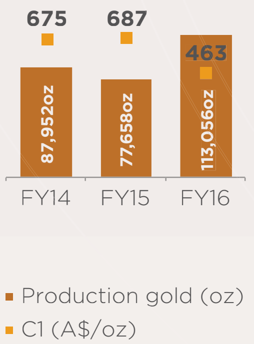
Our Mt Carlton operation commenced commercial production in July 2013 and was the first new gold mine opened in Queensland in more than a decade. Ore is sourced from the V2 gold-silver-copper deposit which is processed on site to produce a concentrate.

Mt Carlton produced a record of 113,056oz in payable gold (45% increase on FY15) at a record low unit cash operating cost of A$463/oz and an AISC of A$742/oz (FY15: 77,658oz, A$687/oz, A$912/oz). These record results for the year were driven by a combination of increased average grade mined of 5.55g/t (FY15: 4.42g/t) along with lower mining costs as a result of the transition to owner-maintainer of the mining fleet.

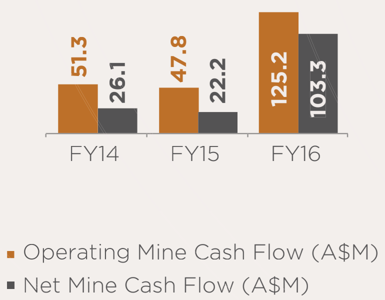
Mining activity focused on the medium and high-grade zones in Stage 2 of the V2 pit which resulted in higher tonnes mined and higher average grade. Productivity improvements and cost reductions achieved during the year included:

- Unit mining costs were significantly reduced to A$6.36/t (FY15: A$8.60/t) largely as a result of the transition to owner-maintainer for the mining fleet
- The ongoing plant optimisation project has seen improved filtration circuit performance

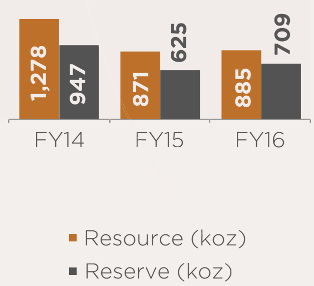
Production costs



Cash flow



Resources and Reserves



Note:

Production from FY14-FY15 was gold equivalent ounces. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton. FY16 is gold ounces. Commercial production was declared as at 1 July 2013

***Paul Nie** - Health, Safety and Training Co-ordinator, Mt Carlton operations*

Our Assets (continued)

Mt Rawdon, Queensland, Australia

Evolution ownership: 100%

Location: 75km south-west of Bundaberg

Ore Reserves (at 31 December 2015): 34.43Mt at 0.78g/t gold for 864koz gold

Mineral Resources (at 31 December 2015): 56.09Mt at 0.69g/t gold for 1,238koz gold

FY17 production guidance: 90,000 – 100,000oz gold at AISC of A$960 – A$1,040/oz

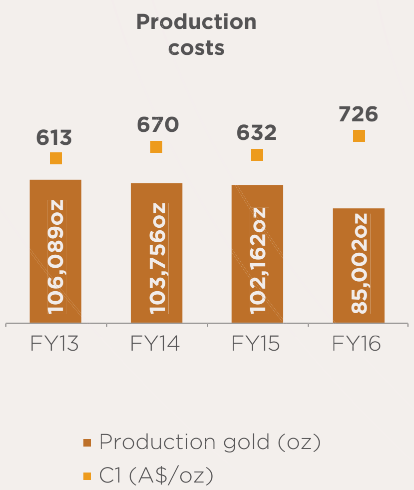
The Mt Rawdon operation is a single open pit that has produced around 1.5 million ounces of gold since first production in 2001.

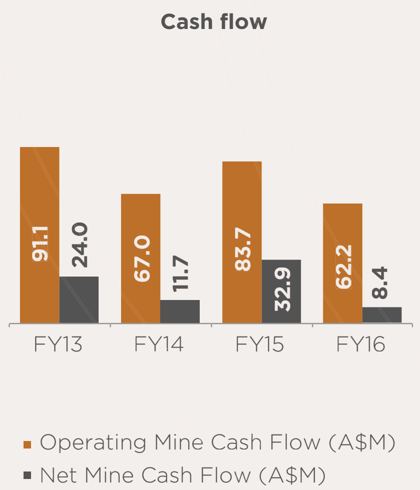
Mt Rawdon had a difficult year in FY16. Mining was focused on completing the Stage 4 cutback. Seasonal storms across Central Queensland resulted in heavy rainfall and limited access to high-grade ore from the Stage 3 pit floor. This led to the processing of low grade stockpiles during the affected periods. Despite these issues, gold production of 85,002oz was achieved at a unit cash operating cost of A$726/oz and an AISC of A$1,024/oz (FY15: 102,162oz, A$631/oz, A$873/oz). A total of 3,307kt of ore was mined at an average grade of 0.88g/t (FY15: 3,283kt, 1.04g/t).

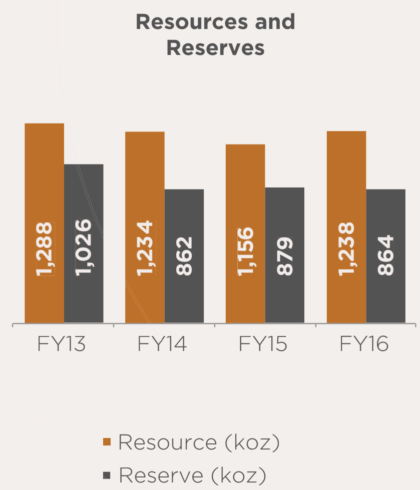
The Stage 4 cutback has now accessed ore and initial reconciliations against the resource model have been positive. The accelerated stripping capital program at Mt Rawdon is almost complete. The strip ratio is expected to drop from approximately 4.4:1 in FY16 down to approximately 2.1:1 in FY17.

Productivity improvements and cost reductions achieved during the year included:

- Ongoing grinding and cyanide consumption initiatives delivered a 6% saving in unit processing costs
- Unit mining costs continued to trend lower averaging A$3.19/t for the year (FY15: A$3.41/t). This was driven by improvements in mining productivity, lower fuel prices and production drilling initiatives







Our Assets (continued)

Edna May, Western Australia, Australia

Evolution ownership: 100%

Location: 45km east of Merredin

Ore Reserves (at 31 December 2015): 9.66Mt at 1.51g/t gold for 471koz gold

Mineral Resources (at 31 December 2015): 19.14Mt at 1.37g/t gold for 840koz gold

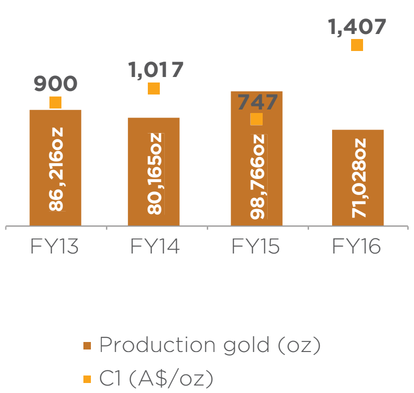
FY17 production guidance: 80,000 – 85,000oz gold at AISC of A$1,140 – A$1,220/oz

The Edna May open pit operation produced 71,028oz of gold for the year at a cash operating cost of A$1,407/oz and an AISC of A$1,504/oz (FY15: 98,766oz, A$747/oz, A$898/oz). Significant rainfalls throughout the year restricted access to the high grade area of the pit resulting in a substantial decrease in production. Operating waste mined was substantially higher than the prior 12 months at 5,550kt (FY15: 1,639kt). This resulted in a significantly higher mining cost than the previous year. Gold grades mined were significantly lower than the prior period at 0.91g/t (FY15: 1.27g/t).

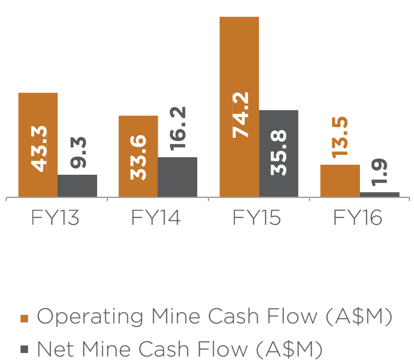
Key achievements during the year included:

- The Stage 1 Underground Development received board approval during the March 2016 quarter and development commenced in June 2016. The Stage 1 project involves a A$16.0 million capital investment and targets an initial resource of approximately 200,000oz
- A feasibility study is currently being undertaken for Stage 2 of the underground development

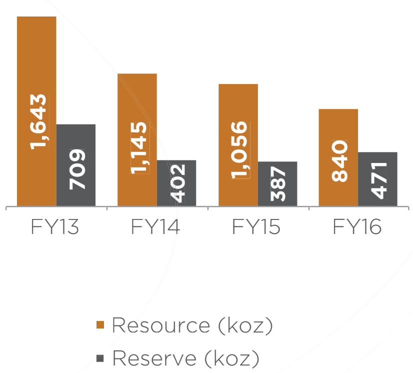
Production costs



Cash flow



Resources and Reserves



Our Assets (continued)

Cracow, Queensland, Australia

Evolution ownership: 100%

Location: 500km north-west of Brisbane

Ore Reserves (at 31 December 2015): 1.06Mt at 5.59g/t gold for 190koz gold

Mineral Resources (at 31 December 2015): 2.42Mt at 6.48g/t gold for 504koz gold

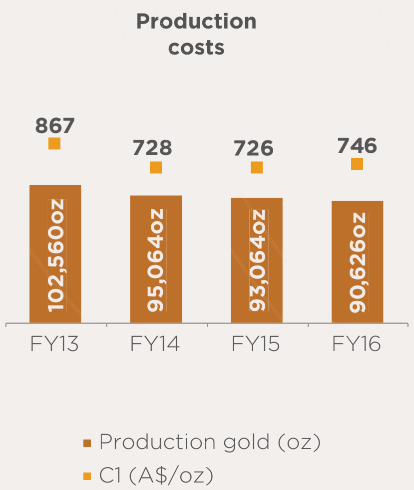
FY17 production guidance: 80,000 – 85,000oz gold at AISC of A$1,100 – A$1,160/oz

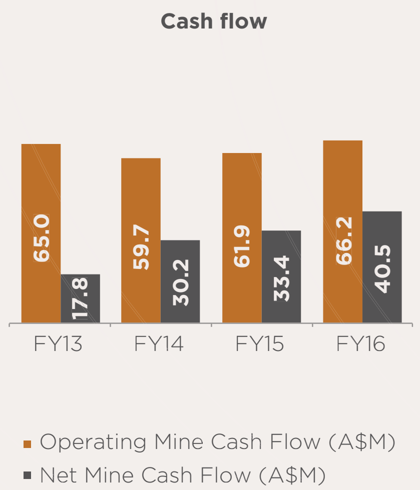
The Cracow operation has been a consistent producer and since mining began in 2004, the mine has produced more than 1 million ounces of gold. In FY16 Cracow produced 90,626oz of gold at a unit cash operating costs of A$746/oz and AISC of A$1,065/oz (FY15: 93,064oz, A$726/oz, A$1,050/oz).

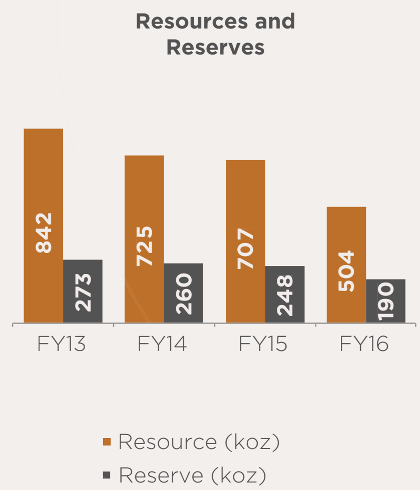
A total of 499kt of ore was mined at an average grade of 5.92g/t Au (FY15: 541kt, 5.85g/t Au). The primary ore sources were the Kilkenny, Empire and Klondyke ore bodies. Production drilling focused on improving stoping flexibility with ore development at Klondyke and Tipperary. Capital development focused on accessing the Klondyke remnants and lower levels of the Empire stopes. Narrow vein mining techniques were successfully trialled.

Productivity improvements and cost reductions achieved during the year included:

- Transfer of surplus equipment between sites delivered reduced costs and reduced contractor dependency
- Reduced power costs with the plant and mine feeder being switched over to a new power factor conversion capacitor bank. This change also enabled the ventilation fans at the Empire and VR1 decline to be changed from diesel to grid power







Riley Kammholz – *Graduate Mining Engineer, Mt Rawdon operations*

Our Assets (continued)

Pajingo, Queensland, Australia

Evolution ownership: 100%

Location: 50km south of Charters Towers

Ore Reserves (at 31 December 2015): 0.55Mt at 5.97g/t gold for 107koz gold

Mineral Resources (at 31 December 2015): 2.54Mt at 7.04g/t gold for 574koz gold (excl. Twin Hills)

FY17 production guidance: 10,000oz gold at AISC of A$1,230 – A$1,270/oz

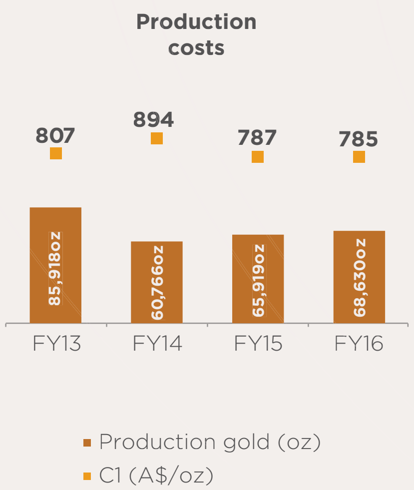
Pajingo delivered a strong result in FY16, doubling its net mine cash flow for the year to A$26.5 million. Ore mined and tonnes processed increased by 10% and 13% respectively. Costs remained flat against a lower processed grade which resulted in steady unit cash operating costs of A$785/oz (FY15: A$787/oz) and AISC of A$1,161/oz (FY15: A$1,163/oz). Gold production increased 5% to 68,630oz (FY15: 65,919oz).

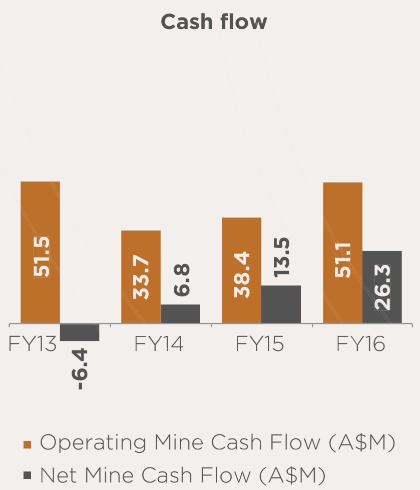
Pajingo's primary ore sources were the Sonia East, Sonia Splay, Zed East and Zed West orebodies. Total ore mined was 418kt at an average grade of 5.50g/t Au (FY15: 379kt, 5.78g/t Au). The completion of the Camembert underground platform and an associated diamond drilling program allowed for the development of the Camembert deposit to commence during the year.

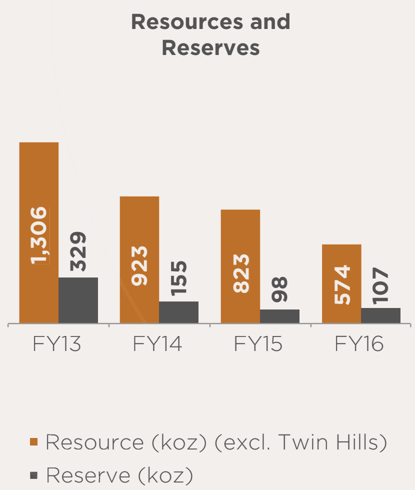
Productivity improvements and capital projects commissioned during the year included:

- Reductions in processing unit rates were achieved due to improved management of the processing tanks for campaign milling as well as the processing of an historic low grade laterite stockpile which was located at the mill
- A new tailings facility was permitted during the March quarter to provide approximately 2.5 years of tails storage

On 1 September 2016 Evolution announced the completion of the sale of the Pajingo gold mine and surrounding exploration tenements to Minjar Gold Pty Ltd for total proceeds up to A$52.0 million including an upfront cash payment of A$42.0 million.







Our Assets (continued)

Ernest Henry, Queensland, Australia

Evolution economic interest: 30% copper, 100% gold, 30% of future production costs

Location: 35km north-east of Cloncurry

Ore Reserves (100% interest at 31 December 2015): 57.9Mt at 1.06% copper and 0.54g/t gold for 612kt copper and 1,011koz gold

Mineral Resources (100% interest at 31 December 2015): 96.1Mt at 1.17% copper and 0.59g/t gold for 1,124kt copper and 1,839koz gold

FY17 production guidance: 55,000 – 65,000oz gold at AISC of A$100 – A$150/oz for eight months of attributable production

On 24 August 2016 Evolution announced the acquisition of an economic interest in the Ernest Henry copper-gold operation. This is a large-scale, long-life asset owned and operated by Glencore. This acquisition is expected to deliver Evolution gold production at an extremely low AISC (after copper and silver credits), generate significant free cash flow and provide Evolution with exposure to mine life extension potential from a high quality Australian copper-gold mine.

Evolution is acquiring 100% of future gold produced from the agreed 11 year life of mine area (LoM Area) and 30% of future copper and silver produced from the LoM Area. In addition to an upfront A$880 million payment, Evolution will contribute 30% of future production costs in respect of the LoM Area.

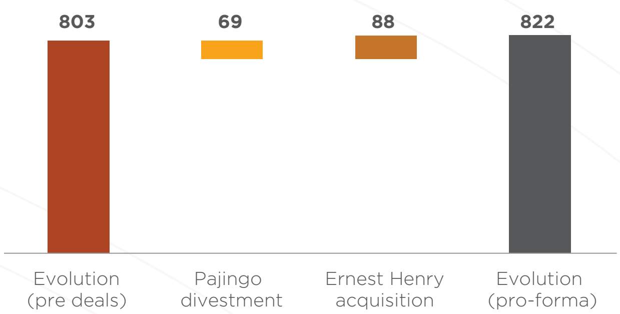
In the 12 months to 30 June 2016, Ernest Henry produced 67,000t of copper and 88,000oz of gold in concentrate. On a pro-forma basis, Evolution's interest in Ernest Henry would have delivered an FY16 AISC of negative A$(59.0) per ounce (after copper and silver credits) and generated a net mine cash flow of A$142.0 million.

The transaction is subject to Foreign Investment Review Board approval and is expected to complete in the December 2016 quarter.

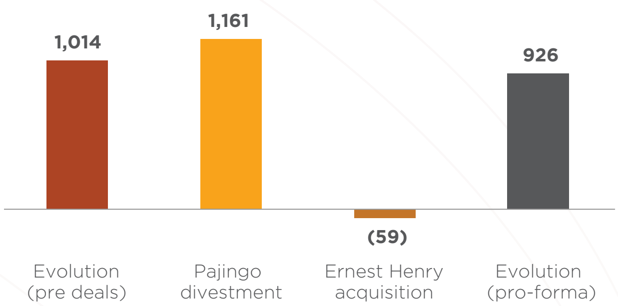
Pro-forma metrics of Evolution's new asset portfolio following the divestment of the Pajingo gold mine and assuming completion of the Ernest Henry transaction are shown below. These metrics clearly demonstrate that Evolution is delivering on its objective of upgrading the quality of its asset portfolio.

FY16 pro-forma metrics

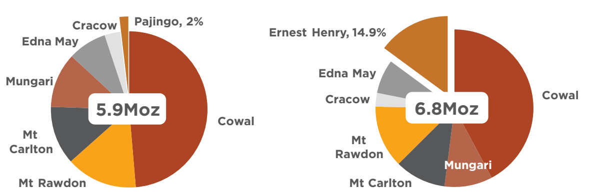
FY16A production (Koz, Au only)



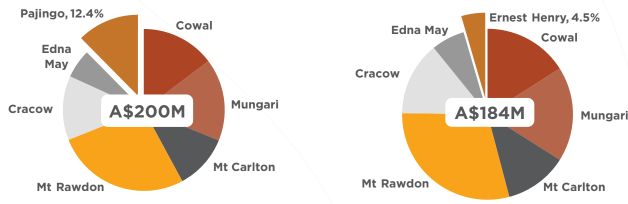
FY16A AISC (A$/oz, Au)



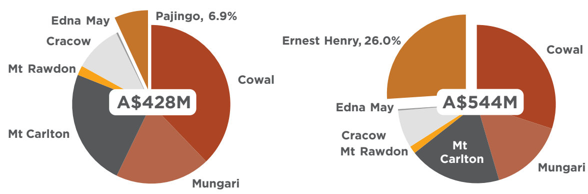
December 2015 ore reserves (%)[1][2]



FY16A Sustaining and major capital expenditure (%)



FY16A Net mine cash flow (%)



Source: Data sourced from company reported figures and guidance where available

1. This information is extracted from the report entitled "Annual Mineral Resources and Ore Reserve Statement" released by Evolution to ASX on 21 April 2016 and is available to view on ww.asx.com.au
2. This information is extracted from the report entitled "Acquisition of an Economic Interest in the World Class Ernest Henry Copper-Gold Mine and Pro Rata Entitlement Offer to Raise A$400 Million" released by Evolution to ASX on 24 August 2016 and is available to view on www.asx.com.au

FY16 Production Summary

July 2015 – June 2016	Units	Cowal	Mungari	Mt Carlton	Mt Rawdon	Edna May	Cracow	Pajingo	Group
UG lat dev - capital	m	-	1,157	-	-	-	1,988	2,272	5,416
UG lat dev - operating	m	-	1,629	-	-	-	3,000	1,867	6,496
Total UG lateral development	m	-	2,785	-	-	-	4,988	4,138	11,912
UG ore mined	kt	-	563	-	-	-	499	418	1,479
UG grade mined	g/t	-	5.89	-	-	-	5.92	5.50	5.79
OP capital waste	kt	-	825	1,411	12,044	1,295	-	-	15,575
OP operating waste	kt	3,937	6,644	1,460	1,959	5,550	-	-	19,550
OP ore mined	kt	8,714	1,121	838	3,307	2,351	-	-	16,331
OP grade mined	g/t	1.16	1.47	5.55	0.88	0.91	-	-	1.31
Total ore mined	kt	8,714	1,684	838	3,307	2,351	499	418	17,810
Total tonnes processed	kt	6,666	1,441	837	3,421	2,945	511	422	16,242
Grade processed	g/t	1.33	3.16	5.71	0.86	0.82	5.92	5.36	1.77
Recovery	%	83.5	93.7	88.4	90.4	91.7	93.1	94.4	88.2
Gold produced	**oz**	**237,940**	**137,193**	**113,056**	**85,002**	**71,028**	**90,626**	**68,630**	**803,476**
Silver produced	oz	229,439	22,457	307,252	136,911	32,972	50,531	65,989	845,552
Copper produced	t	-	-	1,164	-	-	-	-	1,164
Gold sold	oz	232,968	145,577	118,906	83,883	74,040	90,531	69,684	815,588
Achieved gold price	A$/oz	1,590	1,594	1,615	1,590	1,609	1,584	1,604	1,597
Silver sold	oz	229,439	22,457	314,753	136,911	32,972	50,531	65,989	853,053
Achieved silver price	A$/oz	21	21	22	21	21	21	21	21
Copper sold	t	-	-	1,243	-	-	-	-	1,243
Achieved copper price	A$/t	-	-	6,563	-	-	-	-	6,563
Cost Summary									
Mining	A$/prod oz	254	503	137	235	645	451	451	352
Processing	A$/prod oz	371	237	237	434	634	212	234	329
Administration and selling costs	A$/prod oz	97	64	223	122	146	109	131	120
Stockpile adjustments	A$/prod oz	(110)	(44)	(1)	(31)	(9)	(13)	(11)	(47)
By-product credits	A$/prod oz	(20)	(3)	(132)	(34)	(10)	(12)	(20)	(33)
C1 Cash Cost (produced oz)	**A$/prod oz**	**591**	**756**	**463**	**726**	**1,407**	**746**	**785**	**722**
C1 Cash Cost (sold oz)	A$/sold oz	604	713	441	736	1,350	746	773	711
Royalties	A$/sold oz	45	37	120	81	69	87	83	68
Gold in Circuit & other adjustments	A$/sold oz	(14)	77	40	(11)	14	(6)	14	16
Sustaining capital[1,2]	A$/sold oz	126	176	116	196	58	229	279	160
Reclamation & other adjustments	A$/sold oz	15	13	26	21	14	8	12	16
Administration costs[3]	A$/sold oz		8						42
All-in Sustaining Cost	**A$/sold oz**	**776**	**1,024**	**742**	**1,024**	**1,504**	**1,065**	**1,161**	**1,014**
Major project capital	A$/sold oz	0	50	69	446	99	54	77	86
Discovery	A$/sold oz	14	54	9	1	2	45	37	33
All-in Cost	**A$/sold oz**	**789**	**1,128**	**820**	**1,471**	**1,605**	**1,164**	**1,275**	**1,134**
Depreciation & Amortisation[4]	A$/prod oz	251	515	503	479	419	485	279	401

1. Sustaining Capital for WGC purposes includes 60% of the underground mine development capital
2. Group Sustaining Capital includes a reduction of A$1.04/oz for Corporate capital expenditure from project capitalisations
3. Includes Share Based Payments
4. Group Depreciation and Amortisation includes Corporate Depreciation and Amortisation of A$1.25/oz

Photography courtesy of ***Joseph Booth*** *- Geology Superintendent, Cowal Gold Mine*

Mark Le Messurier *– Chief Operating Officer, and* ***Aaron Hills****, leading hand Fixed Plant Maintenance Mining, Mt Rawdon operations*

Outlook for FY17

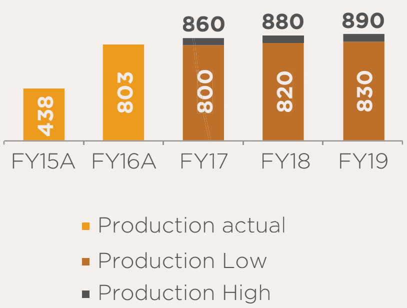
On 24 August 2016, Evolution announced that it was acquiring an economic interest in the Ernest Henry copper-gold operations in Queensland. Assuming completion of this transaction, Evolution has guided FY17 Group gold production guidance to 800,000 – 860,000 ounces at an AISC of A$900 – A$960 per ounce. A mine-by-mine breakdown of production and cost forecasts is provided in the table below.

Updated FY17 Guidance	Gold production (oz)	All-in sustaining cost (A$/oz)
Cowal	245,000 – 260,000	885 – 945
Mungari	150,000 – 160,000	970 – 1,030
Mt Carlton	90,000 – 100,000	675 – 725
Mt Rawdon	90,000 – 100,000	960 – 1,040
Edna May	80,000 – 85,000	1,140 – 1,220
Cracow	80,000 – 85,000	1,100 – 1,160
Pajingo[1]	10,000	1,230 – 1,270
Ernest Henry[2]	55,000 – 60,000	100 – 150
Corporate	–	30 – 35
Revised Group	**800,000 – 860,000**	**900 – 960**

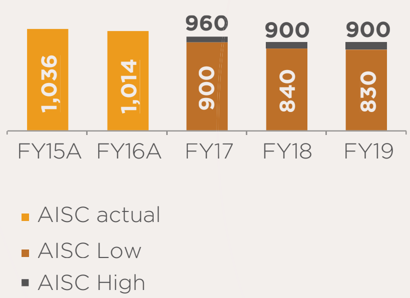
Three Year Outlook

Evolution expects to achieve incremental production growth for at least the next three years[3]. All-in sustaining costs (AISC)[4] are expected to trend lower over this period.

Production (Koz)



AISC (A$/oz)

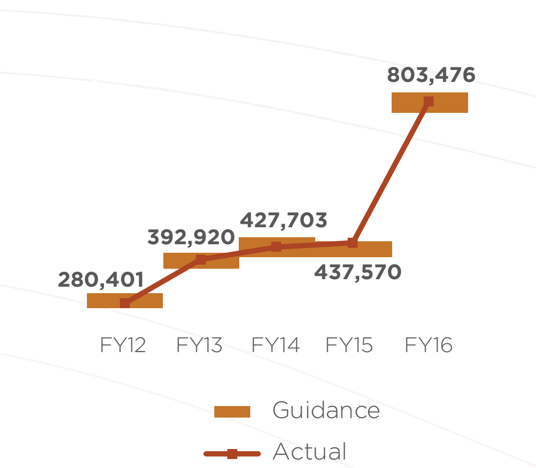


Of Evolution's production outlook, 2% is comprised of an exploration target. The potential quantity and grade of this exploration target is conceptual in nature and there has been insufficient exploration to determine a Mineral Resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that production target itself will be realised.

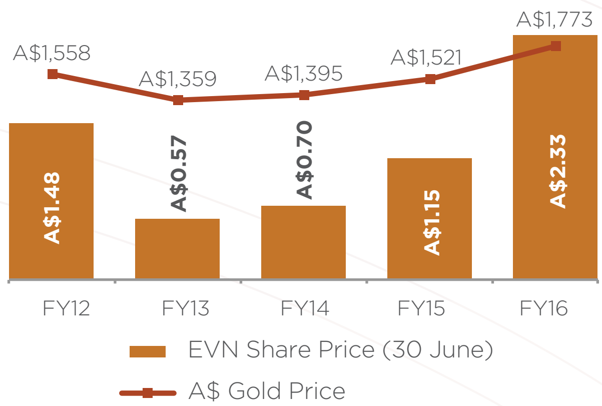
1. Pajingo sale completion 1 September 2016
2. Assumed completion of Ernest Henry transaction 1 November 2016. Copper price assumption A$2.72/lb
3. Refer to ASX release on 24 August 2016 entitled "Acquisition of Economic Interest in Ernest Henry and AREO" and ASX release on 21 April 2016 entitled "Mineral Resources and Ore Reserves Statement" for additional information on the production target including the material assumptions upon which the production target is based. Both documents are available to view at www.asx.com.au. Evolution confirms that all the material assumptions underpinning the production target and the forecast financial information derived from the production target continue to apply and have not materially changed
4. Includes C1 cash cost, plus royalty expense, sustaining capital, general corporate and administration expense. Calculated per ounce sold

Performance History - Key Indicators

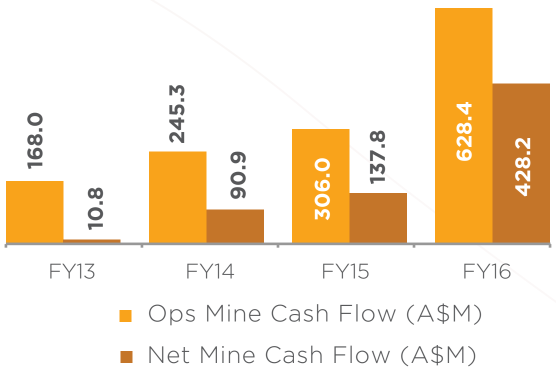
PRODUCTION VS. GUIDANCE



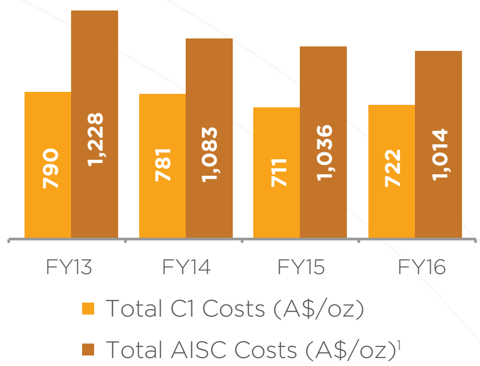
EVN SHARE PRICE VS. GOLD PRICE



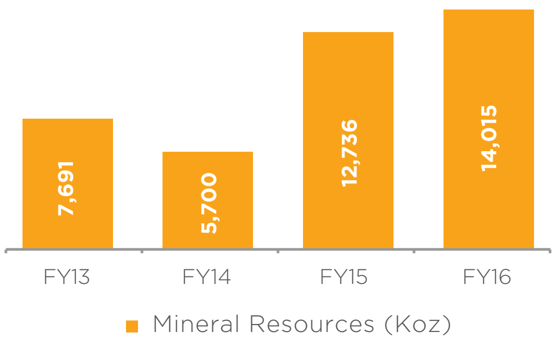
MINE CASH FLOW



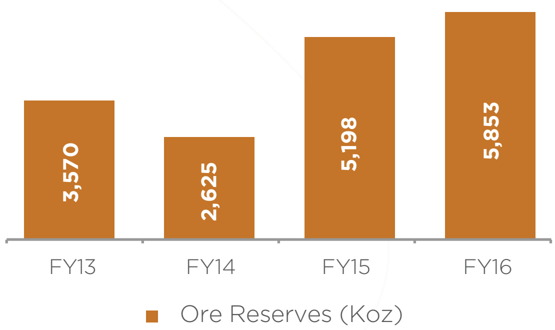
GROUP COSTS



MINERAL RESOURCES



ORE RESERVES



Note:

Production from FY13-FY15 was gold equivalent ounces. Gold equivalent is defined as gold plus payable silver from the A39 deposit at Mt Carlton.
FY16 will be gold ounces
For Mineral Resources and Ore Reserves, FY13 and FY14 figures are gold equivalent to take into account the A39 deposit at Mt Carlton

* Attributable Au eq ounces

1. AISC first provided in FY13 in accordance with World Gold Council Guidance Note definition

Act Like an Owner

In FY15 we launched an initiative encouraging people to nominate their colleagues who *Act Like an Owner*, with the best nominations receiving an award. *Acting Like an Owner* includes showing pride and commitment; being open to new ideas; supporting each other; being courageous, and doing the right thing for the long term.

Since inception, we have received more than 60 ideas which have saved us more than A$6 million per annum. Below are the list of winners in FY16 winners who strongly demonstrated what it means to *Act Like an Owner* at Evolution.

Winners of ALO awards in FY16

Removing and reusing redundant ladderway tubes (Cracow)

David Dooley, Underground Supervisor,
and Aaron Longden, Underground Superintendent

Identified a safe system to demobilise ladderway tubes in redundant escapeways which were causing significant restriction to the vent circuit and negatively affecting underground working conditions.

Cost saving of ~A$220,000 up front with further cost savings to be realised in future.

Reducing site freight costs (Cowal)

Carl, Beakey, Supply Chain and Contracts Superintendent

Identified that the Maintenance Department's Light Truck was underutilised and had the idea to use Cowal Stores personnel to utilise the truck to collect freight from the consolidation yard in town saving an estimated A$180,000 per year and reducing the number of contractors accessing site.

Helping other departments when needed (Mt Rawdon)

Josh Curtis, Boilermaker – Mobile Maintenance,
and Mick Williams, Production Supervisor – Mining

Reduced the potential downtime of the milling plant from over 24 hours to 11 hours by stepping in when mandatory fatigue breaks prevented the processing team from completing unplanned urgent tasks. This collaboration saved Mt Rawdon around A$195,000.

Remote vibration monitoring (Cowal)

David Shiel, Reliability Engineer

Detected excessive vibration on the Vertimill motor bearing using his personal iPad whilst at home and contacted the shift fitter to grease the motor before damage occurred. Had this gone undetected, the damage would have caused a process interruption and required an expensive repair estimated to be in excess of A$185,000.

Cheaper and more effective Cyclone Feed Pumps (Cracow)

Alan Matthysen, Engineering and Maintenance team

The Cracow team negotiated with Weir Warman (WW) to trial their 150EE-MCR pump at a cost of A$1 and that Cracow would only pay the cost of the pump once it had exceeded the run time and performance of the GravelMax. WW agreed. The pump is still in operation and is expected to achieve in excess of 6,000 run hours (from 1,150 hours) saving on cost of purchase of up to A$200,000; reduced cost of stock holding of up to A$69,000; reduced labour hours for rebuilds of up to 96 hours per year; less power (Kw) used for the same performance duty.

