Appendix 4E (Listing Rule 4.2A.3)

EVOLUTION MINING LIMITED ACN 084 669 036

AND CONTROLLED ENTITIES

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2017

Results for Announcement to the Market

Key Information

	30 June 2017 $'000	30 June 2016 $'000	Up / (down) $'000	% Increase/ (decrease)
Revenues from ordinary activities	1,479,876	1,328,614	151,262	11%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	713,855	607,551	106,304	17%
Profit/(loss) from ordinary activities after income tax attributable to the members	217,607	(24,349)	241,956	

Dividend Information

	Amount per share Cents	Franked amount per share Cents
Final dividend for the year ended 30 June 2017 Dividend to be paid on 29 September 2017	3	3
Interim dividend for the period ended 31 December 2016 Dividend fully paid on 23 September 2016	2	-
Final dividend for the year ended 30 June 2016 Dividend fully paid on 23 September 2016	2	-

Net Tangible Assets

	30 June 2017 $	30 June 2016 $
Net tangible assets per share	1.25	1.06

Earnings Per Share

	30 June 2017 Cents	30 June 2016 Cents
Basic earning/(loss) per share	**13.28**	(1.75)
Diluted earning/(loss) per share	**13.23**	(1.75)

Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements and the Directors' Report attached thereto. This report is based on the consolidated financial statements which have been audited by PricewaterhouseCoopers.

Evolution Mining Limited
Annual Financial Report
Directors' Report
30 June 2017

Directors' Report

The Directors present their report together with the consolidated financial report of the Evolution Mining Limited Group, consisting of Evolution Mining Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2017.

Directors

The Directors of Evolution Mining Limited during the year ended 30 June 2017 and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

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

Company Secretary

The name of the Company Secretary during the whole of the year ended 30 June 2017 and up to the date of this report is as follows:

Evan Elstein

Principal activities

The principal activities of the Group during the year were exploration, mine development, mine operations and the sale of gold and gold/copper concentrate in both Australia and New Zealand. There were no significant changes to these activities during the year.

Key highlights for the year

Key highlights for the year ended 30 June 2017 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 7.96 (30 June 2016: 9.7).
- The Group's continuing focus on productivity improvements and cost efficiencies capped off an outstanding year achieving the following record results:
    - Total gold production of 844,124oz, representing an increase of 5% on the prior year and at the upper end of guidance for the current year of 800,000oz - 860,000oz.
    - AISC of A$907/oz, representing a decrease of 11% on the prior year and at the lower end of guidance for the current year of A$900/oz - A$960/oz.
    - Operating mine cashflow of A$706.5 million, representing an increase of 12% on the prior year.
    - Net mine cashflow of A$461.5 million, representing an increase of 8% on the prior year with all mines other than Edna May contributing positive cash flows after all capital investment.

Key highlights for the year (continued)

- Completion of the Ernest Henry transaction to obtain an economic interest in the copper-gold operation on 1 November 2016.
- During the year the Group entered into a new financing arrangement ("the New Facility") to fund the acquisition of the Economic Interest in Ernest Henry. The New Facility comprised a $475 million Senior Secured Term Loan ("Facility D") and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C"). Subsequently, the Group focused on reducing gearing through voluntary and mandatory repayments of $325 million. As at 30 June 2017, the Group had repaid in full Facility A and was 10 months ahead of the repayment schedules on Facility B and Facility D with $40 million and $395 million respectively outstanding.
- Pajingo was sold on 1 September 2016 to Minjar Gold Pty Limited for total proceeds of up to $52 million. The consideration comprised of a $42 million up front cash payment and a 1% NSR (net smelter return) royalty of up to $10 million for gold production above 130,000oz.
- Approval was granted by the State to extend the Cowal operations mine life to 2032 and the Board approved the commencement of the E42 Stage H cutback and Dual Leach Project at the Cowal operation.
- Completion of the acquisition of the Marsden copper-gold project from Newcrest Operations Limited on 17 October 2016.
- The Group entered into an Earn-in Joint Venture Agreement ("The Joint Venture") with Menninnie Metals Pty Ltd, a wholly owned subsidiary of Terramin Australia Limited ("Terramin") during the year. The Joint Venture will primarily target the South Gawler gold-copper project, a greenfields exploration project in the northern Eyre Peninsula of South Australia. Under the terms of the Joint Venture, the Group will sole fund exploration expenditure of $4 million over four years to earn a 70% interest. Terramin may then elect to contribute, otherwise the Group can earn an additional 10% by spending a further $2 million over 2 years, after which a pro-rata period will operate. The Group can withdraw from the Joint Venture after a minimum spend of $0.5 million within the first year.
- The Directors have approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after tax earnings. The change was effective immediately and has been applied to the final dividend for 2017 whereby the Directors have recommended a fully franked final dividend of 3 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 29 September 2017 is $50.5 million.