Improving cost and efficiency of underground delivery (Cracow)

Clint Wilson, Underground Maintenance

Mining personnel suggested that an unused service truck could be converted into a delivery truck. The converted truck would be used for delivering explosives, mesh and other mining consumables underground, enabling a greater load underground than previous delivery truck. Clint fabricated a new flatbed tray for approximately A$5,000 saving A$25,000 compared to the external quote of A$30,200. The benefits included reduced travel time, reduced frequency of underground delivery trips, reduced maintenance costs and time freed up for maintenance team.

Whiskers fitted to the EX123 (Mt Carlton)

Kim Barnicoat, Open Pit Supervisor and Rheed Eberle, Trainee and Assessor

Following their research and discussions with the wider mining group, Kim and Rheed agreed that the fabrication and installation of sacrificial whiskers welded into the sides of the rock breaker would protect the hydraulic hoses from making contact with the sides of the ROM bin and would eliminate the need for a spotter to stand on the apron of the crusher. The annualised cost benefit of A$240,000 includes machine down time, parts, labour and perceived ore contamination.

Cheaper and longer lasting paste fill paddles (Mungari)

Richard Ross and Glen Noble, Operators in the Frog's Leg Underground pastefill team

Identified a cast alternative to the pastefill paddles. Their supervisors approved a trial which resulted in the new paddles lasting four times as long and costing half the price. This equated to a saving of A$250,000 per year.

***Bradley McGinniss** – Trainee Truck Operator, Mt Rawdon operations*

***Guy Grant** – Electrical Supervisor, Mungari operations*
***Maurie Costello** – U/G Supervisor, Mungari operations*

Act Like an Owner (continued)

Act Like an Owner

Proactive response to power outage (Mungari)

Guy Grant, Electrical Supervisor, Frog's Leg Maintenance

During an electrical storm, power was lost to the Frog's Leg mine when lightning struck the power line. Whilst not on call over that weekend, Grant located the fault (assisted by Ryan Watts) and advised what equipment to mobilise for the repair. He also arranged for a grader from the mine to ensure access to the fault (muddy conditions) and IT to assist. As a result, the return to full underground production was at least four hours faster.

Solution to cap boreholes on exploration pads (Pajingo)

Stewart Burton, Field Technician

Stewart sourced a custom made tool that could be used in the process of capping exploration boreholes to prevent potential harm to fauna, negating the need for external contractors at an estimated cost saving of A$72,000.

Collaboration between sites to save money (Edna May and Cowal)

Luke Cox (Edna May Mine Manager), Tim Nicholson, Cowal Digger Operator, Greg Evans and Andrew Jennings, Cowal Workshop Supervisors

Abrasive rock at Edna May was wearing down the teeth and armour of the EX3600 excavator bucket resulting in significant unplanned downtime. Luke had noticed a spare EX3600 bucket at Cowal while on a visit. As Cowal uses 994B diggers, this part was not a critical spare. Following the approval of both sites GMs, this part was shipped to Edna May saving approximately A$350,000.

Assisting with breakdown whilst on parental leave (Cowal)

Brad Harrison, Fixed Plant Maintenance

Both recirculation crushers failed moments before planned maintenance on the discharge screen and replacement of the discharge line was to occur. The maintenance department was not equipped to deal with the multiple breakdowns. Whilst on parental leave, Brad came in on night shift to help out and 12 hours later, both crushers were running again.

Commitment and excellence in getting the job done (Sydney office)

Tammie Mitchell, Payroll Officer

Tammie consistently exhibits Act Like an Owner principles by going above and beyond what's needed to ensure all Evolution employees are paid on time.

Recovery of lost string of drill rods (Mungari)

Luke Bailey, Longhole Driller, and Luke Haysom, Production Engineer

A string of drill rods had become stuck in a hole whilst drilling blast holes. Luke Bailey drilled a nearby relief hole 22m up to the end of the stuck rods. Luke contacted Luke Haysom and suggested using a drill hole camera, purchased to inspect broken ground and blocked pastefill holes, to get an exact picture of the end of the stuck rods. A plan was then devised and executed resulting in the successful retrieval of A$20,000 worth of rods. The camera had not previously been used for this application.

Dart valve design (Mt Carlton)

Glenn Jarvis, Maintenance Supervisor, and Robert Payne, Maintenance Fitter

Glenn and Robert developed a new dart valve and seat design which was engineered and manufactured by Metso for trial at Mt Carlton. The new valves improved the maintainability and reliability of the dart valve mechanism with an estimated annual savings of A$35,000 in planned maintenance costs and A$175,000 in lost production where the original valves had failed in service.

Idea to combine shutdowns (Cowal)

Ivo Bonekamp, Process Superintendent

During the planning phase of the March 2016 shutdown, the Supply department advised that the required SAG mill liners would not be delivered on time. Rather than switch the April shut to March and vice versa, Ivo suggested that the March, April and May shutdowns be combined and executed in April. This initiative saved 55 hours of production downtime at an approximate cost of A$1.71 million and also provided the opportunity to trial an eight week shut cycle instead of the usual four weekly cycle. Moving the eight week cycle forward from January 2017 provided the added benefit of approximately 300 hours in production up-time.

Discovery

Evolution Mining is committed to growth through discovery and has assembled a world-class team of geoscientists with global experience across a broad range of deposit styles. Our tenements are located in well-endowed geologic terranes where we are confident we can unlock new high-value discoveries.

Our landholding encompasses 10,000km^2 which includes an option on 2,500km^2 in the Tennant Creek joint venture with Emmerson Resources Limited. Evolution's portfolio includes brownfield opportunities around our existing operations along with several greenfield projects in Australia and New Zealand.

We understand that exploration success in covered terranes like Australia requires application of innovative technology to shorten the timeframe to discovery. We are pioneers in 2D and 3D seismic geophysics in gold exploration. Our integrated approach employs novel geochemical processing and visualisation with advanced geophysical imagery to deliver quality targets across our exploration portfolio.

FY16 Highlights

- Positive results from Cowal E42 Stage H cutback resource definition drilling. Broad zones of consistent grade showing strong correlation with grade predicted in the resource model. New zones of mineralisation have been encountered along with extensions of existing zones outside the current cutback design. Seven diamond rigs are currently drilling onsite
- At Mt Carlton, drilling is confirming extensions of high-grade mineralization beyond the current open pit design. Results of the drilling will be incorporated in an assessment of potential development options including a pit extension or underground to access deeper mineralisation
- New discovery at Johnson's Rest, Mungari, with a best intersection of 10m (8.66m etw) grading 22.32g/t Au from 118m[1]. Drilling has continued to test for the continuity of mineralisation up to 1,500m along strike. The structure is open at depth and to the south
- Resource definition drilling at Mungari has extended mineralisation at the Frog's Leg underground orebody and at the White Foil open pit
- New structure identified at Cracow (Coronation, Zone 14) from resource definition drilling. Best intersection returned was 12.9m (10.9m etw) grading 10.35g/t Au in hole CNU1121[2]
- At the Tennant Creek joint venture, exploration drilling at Edna Beryl West tested depth and strike extensions of high-grade ironstone hosted gold mineralisation. Best results from the drilling returned intervals of 5m at 27.12g/t Au from 103m downhole (EBWRC003) and 13m at 8.7g/t Au from 133m downhole (EBWRC001)[2]
- FY17 exploration budget of A$25 – A$30M

1. This information is extracted from the report entitled "Quarterly Report for the period ending March 2016" released to the ASX on 21 April 2016 and available to view on www.asx.com.au. Intervals are down hole widths as true widths are not currently known. An estimated true width (etw) is provided
2. This information is extracted from the report entitled "Quarterly Report for the period ending June 2016" released to the ASX on 21 July 2016 and available to view on www.asx.com.au. Intervals are down hole widths as true widths are not currently known

Discovery (continued)

Cowal

Immediate focus on further near mine reserve expansion

Overview

- Ore Reserves increased from 1.56Moz to 2.85Moz (+83%) under Evolution ownership in FY16
- Prioritising E42 Stage H cutback and assessing upside in cutback
  - Current Life of Mine Plan includes Stage H cutback to access an additional 1.4Moz (adding five to six years to Life of Mine Plan)
- Potential beyond Stage H pit design
  - Exploring potential to extend cutback further west of the Stage H design pit (and evaluating potential for an underground scenario)
  - ~20,000m planned for FY17 – additional capital gated contingent on results of Stage H drilling
  - Satellite pits
    - Defining the extents of E41, E46, and Galway-Regal deposits to inform future studies on lake bund placement and infrastructure and provide additional information for future resources and reserves
    - Approximately 2,000m of diamond drilling and 2,700m of aircore completed in FY16
  - E46 Deeps underground
    - Timing of this drilling will be dependent on results from the programs beyond the Stage H design and pending review of site priorities

E42 Stage H Cutback

The E42 Stage H cutback resource definition diamond drilling is well underway to achieving an upgrade in resource classification and overall increase in Ore Reserves. Seven diamond drill rigs are currently undertaking surface drilling from the crest of the south-west wall of the E42 pit. The program continues to return excellent results and is scheduled for completion by the end of October. The resource model will be updated in January 2017.

In-fill drilling results have confirmed the continuity of mineralisation within the Stage H cutback design. Step-out drill holes have intersected new zones of mineralisation as well as extended the limits of mineralisation to the south-west of E42.

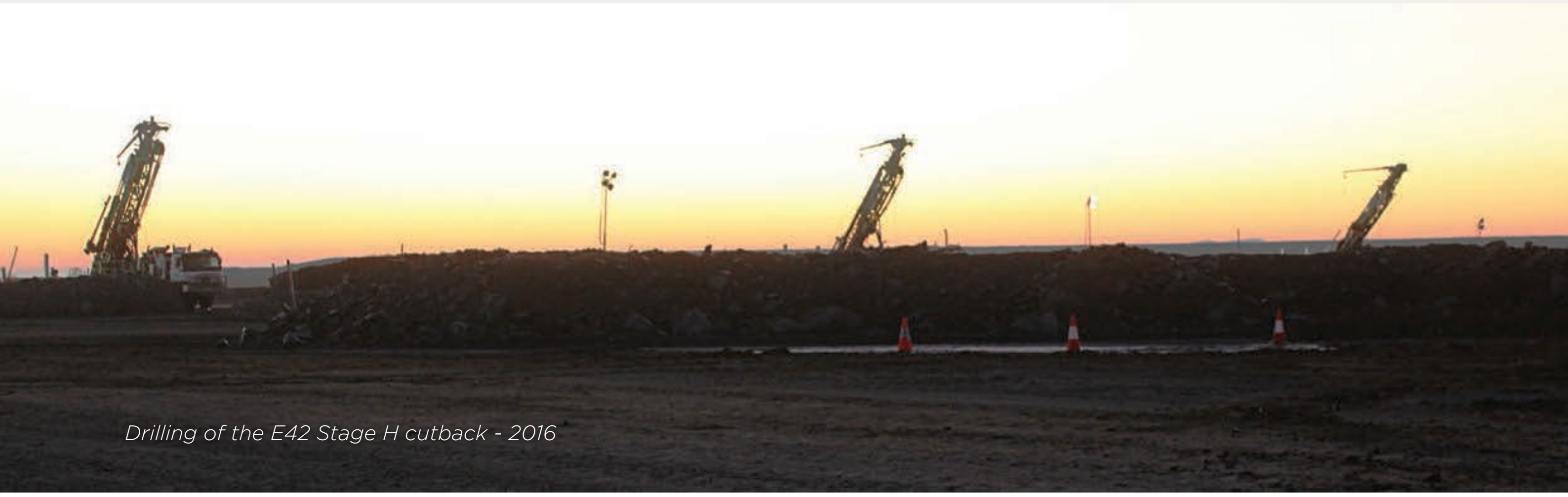
The occurrence of strong grades in the assay results is encouraging and indicates potential to improve the tenor of mineralisation in the deeper parts of the current mineral resource. Mineralisation remains open down plunge.

Galway-Regal

Six holes (E46D3244 – E46D3246 and 1535DD310 – 1535DD312) were drilled within the Galway-Regal area. The holes tested for depth extensions of rim-style mineralisation around the E42 complex. Drilling has intersected higher grades than previously predicted by the model; increased the confidence of the resource in the areas targeted; and intersected mineralisation outside of the Mineral Resource.

E46 West

Five holes were drilled to the west of E46 to test strike extensions of gold mineralisation along the west-dipping sediment-diorite contact. A number of holes intersected alteration and zones of mineralisation and warrant future follow up.



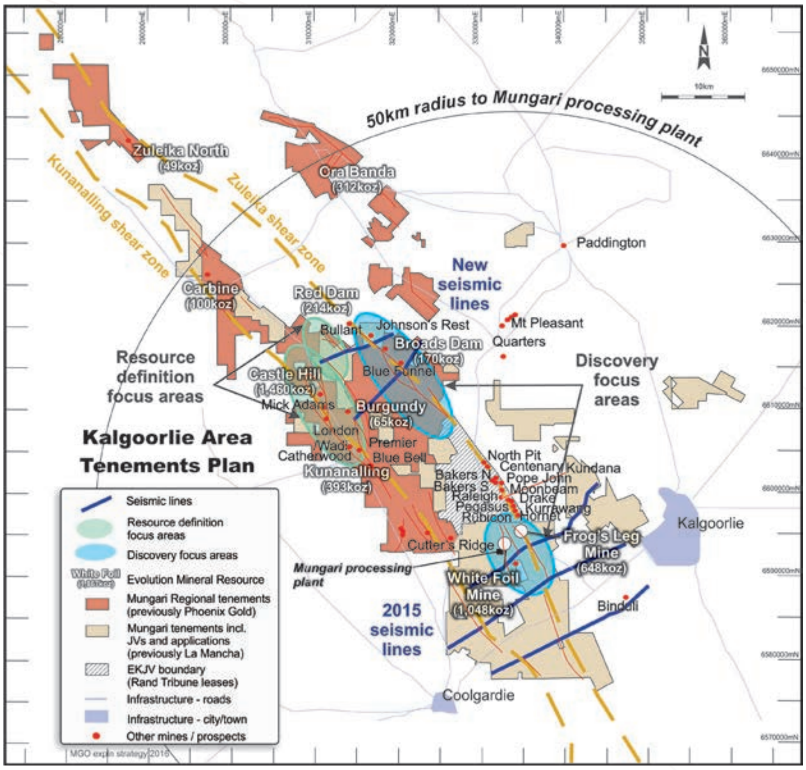
Drilling of the E42 Stage H cutback - 2016

Discovery (continued)

Mungari

A strategic gold province in the Eastern Goldfields

- Tenement package increased to ~880km^2 (from ~350km^2) post Phoenix Gold acquisition
- Land position in a world-class terrane with historic production of >10Moz gold
- Significant potential to expand production and extend mine life
- Potential for discovery of new high-grade underground resources
- Initial focus on resource model updates and drilling 15km of the highly prospective Zuleika Shear Zone
- Major drilling programs commenced March 2016 at Johnson's Rest and Innis, follow-up drilling planned at Strzelecki and along the Kunanalling Shear Zone
- Recent resource definition drilling has extended mineralisation at Frog's Leg and White Foil beyond December 2015 Ore Reserve limits



Regional exploration

The acquisition of Phoenix Gold by Evolution has produced a consolidated land position of approximately 880km^2 in the world-class Kalgoorlie Terrane. This combined land position includes tenements that cover 45 strike km of the fertile Zuleika Shear Zone and associated structures.

A number of drill programs were undertaken which included drilling at Johnson's Rest, Strzelecki and the Innis prospect. 4D studies commenced to fast track targeting and support the next phases of exploration in and around this highly prospective gold corridor. A depth of cover model and a detailed regolith map have highlighted a number of areas for further work.

Three 2D seismic lines were completed for a total 60 line km. The surveys traversed the southern part of the Mungari Project from the Kunanalling Shear Zone in the west across to the Zuleika Shear Zone in the east. The results have provided valuable insight to the deep geological architecture and has led to the development of a number of new target concepts that will be tested in FY17.

Discovery (continued)

Mungari (continued)

Johnson's Rest/Broad's Dam

Exploration drilling has focused on the Johnson's Rest/Broad's Dam area located 30km north-west of the Mungari processing plant. Drilling has defined a mineralised zone of 1,500 strike metres along the Zuleika Shear Zone. The best intersection returned is 10.0m (8.7m etw) grading 22.3g/t Au from 118m in BDRC086. Further work is ongoing to understand the significance of these results.

In addition to the Johnson's Rest drilling, a framework reverse circulation (RC) drilling campaign (104 holes for 20,947m) was undertaken to better understand the Broad's Dam/Zuleika geology.

Strzelecki

Five diamond holes were drilled during the quarter targeting a continuation of the Strzelecki structure between White Foil and Frog's Leg. RC pre-collar MERC673 returned 8m grading 2.2g/t Au from 17m and diamond hole LGDD011 returned 5.3m grading 1.3g/t Au from 15.7m[1].

Innis

Innis, located directly south of Frog's Leg, has been an area of continued exploration efforts in recent years. In 2015 hole PDRC0104D intersected 1.8m grading 29.5g/t Au from 155m including 1m grading 53.1g/t Au[1]. A follow-up hole failed to repeat the high grades however there is no drilling within 500m of this significant intercept. Further work will be undertaken in FY17.

Frog's Leg and White Foil resource definition drilling

Diamond drilling to test the strike and down-plunge extensions of mineralisation at Frog's Leg has confirmed the extension of high-grade mineralisation up to 80m below and 80m north beyond the limits of the December 2015 Ore Reserve.

At White Foil, drilling has confirmed the continuation of mineralisation up to 200m along strike and 40m below the southern limits of the December 2015 Ore Reserve. New assay results will be evaluated to determine the economic viability of a cut-back to the south of the White Foil open pit. Further resource definition drilling to test extensions of mineralisation below the centre and north of the current reserve pit is planned.

1. This information is extracted from the report entitled "Quarterly Report for the period ending December 2015" released to the ASX on 27 January 2016 and available to view on www.asx.com.au

Note: Reported intervals are down hole widths as true widths are not currently known

Discovery (continued)

Mt Carlton

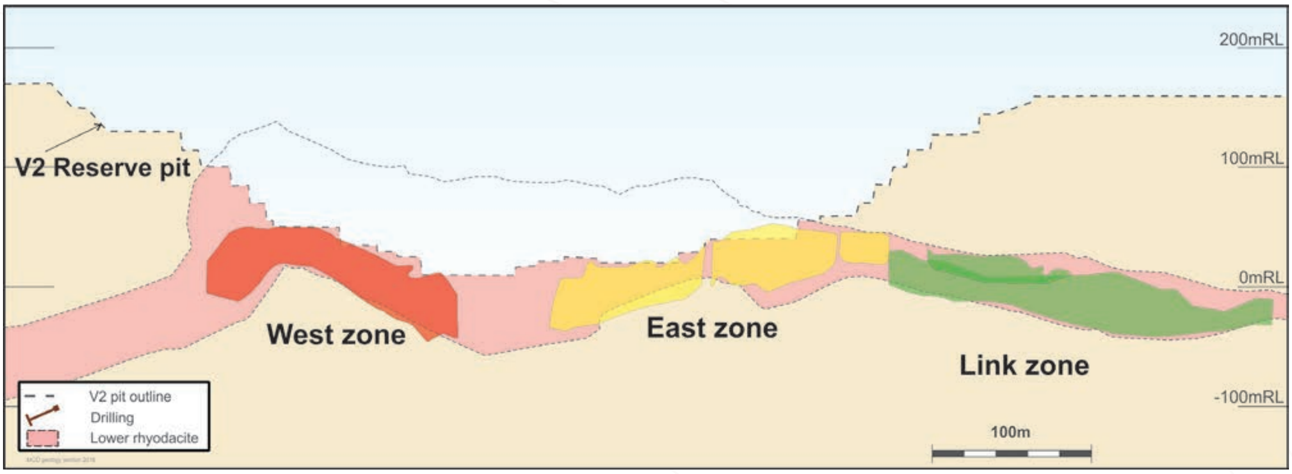
Opportunity for a pit extension and underground options to the V2 orebody

A major review of the geology, structure and mineralisation to enhance the understanding of the mineral controls at the Mt Carlton high-sulphidation deposit was undertaken during H2 FY16. This identified three high priority targets beneath the V2 pit, the West, East and Link zones. The best intersections returned to date include[1]:

- 15m (12.99m etw) grading 3.45g/t Au from 118m including 5m (4.33m etw) grading 6.84g/t Au (HC16DD1183) – East zone
- 15m (12.29m etw) grading 4.81g/t Au from 176m including 2m (1.88m etw) grading 17.20g/t Au (HC16DD1189) – East/Link Zone
- 13m (11.26m etw) grading 2.72g/t Au from 224m (HC16DD1193) – West zone

Drilling also tested for the repetition and extension of the V2 mineralisation along the north-east trending structural corridor. Results were encouraging with significant intersections being returned some 125m below surface and 200m east of the 2015 Ore Reserve pit.

Results of the drilling will be utilised to assess a range of future development options to access deeper mineralisation in feeder structures beneath the pit.



1. This information is extracted from the report entitled "Quarterly Report for the period ending June 2016" released to the ASX on 21 July 2016 and available to view on www.asx.com.au

Note: Reported intervals are down hole widths as true widths are not currently known. An estimated true width (etw) is provided

Cracow

Near mine exploration

Seismic targets within the Griffin and Phoenix South Corridor were tested and narrow quartz vein structures in the Phoenix South Corridor returned some high-grade, narrow gold intersections.

Regional exploration

Drill testing of the southern 2D2R seismic lines was completed. In addition, field mapping and sampling of several regional targets within the exploration permit minerals (EPM) was completed.

Coronation Resource Definition Drilling

Resource definition drilling at Coronation confirmed depth extensions of high-grade mineralisation and identified a fourth significant mineralised structure (a mineralised linking structure between Zone 10 and 12). Continued drilling of Coronation will result in an upgrade of Coronation Inferred Mineral Resources to the Indicated category in FY17. The best intersection returned was 12.9m (10.9m etw) grading 10.35g/t Au (CNU112). Resource definition drilling was also undertaken at Kilkenny, Killarney and Empire.

Discovery (continued)

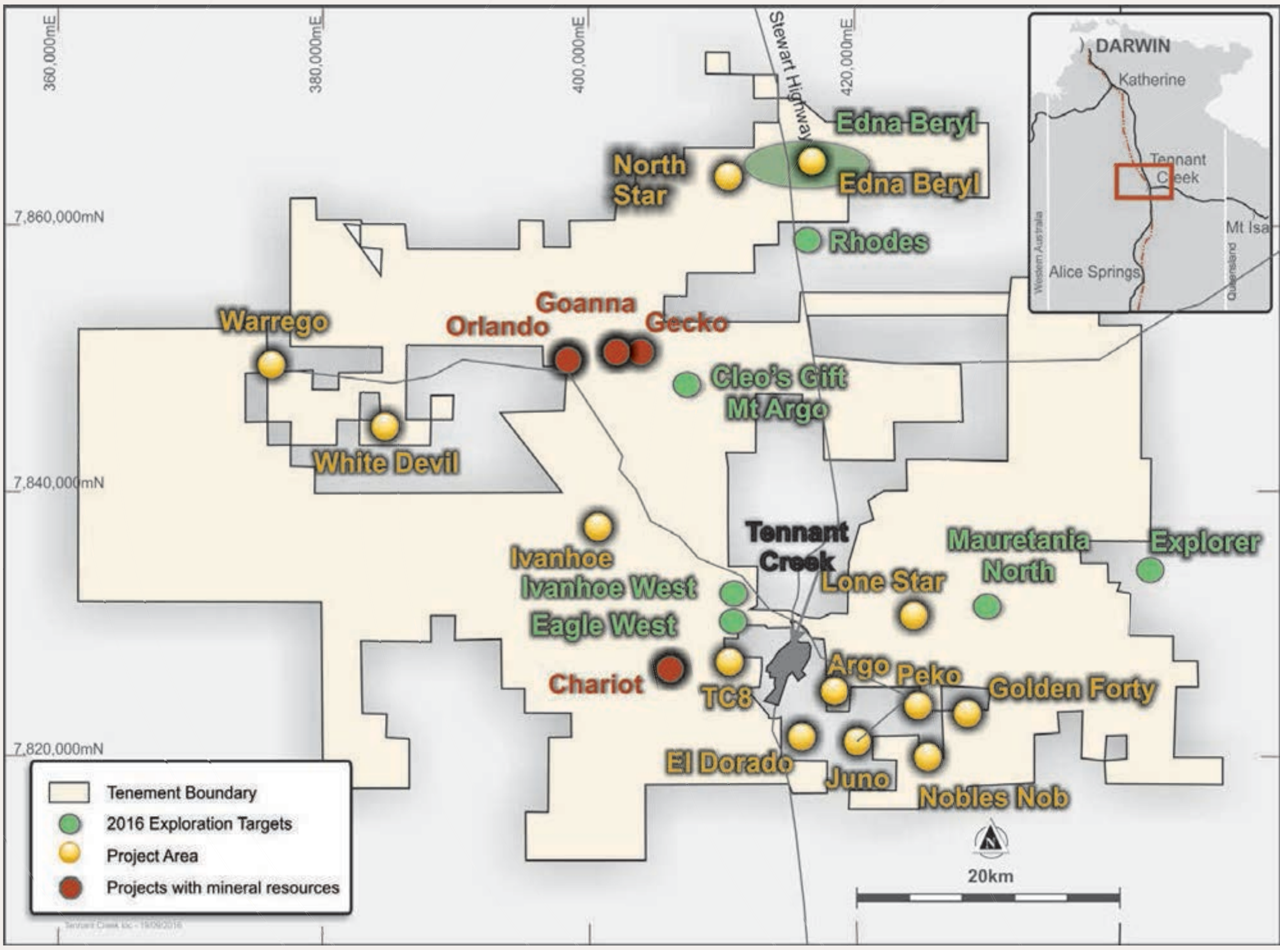
Tennant Creek JV

The Tennant Creek goldfield is historically the highest grade goldfield in Australia. Whereas resources have been traditionally small to medium sized, they have very high value owing to historically mined grades that have exceeded 10 to 15g/t gold.

At the Tennant Creek joint venture, exploration drilling at Edna Beryl West testing depth and strike extensions of high-grade ironstone-hosted gold mineralisation returned significant intersections including[1]:

- 5m grading 27.12g/t Au (incl. 2m at 51g/t Au) from 103m (EBWRC003)
- 13m at 8.7g/t Au (incl. 7m at 15g/t Au) from 133m (EBWRC001)
- 6m grading 13.2g/t Au from 120m, (incl. 3m at 15.7g/t Au) (EBWRC0015)
- 3m at 11.2g/t Au from 126m; and 9m at 5.33g/t Au from 135m (incl. 3m at 10.4g/t Au) (EBWRC018)

A follow-up drill program of 6,500m RC has commenced. The program will test extensions at Edna Beryl along with a number of new targets included in the recently acquired tenement along the Warrego-Orlando Corridor.



1. Full details of these exploration results are provided Emmerson Resource's ASX releases entitled "High-grade gold intersected at Edna Beryl West – Major drill program to commence immediately" lodged 19 May 2016 and "High-grade gold intersected at Edna Beryl – further results to follow" lodged 5 July 2016 Reported intervals are down hole widths as true widths are not currently known

Discovery (continued)

Puhipuhi

Evolution acquired 100% of the Puhipuhi project in May 2015 which covers 81km² in the Northland region of the North Island of New Zealand.

We believe this region is highly prospective for high-grade, low-sulphidation, epithermal gold and silver mineralisation. Very limited exploration utilising modern techniques and models has been deployed in the region since the 1980s.

Since acquiring the project we have undertaken extensive geophysics, stakeholder engagement and completed a comprehensive baseline environmental study in preparation for drilling.

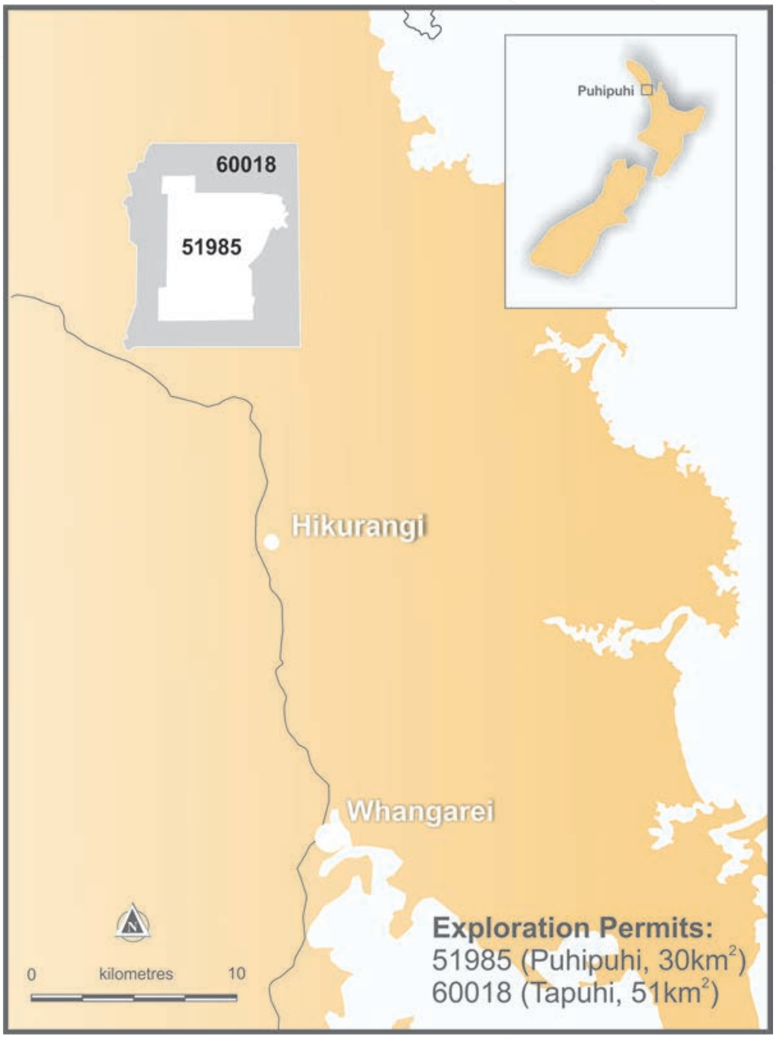
Previous work has identified pathfinder geochemical anomalies in soils which indicate a presence of a hydrothermal system potentially capable of producing gold and silver mineralisation. Within this area rock chips and limited (mostly) shallow drilling have returned a handful of high-grade gold assays.

Our geology model indicates that at surface we are seeing high levels of the epithermal system preserved. The gold rich parts, if present, are likely to be preserved deeper in the hydrothermal system.

Realising that target depths may be between 200 and 600m below surface we undertook in excess of 36 line km of CSAMT, (controlled source audio frequency magneto telluric) surveys.

This technique maps areas of resistive and conductive rocks in the subsurface. Resistors relate to zones of silicification and potentially quartz veins whereas conductors may indicate areas of clay alteration associated with this mineralisation style.

Drilling at the Puhipuhi project commenced in June 2016 to test CSAMT targets. This first phase of drilling will comprise ten holes for 4,000m of diamond drilling.



People and Culture

"We want our people's time at Evolution to be the highlight of their career. A time when they are challenged, rewarded and inspired."

Evolution Executive Chairman, Jake Klein

Evolution Mining continues to strive towards our goal of being a globally relevant mid-tier gold company. FY16 was a transformational year on this journey, with the acquisition and successful integration of two new assets, as well as acquiring Phoenix as a strategic landholding in support of the Mungari acquisition.

The successful execution of our long-term strategy requires full alignment and engagement from all parts of the business. We work hard to ensure we have the right people, in the right roles, with the right mindset.

We also aim to live and breathe our values of Safety, Excellence, Accountability and Respect. We encourage our employees to act like owners and work hard to ensure we consistently meet our public commitment of 'we say, we do, we deliver'.

In FY16, we continued to embed our values, shape our culture and provide an environment where people can succeed. Our focus has been on:

- The successful integration of the Cowal and Mungari assets
- Improvements to the core people processes of recruitment, on-boarding, performance planning and review and remuneration and benefits
- Continuing our focus on talent succession and development, with the introduction of a targeted front-line leader program designed to equip them with key skills to effectively lead their teams
- The Act Like an Owner program has continued to get focus and is now part of the DNA, with employees thinking and acting like owners and being recognised by their peers and managers. We again offered employees the opportunity to become actual owners, or increased owners, through an employee share offer
- Continuing to enhance our leadership capability across the organisation through the delivery of a number of Leadership programs

In addition to this, Evolution Mining continued its focus on making Evolution a great place to work. With this in mind, Evolution undertook an employee engagement survey. Participation rates were high and the feedback was very encouraging. A total of 98% of the participants said that they were willing to go above and beyond to get the job done and 92% said that they would recommend Evolution as a great place to work.

As well as creating development and career opportunities for existing employees, Evolution continues to look for opportunities to bring talented individuals into the organisation through the two year targeted Graduate program. Evolution has recruited nine new graduates that will commence in February 2017, in the disciplines of Mining, Geology, Geotechnical, OH&S, Environment, Finance, People and Culture and IT. Evolution Mining is confident that this investment will produce future leaders within the business in years to come.

FY17 will see a number of continuing and new initiatives that will help drive Evolution's strategy and achievement of key goals. These will include:

- The successful divestment of the Pajingo Gold Mine
- A continued focus on employee engagement via an engagement survey to ensure we continue to focus in areas that will enhance the workplace experience for our employees
- A renewed focus on the development and growth of our employees
- The continuation of the GOLD and Act Like an Owner programs
- The implementation of a fit for purpose people and culture system to drive efficiency, and productivity, as well as enhancing our people Leaders ability to effectively lead their people

Evolution believes that the above initiatives will contribute to a motivated and engaged workforce and ultimately drive achievement of our business objectives and shareholder value.







Environmental Responsibility

In FY16 we maintained an outstanding environmental performance across all our sites

This year we focused on integrating the new Evolution Operations into the business and continued our focus on environmental stewardship and assurance. This included the roll out and implementation of Evolution Environmental Protocols for the new sites (Cowal and Mungari) and an assurance audit program across all project sites.

The Evolution Environmental Assurance Audit Program is undertaken by our corporate office. The program reviews different risk areas and aspects from the site operating licence each quarter. This assurance program assists in the effective management and monitoring of environmental risk across the organisation.

The implementation of the Environmental Protocols continues to drive strong levels of focus and environmental stewardship across the Evolution Group.