Operating and Financial Review

Evolution is a leading, growth-focused Australian gold company. As at 30 June 2017, the Group consisted of six wholly-owned operating gold mines: Cowal in New South Wales, Cracow, Mt Carlton and Mt Rawdon in Queensland and Mungari and Edna May in Western Australia and an economic interest in the Ernest Henry Copper-Gold Operation (100% of gold and 30% of copper and silver) in Queensland.

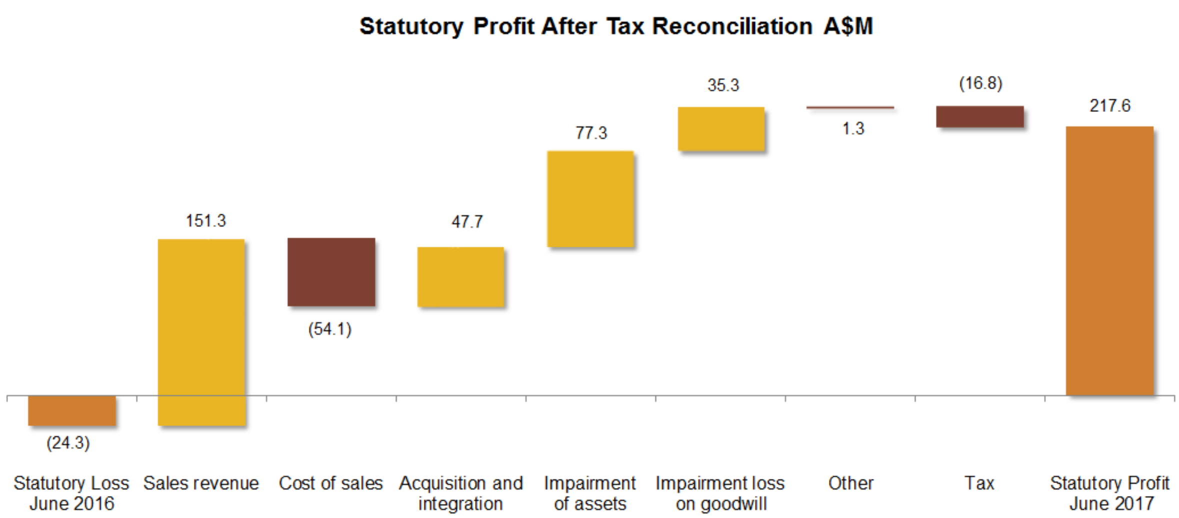
The Group's strategy is to deliver shareholder value through efficient gold production, growing gold reserves and developing or acquiring assets to improve the quality of the portfolio. Since its formation in November 2011, the Group has built a strong reputation for operational predictability and stability 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 and clearly defined business plans and goals 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.

Profit Overview

The Group recorded a statutory net profit after tax of $217.607 million for the year ended 30 June 2017 (30 June 2016: statutory net loss after tax of $24.349 million), driven by record production, a continued focus on cost control and a higher gold price. The period included an eight month contribution from the acquisition of the economic interest in the Ernest Henry Copper-Gold Operation which is expected to improve the quality and longevity of Evolution's portfolio as well as materially reduce the Group's cost profile. In September 2016, the Group disposed of the Pajingo asset to Minjar Gold Pty Limited as part of its strategy to improve the quality of its asset portfolio.

The following graph shows the movements in the Group's statutory profit/(loss) after tax for the year ended 30 June 2016 to the year ended 30 June 2017.



Operating and Financial Review (continued)

Profit Overview (continued)

The Group recorded an underlying net profit after tax of $206.588 million for the year ended 30 June 2017 (30 June 2016: $134.496 million). The statutory net profit after tax for the year includes one-off transaction and non-operating costs which have been excluded from the Group's underlying profit after tax of $206.588 million. The table below shows a reconciliation of statutory profit/(loss) before tax to the underlying profit after tax.

	2017 $'000	2016 $'000
Statutory profit/(loss) before income tax	237,284	(21,506)
Fair value expense	-	30,150
Loss on sale of subsidiary (2017) / impairment of assets (2016)	3,576	77,330
Impairment of Goodwill	-	35,270
Acquisition and integration costs	6,987	54,681
Gain on revaluation of available-for-sale assets	-	(4,365)
Income tax expense	(19,677)	(2,843)
Tax effect of adjustments	(1,182)	(34,221)
Recognition of previously unrecognised tax losses	(20,400)	-
Underlying profit after income tax (*)	**206,588**	**134,496**

(*) As presented in the 30 June 2016 financial statements, underlying profit excluded the fair value adjustments related to the acquisition of Cowal and Mungari. Following the completion of the purchase price allocation the fair value amortisation is now included in underlying profit. All changes were non-cash items. For consistency, the 2016 underlying profit has been amended to reflect this treatment. No change to statutory profit was required. Underlying profit is a non-IFRS measure. If the fair value amortisation was excluded in 2017, underlying profit after tax would have been $238.113 million.

	2016 $'000
Underlying profit after income tax as presented at 30 June 2016	226,884
Fair value amortisation included in underlying profit	(58,167)
Tax effect of adjustments	(34,221)
Underlying profit after income tax 2016	**134,496**

Cash Flow

Operating cash flow increased 12% with all operations producing positive operating mine cash flows totalling $706.484 million (30 June 2016: $628.417 million). Total capital expenditure increased 22% which was in line with plan at $244.998 million (including all sustaining and major capital expenditure, rehabilitation costs and capital stripping).

As a result of the significant net cash flows, the Group continued with accelerated repayments on the Senior Secured Syndicated Revolving and Term Facility. The Group made mandatory and voluntary repayments of $325.000 million during the year with all commitments met up to April 2018.

Operating and Financial Review (continued)

Key Results

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

Key Business Metrics	30 June 2017	30 June 2016	% Change (iii)
Total underground ore mined (kt)	5,662	1,479	283%
Total underground lateral development (m)	11,290	11,912	(5)%
Total open pit ore mined (kt)	19,672	16,331	20%
Total open pit waste mined (kt)	33,128	35,125	(6)%
Processed tonnes (kt)	20,607	16,242	27%
Gold grade processed (g/t)	1.49	1.77	(16)%
Gold production (oz)	**844,124**	**803,476**	**5%**
Unit cash operating cost (A$/oz) (i)	625	722	13%
All in sustaining cost (A$/oz) (i)	907	1,014	11%
All in cost ($/oz) (i)	1,073	1,134	5%
Gold price achieved (A$/oz)	1,641	1,597	3%
Silver price achieved (A$/oz)	24.00	21.37	12%
Total Revenue	1,479,876	1,328,614	11%
Cost of sales (excluding D&A and fair value adjustments (i))	(719,738)	(674,226)	(7)%
Corporate, admin, exploration and other costs (excluding D&A)	(46,283)	(46,837)	1%
EBIT (i) (ii)	325,031	272,100	19%
EBITDA (i) (ii)	713,855	607,551	17%
Statutory profit/(loss) after income tax	**217,607**	**(24,349)**	**-**
Underlying profit after income tax	**206,588**	**134,496**	**54%**
Capital expenditure	244,998	200,214	22%
Net mine cash flow	461,486	428,203	8%

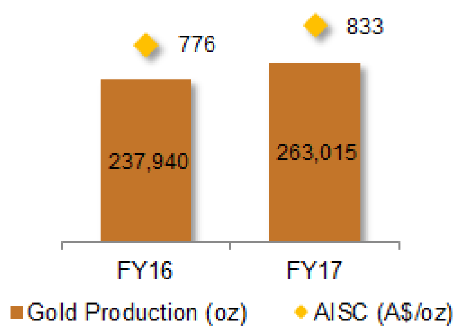
(i) EBITDA, EBIT, Unit cash operating cost, All in sustaining cost (AISC), and All in cost (AIC) are non-IFRS financial information and are not subject to audit.
(ii) Due to the timing of metal sales under the offtake agreement, for the purposes of calculating Ernest Henry and Group AISC and AIC metrics for 2017, Ernest Henry gold sales was equivalent to production from the December 2016 and March 2017 quarters and actual sales for the June 2017 quarter.
(iii) Percentage change represents positive/(negative) impact on the business

Operating and Financial Review (continued)

Mining Operations

Cowal

Cowal was the highest producer in the Group, achieving a gold production of 263,015oz (above guidance of 245,000 - 260,000oz) at an average C1 cash cost of $613/oz and AISC of $833/oz. Cash costs and AISC were below the lower end of guidance of $615 - $675/oz and $885 - $945/oz respectively. Capital expenditure in the year was $70.3 million, of which $27.4 million relates to the Stage H and Float Tails (Dual) Leach projects which were approved in February 2017.



Cowal ore mining activities in the year focussed on the E42 Stage G cutback to a current operating level of 894mRL. Resource definition drilling was completed during the year, enabling commencement of the Stage H project. At 30 June 2017, recruitment of operators and procurement of equipment is underway and mining excavation has commenced. The initial priority is to relocate stockpiles and waste dumps currently located within the perimeter of Stage H. Development work is ahead of schedule with all preparatory works to be completed and waste stripping to ramp up during the September 2017 quarter.