Group-wide or regional environmental initiatives during FY16 included:

- Implementing the MonitorPro data management system across all operations
- Undertaking regular Assurance Audits at all operations
- Enhanced monthly environmental reporting processes
- Standardised Environmental Authority Project to align permit conditions across our Queensland operations
- Implementation of an environmental enhancement project at Edna May, where over 70,000 native species trees were planted around our operations
- Appointment of an Senior HSE Manager to the Board of the Lake Cowal Foundation to work with local stakeholders on protecting and enhancing Lake Cowal
- Cowal gold mine received recertification for ISO14001 and the International Cyanide Management Code during FY16
- Compliance with the Commonwealth National Pollution Inventory and National Greenhouse and Energy Reporting requirements
- Participation in a mine rehabilitation working group with other resource companies in Regional Queensland

Progressive rehabilitation activities have occurred at all operations over the past financial year including:

- Edna May – Southern Waste Rock Dump and farmland offsets near Corsini Waste rock stockpile
- Mt Carlton – Developed a Tailings Storage Facility (TSF) Cover Trial project that will be used to develop the most appropriate capping method for the TSF
- Pajingo – Venue/VNU waste rock stockpile areas
- Cracow – pit areas
- Mt Rawdon – The Northern Waste Rock Dump benches and we developed a Waste rock stockpile capping trial
- Mungari – Frog’s Leg and White Foil Waste rock stockpile progressive rehabilitation
- Cowal – Northern Waste rock stockpile

Community Spirit

Evolution Mining is committed to building relationships with our community stakeholders based on trust, mutual respect and genuine partnership.

We aspire to run and grow our operations, not just with the permission of our community stakeholders, but with their active support. Underpinning this relationship is our desire to always leave a positive legacy in the communities in which we operate.

We recognise that to protect and enhance our 'social license' we have to go above and beyond what is simply required by way of regulation and legislation, by playing our part in developing strong and sustainable communities.

We seek to partner with our community stakeholders, listen to and understand their needs and work together towards a common purpose. Our partnership approach to community relations goes to the core of our values of Accountability, Excellence, Respect and Safety.

Local Employment

The majority of our people live in or around the communities in which we operate. We provide work experience, scholarships, training and employment opportunities to our local communities.

>70% LOCAL EMPLOYMENT

We aim to maximise local employment at all our operations and exploration sites

Sustainable Community Development Projects (SCDP)

We are working with our community stakeholders to identify opportunities to partner on projects that deliver long-term, sustainable outcomes for the community. These are legacy projects aimed at providing benefits that last beyond the life of the mine, enabling the community to be resilient, to thrive and to be sustainable for the long term. Our first SCDP was with Gudjuda Aboriginal Reference Group in Home Hill, near our Mt Carlton operation and is already delivering benefits beyond those initially envisaged.

Local Procurement

Where possible we prioritise local procurement, ensuring our tender process enables local suppliers to participate and, importantly, working with them to develop their capability so they can compete and grow not only at Evolution but in the broader marketplace.

A$43M

DIRECT SPEND WITH LOCAL BUSINESSES

Partnership Approach

Our exploration project in Puhipuhi, New Zealand is an example of our partnership approach to community relations. Before commencing any exploration activity we introduced ourselves to key stakeholders, taking the approach to "seek to understand before being understood". In response to community concerns we commissioned a comprehensive environmental baseline study (including flora, fauna, surface and ground water, and stream sediment) to inform what we do and what we don't do and what environmental controls we need to put in place. Where possible we have procured locally in Northland, utilising local contractors and suppliers and employing local people.

Listening to Our Community

We conducted our second stakeholder perception survey across all our operations sites. We sought feedback from a broad range of stakeholders on their level of satisfaction with Evolution and level of support for the mine and on our performance in the areas of engagement, inclusiveness, business conduct, responsiveness, transparency and our community commitment and contribution. This was used to assess our performance against the 2014 baseline survey, to identify opportunities to improve our community relations, and to implement actions in response to this community feedback.

STAKEHOLDER PERCEPTION SURVEY

85% felt positive or very positive toward Evolution

Sustainable Community Development Project Gudjuda Aboriginal Reference Group

21 New Indigenous jobs created

25 New Indigenous traineeship opportunities

A$350k in additional Queensland Government funding

Nine trainees completed Cert I in Conservation & Land Management

Eight of these trainees subsequently secured employment at the end of their traineeship program

Mineral Resources and Ore Reserves

Group Ore Reserves as at 31 December 2015 are estimated at **158 million tonnes at 1.15g/t gold for 5.85 million ounces** compared with the estimate at 31 December 2014 of 134.9 million tonnes at 1.20g/t gold for 5.20 million ounces. The net increase of approximately 12% or 654,000 ounces is after accounting for mining depletion of 979,000 ounces.

Ore Reserves Highlights

Replacement of approximately 1.63 million ounces with increases at each individual operation (prior to mining depletion) including:

- Cowal (+976,000oz) – pit design changes and reduced cost assumptions
- Mt Carlton (+211,000oz) – improved understanding of the deportment of high-grade mineralisation
- Edna May (+174,000oz) – conversion of Underground Mineral Resources to Underground Ore Reserves following successful drilling programs

Group Mineral Resources as at 31 December 2015 are estimated at **337 million tonnes at 1.29g/t gold for 14.01 million ounces** compared with the estimate at 31 December 2014 of 306 million tonnes at 1.29g/t gold for 12.73 million ounces. The net increase of approximately 10% or 1,281,000 ounces after accounting for mining depletion of 979,000 ounces is primarily due to the acquisition of Phoenix Gold Limited's Mineral Resources. This was partially offset by the application of Evolution's more conservative estimation methodologies and economic constraints at White Foil (Mungari).

Mineral Resources Highlights

- An increase of approximately 2.26 million ounces prior to mining depletion including:
  - Mungari Regional (+2,765,000oz) – acquisition of Phoenix Gold Mineral Resources
  - Cowal (+270,000oz) – new model integrating E42, E41, E46, and Galway/Regal
  - Mt Rawdon (+190,000oz) – model changes and pit slope optimisation
- The increases were partially offset by the following decreases prior to mining depletion:
  - Mungari (-700,000oz) – model changes (grade estimation technique) at White Foil to align with Evolution methodologies and improved understanding of the geology following the acquisition of La Mancha's Australian assets and the application of economic constraints (A$1,800/oz pit optimisation shell). This material has not previously been considered part of the Life of Mine plan
  - Pajingo (-180,000oz) – application of mining parameters
  - Cracow (-115,000oz) – application of sterilisation zones (geotechnical) around historical workings and remnant material, and geological re-interpretation and re-estimation
  - Edna May (-125,000oz) – removal of Mineral Resources in open pit optimisation due to decision to develop an underground mine which resulted in the addition of 202,000oz of Underground Ore Reserves

Mineral Resources are reported inclusive of Ore Reserves and include all exploration and resource definition drilling information up to 31 December 2015 and have been depleted for mining to 31 December 2015.

↑12%

ORE RESERVES INCREASE
after mining depletion

5.8Moz

ORE RESERVES

Note: FY16 Mineral Resources include Pajingo and Twin Hills and Ore Reserves include Pajingo (as at 31 December 2015) - divested on 1 September 2016

Mineral Resources and Ore Reserves (continued)

Commodity Price Assumptions

Commodity price assumptions used to estimate the December 2015 Mineral Resources and Ore Reserves are either unchanged or similar to those used previously (December 2014 Mineral Resources and Ore Reserves):

- Gold: A$1,350/oz (A$1,350/oz)
- Silver: A$20.00/oz (A$20.00/oz)
- Copper: A$2.70/lb (A$3.00/lb)

JORC 2012 and ASX Listing Rules Requirements

The Mineral Resources and Ore Reserves statement included with this Report have been prepared in accordance with the JORC Code 2012 for all projects other than Twin Hills. The Twin Hills Mineral Resource was first disclosed under JORC Code 2004 requirements and has not been updated to JORC Code 2012 requirements as it is not currently classified as a material mining project. Following acquisition of Phoenix Gold Limited, Evolution commenced a systematic update of Mineral Resources over the former Phoenix tenements (renamed Mungari Regional) by applying the same estimation practices and assumptions as at other Evolution projects. Evolution's December 2015 Mineral Resources and Ore Reserves include an update of Castle Hill Stage 1 (Mick Adams and Wadi) at Mungari Regional. Evolution will constrain open pit resources to within an A$1,800 per ounce pit optimisation shell. As previously stated, this work is anticipated to reduce the current Mineral Resources at Mungari Regional. However, the potential to increase Mineral Resources with further drilling and potential for new discoveries at Mungari Regional is high. Norton Gold has the right to mine the Castle Hill Stage 1 deposit and Evolution will receive 50% of profits.

Group Mineral Resources and Ore Reserves summaries are tabulated on the following pages.

Divestment of Pajingo Gold Mine

The divestment of the Pajingo gold mine and surrounding exploration tenements on 1 September 2016 occurred outside of the reporting period (ASX release entitled "Completion of Pajingo Sale"). This change will be incorporated in Evolution's December 2016 Mineral Resources and Ore Reserves statement.

↑10%

MINERAL RESOURCES INCREASE

14.0Moz[1]

MINERAL RESOURCES

1. FY16 Mineral Resources include Pajingo and Twin Hills (as at 31 December 2015) – divested on 1 September 2016

Mineral Resources and Ore Reserves (continued)

DECEMBER 2015 GROUP ORE RESERVE STATEMENT											
Gold			Proved			Probable			Total Reserve		
Project	Type	Cut-off	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
Cowal[1]	**Open pit**	**0.40**	**39.93**	**0.71**	**906**	**59.47**	**1.02**	**1,941**	**99.40**	**0.89**	**2,848**
Cracow[1]	**Underground**	**3.50**	**0.50**	**6.11**	**98**	**0.56**	**5.12**	**92**	**1.06**	**5.59**	**190**
Pajingo[1]	**Underground**	**3.30**	**0.17**	**6.82**	**37**	**0.39**	**5.60**	**70**	**0.55**	**5.97**	**107**
Edna May[1]	Open pit	**0.50**	-	-	-	8.32	1.00	269	8.32	1.00	269
Edna May[1]	Underground	**2.50**	-	-	-	1.34	4.69	202	1.34	4.69	202
Edna May[1]	**Total**		**-**	**-**	**-**	**9.66**	**1.51**	**471**	**9.66**	**1.51**	**471**
Mt Carlton[1]	**Open pit**	**0.80**	**-**	**-**	**-**	**4.62**	**4.78**	**709**	**4.62**	**4.78**	**709**
Mt Rawdon[1]	**Open pit**	**0.30**	**0.51**	**0.53**	**9**	**33.92**	**0.78**	**855**	**34.43**	**0.78**	**864**
Mungari[1]	Underground	**2.90**	1.42	5.57	254	0.57	5.60	103	1.99	5.58	357
Mungari[1]	Open pit	**0.70**	0.65	1.00	21	5.28	1.69	288	5.93	1.62	309
Mungari[1]	**Total**		**2.07**	**4.13**	**275**	**5.85**	**2.07**	**390**	**7.92**	**2.61**	**665**
Total			**43.18**	**0.95**	**1,325**	**114.47**	**1.23**	**4,528**	**157.64**	**1.15**	**5,853**

December 2015 Group Mineral Resource Statement														
Gold			Measured			Indicated			Inferred			Total Resource		
Project	Type	Cut-off	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)	Tonnes (Mt)	Gold Grade (g/t)	Gold Metal (koz)
Cowal[1]	**Total**	**0.40**	**39.93**	**0.71**	**906**	**95.68**	**1.05**	**3,226**	**28.51**	**1.00**	**913**	**164.12**	**0.96**	**5,046**
Cracow[1]	**Total**	**2.80**	**0.34**	**10.57**	**115**	**1.00**	**6.53**	**210**	**1.08**	**5.15**	**178**	**2.42**	**6.48**	**504**
Pajingo	Open pit	0.75	-	-	-	0.09	2.30	7	0.06	4.34	8	0.15	3.09	14
Pajingo[1]	Underground	2.50	0.09	11.54	32	0.63	7.91	161	1.67	6.82	367	2.39	7.28	560
Pajingo	**Total**		**0.09**	**11.54**	**32**	**0.72**	**7.22**	**168**	**1.73**	**6.74**	**375**	**2.54**	**7.04**	**574**
Edna May[1]	Open pit	0.40	-	-	-	15.38	0.97	479	2.53	0.73	59	17.92	0.94	539
Edna May	Underground	2.50	-	-	-	1.13	7.68	278	0.10	7.62	23	1.22	7.67	301
Edna May	**Total**		**-**	**-**	**-**	**16.51**	**1.43**	**757**	**2.63**	**0.98**	**83**	**19.14**	**1.37**	**840**
Mt Carlton[1]	Open pit	0.35	0.08	9.09	24	8.38	3.09	834	-	-	-	8.46	3.15	858
Mt Carlton	Underground	2.50	-	-	-	-	-	-	0.16	5.35	27	0.16	5.35	27
Mt Carlton	**Total**		**0.08**	**9.33**	**24**	**8.38**	**3.10**	**834**	**0.16**	**5.35**	**27**	**8.62**	**3.19**	**885**
Mt Rawdon[1]	**Total**	**0.20**	**0.51**	**0.53**	**9**	**50.58**	**0.70**	**1,138**	**5.00**	**0.57**	**91**	**56.09**	**0.69**	**1,238**
Mungari[1]	Open pit	0.50	0.67	1.16	25	9.10	1.54	451	-	-	-	9.77	1.52	476
Mungari[1]	Underground	2.5/1.2	1.80	6.94	403	7.99	2.51	645	4.02	1.85	236	13.81	2.90	1,287
Mungari[1]	**Total**		**2.47**	**5.39**	**428**	**17.09**	**1.99**	**1,096**	**4.02**	**1.85**	**236**	**23.58**	**2.33**	**1,763**
Mungari Regional	**Total**		**0.49**	**1.96**	**31**	**27.43**	**1.46**	**1,289**	**26.85**	**1.60**	**1,385**	**55.75**	**1.54**	**2,767**
Twin Hills[+]	Open pit	0.50	-	-	-	-	-	-	3.06	2.10	204	3.06	2.10	204
Twin Hills[+]	Underground	2.30	-	-	-	-	-	-	1.56	3.90	194	1.56	3.90	194
Twin Hills[+]	**Total**		**-**	**-**	**-**	**-**	**-**	**-**	**4.62**	**2.68**	**398**	**4.62**	**2.68**	**398**
Total			**43.91**	**1.09**	**1,545**	**217.39**	**1.25**	**8,718**	**74.60**	**1.54**	**3,686**	**336.88**	**1.29**	**14,015**

Data is reported to significant figures to reflect appropriate precision and may not sum precisely due to rounding

1. Includes stockpiles + Twin Hills has not changed as it is being reported as 2004 JORC Code

Due to depletion of A39 at Mt Carlton and lower grade Ag, Cu for remaining resource at Mt Carlton, the 2014 Mineral Resources and Ore Reserves statement has been reported in gold ounces

Mungari Regional Mineral Resources: Evolution has updated Castle Hill Stage 1 only. Norton Gold has the right to mine Castle Hill Stage 1 and Evolution to receive 50% of the profits

Mineral Resources are reported inclusive of Ore Reserves

Competent Person Statement

The information in this statement that relates to the Mineral Resources and Ore Reserves listed in the table below is based on work, and fairly represents, information and supporting documentation prepared by a competent person whose name appears in the same row, who is employed on a full-time basis by Evolution Mining Limited and is a member of the institute named in that row. Each person named in the table below has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Noting however that the Twin Hills Mineral Resource was first disclosed under JORC Code 2004 requirements and has not been updated to JORC Code 2012 requirements as it is not a material mining project and has not materially changed since last reported. Each person named in the table below consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Activity	Competent Person	Institute
Cowal Mineral Resource	Joseph Booth	Australasian Institute of Mining and Metallurgy
Cowal Ore Reserve	Jason Floyd	Australasian Institute of Mining and Metallurgy
Mungari Mineral Resource	Andrew Engelbrecht	Australasian Institute of Mining and Metallurgy
Mungari Ore Reserve	Matt Varvari	Australasian Institute of Mining and Metallurgy
Mungari Regional Resource (Castle Hill Stage 1)	Michael Andrew	Australasian Institute of Mining and Metallurgy
Mt Carlton Mineral Resource	Matthew Obiri-Yeboah	Australasian Institute of Mining and Metallurgy
Mt Carlton Ore Reserve	Anthony Wallace	Australasian Institute of Mining and Metallurgy
Edna May Mineral Resource	Greg Rawlinson	Australasian Institute of Mining and Metallurgy
Edna May Open Pit Ore Reserve	Guy Davies	Australasian Institute of Mining and Metallurgy
Edna May Underground Ore Reserve	Ian Patterson	Australasian Institute of Mining and Metallurgy
Cracow Mineral Resource	Christopher Wilson	Australasian Institute of Mining and Metallurgy
Cracow Ore Reserve	Ian Patterson	Australasian Institute of Mining and Metallurgy
Pajingo Mineral Resource	Andrew Engelbrecht	Australasian Institute of Mining and Metallurgy
Pajingo Ore Reserve	Ian Patterson	Australasian Institute of Mining and Metallurgy
Mt Rawdon Mineral Resource	Hans Andersen	Australasian Institute of Mining and Metallurgy
Mt Rawdon Ore Reserve	Ross McLellan	Australasian Institute of Mining and Metallurgy
Twin Hills Mineral Resource	Michael Andrew	Australasian Institute of Mining and Metallurgy

The information in this statement that relates to the Mineral Resource estimate for Castle Hill Stage 3, Mungari Regional, is based on information compiled by Mr Brian Fitzpatrick, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Cube Consulting Pty Ltd.

The information in this statement that relates to the Mineral Resource estimates for Red Dam and Burgundy, Mungari Regional, is based on information compiled by Dr Sia Khosrowshahi, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is employed by Golder Associates Pty Ltd.

All other Mineral Resources estimated by Phoenix Gold Limited (Phoenix), Mungari Regional, other than those mentioned above are based on information compiled by Mr Ian Copeland, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and is a former employee of Phoenix.

Mr Fitzpatrick, Dr Khosrowshahi and Mr Copeland have sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which they have undertaken to qualify as a Competent Person as defined in the JORC Code 2012 and consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Board of Directors

Jacob (Jake) Klein, BCom Hons, ACA
Executive Chairman

Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as the Executive Chairman of Conquest Mining. Prior to that, Mr Klein was President and CEO of Sino Gold Mining Limited, where along with Mr Askew (director from 2002 and Chairman from 2005 of Sino Gold) he managed the development of that company into the largest foreign participant in the Chinese gold industry. Sino Gold was listed on the ASX in 2002 with a market capitalisation of A$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over A$2 billion. Mr Klein is currently a Non-Executive Director of Lynas Corporation Limited (since August 2004), a company with operations in Australia and Malaysia, and formerly a Non-Executive Director of OceanaGold Corporation, a company with operations in the Philippines, USA and New Zealand. Both Lynas Corporation and OceanaGold are ASX-listed companies.

Lawrie Conway, BBus, CPA
Finance Director and Chief Financial Officer

Mr Conway was appointed Finance Director and Chief Financial Officer of Evolution Mining Limited with effect from 1 August 2014 (previously a Non-Executive Director). Mr Conway has more than 26 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile with Newcrest and prior to that with BHP Billiton. He most recently held the position of Executive General Manager – Commercial and West Africa with Newcrest Mining where he was responsible for Newcrest's group Supply and Logistics, Marketing, Information Technology and Laboratory functions as well as Newcrest's business in West Africa.

Colin (Cobb) Johnstone, BEng (Mining)
Lead Independent Director, Chairman of the Risk Committee and Member of the Audit Committee

Mr Johnstone is a mining engineer with over 30 years' experience in the resources sector. He has served as General Manager at some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, the Olympic Dam Mine in South Australia and the Northparkes Mine in New South Wales. International experience includes Senior Vice President and Chief Operating Officer for the Iron Ore Company of Canada and Joint Venture General Manager for Alumbrera, a major open cut copper-gold mine in Argentina. Mr Johnstone was Vice President of Operations and Chief Operating Officer at Equinox Minerals Limited, a company with operations in Zambia, prior to the C$7.3 billion acquisition by Barrick Gold Corporation in 2011. Prior to that role, Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited, where he oversaw the development and operation of gold mines in China.

Board of Directors (continued)

Naguib Sawaris
Non-Executive Director

Mr Sawiris is Chairman of the advisory board of La Mancha, Chairman of the Board of Orascom TMT Investments S.a r.l., and Executive Chairman and Chief Executive Officer of Orascom Telecom Media and Technology Holding S.A.E. The Sawiris Family have substantial interests in the telecom, construction and fertiliser, cement, real estate and hotel development industries and other businesses. Mr. Sawiris founded Orascom Telecom Holding and developed it into a leading regional telecom player until a merger with Vimpelcom Ltd created the world's sixth largest mobile telecommunications provider. Mr. Sawiris has received a number of honorary degrees, industry awards and civic honours, including the Legion d'honneur the highest award given by the French Republic for outstanding services rendered to France, the Honor of Commander of the Order of the Stella della Solidariet Italiana, the prestigious Sitara-e-Quaid-e-Azam award for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector work. Mr. Sawiris serves on a number of additional Boards, Committees and Councils including the Advisory Committee to the NYSE Board of Directors, the International Advisory Board to the National Bank of Kuwait, the Egyptian Council for Foreign Affairs and the Arab Thought Foundation. Mr Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zurich and a Diploma from the German Evangelical School, Cairo, Egypt.

James Askew, BEng (Mining), MEngSc, FAusIMM, MCIMM, MSME (AIME), MAICD
Non-Executive Director, Member of the Risk Committee and Member of the Nomination and Remuneration Committee

Mr Askew is a mining engineer with more than 40 years' broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. Mr Askew has served on the boards of numerous mining and mining services companies, which currently include OceanaGold Limited (chairman since November 2006), a company with operations in the Philippines, USA and New Zealand, Asian Mineral Resources (since 2012), a company with operations in Vietnam, and Syrah Resources Limited (chairman since October 2014), a company with operations in Mozambique and plans for operations in the USA.

Sébastien de Montessus
Non-Executive Director, Member of the Nomination and Remuneration Committee

Mr de Montessus is the Executive Director and CEO of Endeavour Mining Corporation. He was previously the Chief Executive Officer of the La Mancha Group since 2012, and under his leadership La Mancha doubled its production through optimization efforts before undergoing a portfolio restructure which enabled the Sawiris family to become the main shareholder of Evolution Mining, a leading Australia gold miner, and of Endeavour Mining in November 2015. In September 2015, Mr de Montessus was appointed to the board of Evolution Mining. Mr de Montessus was previously a member of the Executive Board and Group Deputy CEO of AREVA Group (a world leader in nuclear energy) and CEO of AREVA Mining (uranium). Mr de Montessus was a Board member of ERAMET, a world leader in alloying metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (Mergers and Acquisition and Equity Capital Markets). Mr de Montessus is a business graduate from ESCP-Europe Business School in Paris.

Board of Directors (continued)

Graham Freestone, BEc (Hons)
Chair of the Audit Committee and Member of the Risk Committee

Mr Freestone has more than 45 years' experience in the petroleum and natural resources industry. He has a broad finance, corporate and commercial background obtained in Australia and internationally through senior finance positions with the Shell Group, Acacia Resources Limited and AngloGold Ashanti Limited. Mr Freestone was the Chief Financial Officer and Company Secretary of Acacia Resources Limited from 1994 until 2001. From 2001 to 2009 he was a non-executive director of Lion Selection Limited and from 2009 to 2011 he was a non-executive director of Catalpa Resources Limited.

Thomas (Tommy) McKeith, BSc (Hons), GradDip Eng (Mining), MBA
Non-Executive Director, Chair of the Nomination and Remuneration Committee and Member of the Audit Committee

Mr McKeith is a geologist with more than 25 years' experience in various mine geology, exploration and business development roles. He was formerly Executive Vice President (Growth and International Projects) for Gold Fields Limited where he was responsible for global greenfields exploration and project development. Mr McKeith was also Chief Executive Officer of Troy Resources Limited and has held Non-Executive Director roles at Sino Gold Limited, Avoca Resources Limited and is currently the Non-Executive Chairman of ABM Resources NL.

Amr El Adawy
Alternate Non-Executive Director for Sebastien de Montessus

Mr Adawy is the Chief Financial Officer of the La Mancha Group. He is an international finance executive, with 20 years' experience in finance and management in telecoms and retail sectors. Prior to joining La Mancha he served as Chief Financial Officer of WIS Telecom (since 2010) and at the same time was Chief Executive Office of the Italian subsidiary, MENA SCS SpA (since 2011). Prior to joining the Orascom group, Mr Adawy held senior finance management positions in several multinational companies, such as Adler-France, Pepsi Cola – France and in a JV of Carrefour – France with Majid Al Futtaim group for its activity in the Middle East. Mr Adawy holds a Finance Management and Accounting degree from CNAM of Paris.

Vincent Benoit
Alternate Non-Executive Director for Naguib Sawaris

Mr Benoit has over 25 years of Corporate Finance, Investors Relations, and M&A experience in the mining, energy, and telecom sectors. Prior to joining Endeavour, he was EVP Strategy and Business Development of La Mancha where he successfully led the group's portfolio restructuring which repositioned La Mancha as a leading private mining investor through the strategic alliances formed with Evolution Mining Limited and Endeavour Mining. Previously, as EVP Merger and Acquisitions at Orange, he was responsible for the development of the group's African footprint, its European portfolio restructuring, and forming strategic partnerships. At Orange, he was also Head of Strategy and Investor Relations. Mr Benoit held various finance positions including with Areva, Bull Information System, and PwC. He holds a business degree from ESC-Bordeaux Business School and is a registered Chartered Accountant. He is a Board member of Euronews.

John Rowe, BSc (Hons) ARSM, MAusIMM
Non-Executive Director

Resigned as Non-Executive Director effective 31 March 2016.

Chief Financial Officer's Review

It is with great pleasure that we were able to report our strongest financial performance on record in the 2016 financial year. These results are a testament to the efforts of all our employees and contractors during this time.

The business once again delivered on production and cost guidance. Evolution posted a record underlying profit after tax of A$226.9 million for the year ended 30 June 2016, an increase of 114% on FY15. This increase in underlying profit after tax was driven by record production, a strong focus on cost control and a favorable Australian dollar gold price. The acquisition and integration of two new operating assets, Cowal and Mungari, at the start of the financial year drove a lot of the change in the financial performance of the business.

Evolution reported a statutory net loss after tax of A$24.3 million in the 2016 financial year. This included one-off transaction and non-operating costs which have been excluded from our underlying profit after tax. These costs included acquisition and integration costs of A$54.7 million – of which the majority were one-off stamp duty costs, fair value amortisation and expenses of A$88.3 million incurred on the Cowal and Mungari acquisitions. We wrote off A$35.3 million of goodwill on the Mungari acquisition (all script transaction) which related to the appreciation in the Evolution share price from the date of announcing the transaction to the date of the transaction completing. Evolution also incurred an impairment on assets of A$77.3 million as a result of reclassifying Pajingo to assets held for sale following the receipt of binding offers post the end of the financial year.

Total production for the year increased 84% to 803,476oz despite a 9% decline in the average grade processed to 1.77g/t. This higher gold production was largely achieved as a result of the first year of inclusion of Cowal and Mungari which contributed 29% and 17% of Evolution's total production respectively. Mt Carlton was the largest contributor of the original assets, accounting for 14% of Evolution's total production following a 45% increase in production from the mine on the prior year.

Record mine operating cash flow of A$628.4 million and record net mine cash flow of A$428.2 million were achieved during the year, representing improvements of 105% and 211% respectively from the prior year. All operations were cash flow positive after all sustaining and major capital expenditure, including capital stripping. The strong free cash flow generation of Evolution's asset portfolio enabled the repayment of A$322.0 million of debt during the 2016 financial year.

Revenue for the year ended 30 June 2016 was up 100% to A$1.3 billion which was largely as a result of the first year of inclusion of Cowal and Mungari. These operations contributed revenues of A$375.3 million and A$232.5 million respectively. The original five mine sites contributed A$720.7 million which is an increase on the prior year of 8%. This can be largely attributed to an outstanding performance at Mt Carlton, which offset operational issues at two other sites, along with a 7% increase in the average achieved gold price to A$1,597/oz.

Deliveries into the hedge book were 274,879oz at an average price of A$1,593/oz. The remaining 540,710oz were sold at spot price achieving an average price of A$1,599/oz. Additionally, the Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017. Evolution's outstanding hedge book as at 30 June 2016 was a total of 706,989oz at an average price of A$1,624/oz for deliveries each quarter out until June 2020.

Operating costs, excluding depreciation, amortisation and fair value adjustments of A$422.8 million, increased to A$674.2 million as a result of the first year of inclusion of Cowal and Mungari. These two new assets accounted for operating costs of A$153.1 million and A$117.5 million respectively. The operating costs for the existing five mine sites were A$403.6 million, an increase of 12% on prior year operating costs. The main increase in operating costs were at Edna May and Mt Rawdon as they transitioned to operating waste stripping in the open pits from capital waste stripping in the previous year. Evolution continues to place a strong focus on cost control over operating activities and anticipates further efficiencies in FY17.

Chief Financial Officer's Review (continued)

Evolution's all-in Sustaining Costs (AISC) decreased 2% to A$1,014/oz in the 2016 financial year despite the 9% drop in average grade mined. Mt Carlton was Evolution's lowest cost asset with an AISC of A$742/oz representing a decrease of 23% on the prior year. The two new assets, Cowal and Mungari, delivered low cost ounces with an AISC of A$776/oz and A$1,024/oz respectively.

Total exploration expenditure for the year ended 30 June 2016 was A$27.8 million with an exploration expense of A$13.8 million.

Capital expenditure increased by 19% to A$200.2 million driven by the two new assets, Cowal and Mungari, which added A$29.4 million and A$33.0 million respectively. Capital expenditure consisted of sustaining capital, including near mine exploration and resource definition of A$107.0 million and mine development of A$93.2 million.

Our balance sheet is an extremely strong position. On closing the Cowal transaction our gearing peaked at 32% last July. Since then we have reduced gearing to 15% by the end of the year. This not only reflects the quality of the portfolio but more significantly demonstrates our commitment to ensure that our balance sheet is protected. We repaid A$322 million during the year to be 15 months ahead of our commitments on our term facility and we had cash and undrawn debt available of A$220 million at the end of the year.

Following completion of the sale of Pajingo in September 2016, we received A$42 million in cash which increases our liquidity. We intend to direct these proceeds to our debt facility.

In June 2016, the Directors approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 4% of the Evolution's sales revenue. The change in policy doubled the payout ratio from the previous level of 2% to 4% of revenue (relating to sales in the six month period to 30 June 2016). The new policy was applied to the final dividend for 2016.

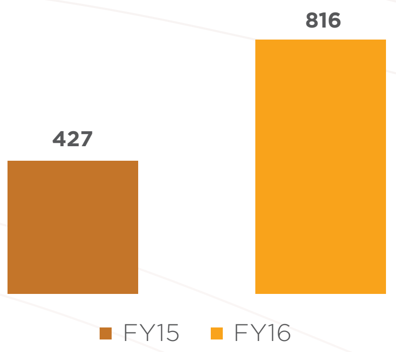
A total of 3 cents in dividends was declared during the year. There have now been seven consecutive dividends paid in each half-year since Evolution introduced its revenue-linked dividend policy in February 2013.

Following the sale of Pajingo and the acquisition of the economic interest in Ernest Henry, Evolution is forecasting Group production in FY17 of 800,000 – 860,000 ounces gold equivalent at All-in Sustaining Cost in the range of A$900/oz – A$960/oz.

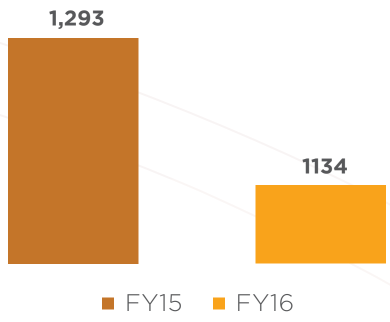
In conclusion, the 2016 financial year was an excellent year for Evolution. We are pleased to have been able to leverage this operating and financial success to continue to upgrade the quality of our asset portfolio. We are committed to maintaining our discipline in driving down costs which will see a continued focus on cash generation. We are also actively investing in the future to ensure the sustainability of our business and are confident in our ability to continue to deliver superior shareholder returns.

LAWRIE CONWAY
FINANCE DIRECTOR and CHIEF FINANCIAL OFFICER

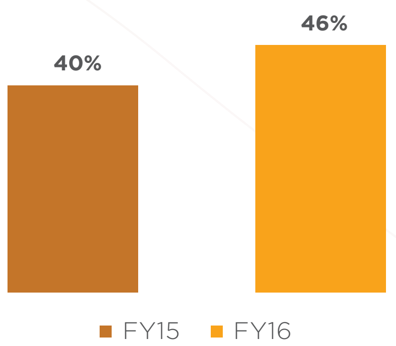
GOLD SALES (KOZ)[1]
(UP 91%)



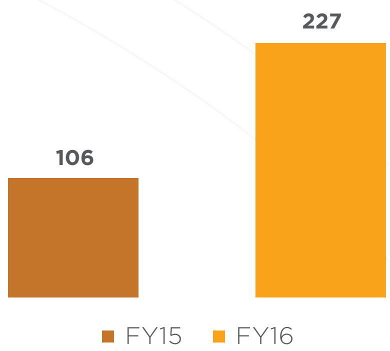
AIC (A$/OZ)[2,3]
(DOWN 12%)



EBITDA MARGIN[2]
(UP 15%)



UNDERLYING PROFIT (A$M)
(UP 114%)



1. Gold sales are gold only – not gold equivalent
2. EBITDA margin and AIC are non-IFRS financial information and are not subject to audit
3. Includes C1 cash cost, plus royalty expense, sustaining capital, general corporate and administration expense, growth (major project) capital and discovery expenditure. Calculated on per ounce sold basis

Evolution Mining Limited Annual Financial Report

Contents

Directors' Report

Directors' Report

The Directors present their report on the consolidated entity ("the Group") consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2016 ("the period").

Directors

The following persons were Directors of Evolution Mining Limited during the financial year and until the date of this report. Directors were in office for this entire period unless otherwise stated.

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
James (Jim) Askew	Non-Executive Director
Graham Freestone	Non-Executive Director
Colin (Cobb) Johnstone (i)	Lead Independent Director
Thomas (Tommy) McKeith	Non-Executive Director
Naguib Sawaris (ii)	Non-Executive Director
Sebastien de Montessus (ii)	Non-Executive Director
Vincent Benoit (iii)	Alternate Non-Executive Director for Naguib Sawaris
Amr El Adawy (iii)	Alternate Non-Executive Director for Sebastien de Montessus
John Rowe (iv)	Non-Executive Director

(i) Appointed as Lead Independent Director effective 25 November 2015.
(ii) Appointed as Non-Executive Director effective 1 September 2015.
(iii) Appointed as Alternate Non-Executive Director effective 1 September 2015.
(iv) Resigned as Non-Executive Director effective 31 March 2016.

Company Secretary

The name of the Company Secretary during the whole of the year ended 30 June 2016 and up to the date of this report is as follows:

Evan Elstein

Principal activities

The Group's principal activities during the financial year were operating, identifying and developing gold related mining projects in both Australia and New Zealand.

There were no significant changes in the nature of the activities of the Group during the period, other than those included in the key highlights on page 54.

Dividends - Evolution Mining Limited

In June 2016, the Directors approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 4% of the Group's sales revenue. The change in policy doubled the payout ratio from the previous level of 2% to 4% of revenue (relating to sales in the six month period to 30 June 2016). The change is effective immediately and has been applied to the final dividend for 2016.

The Board has confirmed that Evolution is in a position to pay a final dividend for the current period to 30 June 2016 of 2 cents per share unfranked, totalling $29.365 million. Evolution shares will trade excluding entitlement to the dividend on 24 August 2016, with the record date being 26 August 2016 and payment date of 23 September 2016.

In relation to Evolution's dividend policy, the Board of Directors approved the implementation of a Dividend Reinvestment Plan ("DRP"). The DRP allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The allotted shares in respect of the FY16 final dividend will be issued at a 5.0% discount to the daily VWAP for the 5 days immediately after the record date.