Exploration to assess the potential to extend the mineralised zone closer to surface between the E42 and E41 deposits was completed. Results from diamond drilling campaigns returned mineralised intercepts at similar grades to those encountered in the Stage H drilling, however across narrower intervals. An update of the geological interpretation between E41 and E42 is well advanced and is due to be completed in the period ended 31 December 2017.

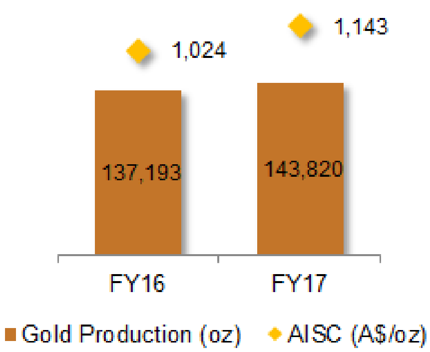
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	166,078	163,700	2,378	1%
Sustaining capital ($'000)	43,849	29,412	14,437	49%
Major capital ($'000)	27,080	-	-	-%
Gold production (oz)	**263,015**	**237,940**	**25,075**	**11%**
All in sustaining cost ($/oz)	833	776	57	(7)%
All in cost ($/oz)	941	789	152	(19)%

Operating and Financial Review (continued)

Mining Operations (continued)

Mungari

Mungari produced a total of 143,820oz at an average C1 cash cost of $954/oz and an AISC of $1,143/oz. Gold production was below guidance of 150,000 - 160,000oz. C1 cash costs and AISC were above FY17 guidance of $740 - $800/oz and $970 - $1,030/oz respectively.



The Frog's Leg underground mine produced 693kt ore tonnes at a grade of 4.8g/t gold. During the year mining has targeted the Fog, Dwarf and Mist orebodies, and the development of the Rocket orebody was completed.

Mining of the White Foil open pit during the year has focussed on Stage 2b. Unseasonably heavy rainfall during the year adversely impacted open pit activities delaying the completion of Stage 2. Mining focus is now due to shift to the Stage 3 cutback. Drill and blast trials were conducted in Stage 3 to increase production efficiencies and generated encouraging results.

Investment in discovery and resource definition programs across the Mungari tenements continued during the year. Drilling at Emu and Burgundy extended high-grade mineralisation outside of existing resources. The results reinforce the potential for future resource growth and the Company is committed in FY18 to matching similar levels of exploration expenditures as in FY17.

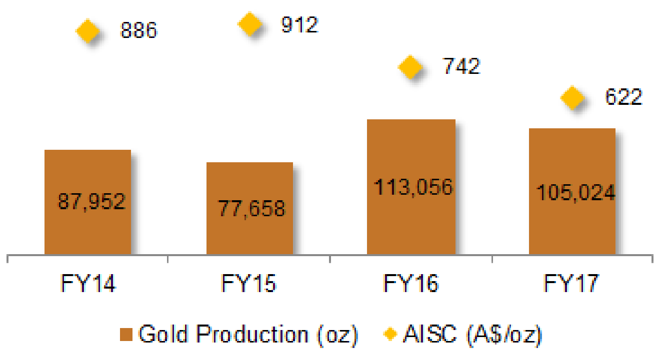
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	59,231	84,000	(24,769)	(29)%
Sustaining capital ($'000)	14,566	18,231	(3,665)	(20)%
Major capital ($'000)	22,161	14,727	7,434	50%
Gold production (oz)	**143,820**	**137,193**	6,627	**5%**
All in sustaining cost ($/oz)	1,143	1,024	119	(12)%
All in cost ($/oz)	1,371	1,128	243	(22)%

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Carlton

Mt Carlton produced 105,024oz, exceeding guidance of 90,000 - 100,000 ozs. C1 costs of $307/oz and AISC of $622/oz were both substantially below the bottom end of FY17 guidance of A$400 - $450/oz and A$675 - $725/oz respectively.



Mining of the Stage 2 pit area was completed in the period ended 31 December 2016 leading to mining of the Stage 3a western end of the V2 pit. This focussed on accessing high-grade ore to blend with low to medium-grade Run of Mine (ROM) stocks. Mining of the Stage 3b pre-strip commenced in December 2016 and remains ongoing at June 2017.

During the year the gravity recoverable gold circuit was successfully commissioned, producing 3,000oz of gold doré in the June 2017 quarter. This circuit will continue to be optimised going forward. In addition, studies are underway to identify options to reduce the impact of clay in the flotation circuit that could lead to increased plant throughput.

The underground Pre-Feasibility Study confirmed positive economics for a Stage 4 pit cutback combined with an underground operation to extract the Link Zone. A Definitive Feasibility Study, which will include additional resource definition drilling, has commenced and is expected to be completed in the 2017 calendar year.

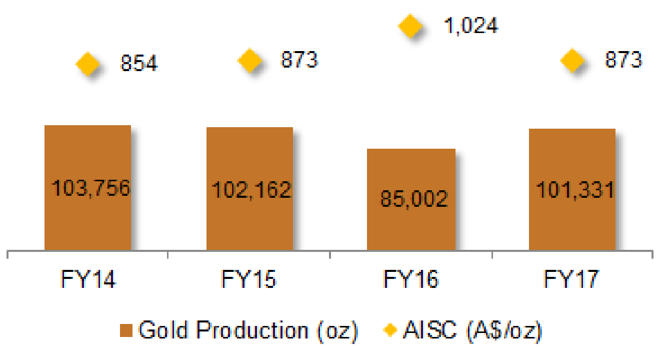
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	91,148	103,293	(12,145)	(12)%
Sustaining capital ($'000)	15,304	13,778	1,526	11%
Major capital ($'000)	13,887	8,146	5,741	70%
Gold production (oz)	**105,024**	**113,056**	(8,032)	**(7)%**
All in sustaining cost ($/oz)	622	742	(120)	16%
All in cost ($/oz)	762	820	(58)	7%

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Rawdon

Mt Rawdon achieved total gold production of 101,331oz at an average cash cost of A$630/oz and an AISC of A$873/oz. Gold production exceeded guidance of 90,000 - 100,000oz. C1 cash costs and AISC were below FY17 guidance of $690 - $770/oz and $960 - $1,040/oz respectively.



Mining activities focussed on the completion of Stage 3 and the progression of Stage 4 cutback. Ore was sourced from the northern section of the open pit while waste movements continued in the southern and western sections of the pit.

A number of continuous improvement projects were undertaken during the year including pit wall angle optimisation studies and an ore characterisation program which aims to improve mill throughput and recoveries. In addition, a new contract has been awarded for the supply and service of explosives which will see significant savings realised over the next three years.

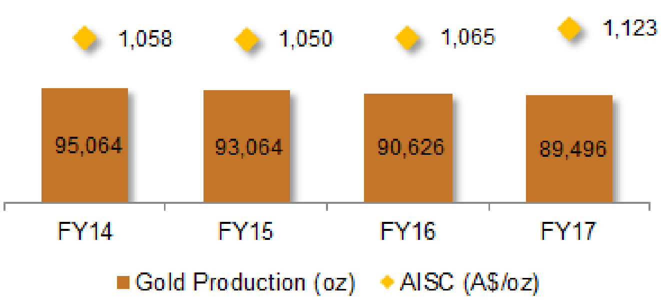
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	35,722	8,429	27,293	324%
Sustaining capital ($'000)	14,242	16,448	(2,206)	(13)%
Major capital ($'000)	19,071	37,384	(18,313)	(49)%
Gold production (oz)	**101,331**	**85,002**	16,329	**19%**
All in sustaining cost ($/oz)	873	1,024	(151)	15%
All in cost ($/oz)	1,065	1,471	(406)	28%

Operating and Financial Review (continued)

Mining Operations (continued)

Cracow

Cracow produced 89,496oz at an average cash cost of $746/oz and AISC of $1,123/oz. Gold production exceeded guidance of 80,000 - 85,000oz. Cash costs and AISC were at the lower end of guidance ranges of $740 - $800/oz and $1,100 - $1,160/oz respectively.



A total of 529kt of ore was mined at an average grade of 5.45g/t gold. Primary ore sources during the year were the Kilkenny and Empire ore bodies. Looking to FY18, grades are expected to decline with increased production from the narrower Griffin and Empire stopes.

Resource definition drilling at Cracow during the year confirmed continuity of high grade mineralisation at Killarney. At Imperial, new high-grade intersections were returned and will be incorporated in a maiden resource estimate to be completed in this area of the mining operations.

The first phase of new discovery drilling was completed at the Walhalla and Valkyrie targets both located within 2km of the operating footprint at Cracow. Drilling was designed to test the concept that both targets are high-level expressions of deeper high-grade mineralisation below; results are pending.