Dividends - Evolution Mining Limited (continued)

The Company paid a final unfranked dividend (relating to sales in the six month period to 30 June 2015) of $14.405 million in October 2015 and an interim unfranked dividend (relating to sales in the six month period to 31 December 2015) of $14.657 million in March 2016.

Dividends paid, pre DRP, to members during the financial year were as follows:

	30 June 2016 $'000	30 June 2015 $'000
Final dividend		
Final dividend for the year ended 30 June 2015 of 1 cent per share unfranked (30 June 2014: 1 cent per share unfranked) per fully paid share paid on 2 October 2015	**14,405**	7,132
Interim dividend		
Interim dividend for the period ended 31 December 2015 of 1 cent per share unfranked (31 December 2014: 1 cent per share unfranked) per fully paid share paid on 29 March 2016	**14,657**	7,149
	29,062	14,281

Review of operations

Overview

Evolution is a leading, growth-focused Australian gold miner. The Group consists of seven wholly-owned operating gold mines: Cowal in New South Wales, Cracow, Pajingo, Mt Carlton and Mt Rawdon in Queensland and Mungari and Edna May in Western Australia.

The Group's strategy is to deliver shareholder value through efficient gold production, growing gold reserves and developing or acquiring assets to improve the quality of the portfolio. Since its formation in November 2011, the Group has built a strong reputation for operational predictability and stability through a record of consistently achieving production and cost guidance. This has been achieved primarily as a result of the Group owning a number of similar sized mines, rather than a single mine or one dominant mine like many of its peers. This portfolio approach to production provides Evolution with a Group-wide level of operational stability and predictability. The Group's high-performance team culture, clearly defined business plans and goals, and locations within Australia and New Zealand, further contribute to delivering reliable and consistent results.

To build a sustainable business, the Group maintains a strong commitment to growth through exploration and a disciplined methodical approach to business development through opportunistic, logical, value-accretive acquisitions. The Group is actively involved in these activities within Australia and most recently New Zealand. Both jurisdictions are highly attractive destinations due to the location of the Group's asset base and management knowledge, low political risk, high gold endowment, weakening Australian dollar (which benefits US dollar denominated gold revenue) and an environment of low inflation.

The Group posted a record underlying profit after tax of $226.884 million (30 June 2015: profit $106.050 million) and a statutory net loss after tax of $24.349 million (30 June 2015: profit $100.115 million) for the year ended 30 June 2016. This increase in underlying profit after tax was driven by record production, a strong focus on cost control and a favourable Australian dollar gold price.

Review of operations (continued)

Overview (continued)

The statutory net loss after tax includes one-off transaction and non-operating costs which have been excluded from the Group's underlying profit after tax. These costs include acquisition and integration costs of $54.681 million, impairment of goodwill of $35.270 million, and fair value amortisation and expenses of $88.317 million incurred on the Cowal, Mungari and Phoenix acquisitions. The Group also incurred an impairment on assets of $77.330 million as a result of reclassifying the Pajingo asset to held for sale.

Total production for the year increased 84% to 803,476oz despite a decline in the average grade processed by 9% to 1.77g/t (30 June 2015: 437,570oz, 1.94g/t). This was largely achieved as a result of the first year inclusion of Cowal and Mungari which contributed 29% and 17% of the Groups total respectively. Mt Carlton was the largest contributor of the existing assets with 14% of the Groups total, a 45% increase on the prior year.

A record net mine cash flow of $428.203 million (30 June 2015: $137.793 million) was also achieved during the year, representing a 211% improvement over the prior year. All operations were cash flow positive after all sustaining and major capital expenditure, including capital stripping.

The consolidated operating and financial results for the current and prior period are summarised below. All $ figures refer to Australian thousand dollars (A$'000) unless otherwise stated.

Key Business Metrics	30 June 2016	30 June 2015	% Change
Total underground ore mined (kt)	1,479	920	61%
Total underground lateral development (m)	11,912	11,179	7%
Total open pit ore mined (kt)	16,331	6,306	159%
Total open pit waste mined (kt)	35,125	22,950	53%
Processed tonnes (kt)	16,242	7,932	105%
Gold grade processed (g/t)	1.77	1.94	(9)%
Gold production (oz)	**803,476**	**437,570**	**84%**
Unit cash operating costs (A$/oz) (i)	722	711	(2)%
All in sustaining cost ($/oz) (i)	1,014	1,036	2%
All in cost ($/oz) (i)	1,134	1,293	12%
Gold price achieved (A$/oz)	1,597	1,489	7%
Silver price achieved (A$/oz)	21.37	20.83	3%
Total revenue	1,328,614	665,958	100%
Cost of sales (excluding D&A and fair value adjustments)	(674,226)	(360,525)	(87)%
Corporate, admin, exploration and other costs (excluding D&A)	(46,837)	(32,777)	(43)%
EBIT (i)	272,100	119,935	127%
EBITDA (i)	607,551	272,656	123%
Statutory profit after income tax expense	**(24,349)**	**100,115**	**(124)%**
Underlying profit after income tax expense	**226,884**	**106,050**	**114%**
Capital expenditure	200,214	168,231	(19)%
Net mine cash flow	428,203	137,793	211%

(i) EBITDA, EBIT, Unit cash operating cost, All in sustaining cost (AISC), and All in cost (AIC) are non-IFRS financial information and are not subject to audit.

Review of operations (continued)

Key Highlights for the Year

Key highlights for the year ended 30 June 2016 include:

- Safety of our people is of paramount importance and our focus has been demonstrated through maintaining a steady total recordable injury frequency rate (TRIFR) of 9.7 (30 June 2015: 9.6).
- During the year the Group reached a record production milestone of 803,476oz. This was the mid range of upgraded guidance for the year of 770,000 - 820,000oz.
- All in Costs reduced 12% to $1,134/oz during the year, as a result of a sustained focus on cost reduction and productivity improvements. The Group achieved savings on a number of supply contracts in addition to the successful integration of Cowal and Mungari assets.
- All mines contributed a positive cash flow for the year resulting in a record mine cash flow of $428.203 million.
- During the year the Group strengthened its balance sheet through the voluntary and early repayments of $322 million on the Senior Secured Syndicated Revolving and Term Facility ("The Facility). As at 30 June 2016, the Group was 15 months ahead of the Term Facility repayment schedule and had a total of $285 million outstanding on The Facility.
- The completion of the Cowal and Mungari transactions during the year had a significant and immediate impact on reducing Group costs and increasing cash generation. The Cowal gold mine is one of Australia's most attractive gold assets and its large scale, long life and low cost profile providing a strong strategic fit with the Group's long term objective of pursuing value accretive acquisition assets which improve the quality of the Group's asset portfolio. Cowal has contributed gold production of 237,940oz with a first quartile unit cost of $591/oz. The Mungari operations high quality integrated operating assets provide a strong strategic fit with the Group's long term objective of pursuing value accretive acquisition opportunities which improve the quality of the Group's asset portfolio. Mungari, contributed gold production of 137,193oz with a unit cash cost of $756/oz from 10 months of ownership.
- During the year the Company completed the takeover of Phoenix Gold Limited. There is a clear commercial logic in combining with Phoenix's assets given the close proximity to the Mungari operations and covers a significant strike length of the highly prospective Zuleika Shear and Kunanalling Shear.

Mining Operations

Cowal

The acquisition of Cowal was completed on 24 July 2015. This transformational acquisition saw Cowal continue its historically strong performance finishing the year with gold production of 237,940oz, a unit cash operating cost in the first cost quartile at $591/oz, and an AISC and AIC of $776/oz and $789/oz respectively.

Mining continued in the Stage G cutback with 12,651kt of material mined, comprised of 8,714kt of ore mined at an average grade of 1.16g/t and 3,937kt of operating waste. Higher ore mined tonnes were driven by positive ore reconciliations and a focus on mining in high grade areas.

Reduced costs were driven by a combination of higher volumes of material moved, higher than anticipated grade, higher recoveries, lower mining costs, lower capital spend and lower processing costs. This impressive performance during the year led to the unit cash operating costs and AISC being well below the improved full year guidance of $650 - $750/oz and $800 - $850/oz respectively. Total ore processed for the year was 6,666kt at a grade of 1.33g/t with gold recovery of 83.5%. Gold production was also above plan for the year due to increases in grade processed and higher recoveries.

Review of operations (continued)

Mining Operations (continued)

Cowal (continued)

Cowal generated $193.058 million and $163.646 million in operating and net mine cash flow respectively since its acquisition, which is an outstanding result and confirms the asset quality acquired.

Productivity improvements and cost reductions achieved during the year included:

- Since ownership, the Ore Reserves have been upgraded from 1.56Moz to 2.85Moz, an increase of 83% and Ore Resources have been upgraded from 3.263Moz to 5.046Moz, and increase of 55%.
- E42 Resource Development drilling is currently in progress in support of the Stage H cutback feasibility study. Seven drill rigs are now in position with initial assays supporting prior interpretations and identifying new zones of mineralisation.
- Use of high shock energy products in blasts has seen higher dig rates improving mining production and softer mill feed improving mill production.
- Shorter shut times during the year reduced mill maintenance costs by $6.8 million against plan.

Mungari

The acquisition of Mungari was completed on 24 August 2015 and saw the establishment of a strong strategic partnership with the La Mancha Group and its owner Naguib Sawaris. Mungari finished the year as the Groups second highest producer with 137,193oz from just over 10 months of ownership following its successful integration. Mungari is a low cost quality asset with a unit cash operating cost of $756/oz and AISC of $1,024/oz.

Underground ore mined at Frogs Leg for the year totaled 563kt at an average grade mined of 5.89g/t targeting the Fog, Dwarf, Mist and Rocket orebodies. Underground development of 2,785m was completed during the year and comprised 1,629m of operating development and 1,157m of capital development. A milestone was achieved with ground support rehabilitation of ore drives completing in the Mist orebody following a geotechnical review. This allowed jumbos to resume focus on face advance, albeit with the increased level of support.

Open pit ore mined from White Foil for the year was 1,121kt at an average grade mined of 1.47g/t with total material mined of 8,590kt. Production focused on the completion of Stage 2A, progression of Stage 2B and the commencement of the northern Stage 3 cutback.

Productivity improvements and cost reductions achieved during the year included:

- Progress has been made on extending the life of the Frog's Leg mine as a result of well planned and executed diamond drilling programs combined with the ramp up of regional exploration.
- A live online data monitoring system was introduced to the mine during the year which resulted in improving the average payload of trucks by 4% in the commissioning phase.
- Mungari moved to an owner-operator for shotcrete activities during the year. This will result in reduced ground support costs going forward by combining these activities with the paste-fill operations.

Mt Carlton

The Group's only concentrate producing mine, Mt Carlton produced a record of 113,056 oz in payable gold at a record low unit cash operating cost of $463/oz and a record low AISC of $742/oz (30 June 2015: 77,658 oz, 687/oz, $912/oz). These record results for the year were driven by a combination of increased average grade mined of 5.55g/t (30 June 2015: 4.42g/t) being achieved and the realisation of lower mining costs as a result of the transition to owner-maintainer of the mining fleet.

Mining activity focused on the medium and high grade zones in Stage 2 of the V2 pit which resulted in higher tonnes mined and higher average grade. Despite developing an improved resource model, the mined tonnes variance was attributed to defining and mining additional ore outside of the Ore Reserve and the mining and processing of incremental ore below the Ore Reserve cut-off grade.

Review of operations (continued)

Mining Operations (continued)

Mt Carlton (continued)

Productivity improvements and cost reductions achieved during the year included:

- Mining unit costs were significantly reduced for year at $6.36/t (30 June 2015: $8.60/t) as a result of cost reductions and productivity improvements captured through the transition to owner-maintainer for the mining fleet.
- The ongoing plant optimisation project has seen improved filtration circuit performance due to a new preventative maintenance regime ensuring more consistent filter feed slurry density along with improved stability of the flotation circuit with ongoing modifications to the process control logic and a new design of dart valve that improves tank level control.
- A new weightometer was installed to correct a persistent mill feed tonnage measurement problem.

Mt Rawdon

Mt Rawdon had a difficult year which focused heavily on completing the Stage 4 cutback while processing low grade stockpile. Additionally, seasonal storms across Central Queensland resulted in heavy rainfall limiting access to high-grade ore from the Stage 3 pit floor. Despite the issues encountered gold production of 85,002oz was achieved at a unit cash operating cost of $726/oz and an AISC of $1,024/oz (30 June 2015: 102,162oz, $631/oz, $873/oz).

A total of 3,307kt of ore was mined at an average grade of 0.88g/t (30 June 2015: 3,283kt, 1.04g/t). Processed tonnages remained consistent with the prior year at 3,421kt (30 June 2015: 3,405kt).

Mining activity continued to focus on the Stage 4 cutback which has now accessed ore and initial reconciliations against the resource model have been positive.

Productivity improvements and cost reductions achieved during the year included:

- Ongoing improvement initiatives around grinding and cyanide consumption have delivered a 6% saving in unit processing costs.
- Unit mining costs have continued to trend lower averaging $3.19/t for the year representing a significant improvement over the prior period unit mining cost of $3.41/t. This has been as a result of incremental improvements in mining productivity, low fuel prices and production drilling improvement initiatives.
- The accelerated stripping capital program at Mt Rawdon is almost complete. The strip ratio is expected to drop from approximately 4.4:1 in FY16 down to approximately 2.1:1 in FY17

Edna May

Edna May produced 71,028oz of gold for the year at a unit cash operating cost of $1,407/oz and an AISC of $1,504/oz (30 June 2015: 98,766oz, $747/oz, $898/oz). This outcome was largely driven by the increased difficulty in accessing the current high grade area of the pit due to tight working areas and significant rainfalls throughout spring and summer.

The waste profile of Stage 2 transitioned from predominantly capital waste to operating waste during the year in line with the increased ore tonnes being mined from Stage 2. Operating waste mined was 5,550kt (30 June 2015: 1,639kt), resulting in a significantly higher mining cost than the previous year. Gold mined grades were significantly lower than the prior period at 0.91g/t (30 June 2015: 1.27g/t) contributing to the lower production during the year. A return to higher grade ore at the base of the cutback is anticipated in FY17.

Review of operations (continued)

Mining Operations (continued)

Edna May (continued)

Key achievements during the year included:

- The stage 1 Underground Development received board approval during the March 2016 quarter and development commenced in June 2016 with contractors starting ground preparation for the portal and surface water reticulation pipework. The capital investment of $16.0 million targets an initial resource of approximately 200,000oz.
- A feasibility study is currently being undertaken for Stage 2 of the underground development with portal development and installation of gen-set and power reticulation is planned in early FY17.

Cracow

Cracow proved its reliability once again and repeated a strong gold production and cost result with 90,626oz at a unit cash operating costs of $746/oz and AISC of $1,065/oz (30 June 2015: 93,064oz, $726/oz, $1,050/oz).

A total of 499kt of ore was mined at an average grade of 5.92g/t (30 June 2015: 541kt, 5.85g/t), with the primary ore sources being the Kilkenny, Empire and Klondyke ore bodies. The slight reduction in production was primarily driven by a decrease in ore processed through the mill of 511kt (30 June 2015: 541kt) and lower plant utilisation of 95.8% compared with 97.6% in the prior year. This was offset by a higher grade mined driven by stope dilution management, selective mining and access to higher grades when developing ore levels.

Underground development during the year comprised of 4,988m split between operating development of 3,000m and capital development of 1,988m (30 June 2015: 3,105m, 2,599m). Production drilling focused on improving stoping flexibility with ore development at Klondyke and Tipperary. Capital development focused on accessing the Klondyke remnants and lower levels of the Empire stopes with the successful trial of narrow vein mining techniques.

Productivity improvements and cost reductions achieved during the year included:

- Transfer of surplus equipment between sites delivered reduced costs and reduced contractor dependency
- Reduced power costs with the plant and mine feeder being switched over to a new power factor conversion capacitor banks. This change also allowing for the ventilation fans at the Empire and VR1 decline to be connected to mains power no longer requiring diesel.

Pajingo

Pajingo exceeded internal benchmarks, doubling its net mine cash flow for the year to $26.515 million. Pajingo was able to increase ore mined and tonnes processed by 10% and 13% respectively, while keeping costs flat against a lower processed grade to result in steady unit cash operating costs of $785/oz (30 June 2015: $787/oz) and AISC of $1,161/oz (30 June 2015: $1,163/oz). Gold production increased 5% to 68,630oz (30 June 2015: 65,919oz), driven by higher processed tonnes which helped to offset lower planned gold grades.

Pajingo's primary ore sources continued to be the Sonia East, Sonia Splay, Zed East and Zed West orebodies with total ore mined of 418kt at an average grade of 5.50g/t (30 June 2015: 379kt, 5.78g/t). Additional targets continued to be identified in the upper remnant areas of these lodes following an engineering and geological review.

Underground development of 4,138m comprised of 1,867m in operating development and 2,272m in capital development (30 June 2015: 3,133m, 2,342m). The completion of the Camembert underground platform and associated diamond drilling program allowed for the development of the Camembert deposit to commence during the year.

Review of operations (continued)

Mining Operations (continued)

Pajingo (continued)

Productivity improvements and capital projects commissioned during the year included:

- Reductions in processing unit rates were achieved due to improved management of the processing tanks for campaign milling as well as the processing of a historic low grade laterite stockpile which was located at the mill and thus only attracting the incremental processing costs for treatment.
- A new tailings facility was permitted during the March quarter to provide approximately 2.5 years of tails storage.

Financial Performance

Profit or Loss

Revenue for the year ended 30 June 2016 was up 100% to $1.329 billion (30 June 2015: $665.958 million) largely as a result of the first year inclusion of Cowal and Mungari which contributed revenues of $375.346 million and $232.549 million respectively. The original five mine sites contributed $720.719 million which is an increase on the prior year of 8%. This can be largely attributed to an outstanding performance at Mt Carlton which offset operational issues at a couple of the other sites along with a 7% increase in the achieved gold price to $1,597/oz (30 June 2015: $1,489/oz).

Deliveries into the hedge book were 274,879oz at an average price of $1,593/oz (30 June 2015: 85,147oz, $1,571/oz). The remaining 540,710oz were sold at spot price achieving an average price of $1,599/oz (30 June 2015: 279,646oz, $1,526/oz). Additionally, the Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017. The Group's outstanding hedge book as at 30 June 2016 totals 706,989oz at an average price of $1,624/oz for deliveries to June 2020.

Operating costs (excluding depreciation, amortisation and fair value adjustments of $422.766 million) increased to $674.226 million (30 June 2015: $360.525 million) as a result of the first year inclusion of Cowal and Mungari which accounted for operating costs of $153.108 million and $117.487 million respectively. The operating costs for the existing five mine sites were $403.631 million, an increase of 12% on the prior year. This increase is largely due to the transition of the Edna May Stage 2 cut back from capital waste to operating waste during the year. Despite the increase, the Group continues to place a strong focus on cost control over operating activities and anticipates efficiencies in FY17.

The Group's AISC decreased 2% to $1,014/oz (30 June 2015: $1,036/oz) despite a 9% drop in average grade mined during the year. This grade decline was offset by the benefits of the new low cost assets, Cowal and Mungari which contributed $776/oz and $1,024/oz respectively. Mt Carlton was the largest contributor with an AISC of $742/oz representing a decrease of 23% on the prior year (30 June 2015: $912/oz).

Total exploration expenditure for the year ended 30 June 2016 was $27.823 million (30 June 2015: $23.981 million) with an exploration expense of $13.801 million (30 June 2015: $6.968 million).

The Group posted a record underlying profit after tax of $226.884 million (30 June 2015: $106.050 million) and a statutory net loss after tax of $24.349 million (30 June 2015: profit $100.115 million) for the year ended 30 June 2016. This increase in underlying profit was driven by record production, a strong focus on cost control and an improved Australian dollar gold price.

Review of operations (continued)

Financial Performance (continued)

The following table shows the reconciliation of statutory (loss)/profit after income tax expense to the underlying profit after income tax expense.

	30 June 2016 $'000	30 June 2015 $'000
Statutory (loss)/profit after income tax expense	**(24,349)**	100,115
Fair value amortisation	**58,167**	-
Fair value expense	**30,150**	-
Acquisition and integration costs	**54,681**	5,935
Gain on revaluation of available-for-sale assets	**(4,365)**	-
Impairment of assets	**77,330**	-
Impairment of goodwill	**35,270**	-
Underlying profit after income tax expense	**226,884**	106,050

Balance Sheet

In July 2015, the Group's gearing ratio peaked at 32.0% as a result of drawing down on the Senior Secured Syndicated Revolving and Term Facility ("The Facility") to fund the Cowal acquisition. This was subsequently reduced to 15.1% as at 30 June 2016 as a result of a total of $322 million in voluntary and early repayments during the year. As at 30 June 2016, the Group was 15 months ahead of the Term Facility repayment schedule.

The Group’s net assets increased by 38% to $1.551 billion (30 June 2015: $1.125 billion), primarily due to the completion of the Cowal, Mungari and Phoenix acquisitions which contributed net assets of $1.065 billion, offset by the resulting draw down of $607 million on The Facility and impairment of assets of $77.330 million. At 30 June 2016, the Group held a cash balance of $17.279 million and total net debt of $296.455 million. Total net debt comprises $285 million outstanding on The Facility (less $6.677 million of capitalised borrowing costs), $9.660 million of finance leases and $8.472 million of other short-term debt. The Group also reclassified net assets of $45 million for the Pajingo asset to held for sale as a result of the subsequent divestment.

Total assets increased during the period to $2.187 billion (30 June 2015: $1.312 billion), representing a 67% movement. Excluding the Cowal, Mungari and Phoenix transactions, which account for the majority of the increase, total assets decreased by 28% which can be attributed to the reduction in cash, property, plant and equipment and mine development and exploration of 94%, 18% and 25% respectively. Capital additions for property, plant and equipment totalled $70.260 million, while depreciation totalled $134.556 million. Mine development and exploration additions totalled $164.455 million as a result of continued stripping at Cowal, Mt Rawdon and Edna May, while amortisation totalled $200.894 million.

Total liabilities for the Group increased to $635.726 million as at 30 June 2016 from $187.678 as at 30 June 2015. This increase is largely due to the $607 million drawing of The Facility which was used to fund the acquisition of the Cowal asset. The balance of The Facility as at 30 June 2016 was $285 million with scheduled repayments on the Revolving Facility out to July 2018 and the Term Facility out to July 2020.

Review of operations (continued)

Financial Performance (continued)

Cash Flow

The Group ended the year with a cash balance of $17.295 million and available credit of $205 million through the Revolving Facility.

Net cash inflow from operating activities was $574.084 million, an increase of $289.347 million (30 June 2015: $284.737 million). The majority of the increase can be attributed to the first year inclusion of the Cowal and Mungari assets which contributed net receipts of $239.047 million and $112.024 million respectively. The remaining increase is a result of the increase in achieved gold price.

Net cash outflows from investment activities were $999.380 million, a $804.309 million increase (30 June 2015: $195.071 million) consisting of payments for the acquisition of Cowal and Phoenix of $734.646 million and the payment of stamp duty on the Cowal and Mungari transaction of $48.091 million. Capital investments for the period include property plant and equipment of $70.260 million and mine development and exploration of $164.455 million.

Net cash inflows from financing activities were $236.803 million, an increase of $152.288 million (30 June 2015: outflow $84.515 million). Financing for the period included the drawing of $607 million on The Facility and the subsequent voluntary and early repayments on The Facility of $322 million and La Mancha Debt Facility of $124 million. Also included are net proceeds received on the issue of shares to the La Mancha Group of $111.468 million, dividend payments of $23.834 million and a net drawing of $3.062 million for Mt Carlton shipment refinancing and insurance premiums.

Total cash outflows for the year amounted to $188.493 million (30 June 2015: inflow $174.181 million).

Taxation

As at the year ended 30 June 2016, the balance sheet carried a deferred tax liability as a result of timing differences of $0.089 million.

The Company recognised a $17.244 million tax benefit in the current period from previously unrecognised tax losses to reduce the current tax expense. The Group has available tax losses as at 30 June 2016. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

Capital Expenditure

Capital expenditure has increased 19% to $200.214 million (30 June 2015: $168.197 million). This consists of sustaining capital, including near mine exploration and resource definition of $106.970 million (30 June 2015: $77.012 million) and major projects, including mine development of $93.244 million (30 June 2015: $91.185 million). This increase can be attributed to the Stage 4 cutback at Mt Rawdon and the Stage 2 cutback at Edna May for the open pit operations and continuing capital development at the underground operations.

Financing

Total finance costs for the year were $43.785 million (30 June 2015: $14.382 million). Included in total finance costs is Interest expenses of $26.314 million (30 June 2015: $8.622 million), debt establishment fee amortisation of $11.623 million (30 June 2015: $1.225 million) and discount unwinding on mine rehabilitation liabilities of $3.406 million (30 June 2015: $2.098 million).

In May 2015, the Group entered into a refinancing arrangement by way of a letter of commitment. The Facility comprises $300 million Senior Secured Revolving Loan ("Facility A"), a $400 million Senior Secured Term Loan ("Facility B"), and a $155 million Performance Bond Facility ("Facility C").

The Facility was executed on 20 July 2015 and was effective from that date.

Review of operations (continued)

Financial Performance (continued)

Financing (continued)

The Facility was drawn down on 23 July 2015 on completion of the Cowal acquisition and is repayable over the following periods:

- Facility A: 31 July 2018
- Facility B: 20 July 2020
- Facility C: 20 July 2018

Future outlook

Material business risks

The Group prepares its business plans using estimates of production and financial performance based on a range of assumptions and forecasts. There is uncertainty in these assumptions and forecasts, and risk that variation from them could result in actual performance being different to expected outcomes. The uncertainties arise from a range of factors, including the nature of the mining industry and general economic factors. The material business risks faced by the Group that may have an impact on the operating and financial prospects of the Group as at 30 June 2016 are:

Fluctuations in the gold price and Australian dollar

The Group's revenues are exposed to fluctuations in both the gold price and the Australian dollar. Volatility in the gold price and Australian dollar creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained should the Australian dollar gold price fall.

Declining gold prices can also impact operations by requiring a reassessment of the feasibility of a particular exploration or development project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could cause substantial delays and/or may interrupt operations, which may have a material adverse effect on our results of operations and financial condition.

Ore Reserves and Mineral Resources

The Group's Ore Reserves and Mineral Resources are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold, silver or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any part or all of the Group's Mineral Resources constitute or will be converted into Ore Reserves.

Market price fluctuations of gold and silver as well as increased production and capital costs may render the Group's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated reserves may have to be re-estimated based on actual production experience. Any of these factors may require the Group to reduce its Ore Reserves and Mineral Resources, which could have a negative impact on the Group's financial results.

Replacement of depleted reserves

The Group must continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. The Group's exploration projects involve many risks and are frequently unsuccessful. Once a site with mineralisation is discovered, it may take several years from the initial phases of drilling until production is possible.

Review of operations (continued)

Material business risks (continued)

Replacement of depleted reserves (continued)

As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions or that divestitures of assets will lead to a lower reserve base. The mineral base of the Group may decline if reserves are mined without adequate replacement and the Group may not be able to sustain production beyond the current mine lives, based on current production rates.

Mining risks and insurance risks

The mining industry is subject to significant risks and hazards, including environmental hazards, industrial accidents, unusual or unexpected geological conditions, unavailability of materials and equipment, pit wall failures, rock bursts, seismic events, cave-ins, and weather conditions (including flooding and bush fires), most of which are beyond the Group's control. These risks and hazards could result in significant costs or delays that could have a material adverse effect on the Group's financial performance, liquidity and results of operation.

The Group maintains insurance to cover the most common of these risks and hazards. The insurance is maintained in amounts that are considered reasonable depending on the circumstances surrounding each identified risk. However property, liability and other insurance may not provide sufficient coverage for losses related to these or other risks or hazards.

Production and cost estimates

The Group prepares estimates of future production, cash costs and capital costs of production for its operations. No assurance can be given that such estimates will be achieved. Failure to achieve production or cost estimates or material increases in costs could have an adverse impact on the Group's future cash flows, profitability, results of operations and financial condition.

The Group's actual production and costs may vary from estimates for a variety of reasons, including: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; revisions to mine plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability and floods; and unexpected labour shortages or strikes.

Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, cost of commodities, general inflationary pressures and currency exchange rates.

Environmental, health and safety; permits

The Group's mining and processing operations and exploration activities are subject to extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species. The Group's ability to obtain permits and approvals and to successfully operate may be adversely impacted by real or perceived detrimental events associated with the Group's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. Delays in obtaining or failure to obtain government permits and approvals may adversely affect the Group's operations, including its ability to continue operations.

While the Group has implemented extensive health, safety and community initiatives at its sites to ensure the health and safety of its employees, contractors and members of the community affected by its operations, there is no guarantee that such measures will eliminate the occurrence of accidents or other incidents which may result in personal injuries or damage to property, and in certain instances such occurrences could give rise to regulatory fines and/or civil liability.

Review of operations (continued)

Material business risks (continued)

Community relations

The Group has an established community relations function, both at a Group level and at each of its operations. The Group function has developed a community engagement framework, including a set of principles, policies and procedures designed to provide a structured and consistent approach to community activities across our sites whilst recognising that, fundamentally, Community Relations is about people connecting with people. The Group recognises that a failure to appropriately manage local community stakeholder expectations may lead to dissatisfactions which have the potential to disrupt production and exploration activities.

Risk management

The Group manages the risks listed above, and other day-to-day risks through an established management framework which conforms to Australian and international standards and guidance. The Group's risk reporting and control mechanisms are designed to ensure strategic, operational, legal, financial, reputational and other risks are identified, assessed and appropriately managed. These are reviewed by the Risk Committee throughout the year.

The financial reporting and control mechanisms are reviewed during the year by management, the internal audit process, the Audit Committee and the external auditors.

The Group has policies in place to manage risk in the areas of Health and Safety, Environment and Equal Employment Opportunity.

The Leadership Team, the Risk Committee and the Board regularly review the risk portfolio of the business and the effectiveness of the Group's management of those risks.

Events occurring after the reporting period

No matter or circumstance has occurred subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or state of affairs of the Group or economic entity in subsequent financial years except for the following matters:

(a) Divestment of Pajingo asset

On 16 August, the Company signed a Sale and Purchase Agreement with Minjar Gold Pty Limited for the sale of the Pajingo asset for $45 million. The consideration comprises of $42 million in cash and $3 million in deferred consideration. The sale is expected to settle in early September.

Likely developments and expected results of operations

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this Annual Financial Report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required and submitted its 2014/15 report to the Greenhouse and Energy Data Officer on 31 October 2015.