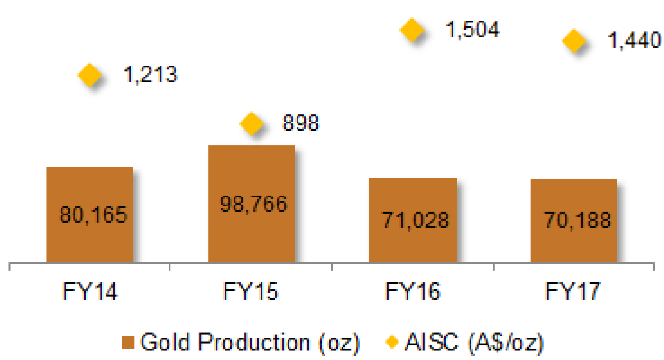
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	41,060	40,500	560	1%
Sustaining capital ($'000)	17,462	13,453	4,009	30%
Major capital ($'000)	14,168	12,204	1,964	16%
Gold production (oz)	**89,496**	**90,626**	(1,130)	**(1)%**
All in sustaining cost ($/oz)	1,123	1,065	58	(5)%
All in cost ($/oz)	1,208	1,164	44	(4)%

Operating and Financial Review (continued)

Mining Operations (continued)

Edna May

Total gold production at Edna May was 70,188oz at an average cash cost of $1,309/oz and AISC of $1,440/oz. Low material movement and a lack of available ore at periods during the year resulted in full year production lower than guidance of 80,000 - 85,000oz. This resulted in higher costs relative to guidance of A$1,020 - $1,100/oz and AISC of $1,140 - $1,220/oz.



Capital expenditure of $30.8 million in the year was attributable to continued development of the new underground mine which is forecast to begin producing ore in the first half of FY18.

Following a strategic review and management changes implemented in the year, substantial operational improvement was observed at Edna May in the latter months of FY17. This was reflected in ore mined increasing by 162% and gold production increasing by 101% from March quarter to June quarter.

Open pit mining focussed within the Stage 2 north cutback. The bulk of the pre-strip in the north cutback was completed as at 30 June 2017 with improved mining rates expected to be maintained in the period ended 31 December 2017.

Rehabilitation of the underground mine progressed with an additional 318m of the decline completed. Primary development included 37m of ventilation infrastructure and 24m of decline development.

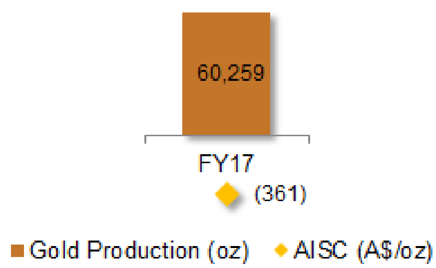
Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	(14,652)	1,920	(16,572)	(863)%
Sustaining capital ($'000)	2,241	4,290	(2,049)	(48)%
Major capital ($'000)	28,519	7,302	21,217	291%
Gold production (oz)	**70,188**	**71,028**	(840)	**(1)%**
All in sustaining cost ($/oz)	1,440	1,504	(64)	4%
All in cost ($/oz)	1,862	1,605	257	(16)%

Operating and Financial Review (continued)

Mining Operations (continued)

Ernest Henry

The Ernest Henry transaction was completed on 1 November 2016 and is expected to improve the quality and longevity of the Group's portfolio as well as materially reduce the cost profile.



For the eight months of attributable production in the year ended 30 June 2017, total gold produced at Ernest Henry was 60,259oz at a negative average C1 cash cost of $(593)/oz and a negative AISC of $(361)/oz. Gold production exceeded guidance of 55,000 - 60,000oz. AISC was substantially below the guidance range of A$100 - A$150/oz due to lower operating costs, higher gold and copper production and a higher than planned copper price.

Key Business Metrics	30 June 2017	30 June 2016	Change	% Change
Net mine cash flow ($'000)	81,785	-	-	-%
Sustaining capital ($'000)	6,066	-	-	-%
Gold production (oz)	**60,259**	**-**	-	**-%**
All in sustaining cost ($/oz)	(361)	-	-	-%
All in cost ($/oz)	(361)	-	-	-%

Pajingo

Pajingo was sold on 1 September 2016 to Minjar Gold Pty Limited for total proceeds of up to $52.0 million consisting of a $42.0 million upfront cash payment and a 1% NSR (net smelter return) royalty of up to $10.0 million for gold production above 130,000oz.

During the 62 days of the year Pajingo was still under Evolution ownership, Pajingo produced 10,991oz of gold at a unit cash operating cost of $897/oz, AISC of $1,422/oz and AIC of $1,577/oz (30 June 2016: 68,630oz, $785/oz, $1,161/oz, $1,275/oz).

Operating and Financial Review (continued)

Financial Performance

Profit or Loss

Revenue for the year ended 30 June 2017 increased by 11% to $1.480 billion (30 June 2016: $1.329 billion). This is largely due to the inclusion of results from Ernest Henry totalling $163.342 million. This is comprised of $102.921 million for 8 months of copper and silver revenue and $60.421 million for 5 months of gold revenue. An increase of 3% in achieved gold price to $1,641/oz (30 June 2016: $1,597/oz) had a further impact. This was partly offset by the impact of the disposal of the Pajingo operation which contributed revenue of $17.519 million in the year representing a decrease of $95.636 million on the prior year.