Information on Directors

The following information is current as at the date of this report:

Jacob (Jake) Klein, BCom Hons, ACA, Executive Chairman		
Experience and expertise	Mr Klein was appointed as Executive Chairman in October 2011, following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as the Executive Chairman of Conquest Mining. Prior to that, Mr Klein was President and CEO of Sino Gold Mining Limited, where along with Mr Askew (director from 2002 and Chairman from 2005 of Sino Gold) he managed the development of that company into the largest foreign participant in the Chinese gold industry. Sino Gold was listed on the ASX in 2002 with a market capitalisation of A$100 million and was purchased by Eldorado Gold Corporation in late 2009 for over A$2 billion. Mr Klein is currently a Non-Executive Director of Lynas Corporation Limited (since August 2004), a company with operations in Australia and Malaysia, and formerly a Non-Executive Director of OceanaGold Corporation, a company with operations in the Philippines, USA and New Zealand. Both Lynas Corporation and OceanaGold are ASX-listed companies.	
Other current directorships	Non-Executive Director of Lynas Corporation Limited	
Former directorships in last 3 years	Non-Executive Director of OceanaGold Corporation	
Special responsibilities	Executive Chairman	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	7,737,989
	Options over ordinary shares (EVN)	4,677,436
	Rights over ordinary shares (EVN)	9,622,314

Lawrie Conway B Bus, CPA, Finance Director and Chief Financial Officer		
Experience and expertise	Mr Conway was appointed Finance Director and Chief Financial Officer of Evolution Mining Limited with effect from 1 August 2014 (previously a Non-Executive Director. Mr Conway has more than 26 years; experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate and operational commercial roles within Australia, Papua New Guinea and Chile with Newcrest and prior to that with BHP Billiton. He most recently held the position of Executive General Manager – Commercial and West Africa with Newcrest Mining where he was responsible for Newcrest's group Supply and Logistics, Marketing, Information Technology and Laboratory functions as well as Newcrest's business in West Africa.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Finance Director and Chief Financial Officer	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	138,462
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	871,579

Information on Directors (continued)

James (Jim) Askew, BEng (Mining), MEngSc, FAusIMM, MCIMM, MSME (AIME), MAICD, Non-Executive Director		
Experience and expertise	Mr Askew is a mining engineer with more than 40 years' broad international experience as a Director and Chief Executive Officer for a wide range of Australian and international publicly listed mining, mining finance and other mining related companies. Mr Askew has served on the boards of numerous mining and mining services companies, which currently include OceanaGold Limited (chairman since November 2006), a company with operations in the Philippines, USA and New Zealand, Asian Mineral Resources (since 2012), a company with operations in Vietnam, and Syrah Resources Limited (chairman since October 2014), a company with operations in Mozambique and plans for operations in the USA.	
Other current directorships	Chairman of OceanaGold Corporation, Non-Executive Director of Syrah Resources Limited and Asian Mineral Resources Ltd.	
Former directorships in last 3 years	Non-Executive Director of Ivanhoe Limited, Golden Star Resources Ltd, Nevada Copper Limited and PMI Gold Ltd	
Special responsibilities	Member of the Risk Committee and Member of the Nomination and Remuneration Committee	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	669,231
	Options over ordinary shares (EVN)	52,954
	Rights over ordinary shares (EVN)	-

Graham Freestone, BEc (Hons), Non-Executive Director		
Experience and expertise	Mr Freestone has more than 45 years experience in the petroleum and natural resources industry. He has a broad finance, corporate and commercial background obtained in Australia and internationally through senior finance positions with the Shell Group, Acacia Resources Limited and AngloGold Ashanti Limited. Mr Freestone was the Chief Financial Officer and Company Secretary of Acacia Resources Limited from 1994 until 2001. From 2001 to 2009 he was a non-executive director of Lion Selection Limited and from 2009 to 2011 he was a non-executive director of Catalpa Resources Limited.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Audit Committee and Member of the Risk Committee	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	98,953
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Directors' Report (continued)

Information on Directors (continued)

Colin (Cobb) Johnstone, BEng (Mining), Lead Independent Director		
Experience and expertise	Mr Johnstone is a mining engineer with over 30 years' experience in the resources sector. He has served as General Manager at some of Australia's largest mines including the Kalgoorlie Super Pit in Western Australia, the Olympic Dam Mine in South Australia and the Northparkes Mine in New South Wales. International experience includes Senior Vice President and Chief Operating Officer for the Iron Ore Company of Canada and Joint Venture General Manager for Alumbrera, a major open cut copper-gold mine in Argentina. Mr Johnstone was Vice President of Operations and Chief Operating Officer at Equinox Minerals Limited, a company with operations in Zambia, prior to the C$7.3 billion acquisition by Barrick Gold Corporation in 2011. Prior to that role, Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited, where he oversaw the development and operation of gold mines in China.	
Other current directorships	Non-Executive Director of Magnis Resources Limited	
Former directorships in last 3 years	Non-Executive Director of Reed Resources Ltd and Metallum Ltd	
Special responsibilities	Chair of the Risk Committee and Member of the Audit Committee	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	94,415
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Thomas (Tommy) McKeith, BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director		
Experience and expertise	Mr McKeith is a geologist with more than 25 years' experience in various mine geology, exploration and business development roles. He was formerly Executive Vice President (Growth and International Projects) for Gold Fields Limited where he was responsible for global greenfields exploration and project development. Mr McKeith was also Chief Executive Officer of Troy Resources Limited and has held Non-Executive Director roles at Sino Gold Limited, Avoca Resources Limited and is currently the Non-Executive Chairman of ABM Resources NL.	
Other current directorships	Non-Executive Chairman of ABM Resources NL	
Former directorships in last 3 years	None	
Special responsibilities	Chair of the Nomination and Remuneration Committee and Member of the Audit Committee	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	138,461
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Information on Directors (continued)

Naquib Sawaris, Non-Executive Director		
Experience and expertise	Mr. Sawiris is Chairman of the advisory board of La Mancha, Chairman of the Board of Orascom TMT Investments S.a r.l., and Executive Chairman and Chief Executive Officer of Orascom Telecom Media and Technology Holding S.A.E. The Sawiris Family have substantial interests in the telecom, construction and fertiliser, cement, real estate and hotel development industries and other businesses. Mr. Sawiris founded Orascom Telecom Holding and developed it into a leading regional telecom player until a merger with Vimpelcom Ltd created the world's sixth largest mobile telecommunications provider. Mr. Sawiris has received a number of honorary degrees, industry awards and civic honors, including the Legion d'honneur the highest award given by the French Republic for outstanding services rendered to France, the Honor of Commander of the Order of the Stella della Solidariet Italiana, the prestigious Sitara-e-Quaid-e-Azam award for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector work. Mr. Sawiris serves on a number of additional Boards, Committees and Councils including the Advisory Committee to the NYSE Board of Directors, the International Advisory Board to the National Bank of Kuwait, the Egyptian Council for Foreign Affairs and the Arab Thought Foundation. Mr. Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology Zurich ETH Zurich and a Diploma from the German Evangelical School, Cairo, Egypt.	
Other current directorships	Chairman of the Board of Orascom TMT Investments S.a.r.l., Chairman of the advisory board of La Mancha, Executive Chairman and Chief Executive Officer of Orascom Telecom Media and Technology Holding S.A.E.	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	-
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Information on Directors (continued)

Sebastien de Montessus, Non-Executive Director		
Experience and expertise	Mr. de Montessus is the Executive Director and CEO of Endeavour Mining Corporation. He was previously the Chief Executive Officer of the La Mancha Group since 2012, and under his leadership La Mancha doubled its production through optimization efforts before undergoing a portfolio restructure which enabled the Sawiris family to become the main shareholder of Evolution Mining, a leading Australia gold miner, and of Endeavour Mining in November 2015. In September 2015, Mr. de Montessus was appointed to the board of Evolution Mining. Mr. de Montessus was previously a member of the Executive Board and Group Deputy CEO of AREVA Group (a world leader in nuclear energy) and CEO of AREVA Mining (uranium). Mr. de Montessus was a Board member of ERAMET, a world leader in alloying metals, between 2010 and 2012. Before joining AREVA in 2002, Mr. de Montessus was an investment banker at Morgan Stanley in London (Mergers and Acquisition and Equity Capital Markets). Mr. de Montessus is a business graduate from ESCP-Europe Business School in Paris.	
Other current directorships	Executive Director and CEO of Endeavour Mining Corporation	
Former directorships in last 3 years	None	
Special responsibilities	Member of the Nomination and Remuneration Committee.	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	-
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Information on Directors (continued)

Vincent Benoit, Alternate Non-Executive Director for Naguib Sawaris		
Experience and expertise	Mr. Benoit has over 25 years of Corporate Finance, Investors Relations, and M&A experience in the mining, energy, and telecom sectors. Prior to joining Endeavour, he was EVP Strategy and Business Development of La Mancha where he successfully led the group's portfolio restructuring which repositioned La Mancha as a leading private mining investor through the strategic alliances formed with Evolution Mining Ltd and Endeavour Mining. Previously, as EVP Merger and Acquisitions at Orange, he was responsible for the development of the group's African footprint, its European portfolio restructuring, and forming strategic partnerships. At Orange, he was also Head of Strategy and Investor Relations. Mr. Benoit held various finance positions including with Areva, Bull Information System, and PwC. He holds a business degree from ESC-Bordeaux Business School and is a registered Chartered Accountant. He is a Board member of Euronews.	
Other current directorships	Non-Executive Director of Euronews SA	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	-
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Amr El Adawy, Alternate Non-Executive Director for Sebastien de Montessus		
Experience and expertise	Mr Adawy is the Chief Financial Officer of the La Mancha Group. He is an international finance executive, with 20 years' experience in finance and management in telecoms and retail sectors. Prior to joining La Mancha he served as Chief Financial Officer of WIS Telecom (since 2010) and at the same time was Chief Executive Office of the Italian subsidiary, MENA SCS SpA (since 2011). Prior to joining the Orascom group, Mr Adawy held senior finance management positions in several multinational companies, such as Adler-France, Pepsi Cola – France and in a JV of Carrefour – France with Majid Al Futtaim group for its activity in the Middle East. Mr Adawy holds a Finance Management and Accounting degree from CNAM of Paris.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	10,000
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Directors' Report (continued)

Information on Directors (continued)

John Rowe, BSc (Hons) ARSM, MAusIMM, Non-Executive Director		
Experience and expertise	Mr Rowe resigned as a Director on 31 March 2016. Up until this date he was the Chair of the Nomination and Remuneration Committee and a Member of the Risk Committee. Mr Rowe has some 40 years' experience within the gold, nickel and copper industries. He has held a variety of positions in mine management, exploration and business development. Mr Rowe was appointed as a Non-Executive Director of Westonia Mines Limited on 12 October 2006. Through a series of corporate transactions, Westonia Mines subsequently changed name to Catalpa Resources Limited and then Evolution Mining Limited. Mr Rowe is also a Non-Executive Director of Panoramic Resources Limited and was formerly Non-Executive Director of Southern Cross Goldfields Limited.	
Other current directorships	Non-Executive Director of Panoramic Resources Limited	
Former directorships in last 3 years	None	
Special responsibilities	None	
Interests in shares and options	Ordinary Shares - Evolution mining Limited (EVN)	160,188
	Options over ordinary shares (EVN)	-
	Rights over ordinary shares (EVN)	-

Company Secretary

Evan Elstein, BCom (Accounting and Finance), ACA, GradDipACG	
Company Secretary and Vice President Information Technology and Community Relations	
Experience and expertise	Mr Elstein the Company Secretary and Vice President for Information Technology and Community Relations. He is a Chartered Accountant and a Chartered Secretary, and a member of the Institute of Chartered Accountants, the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia. Mr Elstein has over 20 years experience in senior financial, commercial and technology roles, where his responsibilities have included the roll out of IT projects and services, business improvement initiatives and merger and acquisition activities. He has held senior positions with IT consulting companies in Australia, and previously served as the Chief Financial Officer and Company Secretary of Hartec Limited. Prior to that, he was employed by Dimension Data and Grant Thornton in South Africa.

Meetings of directors

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each Director were:

	Board		Meetings of committees					
			Audit		Risk Management		Nomination and Remuneration	
	A	B	A	B	A	B	A	B
Jacob (Jake) Klein	8	8	-	-	-	-	-	-
Lawrie Conway	8	8	-	-	-	-	-	-
James (Jim) Askew	7	8	-	-	2	2	4	4
Graham Freestone	8	8	5	5	1	1	-	-
Colin (Cobb) Johnstone	8	8	5	5	2	2	-	-
Thomas (Tommy) McKeith	8	8	5	5	-	-	4	4
Naguib Sawaris	2	6	-	-	-	-	-	-
Sebastien de Montessus	6	6	-	-	-	-	1	1
Vincent Benoit	2	4	-	-	-	-	-	-
Amr El Adawy	-	-	-	-	-	-	-	-
John Rowe	5	5	-	-	1	1	3	3

A = Number of meetings attended
B = Number of meetings held during the time the Director held office or was a member of the committee during the year

Shares under option

At the date of this report, the Company has 5,203,344 unissued shares under option with exercise prices ranging between $1.472 and $2.412 and with expiry dates between 18 November 2016 and 25 November 2016.

The holders of these options, which are unlisted, do not have the right, by virtue of the option, to participate in any share issue of the Company.

Details of shares issued during and up to the date of this report as a result of exercise of unlisted and listed options issued by the Company are:

Date	Details	Balance at 1 July 2015	Number Converted into Shares	Amount Paid for Shares	Amount Unpaid for Shares	Options Expired	Balance at 30 June 2016
	Unlisted Options	7,649,738	-	-	-	-	7,649,738
06/10/2015	Expired	-	-	-	-	165,000	7,484,738
25/11/2015	Expired	-	-	-	-	1,546,394	5,938,344
01/04/2016	Expired	-	-	-	-	555,000	5,383,344
13/05/2016	Exercised	-	90,000	165,600	-	-	5,293,344
16/05/2016	Exercised		90,000	165,600	-	-	5,203,344
30/06/2016	**Total**	**7,649,738**	**180,000**	**331,200**	**-**	**2,266,394**	**5,203,344**

Remuneration Report (Audited)

Introduction

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2016. This report contains details of the remuneration paid to the Director and Key Management Personnel ("KMP") as well as the remuneration strategy and policies that were applicable in the 2016 financial year. The remuneration philosophy of the Board is to ensure that the Company remunerates fairly and responsibly. It is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and retain appropriately experienced Directors and employees. The remuneration strategies and practices in place have been designed to support this philosophy.

The remuneration report is presented under the following sections:

(a) Director and Key Management Personnel Details
(b) Summary of Key Terms
(c) Remuneration Governance
(d) Industry Context
(e) Remuneration Strategy and Philosophy
(f) Remuneration Policy
(g) Relationship between Remuneration and Performance
(h) Remuneration of Directors and Key Management Personnel
(i) Executive Service Agreements
(j) Share-based Compensation and Performance Rights
(k) Director and Key Management Personnel Equity Holdings

(a) Directors and Key Management Personnel

Executive and Non-executive Directors	
Name	**Position**
Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
James (Jim) Askew	Non-Executive Director
Graham Freestone	Non-Executive Director
Colin (Cobb) Johnstone (i)	Lead Independent Director
Thomas (Tommy) McKeith	Non-Executive Director
Naguib Sawaris (ii)	Non-Executive Director
Sebastien de Montessus (ii)	Non-Executive Director
Vincent Benoit (iii)	Alternate Non-Executive Director for Naguib Sawaris
Amr El Adawy (iii)	Alternate Non-Executive Director for Sebastien de Montessus
John Rowe (iv)	Non-Executive Director

(i) Appointed as Lead Independent Director effective 25 November 2015.
(ii) Appointed as Non-Executive Director effective 1 September 2015.
(iii) Appointed as Alternate Non-Executive Director effective 1 September 2015.
(iv) Resigned as Non-Executive Director effective 31 March 2016.

Remuneration Report (Audited) (continued)

(a) *Directors and Key Management Personnel (continued)*

Key Management Personnel	
Name	**Position**
Aaron Colleran	Vice President Business Development & Investor Relations
Paul Eagle (i)	Vice President People & Culture
Evan Elstein	Company Secretary & Vice President Information Technology & Community Relations
Mark Le Messurier	Chief Operating Officer
Glen Masterman (ii)	Vice President Discovery & Chief Geologist
Roric Smith (iii)	Former Vice President Discovery & Chief Geologist

(i) Appointed as Vice President People & Culture effective 1 July 2016, Previously General Manager People & Culture.
(ii) Appointed as Vice President Discovery & Chief Geologist effective 1 August 2016.
(iii) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

(b) Summary of Key Terms

Below is a list of key terms with definitions used within the Director's Report:

Key Term	Definition
The Board of Directors ("the Board" or "the Directors")	The Board of Directors, the list of persons under the relevant section above.
Key Management Personnel ("KMP")	Senior executives have the authority and responsibility for planning, directing and controlling the activities of the Company and are members of the senior leadership team. KMP for the financial year ended 30 June 2016 are listed above.
Total Fixed Remuneration ("TFR")	Total Fixed Remuneration comprises a base salary plus superannuation. This is currently positioned at the median (50th percentile) of the industry benchmarking report.
Short Term Incentive ("STI") and Short Term Incentive Plan ("STIP")	STI is the short-term incentive component of Total Remuneration. The STI usually comprises a cash payment that is only received by the employee if specified annual goals are achieved. STIP refers to the plan under which the incentives are granted and paid.
Long Term Incentive ("LTI") and Long term Incentive Plan ("LTIP")	LTI is the long-term incentive component of Total Remuneration. The LTI comprises Options or Performance Rights, usually with a three year vesting period that are subject to specified vesting conditions established by the Board. Further details of the vesting conditions associated with the performance rights are detailed in the Vesting Conditions of Performance Rights section. Options and Performance Rights cannot be exercised unless the vesting conditions have been satisfied. LTIP refers to the plan under which LTIs are granted and is aimed at retaining and incentivising KMP and senior managers to achieve business objectives that are aligned with shareholder interests, and are currently provided via Performance Rights.
Total Annual Remuneration	Total Fixed Remuneration plus STI.
Total Remuneration	Total Fixed Remuneration plus STI and LTI.
Superannuation Guarantee Charge ("SGC")	This is the employer contribution to an employee nominated superannuation fund required by law. The percentage contribution was set at 9.5% in the reporting period and is capped in line with the SGC maximum quarterly payment.

Remuneration Report (Audited) (continued)

(b) *Summary of Key Terms (continued)*

Key Term	Definition
Employees and Contractors Option Plan ("ECOP")	The plan permits the Company, at the discretion of the Directors, to grant Options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules. The plan is currently dormant and no further Options will be issued under this plan.
Employee Share Option and Performance Rights Plan ("ESOP")	The plan permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.
Total Shareholder Return ("TSR")	TSR is the total return on an ordinary share to an investor arising from growth in the share price plus any dividends received.
Key Performance Indicators ("KPIs")	A form of performance measurement for individual performance against a pre-defined set of goals.
Peer Group	20 comparator gold mining companies selected to be included in the Peer Group to measure the Company's performance within this selected Group.
Volume Weighted Average Share Price ("VWAP")	A 30 day volume weighted average share price quote on the Australian Stock Exchange (ASX). The VWAP is to be used when assessing Company performance for TSR.
Fees	Fees paid to Executive and Non-Executive Directors for services as a Director, including sub-committee fees as applicable.

(c) Remuneration Governance

The Board of Directors ("the Board") has an established Nomination and Remuneration Committee, consisting solely of Non-Executive Directors, with the delegated responsibility to report on and make recommendations to the Board on the:

- appropriateness of the remuneration policies and systems, having regard to whether they are:
  - relevant to the Company's wider objectives and strategies;
  - legal and defensible;
  - in accordance with the human resource objectives of the Company;
- performance of the Executive Directors (on an annual basis) and ensure there is a process for determining key performance indicators for the ensuing period; and
- remuneration of the Executive, Non-Executive Directors and Key Management Personnel, in accordance with approved Board policies and processes.

(d) Industry Context

After two extremely challenging years, the industry began to experience a recovery in 2015. Improved sentiment towards the sector, which has been evidenced by rising share prices of Australian gold miners, has been driven by two major tailwinds.

Firstly, the decline in the Australian dollar from 2011 highs of US$1.10 to the current level of around US$0.75 has provided a natural hedge against the US dollar gold price. The Australian dollar gold price is now back at close to record highs of around A$1,750 per ounce, with the recent rally in the US$ gold price to US$1,350, from its recent low of US$1,040 per ounce.

Remuneration Report (Audited) (continued)

(d) *Industry Context (continued)*

Secondly, costs in the Australian gold industry have been reduced substantially in recent years, albeit back to what can be best described as normal levels. Throughout the decade-long commodities bull run, which ended around the end of 2012, Australian resources companies experienced the highest cost inflation in the world relative to their global peers. The sharp sell-off in commodities prices in recent years has seen costs come down rapidly towards more normalised levels. With large reductions in the number of workers across the broader resources industry, competition for labour has eased. As a result, gold companies have benefited from reduced voluntary staff turnover and an increase in productivity.

Mining services companies are also now competing much more aggressively for business which is further reducing the cost base of Australian gold miners.

The pendulum has swung back in favour of Australian gold miners. After many years of delivering new projects above budget and behind schedule, companies are now delivering projects below budget and ahead of schedule.

The combination of the Australian dollar and rapidly declining costs have meant many of the Australian mid-tier gold producers are able to generate strong cash margins in the current environment.

Since the mid-2013 it has been estimated that around 23% of Australia's annual gold production has changed hands. Offshore companies have divested many of their non-core Australian assets and a group of Australian mid-tier miners who have purchased these assets are being rewarded by the market.

Over the last few years, from a remuneration perspective, we have continued to take active steps in prudent financial management, in particular with regards to our fixed cost base, as well as moving performance awards more weighted towards the variable elements of the remuneration mix.

The latest McDonald's remuneration benchmarking report (April 2016 - 88 companies, 249 positions surveyed, made up of 38,127 individual employees) has the following key findings:

- In November 2015, those employed in the Resources industry were still receiving the highest Full-Time Adult Average Weekly Ordinary Time Earnings reported in Australia at $2,523.00. The equivalent figure for the Construction industry was $1,500.18;
- The predominant rosters remain at the even roster (23%), however both the 5/2 and the 8/6 rosters cumulatively have increased when looking at rostering arrangements across all incumbents (21% and 20% respectively), with those on a 2/1 roster being paid a premium for longer stints;
- Despite the continuation of media coverage with regards to WA wide redundancies (BHP, Rio Tinto, South 32), WA continues to be pay a premium (along with NT) to the eastern states, with unemployment in WA jumping from 5.7% to 6.2% in 2015-2016;
- Year-on-year actual annual remuneration percentage increases reduce significantly over the last 5 years from 5% in 2011-2012 to 0.7% in 2015-2016;
- Forecast salary increase budgets - including salary freezes - have seen upper quartile budgets reduce from 3% in 2014-2015, to 1.5% in 2016-2017.

We firmly believe we have the right company vision and strategy and our remuneration strategy aims to ensure that we have the right mix of responding to the prevailing market conditions, recognising and rewarding the good work done over the last 12 months and ensuring that we have motivated and engaged employees to enable the successful delivery of short term goals and longer term strategic objectives.

(e) Remuneration Strategy and Philosophy

The remuneration strategy was set in the year ended 30 June 2012 with the assistance of Mercer Australia ("remuneration consultants"), which included the setting of short term ("STIP") and long term incentive plans ("LTIP") to align with objectives of the newly established entity. For the year ended 30 June 2016, new STIP and LTIP measures were agreed and aligned to the key objectives for the Group.

Remuneration Report (Audited) (continued)

(e) *Remuneration Strategy and Philosophy (continued)*

The Group's target remuneration philosophies are:

- **Total Fixed Remuneration** (TFR being base salary plus superannuation) positioned at the median (50th percentile) based on the industry benchmark McDonald report (an industry recognised gold and general mining remuneration benchmarking survey covering over 80 organisations within the industry);
- **Total Annual Remuneration** (TFR plus STI) at the 75th percentile for high performers; and
- **Total Remuneration** (TFR plus STIP plus LTI) at the 75th percentile, with flexibility to provide up to the 90th percentile levels for high performers and critical roles.

The overarching objectives and principles of the Group's remuneration strategy are that:

- total remuneration for each level of the workforce is appropriate and competitive;
- total remuneration comprises a competitive fixed component and a sizeable "at risk" component based on performance hurdles;
- short term incentives are appropriate with hurdles that are measureable, transparent and achievable;
- incentive plans are designed to motivate and incentivise for high performance and delivery on organisational objectives;
- the corporate long term incentives are focused on shareholder value; and
- the principles and integrity of the remuneration review process deliver fair and equitable outcomes.

(f) Remuneration Policy

Executive Directors and Key Management Personnel Remuneration Policy

The Group remuneration policy has been designed to align Executive Directors and Key Management Personnel objectives with shareholder and business objectives by providing a TFR component and offering specific "at risk" short and long-term incentives based on key performance areas affecting the Group's overall performance. The Nomination and Remuneration committee was formed to review the specifics of Directors and KMP remuneration and oversee all Group compensation changes and principles. The Board believes the remuneration policy to be strategic, appropriate and effective in its ability to attract and retain Executive Directors and KMP and to operate and manage the Group effectively.

The Group defines and applies its remuneration policy and elements by considering the overall business plan, external market conditions, key employee value drivers, individual employee performance and industry benchmark data.

All KMP receive a remuneration package in line with the overall Group policy and additionally takes into account factors such as length of service and experience. The Nomination and Remuneration Committee reviews executive packages annually by reference to the Group's performance, individual KMP performance and comparable information from industry sectors and surveys, as well as other listed companies in similar industries.

The remuneration elements offered by the Group include TFR, which consists of a base salary plus superannuation and a variable or "at risk" remuneration component provided through short and long term incentive plans. Every permanent employee has eligibility under the Group's annual and quarterly bonus STI programs.

Executive Directors and KMP receive a superannuation guarantee contribution ("SGC") required by law, of 9.5% and capped in line with the SGC maximum quarterly payment, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Directors' Report (continued)

Remuneration Report (Audited) (continued)

(f) *Remuneration Policy (continued)*

Executive Directors and Key Management Personnel Remuneration Policy (continued)

The at Target achievement remuneration mix for Executive Directors and KMP for the 2016 Financial year and prior year is as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2016	2015	2016	2015	2016	2015
Executive Directors						
Jacob Klein	33.3%	33.3%	20.0%	20.0%	46.7%	46.7%
Lawrie Conway	47.6%	47.6%	23.8%	23.8%	28.6%	28.6%
Key Management Personnel						
Aaron Colleran	47.6%	47.6%	23.8%	23.8%	28.6%	28.6%
Paul Eagle	55.6%	55.6%	22.2%	22.2%	22.2%	22.2%
Evan Elstein	47.6%	47.6%	23.8%	23.8%	28.6%	28.6%
Mark Le Messurier	47.6%	47.6%	23.8%	23.8%	28.6%	28.6%
Roric Smith (i)	47.6%	47.6%	23.8%	23.8%	28.6%	28.6%

(i) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

There were two key changes to the remuneration structure approved by the Board that are aligned with shifting our remuneration mix to having a larger variable component. With this in mind, effective 1 July 2017, the STI target level will shift from 50% to 60% and the LTI target level will shift from 60% to 100%.

Refer to the table below demonstrating the shift in the fixed and variable elements effective from 1 July 2016.

2017	TFR	STI	LTI	Total	At Risk %
Target					
Executive Chairman	33.3%	20.0%	46.7%	100.0%	66.7%
Executive Directors & KMP	38.5%	23.0%	38.5%	100.0%	61.5%
Maximum					
Executive Chairman	25.0%	22.5%	52.5%	100.0%	75.0%
Executive Directors & KMP	29.4%	26.5%	44.1%	100.0%	70.6%

The following table shows key performance indicators for the Group over the last five year:

	2016	2015	2014	2013	2012
Statutory (loss)/profit for the year ($'000)	(24,349)	100,115	50,017	(307,421)	37,313
Underlying profit for the year ($'000)	226,884	106,050	50,017	44,443	63,395
EBITDA ($'000)	607,551	272,656	207,556	211,725	189,257
Basic earnings per share (cents)	(1.75)	13.71	7.06	(43.43)	7.10
Dividend payments ($'000)	29,062	14,281	14,173	-	-
Dividend payments (cents per share)	4	2	2	-	-
Share price ($)	2.33	1.15	0.7	0.57	1.46

Remuneration Report (Audited) (continued)

(f) *Remuneration Policy (continued)*

Executive Directors and Key Management Personnel Remuneration Policy (continued)

Non-Executive Directors Remuneration Policy

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and Remuneration Committee determines Non-Executive Directors fees and reviews this annually, based on market practice, their duties and areas of responsibility. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders (currently $950,000 per annum). Fees for Non-Executive Directors are not linked to the performance of the Group and they currently do not participate in the Group's STIP or LTIP.

(g) Relationship between Remuneration and Performance

The relative proportions of actual remuneration received by the Directors and KMP of the Group is calculated based on the Remuneration of Directors and KMP table presented on page 88. The At Risk - LTI component comprises the fair value of options and performance rights expensed during the year. The breakdown between fixed and performance related remuneration received for the current and prior year is as follows:

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2016	2015	2016	2015	2016	2015
Directors						
Jacob Klein	35.6%	35.2%	31.0%	30.6%	33.4%	34.2%
Lawrie Conway	47.2%	56.0%	43.1%	39.7%	9.7%	4.4%
James Askew	100.0%	100.0%		-	-	-
Graham Freestone	100.0%	100.0%	-	-	-	-
Colin Johnstone	100.0%	100.0%	-	-	-	-
Thomas McKeith	100.0%	100.0%	-	-	-	-
John Rowe (i)	100.0%	100.0%		-	-	-
Naguib Sawaris	100.0%	-	-	-	-	-
Sebastien de Montessus	100.0%	-	-	-	-	-
Key Management Personnel						
Aaron Colleran	38.4%	44.6%	36.5%	32.1%	25.1%	23.3%
Paul Eagle	47.2%	55.0%	32.8%	30.9%	20.0%	14.1%
Evan Elstein	42.8%	46.7%	31.4%	33.2%	25.8%	20.1%
Mark Le Messurier	33.7%	45.3%	45.0%	32.0%	21.3%	22.6%
Roric Smith (ii)	45.4%	45.6%	25.8%	31.5%	28.8%	22.9%

(i) Resigned as Non-Executive Director effective 31 March 2016.

(ii) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

Remuneration Report (Audited) (continued)

(g) ***Relationship between Remuneration and Performance (continued)***

Short Term Incentive Plans

(i) The Group Plan

The Group STIP applies to employees at the level of Manager and above across the Group. The Group STIP is a cash bonus, up to a maximum percentage of TFR, based on the employee job band. It is assessed and paid annually conditional upon the achievement of key corporate objectives, which for the current financial year were in the areas of safety, group cash contribution, production, costs and a board discretionary element, as well as individual key performance indicators ("KPI"). The Group STIP is currently set at between 20% and 60% of TFR for at Target achievement, with a maximum of 1.5 x Target at 30%-90% of TFR for Stretch achievement, depending on the employee job band.

Details of Group STIP's and bonuses paid to the Directors and KMP are shown in the Remuneration Table on page 88.

The Group's performance against the STI Scorecard for FY16 is as follows:

STIP Scorecard		Target (100%)	STIP Weighting	Result	Award
HSE	Safety Indicator (TRIFR)	12.3	10%	9.7	15.00%
	Vehicle & Mobile Equipment (Incidents)	193	10%	102	15.00%
Profitability	Group Cash Contribution ($ million)	110	15%	349	22.50%
	Group Total Mine Costs ($ million)	925	15%	900	18.78%
	Production (koz)	775	15%	803	19.27%
Discretionary	Discretionary	100%	35%	130%	45.50%
Total			**100%**		**136.05%**

The discretionary component was allocated a high weighting to provide the Board with more input into the overall business performance and to address factors outside of the operational performance (safety, production, costs and cash).

At the time of setting the FY16 STIP measures, the Board determined it would consider the following factors when awarding the score for this measure:

- Overall business performance;
- Successful integration of the Cowal and Mungari assets;
- Discovery outcomes that contribute to the growth of the company; and
- Continuing the development of the core culture and values of the Group.

The Board approved a discretionary score of 130.00% for a number of reasons, including:

- Overall business performance on a Group basis met or exceeded set targets. A number of records have been achieved throughout the business this year. The weighted average result of the four (4) business performance measures in the STIP was 139.31%;
- The integration of the Mungari and Cowal assets has gone to schedule and they are well embedded in the Group now. There is still work to be done to ensure the ongoing success of the integration but the performance of these assets and their buy-in to the Evolution way of business has been very pleasing;
- The implementation of improvements in our planning area through the province plans, more timely completion of the MROR program and higher quality Life of Mine plans have made us better positioned to be able to develop a longer term outlook for the business;
- The successful completion of the Phoenix acquisition was an important step in creating a more prospective and longer term future for the Mungari asset;

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Short Term Incentive Plans (continued)

- A sustained focus on cash management and debt has enabled us to capture all the benefits of higher production, lower costs, and higher prices to reduce our debt position from $607 million upon closing the Cowal transaction to $285 million at the end of June 2016;
- In terms of Discovery not all outcomes were achieved, but good progress was made in Tennant Creek JV, Puhipuhi, and brownfields programs in the portfolio; and
- Work has been ongoing on the core culture and values of the company. The outcomes of the engagement survey were very positive with 81% response rate, 94% overall satisfaction and a 76% engagement score. The successful Act Like Owner program and the employee share offer (92% acceptance rate) are other examples of continued development of the core culture in the business.

(ii) The Performance Bonus

The Performance Bonus is a cash award which applies to all employees at Operating Sites who are not eligible for the Group STIP. It is determined on a quarterly basis based on the achievement of each Operating Site's KPIs. The Performance Bonus is currently set at 10% of TFR for at target achievement, with a maximum of 20% of TFR for stretch achievement.

(iii) The Annual Performance Bonus

The Annual Performance Bonus applies to corporate employees and those employees who, by exception, are not included in a Group STIP or Performance Bonus Plan. The Annual Performance Bonus is targeted at up to a maximum of 20% for stretch achievement (target of 10%), as a cash bonus on TFR, paid annually against the outcomes of individual KPIs.

Long Term Incentive Plans

The Company has two long term incentive plans currently in existence, specifically the Employees and Contractors Option Plan ("ECOP") and the Employee Share Option and Performance Rights Plan ("ESOP"), together and separately also referred to as the Long Term Incentive Plan ("LTIP"). The ECOP is now effectively dormant with no new options to be issued under this plan.

(i) Employees and Contractors Option Plan ("ECOP")

The ECOP was established and approved at the Annual General Meeting on 27 November 2008. The plan permits the Company, at the discretion of the Directors, to grant Options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules.

Options under ECOP

As at 30 June 2016, there were 52,954 Options outstanding (30 June 2015: 488,651), all of which were on issue to Directors.

The movement in the Options under this plan is summarised in the table below:

	2016 Number	2015 Number
Outstanding balance at the beginning of the year	488,651	488,651
Issued during the period	-	-
Exercised during the period	-	-
Expired during the period	(435,697)	-
Outstanding balance at the end of the year	**52,954**	**488,651**

Remuneration Report (Audited) (continued)

(g) ***Relationship between Remuneration and Performance (continued)***

Long Term Incentive Plans (continued)

(ii) The Employee Share Option and Performance Right Plan ("ESOP")

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and re-approved at the Annual General Meeting on 26 November 2014. The plan permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

Under the ESOP, the Options and Performance Rights, issued for nil consideration, are granted in accordance with performance guidelines established by the Board. In exercising their discretion under the rules, the Directors will take into account matters such as the position of the eligible person, the role they play in the Group, the nature or terms of their employment or contract and the contribution they make to the Group as a whole. The Options and Performance Rights are issued for a specified period and each Option or Performance Right is convertible into one ordinary share. The exercise price of the Options, determined in accordance with the rules of the plan, is based on the market price of a share on grant date or another specified date after grant close. All Options and Performance Rights expire on the earlier of their expiry date or termination of the employee's employment subject to Director discretion. Options and Performance Rights do not vest until a specified period after granting and their exercise is conditional on the achievement of certain performance hurdles that are aligned with shareholder interests.

There are no voting or dividend rights attached to the Options or Performance Rights. Voting rights will attach to the ordinary shares when the Options have been exercised or the Performance Rights vested. Unvested Options and Performance Rights cannot be transferred and will not be quoted on the ASX.

Options under ESOP

During the year 180,000 Options were exercised at an exercise price of $1.84 per option, 1,830,697 Options expired and there were 5,150,390 Options outstanding at 30 June 2016 (30 June 2015: 7,161,087), of which 5,060,390 were issued to Directors and KMP (30 June 2015: 5,562,436).

The movement in the Options under this plan is summarised in the table below:

	2016 Number	2015 Number
Outstanding balance at the beginning of the year	7,161,087	8,895,087
Issued during the period	-	-
Exercised during the period	(180,000)	-
Expired during the period	(1,830,697)	(1,734,000)
Outstanding balance at the end of the year	**5,150,390**	**7,161,087**

Performance Rights under ESOP

The ESOP approved by shareholders on 23 November 2010 provided for the issuance of Performance Rights to Executive Directors and eligible employees. This LTIP was introduced for employees at the level of Manager and above, effective from 1 July 2011 and provides equity based "at risk" remuneration, up to maximum percentages, based on, and in addition to, each eligible employee's TFR. These incentives are aimed at retaining and incentivising KMP and senior managers on a basis that is aligned with shareholder interests, and are provided via Performance Rights.

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

The movement in Performance Rights under this plan is summarised in the table below:

	2016 Number	2015 Number
Outstanding balance at the beginning of the year	21,382,111	14,316,889
Performance rights granted during the period	8,141,268	10,804,370
Retention rights granted during the period (i)	3,750,000	-
Vested during the period	(2,262,954)	(724,809)
Lapsed during the period	(923,228)	(522,766)
Forfeited during the year	(657,386)	(2,491,573)
Outstanding balance at the end of the year	**29,429,811**	**21,382,111**

(i) The Group entered into a Retention Agreement with the Executive Chairman during the year. Pursuant to this agreement 3,750,000 Retention Rights will be issued on the terms and conditions of the Company's current Employee Share Option and Performance Rights Plan, subject to shareholder approval at the Company's next shareholder meeting. The Retention Rights will be issued for nil consideration and will only vest three years from the date of the Agreement if the Executive Chairman is an employee of the Company at that time.

The Performance rights awarded during the 2013 financial year were tested as at 30 June 2015 and vested on 2 September 2015. 2,262,954 Performance Rights met the performance measures and vested whilst 923,228 Performance Rights did not meet the performance measures and lapsed. This equates to a vesting rate of 71.02% and a lapsing rate of 28.98%.

The Performance Rights awarded during the 2014 financial year were tested as at 30 June 2016. As at the date of this report, all 7,961,146 Performance Rights eligible for testing have met the performance measures and have been approved by the Board to vest. This equates to a vesting rate of 100%.

There were 10,804,370 Performance Rights granted during the 2015 financial year, with 9,739,812 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2017.

There were 8,141,268 Performance Rights granted during the 2016 financial year, with 7,978,853 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2018. Additionally, there were 3,750,000 Retention Rights granted during the 2016 financial year to the Executive Chairman, subject to shareholder approval, which will vest subject to the Executive Chairman being an employee of the Company at 16 December 2018.

The outstanding balance of each grant of Performance Rights is summarised in the table below:

	2013 Number	2014 Number	2015 Number	2016 Number	Total Number
Performance rights granted	4,943,777	10,498,408	10,804,370	8,141,268	34,387,823
Retention rights granted	-	-	-	3,750,000	3,750,000
Vested	(2,262,954)	-	-	-	(2,262,954)
Lapsed	(923,229)	-	-	-	(923,229)
Forfeited	(1,757,594)	(2,537,262)	(1,064,558)	(162,415)	(5,521,929)
Outstanding balance	**-**	**7,961,146**	**9,739,812**	**11,728,853**	**29,429,811**

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

Vesting Conditions of Performance Rights

Performance Rights issued under the LTIP generally have a term of up to 3 years and vest based on the achievement of specific targets.

Refer below for a summary of the specific targets that Performance Rights will be tested against:

Performance Target		Description	Weighting for FY14 grants	Weighting for FY15 and FY16 grants
(i)	TSR Performance	The Group's relative total shareholder return (TSR) measured against the TSR for a peer Company of 20 comparator gold mining companies (Peer Group)	33.33%	25%
(ii)	Absolute TSR performance	The Group's absolute TSR return	33.33%	25%
(iii)	Growth in Earnings per share	Growth in the Group's Earnings per share	33.33%	25%
(iv)	Increase in ore reserves per share	Increasing the ore reserves per share over a 3 year period	-	25%

The performance testing date (hereinafter referred to as the "Relevant Date") for the various grants are summarised below:

- Year ended 30 June 2014: Performance Rights that were granted in the financial year ended 30 June 2014 were tested as at 30 June 2016. The relevant Peer Group for the Performance Rights issued in the financial year ended 30 June 2014 is as follows:

Alacer Gold Corp	Dundee Precious Metals Inc	New Gold Inc	Resolute Mining Ltd
Alamos Gold Inc	Endeavour Mining Corporation	Northern Star Resources	Semafo Inc
Aurico Gold Inc	Golden Star Resources Ltd	Oceana Gold Corp	Silver Lake Resources
Beadell Resources Limited	Kingsgate Consolidated Ltd	Perseus Mining Ltd	St Barbara Ltd
Centamin Egypt Inc	Medusa Mining Ltd	Regis Resources NL	Troy Resources

- Year ended 30 June 2015: Performance Rights that were granted in the financial year ended 30 June 2015 will be tested as at 30 June 2017. The relevant Peer Group for the Performance Rights issued in the financial year ended 30 June 2015 is as follows:

Alacer Gold Corp	Centamin Egypt Inc	Medusa Mining Ltd	Regis Resources NL
Alamos Gold Inc	Dundee Precious Metals Inc	New Gold Inc	Resolute Mining Ltd
Argonaut Gold Inc	Endeavour Mining Corporation	Northern Star Resources NL	Semafo Inc
Aurico Gold Inc	Golden Star Resources Ltd	Oceana Gold Corp	Silver Lake Resources
Beadell Resources Limited	Kingsgate Consolidated Ltd	Perseus Mining Ltd	Troy Resources

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

- Year ended 30 June 2016: Performance Rights that were granted in the financial year ended 30 June 2016 will be tested as at 30 June 2018. The relevant Peer Group for the Performance Rights issued in the financial year ended 30 June 2016 is as follows:

Acacia Mining PLC	Centamin Egypt Inc	IAMGOLD Corp	Oceana Gold Corp
Alacer Gold Corp	Centerra Gold	Kingsgate Consolidated Ltd	Perseus Mining Ltd
Alamos Gold Inc	Detour Gold Corp	Medusa Mining Ltd	Regis Resources NL
Argonaut Gold Inc	Dundee Precious Metals Inc	New Gold Inc	Resolute Mining Ltd
B2Gold Corp	Endeavour Mining Corporation	Northern Star Resources NL	Semafo Inc

- Year ended 30 June 2017: Performance Rights that are to be granted in the financial year ended 30 June 2017 will be tested as at 30 June 2019. The relevant Peer Group for Performance Rights that will be issued in the financial year ended 30 June 2017 is as follows:

Acacia Mining PLC	Centerra Gold	Gold Fields	Regis Resources NL
Alacer Gold Corp	Detour Gold Corp	IAMGOLD Corp	Resolute Mining Ltd
Alamos Gold Inc	Dundee Precious Metals Inc	New Gold Inc	Saracen
B2Gold Corp	Endeavour Mining Corporation	Northern Star Resources NL	Semafo Inc
Centamin Egypt Inc	Eldorado Gold	Oceana Gold Corp	St Barbara

(i) TSR Performance

A proportion of Performance Rights will be tested against the Group's TSR performance relative to the Peer Group on the Relevant Date.

The Group's TSR will be based on the percentage by which its 30-day volume weighted average share price quoted on ASX ("VWAP") at the close of trade on the Relevant Date (plus the value of any dividends paid during the performance period) has increased over the Group's applicable 30-day VWAP at the close of trade, relating to the grant of Performance Rights for that period.

The TSR for the Peer Group will be based on the percentage by which the Peer Group's 30-day VWAP at the close of trade on the Relevant Date (plus the value of any dividends paid during the performance period) has increased over that Group's applicable 30-day VWAP at the close of trade, relating to the grant of Performance Rights for that period.

The Board has the discretion to adjust the composition and number of the companies in the Peer Group to take into account events including, but not limited to, takeovers, mergers and de-mergers that might occur during the performance period.

The proportion of the TSR Performance Rights that will vest will be based on the Relevant Date TSR as compared to the Peer Group TSRs. The proportion of the TSR Performance Rights that will vest will be determined as follows:

Level of performance achieved	Evolution TSR performance as compared to the Peer Group TSR	% of TSR Performance Rights vesting
Threshold	Top 50th percentile	33%
	Above the top 50th percentile and below the top 25th percentile	Straight-line pro-rata between 33% and 66%
Target	Top 25th percentile	66%
	Above the top 25th percentile and below the top 10th percentile	Straight-line pro-rata between 66% and 100%
Exceptional	Top 10th percentile or above	100%

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

(ii) Absolute TSR Performance

A proportion of Performance Rights granted during the years ended 30 June 2014, 30 June 2015, 30 June 2016 and those to be granted during the financial year ended 30 June 2017, will be tested against the Group's Absolute TSR performance relative to the 30 days VWAP (Absolute TSR Performance Rights) as at 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019 respectively, measured as the cumulative annual TSR over the three year performance period.

Level of performance achieved	Evolution Absolute TSR performance	% of Absolute TSR Performance Rights vesting
Threshold	10% Per Annum Return	33%
	Above 10% Per Annum Return and below 15% Per Annum Return	Straight-line pro-rata between 33% and 66%
Target	15% Return Per Annum	66%
	Above 15% Per Annum Return and below 20% Per Annum Return	Straight-line pro-rata between 66% and 100%
Exceptional	Above 20% Per Annum Return	100%

(iii) Growth in Earnings Per Share

A proportion of Performance Rights granted during the year ended 30 June 2014, 30 June 2015, 30 June 2016 and those to be granted during the year ended 30 June 2017,will be tested against the Group's growth in Earnings Per Share, calculated by excluding any Non-Recurring Items, and measured as the cumulative annual growth rate over the three year performance period.

Level of performance achieved	Evolution Earnings per share performance	% of Earnings Per Share Performance Rights vesting
Threshold	7% Per Annum Growth in EPS	33%
	Above 7% Per Annum Growth in EPS and below 11% Per Annum Growth in EPS	Straight-line pro-rata between 33% and 66%
Target	11% Per Annum Growth in EPS	66%
	Above 11% Per Annum Growth in EPS and below 15% Per Annum Growth in EPS	Straight-line pro-rata between 66% and 100%
Exceptional	Above 15% Per Annum Growth in EPS	100%

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

(iv) Growth in Ore Reserves Per Share

A proportion of Performance Rights granted during the year ended 30 June 2015, 30 June 2016 and those to be granted during the year ended 30 June 2017, will be tested against the Group's ability to grow its Ore Reserves, calculated by measuring the growth over the three year performance period by comparing the baseline measure of the Ore Reserves as at 31 December 2013, 31 December 2014 and 31 December 2015 ("Baseline Ore Reserves") to the Ore Reserves as at 31 December 2016, 31 December 2017 and 31 December 2018 on a per share basis, with testing to be performed at 30 June 2017, 30 June 2018 and 30 June 2019 respectively.

Level of performance achieved	Evolution Growth in Ore Reserves per share performance	% of Growth in Ore Reserves Performance Rights vesting
Threshold	80% of Baseline Ore Reserves	33%
	Above 80% of Baseline Ore Reserves but below 100% Baseline Ore Reserves	Straight-line pro-rata between 33% and 66%
Target	100% Baseline Ore Reserves	66%
	Above 100% of Baseline Ore Reserves and below 120% of Baseline Ore Reserves	Straight-line pro-rata between 66% and 100%
Exceptional	120% and above of Baseline Ore Reserves	100%

Performance Rights Valuation for FY16 Grants

The Performance Rights have four performance components: two market-based TSR conditions, being a relative and an absolute TSR condition, and two non-market based conditions, being the EPS growth condition, the increased ore reserve condition in addition to continued employment at the vesting date.

The fair value of the TSR Performance Rights (market-based condition) was estimated at the date of grant using Monte Carlo simulation, taking into account the terms and conditions upon which the awards were granted.

Remuneration Report (Audited) (continued)

(g) *Relationship between Remuneration and Performance (continued)*

Long Term Incentive Plans (continued)

The following tables list the model inputs for the Performance Rights granted during the financial year, the fair value of Performance Rights at grant date and number of Performance Rights granted during the year:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2015 rights issue				
Number of rights issued	1,451,192	1,451,192	1,451,192	1,451,192
Spot price ($)	1.155	1.155	1.155	1.155
Risk-free rate (%)	1.83	1.83	1.83	1.83
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date ($)	0.620	0.885	1.100	1.100
November 2015 rights issue				
Number of rights issued	433,107	433,107	433,107	433,107
Spot price ($)	1.255	1.255	1.255	1.255
Risk-free rate (%)	2.09	2.09	2.09	2.09
Term (years)	2.5	2.5	2.5	2.5
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date ($)	0.705	0.990	1.210	1.210
February 2016 rights issue				
Number of rights issued	151,018	151,018	151,018	151,018
Spot price ($)	1.525	1.525	1.525	1.525
Risk-free rate (%)	1.85	1.85	1.85	1.85
Term (years)	2.4	2.4	2.4	2.4
Volatility (%)	55-65	55-65	55-65	55-65
Fair value at grant date ($)	1.035	1.010	1.460	1.460

For details of Director and KMP interests in options at year end, refer to page 94.

Remuneration Report (Audited) (continued)

(h) Remuneration of Directors and Key Management Personnel

The following tables show details of the remuneration received by the Directors and the KMP of the Group for the current and previous financial year.

	Total Fixed Remuneration		Post Employment Benefits	STI	LTI		
2016	**Base Salary and Fees**	**Non-Monetary Benefits (iii)**	**Super-annuation**	**Bonus**	**Amortised Value (iv)**	**Other benefits (v)**	**Total**
Directors							
Jacob Klein	984,492	-	19,308	676,000	942,484	200,000	2,822,284
Lawrie Conway	525,692	-	19,308	317,000	112,406	180,000	1,154,406
James Askew	110,000	-	-	-	-	-	110,000
Graham Freestone	117,673	-	11,051	-	-	-	128,724
Colin Johnstone	119,437	-	-	-	-	-	119,437
Thomas McKeith	111,027	-	10,548	-	-	-	121,575
John Rowe (i)	84,375	-	-	-	-	-	84,375
Naguib Sawaris	79,167	-	-	-	-	-	79,167
Sebastien de Montessus	81,042	-	-	-	-	-	81,042
Key Management Personnel							
Aaron Colleran	397,642	-	19,308	272,000	273,159	125,000	1,087,109
Paul Eagle	325,692	-	19,308	183,000	135,601	40,000	703,601
Evan Elstein	350,962	-	19,308	232,000	223,223	40,000	865,493
Mark Le Messurier	431,217	10,108	19,308	297,000	290,584	318,631	1,366,848
Roric Smith (ii)	405,692	10,108	19,308	247,000	275,865	-	957,973
	4,124,110	**20,216**	**156,755**	**2,224,000**	**2,253,322**	**903,631**	**9,682,034**

(i) Resigned as Non-Executive Director effective 31 March 2016.

(ii) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

(iii) Non-monetary benefits relate to car parking benefits provided by the Company.

(iv) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.

(v) Other benefits include a one-off bonus awarded by the board for overall business performance and transformation. Also included are relocation costs for Mark Le Messurier.

Remuneration Report (Audited) (continued)

(h) ***Remuneration of Directors and Key Management Personnel (continued)***

2015	Total Fixed Remuneration		Post Employment Benefits	STI	LTI		
	Base Salary and Fees	Non-Monetary Benefits (iii)	Super-annuation	Bonus	Amortised Value (iv)	Other Benefits (v)	Total
Directors							
Jacob Klein	985,017	-	18,783	700,000	780,403	150,000	2,643,203
Lawrie Conway (i)	536,601	-	18,102	325,000	35,739	320,240	1,235,682
James Askew	111,875	-	-	-	-	-	111,875
Graham Freestone (ii)	124,155	-	10,845	-	-	-	135,000
Colin Johnstone	111,875	-	-	-	-	-	111,875
Thomas McKeith (ii)	109,886	-	9,489	-	-	-	119,375
John Rowe	112,500	-	-	-	-	-	112,500
Key Management Personnel							
Aaron Colleran	398,167	-	18,783	300,000	217,270	125,000	1,059,220
Paul Eagle	301,217	-	18,783	180,000	82,133	-	582,133
Evan Elstein	326,217	-	18,783	245,000	148,169	-	738,169
Mark Le Messurier	431,217	10,108	18,783	325,000	229,708	75,000	1,089,816
Roric Smith	406,217	10,108	18,783	300,000	218,541	-	953,649
	3,954,944	**20,216**	**151,134**	**2,375,000**	**1,711,962**	**670,240**	**8,883,496**

(i) Appointed as Finance Director and Chief Financial Officer on 1 August 2014, previously a Non-Executive Director.
(ii) Included in Base Salary and Fees is an amount for work performed on the Entitlement Offer Due Diligence Committee.
(iii) Non-monetary benefits relate to car parking benefits provided by the Company.
(iv) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year.
(v) Other benefits include a one-off bonus awarded by the board for overall business performance and transformation. Also included are relocation costs for Lawrie Conway.

Remuneration Report (Audited) (continued)

(h) *Remuneration of Directors and Key Management Personnel (continued)*

The following tables show details of the STIP granted by the Directors and the KMP of the Group for the current and previous financial year.

2016	Total STIP Granted ($)	% of Maximum Entitlement Granted	% of Maximum Entitlement Forfeited
Directors			
Jacob Klein	676,000	93.4%	6.6%
Lawrie Conway	317,000	93.9%	6.1%
Key Management Personnel			
Aaron Colleran	272,000	87.0%	13.0%
Paul Eagle	183,000	88.4%	11.6%
Evan Elstein	232,000	83.6%	16.4%
Mark Le Messurier	297,000	88.0%	12.0%
Roric Smith (i)	247,000	77.5%	22.5%

(i) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

2015	Total STIP Granted ($)	% of Maximum Entitlement Granted	% of Maximum Entitlement Forfeited
Directors			
Jacob Klein	700,000	96.8%	3.2%
Lawrie Conway (i)	325,000	96.3%	3.7%
Key Management Personnel			
Aaron Colleran	300,000	95.9%	4.1%
Paul Eagle	180,000	93.8%	6.2%
Evan Elstein	245,000	94.7%	5.3%
Mark Le Messurier	325,000	96.3%	3.7%
Roric Smith	300,000	94.1%	5.9%

(i) Appointed as Finance Director and Chief Financial Officer on 1 August 2014, previously a Non-Executive Director.

Remuneration Report (Audited) (continued)

(i) Executive Service Agreements

Remuneration and other key terms of employment for the Executive Directors and KMP are formalised in the Executive Services Agreements table below:

Name	Term of agreement and notice period	Total Fixed Remuneration	Notice Period by Executive	Notice period by Evolution	Termination payments (ii)
Existing Executive Directors and Key Management Personnel					
Jacob Klein Executive Chairman	Open	800,000 200,000 fixed Director's Fees	6 months	6 months	12 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	415,955	3 months	6 months	6 months Total Fixed Remuneration
Lawrie Conway Finance Director and Chief Financial Officer	Open	450,000 95,000 fixed Director's Fees	3 months	6 months	6 months Total Fixed Remuneration
Paul Eagle Vice President People and Culture	Open	355,000	3 months	6 months	6 months Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President Information Technology and Community Relations	Open	370,000	3 months	6 months	6 months Total Fixed Remuneration
Mark Le Messurier Chief Operating Officer	Open	450,000	3 months	6 months	6 months Total Fixed Remuneration
Glen Masterman (i) Vice President Discovery and Chief Geologist	Open	415,000	3 months	6 months	6 months Total Fixed Remuneration

(i) Appointed as Vice President Discovery & Chief Geologist effective 1 August 2016.
(ii) For a change of control event, the termination payment is 12 months TFR for Executive Directors and KMP

Fixed salary, inclusive of the required superannuation contribution amount, is reviewed annually by the Board following the end of the financial year. The amounts set out above are the Executive Directors and KMP total fixed remuneration as at the date of this report.

(j) Share-based Compensation and Performance Rights

Options

The following share Options granted to Directors and KMP as remuneration lapsed before the end of the year. No grants of share-based payment compensation to Directors and KMP were exercised during the financial year. No share Options were granted to Directors and KMP during the year.

Remuneration Report (Audited) (continued)

(j) *Share-based Compensation and Performance Rights (continued)*

	Awarded Number	Grant Date	Expiry Date	Fair Value per Award	Fair Value of Options at Grant Date	Exercise Price	Vested
Key Management Personnel							
Jim Askew	53,902	17/10/2011	25/11/2015	$0.824	44,415	$1.398	100%
Jim Askew	582	17/10/2011	25/11/2015	$0.721	420	$1.708	100%
Jim Askew	200,042	17/10/2011	25/11/2015	$0.715	143,030	$1.728	100%
Jim Askew	46,786	17/10/2011	25/11/2015	$0.710	33,218	$1.748	100%
Jim Askew	1,405	17/10/2011	25/11/2015	$0.699	982	$1.786	100%
Jim Askew	58,766	17/10/2011	25/11/2015	$0.693	40,725	$1.805	100%
Jim Askew	42,097	17/10/2011	25/11/2015	$0.677	28,500	$1.862	100%
Jim Askew	32,117	17/10/2011	25/11/2015	$0.641	20,587	$1.998	100%
Mark Le Messurier	450,000	17/10/2011	01/04/2016	$0.723	108,450	$1.883	100%
Evan Elstein	105,000	17/10/2011	01/04/2016	$0.723	25,305	$1.883	100%

(i) Performance rights

The following Performance Rights were granted to Executive Directors and KMP as remuneration during the year.

Name	Grant date	Max No. of Performance Rights Granted	Value of Performance Rights at Grant date
Directors			
Jacob Klein (i)	25/11/2015	1,397,197	1,437,366
Jacob Klein (ii)	19/12/2015	3,750,000	7,166,982
Lawrie Conway (i)	25/11/2015	335,232	344,870
Key Management Personnel			
Aaron Colleran	09/09/2015	310,611	287,703
Paul Eagle	09/09/2015	171,341	158,705
Evan Elstein	09/09/2015	275,635	255,307
Mark Le Messurier	09/09/2015	335,232	310,509
Roric Smith (iii)	09/09/2015	316,608	293,258

(i) Grant of Performance Rights was subject to shareholder approval at the Annual General Meeting, which occurred on 25 November 2015.

(ii) Grant of Retention Rights was issued on the terms and conditions of the Company's current Employee Share Option and Performance Rights Plan, and is subject to shareholder approval at the Company's next shareholder meeting.

(iii) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

Details of the Performance Rights plan and vesting conditions are provided on page 81 of this report.

The value of share-based payments granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian Accounting Standards.

Remuneration Report (Audited) (continued)

(k) Director and Key Management Personnel Equity Holdings

(i) Fully Paid Ordinary Shares

	Balance at the start of the year	Received during the year on conversion of performance rights	Received during the year on exercise of options	Other changes	Balance at the end of the year
Directors					
Jacob Klein	6,984,682	750,894	-	2,413	7,737,989
Lawrie Conway	138,462	-	-	-	138,462
James Askew	669,231	-	-	-	669,231
Graham Freestone	97,473	-	-	1,480	98,953
Colin Johnstone	93,554	-	-	861	94,415
Thomas McKeith	138,462	-	-	-	138,462
Naguib Sawaris (i)	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-
John Rowe (ii)	157,792	-	-	2,396	160,188
Key Management Personnel					
Aaron Colleran	120,529	166,940	-	(103,940)	183,529
Paul Eagle	-	30,840	-	-	30,840
Evan Elstein	68,071	77,771	-	(13,009)	132,833
Mark Le Messurier	224,295	174,985	-	4,350	403,630
Roric Smith (iii)	10,125	166,940	-	(154,343)	22,722

(i) Mr Sawaris is the controlling shareholder of La Mancha Group International BV.
(ii) Resigned as Non-Executive Director effective 31 March 2016.
(iii) Changed position to part-time role effective 1 July 2016. Ceased as Vice President Discovery & Chief Geologist effective 30 June 2016.

Remuneration Report (Audited) (continued)

(k) *Director and Key Management Personnel Equity Holdings (continued)*

(ii) Performance Rights

	Balance at the start of the year	Granted as compen-sation	Converted	Other changes	At end of the year		
					Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Jacob Klein	5,532,416	5,147,197	(750,894)	(306,405)	9,622,314	2,245,152	7,377,162
Lawrie Conway	536,347	335,232	-	-	871,579	-	871,579
James Askew	-	-	-	-	-	-	-
Graham Freestone	-	-	-	-	-	-	-
Colin Johnstone	-	-	-	-	-	-	-
Thomas McKeith	-	-	-	-	-	-	-
Naguib Sawaris	-	-	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-	-	-
John Rowe (i)	-	-	-	-	-	-	-
Key Management Personnel							
Aaron Colleran	1,229,975	310,611	(166,940)	(68,120)	1,305,526	499,145	806,381
Paul Eagle	529,693	171,341	(30,840)	(12,585)	657,609	232,000	425,609
Evan Elstein	910,705	275,635	(77,771)	(31,735)	1,076,834	390,000	686,834
Mark Le Messurier	1,305,936	335,232	(174,985)	(71,403)	1,394,780	523,201	871,579
Roric Smith (ii)	1,240,756	316,608	(166,940)	(68,120)	1,322,304	499,145	823,159
	11,285,828	6,891,856	(1,368,370)	(558,368)	16,250,946	4,388,643	11,862,303

(i) Resigned as Non-Executive Director effective 31 March 2016.
(ii) Resigned as Vice President Discovery & Chief Geologist and changed position to part-time role effective 1 July 2016.

Remuneration Report (Audited) (continued)

(k) *Director and Key Management Personnel Equity Holdings (continued)*

(iii) Options

	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes	At end of the year		
					Balance at the end of the year	Vested and exercisable	Unvested
Directors							
Jacob Klein	4,677,435	-	-	-	4,677,435	4,677,435	-
Lawrie Conway	-	-	-	-	-	-	-
James Askew	488,651	-	-	(435,697)	52,954	52,954	-
Graham Freestone	-	-	-	-	-	-	-
Colin Johnstone	-	-	-	-	-	-	-
Thomas McKeith	-	-	-	-	-	-	-
Naguib Sawaris	-	-	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-	-	-
John Rowe (i)	-	-	-	-	-	-	-
Key Management Personnel							
Aaron Colleran	330,000	-	-	-	330,000	330,000	-
Paul Eagle	-	-	-	-	-	-	-
Evan Elstein	105,000	-	-	(105,000)	-	-	-
Mark Le Messurier	450,000	-	-	(450,000)	-	-	-
Roric Smith (ii)	-	-	-	-	-	-	-
	6,051,086	**-**	**-**	**(990,696)**	**5,060,390**	**5,060,390**	**-**

(i) Resigned as Non-Executive Director effective 31 March 2016.
(ii) Resigned as Vice President Discovery & Chief Geologist and changed position to part-time role effective 1 July 2016.

Indemnification of officers and auditors

During the financial year the Company paid a premium in respect of a contract insuring the Directors of the Company, the company secretaries and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into a Deed of Indemnity, Insurance and Access with each Director. In Summary the Deed provides for:

- Access to corporate records for each Director for a period after ceasing to hold office in the Company;
- The provision of Directors and Officers Liability Insurance; and
- Indemnity for legal costs incurred by Directors in carrying out the business affairs of the Company.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below. Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in note 19(a).

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

Directors' Report (continued)

Non-audit services (continued)

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2016 $	2015 $
Other assurance services		
PricewaterhouseCoopers firm:		
Assurance related services	**16,700**	45,000
Non PricewaterhouseCoopers audit firms		
Due diligence services	**226,245**	78,000
Internal audit services	**62,845**	94,514
Total remuneration for other assurance services	**305,790**	217,514
Taxation services		
PricewaterhouseCoopers firm:		
Tax compliance services	**12,000**	-
Non PricewaterhouseCoopers audit firms		
Tax compliance services	**47,980**	12,000
Tax advisory services	**821,010**	51,565
Total remuneration for taxation services	**880,990**	63,565
Total remuneration for non-audit services	**1,186,780**	281,079

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 98.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Jacob (Jake) Klein
Executive Chairman

Graham Freestone
Non-Executive Director

Sydney
17 August 2016

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Evolution Mining Limited and the entities it controlled during the period.

Tim Goldsmith
Partner
PricewaterhouseCoopers

Sydney
17 August 2016

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2016 $'000	30 June 2015 $'000
Sales revenue	2	**1,328,614**	665,958
Cost of sales	3	**(1,096,992)**	(512,085)
Gross Profit		**231,622**	153,873
Interest income		**1,412**	497
Other income		**2,260**	364
Share based payments expense	18	**(9,896)**	(1,868)
Corporate and other administration costs	3	**(26,402)**	(25,466)
Acquisition and integration costs	3	**(54,681)**	(5,935)
Gain on revaluation of available-for-sale assets	13(c)	**4,365**	-
Exploration and evaluation costs expensed		**(13,801)**	(6,968)
Impairment of assets	6(c)	**(77,330)**	-
Impairment of goodwill	13(a)	**(35,270)**	-
Finance costs	3	**(43,785)**	(14,382)
(Loss)/profit before income tax expense		**(21,506)**	100,115
Income tax expense	4	**(2,843)**	-
(Loss)/profit after income tax expense		**(24,349)**	100,115
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets	7(b)	**46**	444
Changes in the fair value of cash flow hedges	7(b)	**(6,889)**	6,915
Exchange differences on translation of foreign operations	7(b)	**104**	-
Other comprehensive (expense)/income, net of tax		**(6,739)**	7,359
Total comprehensive (expense)/income		**(31,088)**	107,474
Total comprehensive (expense)/income for the period is attributable to:			
Owners of Evolution Mining Limited		**(31,088)**	107,474
		(31,088)	107,474
		Cents	Cents
(Loss)/earning per share for (loss)/profit attributable to the ordinary equity holders of the Company:			
Basic (loss)/earning per share	20	**(1.75)**	13.71
Diluted (loss)/earning per share	20	**(1.75)**	13.44

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

	Notes	30 June 2016 $'000	30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5(a)	**17,295**	205,788
Trade and other receivables	5(b)	**26,953**	10,514
Inventories	6(a)	**213,168**	66,496
Derivative financial instruments	10(a)	**-**	6,762
Assets classified as held for sale	6(c)	**77,621**	-
Total current assets		**335,037**	289,560
Non-current assets			
Inventories	6(a)	**827**	827
Available-for-sale financial assets	5(c)	**3,263**	6,516
Property, plant and equipment	6(d)	**789,770**	470,522
Mine development and exploration	6(e)	**1,058,173**	544,733
Other non-current assets	6(b)	**89**	80
Total non-current assets		**1,852,122**	1,022,678
Total assets		**2,187,159**	1,312,238
LIABILITIES			
Current liabilities			
Trade and other payables	5(d)	**121,509**	64,254
Interest bearing liabilities	5(e)	**16,788**	17,391
Derivative financial instruments	10(a)	**127**	-
Provisions	6(f)	**24,994**	12,317
Liabilities directly associated with assets classified as held for sale	6(c)	**32,621**	-
Other current liabilities		**4,621**	-
Total current liabilities		**200,660**	93,962
Non-current liabilities			
Interest bearing liabilities	5(e)	**279,667**	6,525
Provisions	6(f)	**152,104**	87,191
Deferred tax liabilities	4(c)	**89**	-
Other non-current liabilities		**3,206**	-
Total non-current liabilities		**435,066**	93,716
Total liabilities		**635,726**	187,678
Net assets		**1,551,433**	1,124,560
EQUITY			
Issued capital	7(a)	**1,770,987**	1,292,620
Reserves	7(b)	**29,363**	27,446
Accumulated losses	7(c)	**(248,917)**	(195,506)
Capital and reserves attributable to owners of Evolution Mining Limited		**1,551,433**	1,124,560
Total equity		**1,551,433**	1,124,560

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Notes	Issued capital $'000	Share-based payments $'000	Fair value revaluation reserve $'000	Cash flow hedges $'000	Foreign currency translation $'000	Accu-mulated losses $'000	Total equity $'000
Balance at 1 July 2014		1,048,424	18,972	(600)	(153)	-	(281,339)	785,304
Profit after income tax expense		-	-	-	-	-	100,115	100,115
Changes in fair value of available-for-sale financial assets		-	-	444	-	-	-	444
Changes in fair value of cash flow hedges		-	-	-	6,915	-	-	6,915
Total comprehensive income		**-**	**-**	**444**	**6,915**	**-**	**100,115**	**107,474**
Transactions with owners in their capacity as owners:								
Contributions of equity	7(a)	244,196	-	-	-	-	-	244,196
Dividends provided for or paid	11(b)	-	-	-	-	-	(14,282)	(14,282)
Recognition of share-based payments	18	-	1,868	-	-	-	-	1,868
		244,196	1,868	-	-	-	(14,282)	231,782
Balance at 30 June 2015		**1,292,620**	**20,840**	**(156)**	**6,762**	**-**	**(195,506)**	**1,124,560**
Balance at 1 July 2015		1,292,620	20,840	(156)	6,762	-	(195,506)	1,124,560
Loss after income tax expense		-	-	-	-	-	(24,349)	(24,349)
Changes in fair value of available-for-sale financial assets		-	-	46	-	-	-	46
Changes in fair value of cash flow hedges		-	-	-	(6,889)	-	-	(6,889)
Exchange differences on translation of foreign operations		-	-	-	-	104	-	104
Total comprehensive expense		**-**	**-**	**46**	**(6,889)**	**104**	**(24,349)**	**(31,088)**
Transactions with owners in their capacity as owners:								
Contributions of equity	7(a)	478,367	-	-	-	-	-	478,367
Dividends provided for or paid	11(b)	-	-	-	-	-	(29,062)	(29,062)
Recognition of share-based payments	18	-	8,656	-	-	-	-	8,656
		478,367	8,656	-	-	-	(29,062)	457,961
Balance at 30 June 2016		**1,770,987**	**29,496**	**(110)**	**(127)**	**104**	**(248,917)**	**1,551,433**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Notes	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Receipts from sales		**1,317,938**	679,105
Payments to suppliers and employees		**(720,120)**	(384,678)
Other income		**2,260**	364
Interest received		**1,414**	495
Interest paid		**(27,408)**	(10,549)
Net cash inflow from operating activities	8(a)	**574,084**	284,737
Cash flows from investing activities			
Payments for property, plant and equipment		**(70,260)**	(44,330)
Payment for mine development and exploration		**(164,455)**	(146,400)
Proceeds from sale of property, plant and equipment		**3,881**	830
Payments for available-for-sale financial assets		**-**	(5,172)
Payments for acquisition and integration costs		**(6,590)**	-
Payments for stamp duty related to business combinations		**(48,091)**	-
Cash acquired through business combinations		**20,781**	-
Payments for subsidiaries acquired through business combinations		**(734,646)**	-
Transfer from term deposits		**-**	1
Net cash outflow from investing activities		**(999,380)**	(195,071)
Cash flows from financing activities			
Proceeds from interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**607,000**	-
Repayment of interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**(322,000)**	(126,784)
Repayment of interest bearing liabilities - La Mancha Debt Facility		**(124,000)**	-
Repayment of short term borrowings		**(155,739)**	(51,432)
Proceeds from short term borrowings		**158,801**	45,283
Payment of finance lease liabilities		**(15,224)**	(10,592)
Dividends paid		**(23,834)**	(11,513)
Proceeds from issues of shares		**111,799**	248,105
Payment of transaction costs for issuing shares		**-**	(8,552)
Net cash inflow from financing activities		**236,803**	84,515
Net (decrease)/increase in cash and cash equivalents		**(188,493)**	174,181
Cash and cash equivalents at the beginning of the period		**205,788**	31,607
Cash and cash equivalents at end of period	5(a)	**17,295**	205,788

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Contents of the Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements (continued)

How numbers are calculated

This section provides additional information about those individual line items in the financial statements that the Directors consider most relevant in the context of the operations of the Group, including:

(a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction
(b) analysis and sub-totals, including segment information
(c) information about estimates and judgements made in relation to particular items.

Notes to the Consolidated Financial Statements (continued)

1 Segment information

(a) Description of segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Chairman and the Senior Leadership Team (the chief business decision makers) in assessing performance and in determining the allocation of resources.

The Group's seven operational mine sites, Exploration and Corporate are each treated as individual operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Corporate includes share-based payment expenses and other corporate expenditures supporting the business during the period.

Segment performance is evaluated based on earnings before interest, tax, depreciation and amortisation (EBITDA).

The Group's operations are all conducted in the mining industry in Australia and New Zealand.

(b) Segment information

The segment information for the reportable segments for the year ended 30 June 2016 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Edna May $'000	Cracow $'000	Pajingo $'000	Explo-ration $'000	Corp-orate $'000	Total $'000
30 June 2016										
Segment Revenue	375,346	232,549	206,916	136,323	119,819	144,506	113,155	-	-	**1,328,614**
EBITDA	222,238	115,062	119,631	65,719	12,911	67,887	50,940	(13,801)	(33,036)	**607,551**
Capital additions (i)	38,017	40,565	19,945	48,607	11,640	20,753	28,146	27,823	1,521	**237,017**

(i) Capital additions include assets that were acquired under finance leases during the period.

The segment information for the reportable segments for the year ended 30 June 2015 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Edna May $'000	Cracow $'000	Pajingo $'000	Explo-ration $'000	Corp-orate $'000	Total $'000
30 June 2015										
Segment revenue	-	-	120,464	156,777	153,462	138,558	96,697	-	-	**665,958**
EBITDA	-	-	48,892	82,546	73,051	61,823	39,121	(6,968)	(25,809)	**272,656**
Capital additions (i)	-	-	28,097	47,773	41,329	24,052	24,579	23,981	372	**190,183**

(i) Capital additions include assets that were acquired under finance leases during the period.

Notes to the Consolidated Financial Statements (continued)

1 Segment information (continued)

(c) Segment Reconciliation

	30 June 2016 $'000	30 June 2015 $'000
Reconciliation of (loss)/profit before income tax expense		
EBITDA	**607,551**	272,656
Depreciation and amortisation	**(335,451)**	(152,721)
Interest income	**1,412**	497
Acquisition and integration costs	**(54,681)**	(5,935)
Gain on revaluation of available-for-sale assets	**4,365**	-
Fair value amortisation and unwinding expense	**(88,317)**	-
Impairment loss on assets	**(77,330)**	-
Impairment loss on goodwill	**(35,270)**	-
Finance costs	**(43,785)**	(14,382)
(Loss)/profit before income tax expense	**(21,506)**	100,115

2 Revenue

	30 June 2016 $'000	30 June 2015 $'000
Sales revenue		
Gold sales	**1,302,228**	634,986
Silver sales	**18,226**	23,985
Copper sales	**8,160**	6,987
	1,328,614	665,958

(a) Recognising revenue from major business activities

Revenue is recognised for the major business activities using the methods outlined below.

Metal Sales

Revenue from sales of refined metals is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured.