Total gold sold equalled 817,323oz which included deliveries into the hedge book of 248,493oz at an average price of $1,584/oz (30 June 2016: 274,879oz, $1,593/oz). The remaining 568,830oz were sold at spot price achieving an average price of $1,666/oz (30 June 2016: 540,710oz, $1,599/oz). The Group's hedge book totals 458,495oz as at 30 June 2017 at an average price of $1,645/oz for deliveries to June 2020.

Operating costs (excluding depreciation, amortisation and fair value adjustments of $431.606 million) increased to $719.738 million (30 June 2016: $674.226 million) largely as a result of the first year inclusion of Ernest Henry which accounted for operating costs of $64.108 million offset by $47.312 million following the sale of Pajingo during the year. The operating costs for the six existing mine sites increased by 5% on the prior year to $640.466 million. This increase is primarily due to the shift from capital to operating stripping at Cowal for Stage G, and the completion of underground development activities as well as Stage 2 of the open cut which resulted in higher costs at Mungari.

The Group’s All in Sustaining Cost decreased by 11% to $907/oz (30 June 2016: $1,014/oz) despite a 16% drop in the average grade mined during the year. The decline in grade was offset by the inclusion of Ernest Henry which contributed an AISC of $(361)/oz for the year.

The Group posted statutory profit after tax of $217.607 million (30 June 2016: $24.349 million loss) driven by record annual production, decreased costs per ounce following a strong focus on cost control and favourable gold prices during the year. Underlying profit after tax was $206.588 million (30 June 2016: $134.496 million) Further details of the profit and loss are outlined in the Profit Overview on pages 3 and 4 of this report.

Balance Sheet

Total assets increased during the year to $2.945 billion (30 June 2016: $2.187 billion), representing a 35% movement. This increase is largely due to the completion of the Ernest Henry transaction, which contributed $869.539 million offset by the sale of Pajingo which reduced total assets by $77.621 million. Excluding the Ernest Henry and Pajingo transactions, total assets remained at a consistent level. Capital additions for property, plant and equipment totalled $91.041 million while depreciation totalled $132.076 million. Mine development and exploration additions totalled $181.973 million primarily attributable to continued stripping at a number of sites and amortisation totalled $256.748 million.

Total liabilities for the Group increased to $817.217 million at 30 June 2017, an increase of $181.491 million or 29% on the prior year. This increase was largely due to the draw down on a new $475 million Term Facility (Facility D) which was used to fund the Ernest Henry transaction. The balance of this Facility D as at 30 June 2017 was $395 million.

The Term Facility established for the Cowal acquisition (Facility B) reduced by $150 million during the year to $40 million as at 30 June 2017.

Operating and Financial Review (continued)

Financial Performance (continued)

Balance Sheet (continued)

The Group ended the year with a cash balance of $37.385 million and available credit of $300 million in Facility A as part of its Senior Secured Syndicated Revolving and Term Facility.

Cash Flow

Total cash inflows for the year amounted to $20.157 million (30 June 2016: outflow $188.493 million).

	30 June 2017 $'000	30 June 2016 $'000	Change $'000	% Change
Cash flows from operating activities	650,795	574,084	76,711	13%
Cash flows from investing activities	(1,120,794)	(999,380)	(121,414)	12%
Cash flows from financing activities	490,156	236,803	253,353	107%
Net movement in cash	20,157	(188,493)	208,650	(111)%
Cash at the beginning of the year	17,295	205,788	(188,493)	(92)%
Effects of exchange rate changes on cash	(67)	-	-	-%
Cash at the end of the year	**37,385**	**17,295**	**20,090**	**116%**

Net cash inflow from operating activities was $650.795 million, an increase of $76.711 million (30 June 2016: $574.084 million).

Net cash outflows from investment activities were $1.121 billion, a $121.414 million increase (30 June 2016: $999.380 million) consisting of payments for the acquisition of the economic interest in Ernest Henry Copper-Gold Operation of $884.004 million (including transaction fees) and receipt of $41.900 million on the sale of Pajingo. Capital investments excluding the payment for Ernest Henry for the year include property plant and equipment of $91.041 million and mine development and exploration of $181.267 million.

Net cash inflows from financing activities were $490.156 million, an increase of $253.353 million (30 June 2016: outflow $236.803 million). Financing cash flows for the year included the drawing of $475 million on the Senior Secured Syndicated Revolving and Term Facility, net proceeds received on the issue of shares to fund the Ernest Henry transaction of $395.244 million and dividend payments of $52.419 million.