Other revenue

See note 23(e) for the recognition and measurement of other revenue.

Notes to the Consolidated Financial Statements (continued)

3 Expenses

Breakdown of expenses by nature

	30 June 2016 $'000	30 June 2015 $'000
Cost of sales		
Mine operating costs	**618,488**	325,451
Depreciation and amortisation expense	**334,449**	151,560
Royalty and other selling costs	**55,738**	35,074
Fair value amortisation	**58,167**	-
Fair value expense	**30,150**	-
	1,096,992	512,085
Corporate and other administration costs		
Depreciation and amortisation expense	**1,002**	1,161
Operating lease payments	**1,384**	1,258
Corporate wages and salaries expense	**18,857**	17,458
Contractor, consultants and advisory expense	**4,655**	3,321
Other administrative	**406**	1,995
Loss on disposal of assets	**98**	273
	26,402	25,466
Acquisition and integration costs		
Contractor, consultants and advisory expense	**4,377**	5,088
Corporate and administration expense	**2,213**	847
Stamp duty on business combinations	**48,091**	-
	54,681	5,935
Finance costs		
Finance lease interest expense	**1,095**	1,339
Amortisation of debt establishment costs	**11,623**	1,229
Unwinding of discount on provisions	**3,406**	2,098
Write off of debt establishment costs	**1,347**	1,094
Interest expense	**26,314**	8,622
	43,785	14,382
Depreciation and amortisation		
Cost of sales	**334,449**	151,560
Corporate and other administration costs	**1,002**	1,161
	335,451	152,721

Notes to the Consolidated Financial Statements (continued)

4 Income tax expense

(a) Income tax expense

	30 June 2016 $'000	30 June 2015 $'000
Deferred tax	**20,087**	30,622
Previously unrecognised tax loss now recognised	**(17,244)**	(30,622)
	2,843	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	30 June 2016 $'000	30 June 2015 $'000
(Loss) / profit before income tax expense	**(21,506)**	100,115
Tax at the Australian tax rate of 30%	**(6,452)**	30,035
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**2,225**	560
Other	**(1,284)**	27
Costs of business acquisitions	**15,017**	-
Impairment loss on goodwill	**10,581**	-
Previously unrecognised tax loss now recognised	**(17,244)**	(30,622)
Income tax expense	**2,843**	-

Notes to the Consolidated Financial Statements (continued)

4 Income tax expense (continued)

(c) Recognised deferred tax balances

	30 June 2016 $'000	30 June 2015 $'000
Inventories	**32,864**	289
Exploration and evaluation expenditure	**(21,017)**	(29,969)
Property, plant and equipment	**(1,519)**	(3,263)
Mine development	**(67,482)**	(27,074)
Employee benefits	**13,464**	7,275
Provisions	**47,090**	5,346
Share issue costs	**1,539**	-
Capitalised interest	**(1,191)**	(1,191)
Share based payment transactions	**374**	-
Other	**(4,033)**	(2,409)
Deferred tax balances from temporary differences	**89**	(50,996)
Adjustments for deferred tax of prior periods	**-**	30,622
Tax losses carried forward	**(89)**	20,374
Tax assets	**-**	-

(d) Movement in deferred tax balances during the year

	Balance at 1 July 2015 $'000	Adjustments of deferred tax for prior periods $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Recognised on business combination $'000	Balance at 30 June 2016 $'000
Inventories	289	-	431	-	32,144	32,864
Exploration and evaluation expenditure	(9,916)	-	(1,397)	-	(9,704)	(21,017)
Property, plant and equipment	7,187	-	(8,706)	-	-	(1,519)
Mine development	(25,612)	-	39,094	-	(80,964)	(67,482)
Employee benefits	7,275	-	1,375	-	4,814	13,464
Provisions	5,346	17,244	1,022	-	23,478	47,090
Share issue costs	-	-	-	1,539	-	1,539
Capitalised interest	(1,191)	-	-	-	-	(1,191)
Shared based payment transactions	-	-	374	-	-	374
Other	(2,409)	-	(1,624)	-	-	(4,033)
Tax losses carried forward	19,031	-	(43,643)	-	24,612	-
Deferred tax assets / (liabilities)	-	17,244	(13,074)	1,539	(5,620)	89

4 Income tax expense (continued)

(e) Tax losses

The Group has available tax losses as at 30 June 2016. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

5 Financial assets and financial liabilities

The Group holds the following financial instruments:

	Notes	At fair value through other comprehen-sive income $'000	Derivatives used for hedging $'000	At amortised cost $'000	Total $'000
30 June 2016					
Financial Assets					
Cash and cash equivalents	5(a)	-	-	17,295	17,295
Trade and other receivables	5(b)	-	-	26,953	26,953
Available-for-sale financial assets	5(c)	3,263	-	-	3,263
		3,263	-	44,248	47,511
Financial Liabilities					
Trade and other payables	5(d)	-	-	121,509	121,509
Interest bearing liabilities	5(e)	-	-	296,455	296,455
Derivative financial instruments	10(a)	-	127	-	127
Other liabilities		-	-	7,827	7,827
		-	127	425,791	425,918
30 June 2015					
Financial Assets					
Cash and cash equivalents	5(a)	-	-	205,788	205,788
Trade and other receivables	5(b)	-	-	10,514	10,514
Derivative financial instruments	10(a)	-	6,762	-	6,762
Available-for-sale financial assets	5(c)	6,516	-	-	6,516
		6,516	6,762	216,302	229,580
Financial Liabilities					
Trade and other payables	5(d)	-	-	64,254	64,254
Interest bearing liabilities	5(e)	-	-	23,916	23,916
		-	-	88,170	88,170

5 Financial assets and financial liabilities (continued)

(a) Cash and cash equivalents

	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Cash at bank	**17,279**	205,282
Short term deposits	**16**	506
	17,295	205,788

(i) Reconciliation to cash flow statement

The above figures are reconciled to cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows as follows:

	30 June 2016 $'000	30 June 2015 $'000
Balances as above	**17,295**	205,788
Balances per Consolidated Statement of Cash Flows	**17,295**	205,788

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 23(i) for the Group's other accounting policies on cash and cash equivalents.

(iii) Risk exposure

The Group's exposure to various risks associated with the financial instruments is discussed in note 10. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(b) Trade and other receivables

	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Trade receivables	**15,014**	3,969
Accrued interest income	**-**	13
GST refundable	**7,691**	4,725
Prepayments	**2,733**	1,555
Other receivables	**1,515**	252
	26,953	10,514

Notes to the Consolidated Financial Statements (continued)

5 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

(i) Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The Group's impairment and other accounting policies for trade and other receivables are outlined in notes 10(c) and 23(j) respectively.

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

(iii) Fair value of trade and other receivables

Due to the nature of these receivables, their carrying amount is assumed to approximate their fair value.

(iv) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk can be found in note 10.

(c) Available-for-sale financial assets

	30 June 2016 $'000	30 June 2015 $'000
Listed securities - Non-current		
Shares in Shareroot Limited (formerly Monto Mineral Limited)	**167**	300
Shares in Emmerson Resources Limited	**3,096**	1,376
Shares in Phoenix Gold Limited	**-**	4,840
	3,263	6,516

(i) Classification of financial assets as available-for-sale

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVTPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Impairment indicators for available-for-sale financial assets

A security is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. See note 23(l) for further details about the Group's impairment policies for financial assets

(iii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains/(losses) were recognised in profit or loss and other comprehensive income.

5 Financial assets and financial liabilities (continued)

(c) Available-for-sale financial assets

	30 June 2016 $'000	30 June 2015 $'000
Gains/(losses) recognised in other comprehensive income	**46**	444
	46	444

(iv) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in note 5(f) below. None of the financial assets are either past due or impaired.

All available-for-sale financial assets are denominated in Australian dollars. For an analysis of the sensitivity of available-for-sale financial assets to price and interest rate risk refer to note 10(b).

(d) Trade and other payables

	30 June 2016 $'000	30 June 2015 $'000
Current liabilities		
Trade creditors	**96,566**	43,663
Other payables and accruals	**24,943**	20,591
	121,509	64,254

Trade payables are unsecured and are paid on normal commercial terms.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

(i) Risk exposure

Information about the Group's exposure to foreign exchange risk is provided in note 10.

Notes to the Consolidated Financial Statements (continued)

5 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities

	30 June 2016 $'000	30 June 2015 $'000
Current liabilities		
Finance lease liabilities	**8,316**	11,982
Other borrowings	**8,472**	5,409
	16,788	17,391
Non-current liabilities		
Bank loans - Corporate Credit Facility	**285,000**	-
Less: Borrowing costs	**(6,677)**	(1,750)
Finance lease liabilities	**1,344**	8,275
	279,667	6,525
Total interest bearing liabilities	**296,455**	23,916

In May 2015, the Group entered into a refinancing arrangement by way of a letter of commitment. The Facility comprises $300 million Senior Secured Revolving Loan (“Facility A”), a $400 million Senior Secured Term Loan (“Facility B”), and a $155 million performance bond facility (“Facility C”).

The Facility was executed on 20 July 2015 and was effective from that date.

The Facility was drawn down on 23 July 2015 on completion of the Cowal acquisition and is repayable over the following periods:

- Facility A: 31 July 2018
- Facility B: 20 July 2020
- Facility C: 20 July 2018

In July 2015, the Group's gearing ratio peaked at 32.0% as a result of drawing down on The Facility to fund the Cowal acquisition. This was subsequently reduced to 15.1% as at 30 June 2016 as a result of a total of $322 million in voluntary and early repayments during the year. As at 30 June 2016, the Group was 15 months ahead of the Facility B repayment schedule.

(i) Secured liabilities and assets pledged as security

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Security on The Facility is held in the form of a General Security Agreement and Share Security Agreement over the Groups operating assets. The carrying amounts of assets pledged as general security for current and non-current borrowings is $1.387 billion. The share capital pledged as share security for current and non-current borrowings is $1.992 billion.

(ii) Compliance with loan covenants

Evolution Mining Limited has complied with the financial covenants of its borrowing facilities as at the financial years ended 30 June 2016 and 30 June 2015, see note 11 for details.

5 Financial assets and financial liabilities (continued)

(e) Interest bearing liabilities

(iii) Finance leases

The Group leases various plant and equipment with a carrying amount $13.528 million (30 June 2015: $18.548 million) based on the cost of the assets. These leases expire within one to five years and under the terms of the leases, at the expiry the ownership of the leased assets will transfer to the Group.

	30 June 2016 $'000	30 June 2015 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**8,630**	12,811
Later than one year but not later than five years	**1,364**	8,578
Minimum lease payments	**9,994**	21,389
Future finance charges	**(334)**	(1,132)
Total lease liabilities	**9,660**	20,257
Representing lease liabilities:		
Current	**8,316**	11,982
Non-current	**1,344**	8,275
	9,660	20,257

(iv) Fair value

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method.

(v) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 10.

(f) Recognised fair value measurements

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Notes to the Consolidated Financial Statements (continued)

5 Financial assets and financial liabilities (continued)

(f) Recognised fair value measurements

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2016					
Financial assets					
Other financial assets					
Shares available for sale	5(c)	**3,263**	**-**	**-**	**3,263**
		3,263	**-**	**-**	**3,263**
Financial Liabilities					
Derivative financial instruments					
Derivatives used for hedging	10(a)	**-**	**127**	**-**	**127**
		-	**127**	**-**	**127**

	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 June 2015					
Financial assets					
Derivative financial instruments					
Derivatives used for hedging	10(a)	-	6,762	-	6,762
Other financial assets					
Shares available for sale	5(c)	6,516	-	-	6,516
		6,516	6,762	-	13,278

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group did not measure any financial assets or liabilities on a non-recurring basis as at 30 June 2016.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

5 Financial assets and financial liabilities (continued)

(f) Recognised fair value measurements

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in either level 1 or 2. There are no financial instruments included in level 3 for the year ended 30 June 2016.

6 Non-financial assets and liabilities

(a) Inventories

	30 June 2016 $'000	30 June 2015 $'000
Current		
Stores	**49,251**	27,655
Ore	**139,836**	20,664
Dore and concentrate	**6,961**	9,528
Metal in circuit	**17,120**	8,649
	213,168	66,496
Non-current		
Stores	**827**	827
	827	827
Total inventories	**213,995**	67,323

(i) Assigning costs to inventories

Inventory is valued at the lower of cost or net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting material into finished goods.

(ii) Amounts recognised in profit or loss

Write-downs of inventories to net realisable value amounted to $1.443 million (30 June 2015: $5.357 million). These were recognised as an expense during the year ended 30 June 2016 and included in 'cost of sales' in profit or loss.

Notes to the Consolidated Financial Statements (continued)

6 Non-financial assets and liabilities (continued)

(b) Other non-current assets

	30 June 2016 $'000	30 June 2015 $'000
Tenement security bonds	**65**	65
Administration and office bonds	**24**	15
	89	80

(c) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale as at 30 June 2016:

	30 June 2016 $'000	30 June 2015 $'000
Assets		
Trade and other receivables	**1,037**	-
Inventories	**7,427**	-
Property, plant and equipment	**45,118**	-
Mine development and exploration	**101,351**	-
Less: Impairment of assets	**(77,330)**	-
Other assets	**18**	-
	77,621	-
Liabilities		
Trade and other payables	**10,349**	-
Interest bearing liabilities	**1,036**	-
Provisions	**21,236**	-
	32,621	-
Net assets held for sale	**45,000**	-

(i) Impairment

An impairment is recognised when the carrying amount of a cash-generating unit exceeds the recoverable amount. The recoverable amount for the Pajingo asset cash-generating unit has been determined based on its fair value less cost to dispose.

On 16 August, the Company signed a Sale and Purchase Agreement with Minjar Gold Pty Limited for the sale of the Pajingo asset for $45 million. The consideration comprises of $42 million in cash and $3 million in deferred consideration. The sale is expected to settle in early September.

(ii) Non-recurring fair value measurements

The recoverable amount of the Pajingo asset has been determined based on the fair value less cost to dispose.

Notes to the Consolidated Financial Statements (continued)

6 Non-financial assets and liabilities (continued)

(d) Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2015			
Cost	10,355	676,950	687,305
Accumulated depreciation	-	(216,783)	(216,783)
Net carrying amount	10,355	460,167	470,522
Year ended 30 June 2016			
Carrying amount at the beginning of the year	10,355	460,167	470,522
Additions	-	70,260	70,260
Amounts acquired in a business combination	6,182	429,339	435,521
Reclassifications	524	(518)	6
Disposals	-	(4,024)	(4,024)
Depreciation relating to fair value uplift on business combinations	-	(2,841)	(2,841)
Depreciation	-	(134,556)	(134,556)
Classified as held for sale	(6,535)	(38,583)	(45,118)
Carrying amount at the end of the year	10,526	779,244	789,770
At 30 June 2016			
Cost	10,526	1,565,270	1,575,796
Accumulated depreciation	-	(786,026)	(786,026)
Net carrying amount	10,526	779,244	789,770
Included in above			
Carrying amount of lease assets	-	13,528	13,528
Carrying amount of assets under construction	-	42,437	42,437
	-	55,965	55,965

Notes to the Consolidated Financial Statements (continued)

6 Non-financial assets and liabilities (continued)

(d) Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 2014			
Cost	10,365	592,679	603,044
Accumulated depreciation	-	(113,872)	(113,872)
Net carrying amount	10,365	478,807	489,172
Year ended 30 June 2015			
Carrying amount at the beginning of the year	10,365	478,807	489,172
Additions	-	44,719	44,719
Exchange differences	-	(2,068)	(2,068)
Reclassifications	(10)	3,498	3,488
Disposals	-	(1,094)	(1,094)
Depreciation	-	(63,695)	(63,695)
Carrying amount at the end of the year	10,355	460,167	470,522
At 30 June 2015			
Cost	10,355	676,950	687,305
Accumulated depreciation	-	(216,783)	(216,783)
Net carrying amount	10,355	460,167	470,522
Included in above			
Carrying amount of lease assets	-	18,548	18,548
Assets in the course of construction	-	20,184	20,184
	-	38,732	38,732

(i) Non-current assets pledged as security

Refer to note 5(e) for information on non-current assets pledged as security by the Group.

(ii) Depreciation methods and useful lives

Land is not depreciated. Depreciation of plant and equipment is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The rates vary between 10% and 33% per annum.

See note 23(o) for the other accounting policies relevant to property, plant and equipment.

6 Non-financial assets and liabilities (continued)

(e) Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2015			
Cost	898,163	52,007	950,170
Accumulated amortisation	(393,051)	(12,386)	(405,437)
Net carrying amount	505,112	39,621	544,733
Year ended 30 June 2016			
Carrying amount at the beginning of the year	505,112	39,621	544,733
Additions	138,934	27,823	166,757
Amounts acquired in a business combination	648,154	69,907	718,061
Amortisation relating to fair value uplift on business combinations	(55,326)	-	(55,326)
Amortisation	(200,894)	-	(200,894)
Reclassifications	(6)	-	(6)
Asset write-off	-	(13,801)	(13,801)
Classified as held for sale	(88,139)	(13,212)	(101,351)
Carrying amount at the end of the year	947,835	110,338	1,058,173
At 30 June 2016			
Cost	1,962,882	122,724	2,085,606
Accumulated amortisation	(1,015,047)	(12,386)	(1,027,433)
Net carrying amount	947,835	110,338	1,058,173

6 Non-financial assets and liabilities (continued)

(e) Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2014			
Cost	769,038	40,568	809,606
Accumulated amortisation	(304,025)	(12,386)	(316,411)
Net carrying amount	465,013	28,182	493,195
Year ended 30 June 2015			
Carrying amount at the beginning of the year	465,013	28,182	493,195
Additions	121,483	23,981	145,464
Asset write-off	2,068	-	2,068
Amortisation	(89,026)	-	(89,026)
Reclassifications	5,574	(5,574)	-
Asset write-off	-	(6,968)	(6,968)
Carrying amount at the end of the year	505,112	39,621	544,733
At 30 June 2015			
Cost	898,163	52,007	950,170
Accumulated amortisation	(393,051)	(12,386)	(405,437)
Net carrying amount	505,112	39,621	544,733

(i) Non-current assets pledged as security

Refer to note 5(e) for information on non-current assets pledged as security by the Group.

(ii) Amortisation methods and useful lives

Mine development costs are amortised on a units of production basis over the life of the area to which they relate. In applying the units of production method, amortisation is calculated using the expected total contained ounces within the mine to achieve a consistent amortisation rate per ounce. To achieve this, the amortisation rate is based on the ratio of total mine development costs (incurred and anticipated) over the expected total contained ounces.

See note 23(n) for the other accounting policies relevant to mine development and exploration.

Notes to the Consolidated Financial Statements (continued)

6 Non-financial assets and liabilities (continued)

(f) Provisions

	30 June 2016 $'000	30 June 2015 $'000
Current		
Employee entitlements	**24,994**	12,317
	24,994	12,317
Non-current		
Employee entitlements	**5,988**	3,775
Rehabilitation provision	**145,916**	83,416
Other long term provision	**200**	-
	152,104	87,191
Total provisions	**177,098**	99,508

(i) Information about individual provisions and significant estimates

Employee entitlements

The provision for employee benefits relates to the Group's liability for long service leave and annual leave.

See note 23(v) for the other accounting policies relevant to employee benefits.

Rehabilitation provision

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

See note 23(t) for the other accounting policies relevant to site restoration costs.

Notes to the Consolidated Financial Statements (continued)

6 Non-financial assets and liabilities (continued)

(f) Provisions

(ii) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	Employee benefits $'000	Rehabilitation $'000	Other $'000	Total $'000
30 June 2016				
Carrying amount at the beginning of the year	16,092	83,416	-	99,508
Charged/(credited) to profit or loss				
- unwinding of discount	-	3,406	-	3,406
Re-measurement of provision	3,389	1,316	-	4,705
Acquired through business combination	15,995	74,520	200	90,715
Classified as held for sale	(4,494)	(16,742)	-	(21,236)
Carrying amount at the end of the year	30,982	145,916	200	177,098
30 June 2015				
Carrying amount at the beginning of the year	11,136	79,288	-	90,424
Charged/(credited) to profit or loss				
- unwinding of discount	-	2,098	-	2,098
- additional provisions recognised	4,956	-	-	4,956
Re-measurement of provision	-	2,972	-	2,972
Other movements	-	(942)	-	(942)
Carrying amount at the end of the year	16,092	83,416	-	99,508

7 Equity

(a) Contributed equity

	30 June 2016 Shares	30 June 2015 Shares	30 June 2016 $'000	30 June 2015 $'000
Ordinary shares				
Fully paid ordinary shares	**1,468,262,821**	992,435,234	**1,770,987**	1,292,620
	1,468,262,821	992,435,234	**1,770,987**	1,292,620

Notes to the Consolidated Financial Statements (continued)

7 Equity (continued)

(a) Contributed equity

(ii) Movements in ordinary share capital

	30 June 2016 Shares	30 June 2016 $'000	30 June 2015 Shares	30 June 2015 $'000
Opening balance	**992,435,234**	**1,292,620**	709,989,453	1,048,424
Issue of shares as consideration for Phoenix Gold Limited	**22,625,093**	**29,604**	-	-
Issue of shares to La Mancha Group International BV on completion of business acquisition	**322,023,765**	**331,684**	-	-
Shares issued on vesting of performance rights	**2,262,954**	**-**	724,811	-
Shares issued under DRP for final dividend	**2,492,008**	**2,707**	1,703,000	1,140
Shares issued under DRP for interim dividend	**1,525,313**	**2,573**	1,840,927	1,503
Shares issued to La Mancha Group International BV under Entitlement Offer	**123,852,934**	**111,468**	-	-
Shares issued under Institutional Component of Entitlement Offer	**-**	**-**	192,463,833	173,217
Shares issued under Retail Component of Entitlement Offer	**-**	**-**	83,208,827	74,888
Shares issued on exercise of unlisted share options	**180,000**	**331**	-	-
Employee share scheme issues	**865,520**	**-**	-	-
Issue of shares to Emmerson Resources Limited	**-**	**-**	2,504,383	2,000
Less: Transactions costs arising on share issue	**-**	**-**	-	(8,552)
	1,468,262,821	**1,770,987**	992,435,234	1,292,620

(iii) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(iv) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan based on the daily VWAP for the 5 days immediately after the record date. Any DRP or discount are subject to Board approval.

(v) Employee share scheme

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 18.

(b) Other reserves

7 Equity (continued)

(b) Other reserves

	30 June 2016 $'000	30 June 2015 $'000
Fair value revaluation reserve	**(110)**	(156)
Cash flow hedge reserve	**(127)**	6,762
Share-based payments	**29,496**	20,840
Foreign currency translation	**104**	-
	29,363	27,446

	Notes	30 June 2016 $'000	30 June 2015 $'000
Movements:			
Fair value revaluation reserve			
Balance at the beginning of the year		**(156)**	(600)
Change in fair value of available-for-sale financial assets	5(c)	**46**	444
Balance at the end of the year		**(110)**	(156)
Cash flow hedges			
Balance at the beginning of the year		**6,762**	(153)
Change in the fair value of cash flow hedges		**(6,889)**	6,915
Balance at the end of the year		**(127)**	6,762
Share-based payments			
Balance at the beginning of the year		**20,840**	18,972
Share based payments expense	18	**8,656**	1,868
Balance at the end of the year		**29,496**	20,840
Foreign currency translation			
Currency translation differences arising during the year		**104**	-
Balance at the end of the year		**104**	-

(i) Nature and purpose of other reserves

Financial assets at fair value through other comprehensive income

As explained in note 23(l), the Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in a separate reserve within equity. The entity does not have any policy on transferring amounts from this reserve to another reserve or to retained earnings when the relevant equity securities are sold.

Cash flow hedges

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and are recognised in other comprehensive income, as described in note 23(m). Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Notes to the Consolidated Financial Statements (continued)

7 Equity (continued)

(b) Other reserves

Share-based payments

The option reserve comprises the consideration received for the issue of Options over unissued ordinary shares of the Company and the fair value of Options over unissued ordinary shares granted as employee remuneration until the Options are exercised or expire.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 23(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	30 June 2016 $'000	30 June 2015 $'000
Balance at the beginning of the year		**(195,506)**	(281,339)
Net (loss)/profit for the period		**(24,349)**	100,115
Dividends paid and shares issued under the DRP	11(b)	**(29,062)**	(14,282)
Balance at the end of the year		**(248,917)**	(195,506)

8 Cash flow information

(a) Reconciliation of (loss)/profit after income tax to net cash inflow from operating activities

	30 June 2016 $'000	30 June 2015 $'000
(Loss)/profit for the period	**(24,349)**	100,115
Acquisition and integration costs	**54,681**	-
Depreciation and amortisation	**335,450**	152,735
Unwind of discount on provisions	**3,406**	2,098
Amortisation of debt establishment costs	**11,623**	2,323
Share-based payments expense	**9,896**	1,868
Write off of debt establishment costs	**1,347**	-
Loss on disposal of assets	**98**	274
Fair value adjustment to available-for-sale financial assets	**(4,365)**	-
Exploration and evaluation costs expensed	**13,801**	6,968
Impairment of goodwill	**35,270**	-
Impairment of assets	**77,330**	-
Fair value amortisation and expense	**88,317**	-
Change in operating assets and liabilities:		
(Increase) / decrease in operating receivables	**(11,688)**	17,260
(Increase) / decrease in inventories	**(14,945)**	(4,026)
(Increase) / decrease in financial assets at fair value through profit or loss	**523**	-
(Decrease) / increase in operating payables	**21,351**	(1,979)
(Decrease) / increase in borrowing costs	**(17,896)**	(2,049)
(Decrease) / increase in other provisions	**(5,766)**	9,150
Net cash inflow from operating activities	**574,084**	284,737

(b) Non-cash investing and financing activities

	30 June 2016 $'000	30 June 2015 $'000
Acquisition of plant and equipment by means of finance leases	**-**	5,718
Acquisition of available-for-sale asset by means of share swap	**-**	2,000
	-	7,718

Notes to the Consolidated Financial Statements (continued)

Risk

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Notes to the Consolidated Financial Statements (continued)

9 Critical estimates, judgements and errors

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The judgements, estimates and assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the financial statements are discussed below.

(a) Determination of mineral resources and ore reserves

The Group estimates its Mineral Resources and Ore Reserves in accordance with the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code"). The information on mineral resources and ore reserves is prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the Mineral Resources and Ore Reserves determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated. Such changes in reserves could impact on depreciation and amortisation rates, asset carrying values, impairment assessments and provisions for decommissioning and restoration.

(b) Estimation of the provision for rehabilitation and dismantling

Provision for rehabilitation and dismantling property, plant and equipment is estimated taking into consideration facts and circumstances available at the balance sheet date. This estimate is based on the expenditure required to undertake the rehabilitation and dismantling, taking into consideration time value of money. Factors that will affect this liability include future disturbances caused by further development, changes in technology, changes in regulations, price increases and change in the timing of cash flows. When these factors change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(c) Recoverability of deferred tax

Deferred tax assets are recognised for tax losses and deductible temporary differences to the extent management considers that it is probable that future taxable profits will be available to utilise those tax losses and temporary differences.

Notes to the Consolidated Financial Statements (continued)

9 Critical estimates, judgements and errors (continued)

(d) Impairment of non-current assets

The group undertakes an impairment review to determine whether any indicators of impairment are present. Where an indicator of impairment exists, an estimate of the recoverable amount of the CGU is made. Each mine is considered to be a separate CGU.

In 2013, the group recognised significant impairment losses in each CGU following the significant decline in the gold price, and related market valuations and sentiment around gold equities. At 30 June 2016, there were no indicators of potential impairment expense or previous impairment reversals, with the exception of the Pajingo asset, refer to note 6(c) for details.

The recoverable amount has been determined based on the higher of the CGU's fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as reserves and anticipated mine operating lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates. Given the impairment expense recognised in 2013, a significant negative change in these assumptions in isolation would likely result in an additional impairment expense.

10 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has used derivative financial instruments such as interest rate swaps to hedge interest rate risk exposures.

Risk management is carried out at a corporate level under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors approves written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, gold price risk and use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	30 June 2016 $'000	30 June 2015 $'000
Financial Assets		
Cash and cash equivalents	**17,295**	205,788
Trade and other receivables (excluding GST refundable)	**19,262**	5,789
Derivative financial instruments	**-**	6,762
Available-for-sale financial assets	**3,263**	6,516
	39,820	224,855
Financial Liabilities		
Trade and other payables	**121,509**	64,254
Interest bearing liabilities	**296,455**	23,916
Derivative financial instruments	**127**	-
	418,091	88,170

Notes to the Consolidated Financial Statements (continued)

10 Financial risk management (continued)

(a) Derivatives

Derivatives are only used for economic hedging purposes and not as trading or speculative investments. The group has the following derivative financial instruments:

	30 June 2016 $'000	30 June 2015 $'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	**-**	6,762
	-	6,762
Current liabilities		
Diesel swap contracts - cash flow hedges	**127**	-
	127	-

(i) Classification of derivatives

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 23(m). For hedged forecast transactions that result in the recognition of a non-financial asset, the Group has elected to include related hedging gains and losses in the initial measurement of the cost of the asset.

(ii) Fair value measurements

For information about the methods and assumptions used in determining the fair value of derivatives please refer to note 5(f).

(b) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional. As at 30 June 2016, the Group held US$0.279 million (30 June 2015: US$0.172 million) in a US dollar currency bank account and outstanding receivables of US$9.748 million (30 June 2015: US$1.858 million) relating to the Mt Carlton operation. The Group also held NZ$0.060 million (30 June 2015: NZ$ nil) in a NZ dollar currency bank account.

Management has set up a policy to manage their foreign exchange risk against their functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. An increase/decrease in AUD:USD foreign exchange rates of 5% will result in a $13,950 (30 June 2014: $8,600) increase/decrease in US dollar currency bank account balances and a $487,400 (30 June 2015: $92,900) increase/decrease in US dollar receivables. An increase/decrease in AUD:NZD foreign exchange rates of 5% will result in a $3,150 (30 June 2015: $ nil) increase/decrease in NZ dollar currency bank account balances.

Notes to the Consolidated Financial Statements (continued)

10 Financial risk management (continued)

(b) Market risk

(ii) Price risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold and silver currently produced from its gold mines and market share prices on the available-for-sale assets. The Group has in place physical gold delivery contracts as at 30 June 2016 covering sales of 706,988oz (30 June 2015: 306,820oz) of gold at an average flat forward price of $1,623/oz (30 June 2015: $1,536/oz). An increase/decrease in market share prices on available-for-sale assets of 10% will result in a $270,806 (30 June 2015: $651,603) increase/decrease in available-for-sale assets.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from variable interest rates on interest bearing liabilities. As at 30 June 2016, the Group held interest bearing liabilities of $285 million (30 June 2015: $ nil) which incurs interest at a variable rate. An increase/decrease of variable interest rates of 0.25% will result in a $1.854 million(30 June 2015: $ nil) increase/decrease in interest expense relating to interest bearing liabilities.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities. At the balance sheet date there were no significant concentrations of credit risk given customers and banks have investment grade credit ratings. The total trade and other receivables outstanding at 30 June 2016 was $19.262 million (30 June 2015: $5.776 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	30 June 2016 $'000	30 June 2015 $'000
Bank loans - revolving credit facility		
Expiring beyond one year	**205,000**	200,000
	205,000	200,000

10 Financial risk management (continued)

(d) Liquidity risk

(ii) Maturities of financial liabilities

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and
(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
At 30 June 2016						
Non-derivatives						
Trade and other payables	**121,520**	**-**	**-**	**-**	**121,520**	**121,520**
Finance lease liabilities	**8,630**	**1,364**	**-**	**-**	**9,994**	**9,660**
Other borrowings	**8,472**	**-**	**-**	**-**	**8,472**	**8,472**
Bank loans - Corporate Credit Facility	**12,431**	**80,823**	**223,853**	**-**	**317,107**	**285,000**
	151,053	**82,187**	**223,853**	**-**	**457,093**	**424,652**
At 30 June 2015						
Non-derivatives						
Trade and other payables	55,702	-	-	-	55,705	55,702
Finance lease liabilities	12,811	7,075	1,503	-	21,389	20,257
Other borrowings	5,409	-	-	-	5,409	5,409
	73,922	7,075	1,503	-	82,503	81,368

Notes to the Consolidated Financial Statements (continued)

11 Capital management

(a) Risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt capital markets to fund capital investment in working capital and exploration and evaluation activities.

The Group monitors its liquidity through analysis of regular cash flow forecasts.

(i) Loan covenants

The lenders have placed covenants over the revolving credit facility based on the current ratio, leverage ratio, interest coverage ratio and the gearing ratio. The Group has complied with these covenants during the year.

(b) Dividends

(i) Ordinary shares

	30 June 2016 $'000	30 June 2015 $'000
Final dividend		
Final dividend for the year ended 30 June 2015 of 1 cent per share unfranked (30 June 2014: 1 cent per share unfranked) per fully paid share paid on 2 October 2015	**14,405**	7,132
Interim dividend		
Interim dividend for the period ended 31 December 2015 of 1 cent per share unfranked (31 December 2014: 1 cent per share unfranked) per fully paid share paid on 29 March 2016	**14,657**	7,149
	29,062	14,281

The Board of Directors approved the implementation of a DRP as part of the Groups existing dividend policy. The DRP allows shareholders to elect to reinvest all or part of any dividends payable on their Evolution shares to acquire additional Evolution shares. The participation rate in the final dividend for the year ended 30 June 2015 was 18.8% of the Company's ordinary shares, with 2,492,008 shares issued at $1.0863 per share. The cash payment amount for the final dividend for the year ended 30 June 2015 was $11.653 million. The participation rate in the interim dividend for the half-year ended 31 December 2015 was 17.6% of the Company's ordinary shares, with 1,525,313 shares issued at $1.6864 per share. The cash payment amount for the interim dividend for the half-year ended 31 December 2015 was $12.181 million. As at 30 June 2016, the Group held an amount for unclaimed dividends of $0.196 million. Total cash paid for dividends during the year was $23.834 million.

(ii) Dividends not recognised at the end of the reporting period

In June 2016, the Directors approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 4% of the Group's sales revenue. The change in policy doubled the payout ratio from the previous level of 2% to 4% of revenue (relating to sales in the six month period to 30 June 2016). The change is effective immediately and has been applied to the final dividend for 2016.

11 Capital management (continued)

(b) Dividends

	30 June 2016 $'000	30 June 2015 $'000
In addition to the above dividends, since period end the Directors have recommended the payment of a final dividend of 2 cents per fully paid ordinary share (30 June 2015: 1 cent), unfranked. The aggregate amount of the proposed dividend expected to be paid on 23 September 2016 out of retained earnings at 30 June 2016, but not recognised as a liability at period end, is	**29,365**	14,383

Notes to the Consolidated Financial Statements (continued)

Group structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation
- transactions with non-controlling interests, and
- interests in joint operations.

A list of significant subsidiaries is provided in note 12. This note also discloses details about the Group's equity accounted investments.

Notes to the Consolidated Financial Statements
(continued)

12 Interests in other entities

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 23(b):

Name of entity	Country of incorporation	Class of shares	Equity holding **2016** **%**	2015 %
Evolution Mining Management Services Pty Ltd	Australia	Ordinary	**100**	100
Conquest Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
CGT Gold Aust Pty Ltd (i)	Australia	Ordinary	**100**	100
CQT Holdings Pty Ltd (i)	Australia	Ordinary	**100**	100
NQM Gold 2 Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Edna May Ops Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Mt Rawdon Operations Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Westonia Mines Minerals Pty Ltd (i)	Australia	Ordinary	**100**	100
Lion Selection Pty Ltd (i)	Australia	Ordinary	**100**	100
Auselect Pty Ltd (i)	Australia	Ordinary	**100**	100
Lion Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Sedgold Pty Ltd (i)	Australia	Ordinary	**100**	100
Fernyside Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Tennant Creek Pty Ltd (ii)	Australia	Ordinary	**100**	100
Evolution Mining NZ Pty Ltd (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Cowal) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	-
Toledo Holding (Ausco) Pty Ltd (i)	Australia	Ordinary	**100**	-
Evolution Mining Mungari Pty Ltd (i) (ii)	Australia	Ordinary	**100**	-
Evolution Mining (Mungari East) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	-
Evolution Mining (Phoenix) Pty Limited (i) (ii)	Australia	Ordinary	**100**	-
Hays Mining Pty Ltd (i)	Australia	Ordinary	**100**	-

(i) These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 21.

(ii) These entities are considered to be the material controlled entities of the Group. Their principal activities are identifying, developing and operating gold related projects in both Australia and New Zealand.

Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

13 Business combinations

The accounting for the Mungari and Cowal acquisitions has been finalised as at 30 June 2016.

The Phoenix acquisition remains on a provisional basis as the fair values assigned to the acquiree's identifiable assets and liabilities have only been determined provisionally. Any adjustments to these provisional values as a result of completing work on the fair values of assets and liabilities acquired will be recognised within 12 months of the acquisition date and will be recognised as if they had occurred as at the date of the acquisition.

Notes to the Consolidated Financial Statements (continued)

13 Business combinations (continued)

(a) Summary of acquisition - La Mancha

On 20 April 2015, the Group announced that it had entered into a binding agreement with La Mancha Group International BV ("La Mancha") to acquire 100% of La Mancha's Australian operations ("La Mancha Australia") in exchange for the issuance of 322.024 million Evolution shares. The transaction was effected via the acquisition by Evolution of all of the shares in Toledo Holdings (Ausco) Pty Ltd, the holding company of La Mancha Australia. La Mancha Australia's operations comprise the Frog's Leg underground gold mine, the White Foil open-pit gold mine, and the newly constructed Mungari CIL processing plant.

The transaction was subject to a number of conditions, including Evolution shareholder approval at an Extraordinary General Meeting held on 30 July 2015. The transaction was approved at the Extraordinary General Meeting and FIRB approval was received on 21 August 2015 with the transaction completed on 24 August 2015. Effective 1 September 2015, Naguib Sawaris and Sebastien de Montessus were appointed as Directors with Vincent Benoit and Amr El Adawy appointed as their Alternate Directors

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration (refer to (d) below):	
Ordinary shares issued	**331,684**
Total purchase consideration	**331,684**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	**18,131**
Trade and other receivables	**1,048**
Inventories	**31,520**
Property, plant and equipment	**120,465**
Mine development and exploration	**299,945**
Deferred tax asset	**24,612**
Trade and other payables	**(27,257)**
Interest bearing liabilities	**(129,664)**
Provisions	**(19,572)**
Deferred tax liability	**(13,081)**
Other liabilities	**(9,733)**
Net identifiable assets acquired	**296,414**
Goodwill	**35,270**
Net assets acquired	**331,684**

At 31 December 2015, the Directors carried out an impairment review on the Goodwill amount of $35.270 million and determined that it was impaired.

(i) Revenue and profit contribution

The acquired business contributed revenues of $232.549 million and net profit of $49.662 million to the Group for the period from 25 August 2015 to 30 June 2016.

Notes to the Consolidated Financial Statements (continued)

13 Business combinations (continued)

(b) Summary of acquisition - Cowal

On 25 May 2015, the Group announced that it had entered into an agreement with Barrick (Australia Pacific) Pty Limited (“Barrick”) to acquire the Cowal gold mine through the purchase of 100% of the shares in Barrick (Cowal) Pty Limited (“Cowal”) for a price of US$550 million. Completion of the Cowal Transaction was conditional upon Barrick obtaining written consent (either without conditions or on conditions reasonably satisfactory to Evolution having regard to the materiality of those conditions in the entirety of the sale of the Cowal shares) under the Mining Act 1992 (NSW) from the NSW Minister for Resources and Energy to the change in control and foreign acquisition of substantial control in Cowal, in relation to EL 1590 and EL 7750. Ministerial consent was obtained on 17 July 2015 and the transaction completed on 24 July 2015.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration (refer to (d) below):	
Cash paid	**703,313**
Total purchase consideration	**703,313**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	**197**
Trade and other receivables	**3,443**
Inventories	**139,753**
Property, plant and equipment	**314,965**
Mine development and exploration	**348,209**
Deferred tax asset	**802**
Trade and other payables	**(24,210)**
Provisions	**(70,255)**
Deferred tax liability	**(9,591)**
Net identifiable assets acquired	**703,313**
Goodwill	**-**
Net assets acquired	**703,313**

(i) Revenue and profit contribution

The acquired business contributed revenues of $375.346 million and net profit of $161.504 million to the Group for the period from 25 July 2015 to 30 June 2016.

(c) Summary of acquisition - Phoenix

On 20 August 2015, the Group announced its intention to make an off-market takeover offer ("the Offer") to acquire all of the ordinary shares of Phoenix Gold Limited ("Phoenix") that it did not currently own. At the date of the Offer the Group held approximately 19.8% of the shares in Phoenix.

Notes to the Consolidated Financial Statements (continued)

13 Business combinations (continued)

(c) Summary of acquisition - Phoenix (continued)

On 10 November, the Group issued a revised off-market takeover offer ("the Revised Offer") which entitled the Group to pursue compulsory acquisition of all remaining shares held in Phoenix once the relevant interest of 90% was obtained. The Group reached this milestone on 21 December 2015 and exercised its right for compulsory acquisition. The compulsory acquisition was completed on 27 January 2016.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration (refer to (d) below):	
Cash paid	**34,682**
Ordinary shares issued	**29,604**
Fair value uplift on previously held interest	**4,365**
Total purchase consideration	**68,651**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	**2,453**
Trade and other receivables	**1,318**
Property, plant and equipment	**91**
Mine development and exploration	**69,907**
Other assets	**27**
Trade and other payables	**(4,263)**
Provisions	**(882)**
Net identifiable assets acquired	**68,651**
Goodwill	**-**
Net assets acquired	**68,651**

13 Business combinations (continued)

(d) Purchase consideration - cash outflow

	30 June 2016 $'000	30 June 2015 $'000
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	**734,646**	3,300
Less: balances acquired		
Cash	**(20,781)**	-
	(20,781)	-
Outflow of cash - investing activities	**713,865**	3,300

Acquisition-related costs

Acquisition and integration costs of $54.619 million that were not directly attributable to the issue of shares are included in acquisition and integration costs in the profit or loss and in operating cash flows in the statement of cash flows.

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

In addition to the items and transactions disclosed below, there are also:

(a) Unrecognised tax amounts – see note 6
(b) Non-cash investing and financing transactions – see note 10(b).

Notes to the Consolidated Financial Statements (continued)

14 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2016 in respect of:

(i) Claims

Edna May Operations Pty Ltd, a wholly owned subsidiary of Evolution Mining Limited, received a Writ of Summons from the Supreme Court of Western Australia on 9 July 2014 together with a Statement of Claim filed by Mineral Crushing Services (WA) Pty Ltd claiming damages of approximately $3 million in relation to contract crushing services provided at the Edna May operation. The Group is vigorously defending the claim.

(ii) Guarantees

The Group has provided bank guarantees in favour of various government authorities and service providers with respect to site restoration, contractual obligations and premises at 30 June 2016. The total of these guarantees at 30 June 2016 was $141.627 million with various financial institutions (30 June 2015: $64.320 million).

15 Commitments

(a) Capital and lease commitments

(i) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements the Group is required to perform minimum exploration work to meet minimum expenditure requirements specified by various government authorities. These obligations are subject to renegotiation when application for a mining lease is made and at various other times. These obligations are not provided for in the financial report and are payable:

	30 June 2016 $'000	30 June 2015 $'000
Within one year	**6,322**	2,549
Later than one year but not later than five years	**14,146**	5,247
Later than five years	**25,317**	2,564
	45,785	10,360

(b) Capital commitments

The Group has the following capital commitments in relation to capital projects and joint venture requirements at each of the sites.

	30 June 2016 $'000	30 June 2015 $'000
Within one year	**12,266**	7,602
	12,266	7,602

15 Commitments (continued)

(a) Capital and lease commitments

(c) Non-cancellable operating leases

The Group leases mining equipment, office space and small items of office equipment under operating leases. The leases typically run for one month to five years with an option to renew at the expiry of the lease period. None of these leases include contingent rentals.

	30 June 2016 $'000	30 June 2015 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**33,790**	22,372
Later than one year but not later than five years	**4,861**	3,110
	38,651	25,482

(b) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 30 June 2016			
Within one year	**248,493**	**1,584**	**393,552**
Later than one year but not greater than five years	**458,495**	**1,665**	**754,349**
	706,988		**1,147,901**
As at 30 June 2015			
Within one year	94,320	1,601	150,750
Later than one year but not greater than five years	212,500	1,514	320,539
	306,820		471,289

The counterparties to the physical gold delivery contracts are Macquarie Bank Limited ("Macquarie"), Australia and New Zealand Banking Group Limited ("ANZ"), National Australia Bank Limited ("NAB"), Westpac Banking Corporation ("WBC"), Commonwealth Bank of Australia ("CBA"), Citibank N.A ("Citibank") and Societe Generale ("SG"). Contracts are settled on a quarterly basis by the physical delivery of gold per the banks instructions. The contracts are accounted for as sale contracts with revenue recognised once the gold has been delivered to Macquarie, ANZ, NAB, WBC, CBA, Citibank, SG or one of their agents. The physical gold delivery contracts are considered a contract to sell a non-financial item and is therefore out of the scope of AASB 139 *Financial Instruments: Recognition and Measurement*. As a result no derivatives are required to be recognised. The Company has no other gold sale commitments with respect to its current operations.

The Company acquired a further 245,985oz of gold delivery contracts as part of the La Mancha acquisition, with scheduled quarterly deliveries from September 2015 through to December 2017.

Notes to the Consolidated Financial Statements (continued)

16 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to the year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or state of affairs of the Group or economic entity in subsequent financial years except for the following matters:

(a) Divestment of Pajingo asset

On 16 August, the Company signed a Sale and Purchase Agreement with Minjar Gold Pty Limited for the sale of the Pajingo asset for $45 million. The consideration comprises of $42 million in cash and $3 million in deferred consideration. The sale is expected to settle in early September.

Notes to the Consolidated Financial Statements (continued)

Other information

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

17 Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Evolution Mining Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 12.

(c) Key management personnel compensation

	30 June 2016 $	30 June 2015 $
Short-term employee benefits	**6,368,326**	6,350,160
Post-employment benefits	**156,755**	151,134
Other benefits	**903,631**	670,240
Share-based payments	**2,253,322**	1,711,962
	9,682,034	8,883,496

Detailed remuneration disclosures are provided in the remuneration report on pages 72 to 95.

(d) Transactions with other related parties

Directors fees in the amount of $110,000 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (30 June 2015:$111,875).

Directors fees in the amount of $84,375 were paid to John Rowe and Associates, a company of which Mr John Rowe is a Director for services provided during the period (30 June 2015: $112,500).

Directors fees in the amount of $200,000 were paid to DAK Corporation Pty Ltd, a company of which Mr Jacob Klein is a Director for services provided during the period (30 June 2015: $200,000).

Directors fees in the amount of $119,437 were paid to Lazy 7 Pty Ltd, a company of which Mr Colin Johnstone is a Director for services provided during the period (30 June 2015: $111,875).

Directors fees in the amount of $79,167 were paid to Mr Naguib Sawaris as a Director for services provided during the period (30 June 2015: $ nil).

Directors fees in the amount of $79,167 were paid to Mr Sebastien de Montessus as a Director for services provided during the period (30 June 2015: $ nil).

Notes to the Consolidated Financial Statements (continued)

18 Share-based payments

(a) Types of share based payment plans

The Group has two Option and Performance Rights plans in existence:

(1) Employee Share Option and Performance Rights Plan (ESOP)

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The latest plan was approved at the Annual General Meeting on 26 November 2014 and permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

(2) Employees and Contractors Option Plan (ECOP)

An ECOP was established and approved at the Annual General Meeting on 27 November 2008. The plan permits the Company, at the discretion of the Directors, to grant Options over unissued ordinary shares of the Company to eligible Directors, members of staff and contractors as specified in the plan rules. No further Options will be issued under this plan.

(b) Recognised share based payment expenses

	30 June 2016 $'000	30 June 2015 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**9,896**	1,868

(c) Summary and movement of Options on issue

The following table illustrates the number and weighted average exercise prices ("WAEP") in Australian Dollars ($) of, and movements in, share Options issued during the year.

	30 June 2016 Number	30 June 2016 WAEP ($)	30 June 2015 Number	30 June 2015 WAEP ($)
Outstanding at the beginning of the year	**7,649,738**	**1.88**	9,383,738	1.79
Excercised during the year	**(180,000)**	**1.84**	-	-
Expired during the year	**(2,266,394)**	**1.88**	(1,734,000)	1.39
Outstanding at the end of the period	**5,203,344**	**1.87**	7,649,738	1.88
Exercisable at the end of the period	**5,203,344**	**1.87**	7,649,738	1.88

The weighted average remaining contractual life of Options outstanding as at 30 June 2016 was 0.90 years (30 June 2015: 1.13 years) with exercise prices ranging from $1.472to $2.412.

18 Share-based payments (continued)

(c) Summary and movement of Options on issue (continued)

The outstanding balance as at 30 June 2016 is represented by:

Options issued as part of ECOP

- 52,954 Options with an exercise price ranging from $1.998 to $2.338

Options issued as part of ESOP

- 582,141 Options with an exercise price of $1.472
- 3,596,520 Options with an exercise price ranging from $1.782 to $1.936
- 971,729 Options with an exercise price ranging from $2.072 to $2.412

(d) Summary and movement of performance rights on issue

The following table illustrates the number and movements in, Performance Rights issued during the year.

	2016 Number	2015 Number
Outstanding balance at the beginning of the year	21,382,111	14,316,889
Performance rights granted during the period	8,141,268	10,804,370
Retention rights granted during the period (i)	3,750,000	-
Vested during the period	(2,262,954)	(724,809)
Lapsed during the period	(923,228)	(522,766)
Forfeited during the year	(657,386)	(2,491,573)
Outstanding balance at the end of the year	**29,429,811**	**21,382,111**

(i) The Group entered into a Retention Agreement with the Executive Chairman during the year. Pursuant to this agreement 3,750,000 Retention Rights will be issued on the terms and conditions of the Company's current Employee Share Option and Performance Rights Plan, subject to shareholder approval at the Company's next shareholder meeting. The Retention Rights will be issued for nil consideration and will only vest three years from the date of the Agreement if the Executive Chairman is an employee of the Company at that time.

The Performance rights awarded during the 2013 financial year were tested as at 30 June 2015 and vested on 2 September 2015. 2,262,954 Performance Rights met the performance measures and vested whilst 923,228 Performance Rights did not meet the performance measures and lapsed. This equates to a vesting rate of 71.02% and a lapsing rate of 28.98%.

The Performance Rights awarded during the 2014 financial year were tested as at 30 June 2016. As at the date of this report, all 7,961,146 Performance Rights eligible for testing have met the performance measures and have been approved by the Board to vest. This equates to a vesting rate of 100%.

There were 10,804,370 Performance Rights granted during the 2015 financial year, with 9,739,812 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2017.

There were 8,141,268 Performance Rights granted during the 2016 financial year, with 7,978,853 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2018. Additionally, there were 3,750,000 Retention Rights granted during the 2016 financial year to the Executive Chairman, subject to shareholder approval, which will vest subject to the Executive Chairman being an employee of the Company at 16 December 2018.

18 Share-based payments (continued)

(d) Summary and movement of performance rights on issue (continued)

The outstanding balance of each grant of Performance Rights is summarised in the table below:

	2013 Number	2014 Number	2015 Number	2016 Number	Total Number
Performance rights granted	4,943,777	10,498,408	10,804,370	8,141,268	34,387,823
Retention rights granted	-	-	-	3,750,000	3,750,000
Vested	(2,262,954)	-	-	-	(2,262,954)
Lapsed	(923,229)	-	-	-	(923,229)
Forfeited	(1,757,594)	(2,537,262)	(1,064,558)	(162,415)	(5,521,929)
Outstanding balance	**-**	**7,961,146**	**9,739,812**	**11,728,853**	**29,429,811**

(e) Fair value determination

During the period, the Company issued two allotments of performance rights that will vest on 30 June 2018. They have four performance components being a Total Shareholder Return ("TSR") condition, an absolute TSR condition, a Growth in Earnings per share ("EPS") condition and a Growth in Ore Reserves condition.

(i) TSR Performance Right Valuation

The fair value of the TSR Performance Rights (market-based condition) was estimated at the date of grant using Monte Carlo simulation, taking into account the terms and conditions upon which the awards were granted.

(ii) Absolute TSR Performance Right Valuation

The Absolute TSR Performance Right Valuation will be measured as the cumulative annual TSR over the three year period ending 30 June 2018.

(iii) Growth in Earnings per Share

The growth in Earnings per Share is measured as the cumulative annual growth rate in EPS, excluding non recurring items over the three year period ending 30 June 2018.

(iv) Growth in Ore Reserves per Share

The growth in Ore Reserves per share is measured by comparing the Baseline measure of the ore reserves as at 31 December 2014, to the Ore Reserves as at 31 December 2017 on a per share basis, with testing to be performed at 30 June 2018.

18 Share-based payments (continued)

(e) Fair value determination (continued)

The following tables list the inputs to the models used for the Performance Rights granted for the period:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2015 rights issue				
Number of rights issued	1,451,192	1,451,192	1,451,192	1,451,192
Spot price ($)	1.155	1.155	1.155	1.155
Risk-free rate (%)	1.83	1.83	1.83	1.83
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date ($)	0.620	.0885	1.10	1.10
November 2015 rights issue				
Number of rights issued	433,107	433,107	433,107	433,107
Spot price ($)	1.255	1.255	1.255	1.255
Risk-free rate (%)	2.09	2.09	2.09	2.09
Term (years)	2.5	2.5	2.5	2.5
Volatility (%)	60-65	60-65	60-65	60-65
Fair value at grant date ($)	0.705	0.99	1.21	1.21
February 2016 rights issue				
Number of rights issued	151,018	151,018	151,018	151,018
Spot price ($)	1.525	1.525	1.525	1.525
Risk-free rate (%)	1.85	1.85	1.85	1.85
Term (years)	2.4	2.4	2.4	2.4
Volatility (%)	55-65	55-65	55-65	55-65
Fair value at grant date ($)	1.035	1.01	1.46	1.46

The volatility above was determined with reference to historical volatility but also incorporates factors that management believes will impact the actual volatility of the Company's shares in future periods.

Notes to the Consolidated Financial Statements
(continued)

19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) PricewaterhouseCoopers

	2016 $	2015 $
Audit and other assurance services		
Audit and review of financial statements	**553,982**	256,729
Other assurance services		
Assurance related services	**16,700**	45,000
Total remuneration for audit and other assurance services	**570,682**	301,729
Taxation services		
Tax compliance services	**12,000**	-
Total remuneration for taxation services	**12,000**	-
Total remuneration for other services	**-**	-
Total remuneration of PricewaterhouseCoopers	**582,682**	301,729

(b) Non-PricewaterhouseCoopers related audit firms

	2016 $	2015 $
Audit and other assurance services		
Other assurance services		
Due diligence services	**226,245**	78,000
Internal audit services	**62,845**	94,514
Total remuneration for audit and other assurance services	**289,090**	172,514
Taxation services		
Tax compliance services	**47,980**	12,000
Tax advisory services	**821,010**	51,565
Total remuneration for taxation services	**868,990**	63,565
Total remuneration of non-PricewaterhouseCoopers audit firms	**1,158,080**	236,079
Total auditors' remuneration	**1,740,762**	537,808

19 Remuneration of auditors (continued)

It is the Group policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

20 Earnings per share

(a) Basic (loss)/earning per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**(1.75)**	13.71
Total basic (loss)/earning per share attributable to the ordinary equity holders of the Company	**(1.75)**	13.71

(b) Diluted (loss)/earning per share

	30 June 2016 Cents	30 June 2015 Cents
From continuing operations attributable to the ordinary equity holders of the company	**(1.75)**	13.44
Total diluted (loss)/earning per share attributable to the ordinary equity holders of the Company	**(1.75)**	13.44

20 Earnings per share (continued)

(c) Reconciliation of (loss)/earning used in calculating (loss)/earning per share

	30 June 2016 $'000	30 June 2015 $'000
Basic (loss)/earning per share		
(Loss)/profit attributable to the ordinary equity holders of the Company used in calculating basic (loss)/earning per share:		
From continuing operations	**(24,349)**	100,115
	(24,349)	100,115
Diluted (loss)/earning per share		
(Loss)/profit from continuing operations attributable to the ordinary equity holders of the Company		
Used in calculating basic earnings per share	**(24,349)**	100,115
Used in calculating diluted (loss)/earning per share	**(24,349)**	100,115
(Loss)/profit attributable to the ordinary equity holders of the company used in calculating diluted (loss)/earning per share	**(24,349)**	100,115

(d) Weighted average number of shares used as the denominator

	2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,390,155,419**	730,097,884
Adjustments for calculation of diluted earnings per share:		
Share Options and Performance Rights	**6,060,079**	14,936,114
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,396,215,498**	745,033,998

21 Deed of cross guarantee

Evolution Mining Limited and those entities identified in note 12 are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The companies identified above represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by Evolution Mining Limited, they also represent the 'extended closed group'.

The Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and summary of movements in consolidated retained earnings for the year ended 30 June 2016 of the closed group is equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.

Notes to the Consolidated Financial Statements (continued)

22 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2016 $'000	30 June 2015 $'000
Balance sheet		
Assets		
Current assets	**10,318**	200,860
Non-current assets	**1,676,906**	781,193
Total assets	**1,687,224**	982,053
Liabilities		
Current liabilities	**297,651**	16,485
Non-current liabilities	**-**	(1,075)
Total liabilities	**297,651**	15,410
Net assets	**1,389,573**	966,643
Shareholders' equity		
Issued capital	**1,770,987**	1,292,620
Reserves		
Fair Value revaluation reserve	**1,224**	1,044
Share based payment reserve	**29,496**	20,766
Cash flow hedge reserve	**(127)**	6,762
Other reserves	**(74)**	-
Accumulated losses	**(411,933)**	(354,549)
	1,389,573	966,643
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**44,031**	21,532
Other comprehensive income	**-**	-
Total comprehensive income	**44,031**	21,532

(b) Guarantees entered into by the parent entity

The parent entity has provided bank guarantees, as detailed in note 14.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. For information about guarantees given by the parent entity, please see above.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Evolution Mining Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Evolution Mining Limited is a for-profit entity for the purpose of preparing the financial statements.

The presentation or classification of certain comparatives has been amended to be consistent with current year presentation.

(i) Compliance with IFRS

The consolidated financial statements of the Evolution Mining Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost basis, except for the following:

- available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and mine development and exploration - measured at fair value
- assets held for sale - measured at fair value less cost of disposal, and
- retirement benefit obligations - plan assets measured at fair value.

(iii) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2014:

The adoption of AASB 2014-1 has resulted in additional disclosures required in our segment note. The adoption of the other standards did not have any impact on the current period or any prior period and is not likely to affect any future periods.

The Group has not elected to early adopt any standards.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies (continued)

(a) Basis of preparation

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 15 Revenue from Contracts with Customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to the customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg. 1 July 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Management is currently assessing the impact of the new rules and has identified the following areas that are likely to be affected: Metal and concentrate sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards. At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statement. The Group will make more detailed assessments of the impact over the next twelve months.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the Group is 1July 2017.

23 Summary of significant accounting policies (continued)

(a) Basis of preparation

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 9 *Financial Instruments*	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Following the changes approved by the AASB in December 2014, the Group no longer expects any impact from the new classification, measurement and derecognition rules on the Group's financial assets and financial liabilities. While the Group has yet to undertake a detailed assessment of the debt instruments currently classified as available-for-sale financial assets, it would appear that they would satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. There will also be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles-based approach. The new standard also introduces expanded disclosure requirements and changes in presentation. The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses. The Group has not yet assessed how its own hedging arrangements and impairment provisions would be affected by the new rules.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies (continued)

(b) Principles of consolidation

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of Evolution Mining Limited has appointed a strategic steering committee which assesses the financial performance and position of the Group, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the Executive Chairman and the Senior Leadership Team.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is Evolution Mining Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies (continued)

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the group's main types of revenue are explained in note 2. Revenue for other business activities is recognised on the following basis:

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Evolution Mining Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

23 Summary of significant accounting policies (continued)

(f) Income tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 15). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash in-flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses for assets other than goodwill, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies (continued)

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 5(b) for further information about the group's accounting for trade receivables and note 10(c) for a description of the Group's impairment policies.

(k) Inventories

Gold in solution form, gold dore, refined gold bullion, stockpiled ore, concentrates and work in progress are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation, incurred in converting materials into finished goods.

Materials and supplies are valued at the lower of cost and net realisable value. Any provision for obsolescence is determined by reference to specific stock items identified. A regular and ongoing review is undertaken to establish the extent of surplus items and a provision is made for any potential loss on their disposal.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period. The Group may choose to reclassify the financial assets depending on change in intentions and circumstances.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

Notes to the Consolidated Financial Statements (continued)

23 Summary of significant accounting policies (continued)

(I) Investments and other financial assets

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long-term.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed to profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss within other income or other expenses in the period in which they arise. Changes in the fair value of securities classified as Available-for-sale are recognised in the other comprehensive income. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established. Interest income from these financial assets is included in the net gains/(losses).

Details on how the fair value of financial instruments is determined are disclosed in note 5(f).

23 Summary of significant accounting policies (continued)

(l) Investments and other financial assets

(iv) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(m) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group currently only designates derivatives as cash flow hedges (hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions). There are no fair value hedges or net investment hedges, nor are there any derivatives that do not classify for hedge accounting.

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 5(f). Movements in the hedging reserve in shareholder's equity are shown in note 7(b). The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as depreciation in the case of fixed assets.

23 Summary of significant accounting policies (continued)

(n) Mine development and exploration

(i) Mine development

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of mining overburden and waste materials is referred to as stripping. During the development of a mine (or pit), before production commences, stripping costs are capitalised as mine development.

During the production stage of some pits, further development of the pit may require a phase of unusually high overburden removal activity that is similar in nature to pre-production pit development. This typically occurs when 'cut-backs' are made to gain access to a specific section of the ore body. The costs of such unusually high overburden removal activity are also capitalised as mine development.

Mine development costs are amortised on a units of production basis over the life of the pit to which they relate. In applying the units of production method, amortisation is calculated using the expected total contained ounces within the pit to achieve a consistent amortisation rate per ounce. To achieve this, the amortisation rate is based on the ratio of total pit development costs (incurred and anticipated) over the expected total contained ounces.

(ii) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes:

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Early stage exploration expenditure on new areas of interest are expensed as incurred. Exploration and evaluation expenditure is capitalised in relation to areas of interest in or around producing mines or where management believes the costs are recoverable.

Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above is met.

Administration costs that are not directly attributable to a specific exploration area are charged to the Statement of Comprehensive Income. Expenditure is transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

23 Summary of significant accounting policies (continued)

(o) Property, plant and equipment

Land is carried at historical cost. All other plant and equipment is stated at historical cost less depreciation. Historical cost equals the fair value of the item at acquisition date and includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 6(d).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 23(h)). These are included in the Statement of Comprehensive Income.

(p) Intangible assets

(i) Mining tenements, mining rights and mining information

Mining tenements have a finite useful life and are carried at cost less, where applicable, any accumulated amortisation and accumulated impairment losses. The carrying values of mining tenements and mining rights are reviewed to ensure they are not in excess of their recoverable amounts. Amortisation of mining tenements and mining rights commences from the date when commercial production commences or in the case of the acquisitions, from the date of acquisition and is charged to the profit or loss. Mining tenements are amortised over the life of the mine using units of production basis in ounces.

Mining information has a finite useful life and is carried at cost less accumulated amortisation. Mining information amortisation is recognised over the period that the information is expected to remain relevant.

The amortisation of the above intangibles is classified as a cost of sale.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction and establishment costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

23 Summary of significant accounting policies (continued)

(r) Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

(t) Site restoration

Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits. Such costs are determined using estimates of future costs, current legal requirements and technology.

Costs of site restoration are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised over the life of the project and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(u) Royalties

Western Australian State government royalties and other royalties payable under existing agreements are payable on production and are therefore recognised on delivery of gold dore to the refinery. New South Wales and Queensland State government royalties are payable on a revenue basis and therefore recognised at the time of revenue recognition.

(v) Employee benefits

(i) Wages and salaries, annual leave and other employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other short-term employee benefits are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(ii) Share-based payments

The Group provides benefits to its employees (including Key Management Personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The Group provides awards to its employees and Directors through the Company's Employee Share Option and Performance Rights Plan. Shares and options may also be issued directly to other parties.

23 Summary of significant accounting policies (continued)

(v) Employee benefits

Vesting conditions that are linked to the price of shares of the Company (market conditions) are taken into account when determining the fair value of equity settled transactions. Other vesting conditions such as service conditions are excluded from the measurement of fair value but are considered in estimating the number of investments that may ultimately vest.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. A Monte Carlo simulation in conjunction with the Black Scholes model is applied to take into account any market conditions associated with an award and determine its fair value at grant date.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period").

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already recognised in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Company or the participant, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification. If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds.

23 Summary of significant accounting policies (continued)

(x) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(z) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

(aa) Parent entity financial information

The financial information for the parent entity, Evolution Mining Limited, disclosed in note 22 has been prepared on the same basis as the consolidated financial statements.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 99 to 170 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standard, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date, and

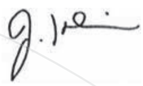
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 21 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 21.

Note 23(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of Directors.



Jacob (Jake) Klein
Executive Chairman

Graham Freestone
Non-Executive Director

Sydney
17 August 2016

Independent Auditor's Report to the Members

Independent auditor's report to the members of Evolution Mining Limited

Report on the financial report

We have audited the accompanying financial report of Evolution Mining Limited (the company), which comprises the consolidated balance sheet as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Evolution Mining Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 23, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Independent Auditor's Report to the Members (continued)

Auditor's opinion

In our opinion:

(a) the financial report of Evolution Mining Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 23.

Report on the Remuneration Report

We have audited the remuneration report included in pages 72 to 95 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Tim Goldsmith

Tim Goldsmith
Partner

Sydney
17 August 2016

Shareholder Information

Capital (as at 4 October 2016)

Share Capital	1,675,553,736
Ordinary shareholders	19,032
Shareholdings with less than a marketable parcel of $500 worth of ordinary shares	884
Market price	A$2.53

Distribution of Fully Paid Shares (as at 4 October 2016)

Range	Securities	%	No. of Holders	%
100,001 and Over	1,535,451,940	91.64	307	1.61
10,001 to 100,000	95,893,367	5.72	3,757	19.74
5,001 to 10,000	21,583,329	1.29	2,949	15.49
1,001 to 5,000	20,425,567	1.22	7,653	40.21
1 to 1,000	2,199,533	0.13	4,366	22.94
Total	**1,675,553,736**	**100.00**	**19,032**	**100.00**
Unmarketable Parcels	39,629	0.00	884	4.64

Substantial Shareholders (as at 21 September 2016)

	Fully Paid Ordinary Shares	
	Number	%
La Mancha Group International BV	460,629,192	28.28
Van Eck Global	112,770,365	6.92
Total	**573,399,557**	**35.20**

Shareholder Information (continued)

Twenty Largest Shareholders (as at 4 October 2016)

Name	Fully Paid Ordinary Shares	
	Current balance	Issued capital %
CITICORP NOMINEES PTY LIMITED	585,626,652	34.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	276,832,228	16.52
NATIONAL NOMINEES LIMITED	243,112,204	14.51
J P MORGAN NOMINEES AUSTRALIA LIMITED	176,865,514	10.56
BNP PARIBAS NOMS PTY LTD	40,094,911	2.39
AMP LIFE LIMITED	30,137,230	1.80
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	29,318,464	1.75
CITICORP NOMINEES PTY LIMITED	9,222,348	0.55
NATIONAL NOMINEES LIMITED	8,671,924	0.52
NATIONAL NOMINEES LIMITED	7,920,180	0.47
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	6,117,627	0.37
TRINITY MANAGEMENT PTY LTD	5,656,717	0.34
BOND STREET CUSTODIANS LIMITED(MACQ HIGH CONV FUND) & BOND STREET CUSTODIANS LIMITED	4,815,917	0.29
LUJETA PTY LTD	4,428,723	0.26
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,392,310	0.26
ROXI PTY LIMITED	4,138,799	0.25
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	3,634,148	0.22
PACIFIC CUSTODIANS PTY LIMITED	3,360,376	0.20
BNP PARIBAS NOMINEES PTY LTD	2,871,000	0.17
BNP PARIBAS NOMINEES PTY LTD	2,695,454	0.16
Total	**1,449,912,726**	**86.53**

TOTAL	**1,449,912,726**	**86.53**
Balance of Register	**225,641,010**	**13.47**
Grand TOTAL	**1,675,553,736**	**100.00**

1.5 Share Buy-Backs

There is no current on-market buy-back scheme.

2. Other Information

Evolution Mining Limited, incorporated and domiciled in Australia, is a public listed Company limited by Shares.

Corporate Information

ABN 74 084 669 036

Board of Directors

Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
Colin (Cobb) Johnstone	Lead Independent Director
Naguib Sawaris	Non-Executive Director
James (Jim) Askew	Non-Executive Director
Sébastien de Montessus	Non-Executive Director
Graham Freestone	Non-Executive Director
Thomas (Tommy) McKeith	Non-Executive Director
Amr El Adawy	Alternate Non-Executive Director for Sébastien de Montessus
Vincent Benoit	Alternate Non-Executive Director for Naguib Sawaris

Company Secretary

Evan Elstein

Registered Office

Level 30, 175 Liverpool Street
SYDNEY NSW 2000

Postal Address

Level 30, 175 Liverpool Street
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T: +61 2 9696 2900
F: +61 2 9696 2901

Share Register

Link Market Services
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F: +61 2 9287 0303
Email: registrars@linkmarketservices.com.au

Auditor

PricewaterhouseCoopers
201 Sussex Street
SYDNEY NSW 2000
T: + 61 2 8266 0000
F: + 61 2 8266 9999

Website

www.evolutionmining.com.au

Stock Exchange Listing

Evolution Mining Limited (EVN) shares are listed on the Australian Securities Exchange

Australia's Melbourne Cup 2016, crafted from gold mined from Evolution's Cowal Gold Mine

For the first time in the Melbourne Cup's 150-year history, the Melbourne Cup trophy in 2016 used gold that has been mined, refined and crafted wholly in Australia

The gold originated from Evolution Mining's Cowal Gold Operation and was refined at ABC Refinery

A$175k

TROPHY VALUE

18carat

GOLD
weighs 1.65 kilograms

250hour

PRODUCTION PROCESS
contains 44 pieces

Level 30, 175 Liverpool Street SYDNEY NSW 2000

+61 2 9696 2900 +61 2 9696 2901 www.evolutionmining.com.au