Debt repayment in the year totalled $325 million. This comprised of repayment of $95 milllion to the Senior Secured Revolving Loan ("Facility A"), $150 million to the Senior Secured Term Loan ("Facility B") and $80 million to the new Senior Secured Term Loan ("Facility D").

Taxation

During the year, the Group made the determination to recognise previously unrecognised tax losses on the balance sheet. The Company recognised a net tax expense of $19.677 million (30 June 2016: $2.843) in the current year consisting of a current tax liability of $36.214 million, deferred tax liability of $3.953 million and deferred tax asset on previously unrecognised tax losses of $20.400 million.

Operating and Financial Review (continued)

Financial Performance (continued)

Capital Expenditure

Capital expenditure for the year totalled $244.998 million (30 June 2016: $200.214 million). This consists of sustaining capital, including near mine exploration and resource definition of $116.554 million (30 June 2016: $106.970 million) and mine development of $128.444 million (30 June 2016: $93.244 million). The main capital projects include the Stage H and Float Tails (Dual) Leach projects at Cowal, Cracow underground mine development, Mt Rawdon capital waste stripping, Edna May Southern and Northern cutbacks and underground mine development, Mungari underground development, and Mt Carlton capital waste stripping in the northern section of Stage 3.

Financing

Total finance costs for the year were $35.194 million (30 June 2016: $43.785 million), a decrease of 20%. Included in total finance costs is interest expense of $24.158 million (30 June 2016: 26.314), amortisation of debt establishment costs of $7.444 million (30 June 2016: $11.623 million) and discount unwinding on mine rehabilitation liabilities of $3.254 million (30 June 2016: 3.406 million).

In September 2016, the Group entered into a new financing arrangement ("the New Facility") comprising a $475 million Senior Secured Term Loan (“Facility D”) and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C").

The new Facility was executed on 29 September 2016 and was effective from that date.

The new Facility was drawn down on 31 October 2016 on completion of the Ernest Henry acquisition. The repayment periods and the outstanding balances as at 30 June 2017 on each facility are set out below:

Facility	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A	31 July 2018	-
Senior Secured Term Loan - Facility B	15 July 2018	$40 million
Performance Bond Facility - Facility C	20 July 2018	$125 million
Senior Secured Term Loan - Facility D	31 October 2021	$395 million

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 2017 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 price fall.

Operating and Financial Review (continued)

Material business risks (continued)

Fluctuations in the gold price and Australian dollar (continued)

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.

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.

Operating and Financial Review (continued)

Material business risks (continued)

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.

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.

Operating and Financial Review (continued)

Material business risks (continued)

Risk management (continued)

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.

Dividends

With the continued growth over the past year and the recent inclusion in the ASX100, coinciding with the Group moving to a tax paying position, the Directors have approved a change to the dividend policy of whenever possible paying a half-yearly dividend equivalent to 50% of the Group's after tax earnings. The change was effective immediately and has been applied to the final dividend for 2017.

The Board has confirmed that Evolution is in a sound position to meet its commitment under the new policy to pay a final fully franked dividend for the current period of 3 cents per share, totalling $50.484 million. Evolution shares will trade excluding entitlement to the dividend on 25 August 2017, with the record date being 28 August 2017 and payment date of 29 September 2017.

In relation to Evolution's dividend policy, the Board of Directors has suspended the Dividend Reinvestment Plan ("DRP") until further notice.

Significant changes in the state of affairs

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.

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.

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:

On 4 August, the Company agreed to subscribe for $2.5 million worth of shares, on a firm allocation basis, in the upcoming Initial Public Offering of Riversgold Ltd, a new gold-focussed exploration company. Evolution will hold a right of first refusal over any projects in Australia that Riversgold decides to sell or joint venture.

Environmental regulation and performance

The Executive Chairman reports to the Board on all significant safety and environmental incidents. The Board also has a Risk Committee which has oversight of the safety, health and environmental performance of the Group and meets at least two times per year. The Directors are not aware of any environmental incidents occurring during the year ended 30 June 2017 which would have a materially adverse impact on the overall business of the Group.

Environmental regulation and performance (continued)

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted including Australia and New Zealand. Each mining operation is subject to particular environmental regulation specific to their activities as part of their operating licence or environmental approvals. Each of our sites are required to also manage their environmental obligations in accordance with our corporate environmental policies and standards.

The environmental laws and regulations that cover each of our sites, combined with our policies and standards, address the potential impact of the Group's activities in relation to water and air quality, noise, land, disturbance, waste and tailings management, and the potential impact upon flora and fauna.

The Group has a uniform internal reporting system across all sites. All environmental incidents, including breaches of any regulation or law are assessed according to their actual or potential environmental consequence. Given levels of environmental incidents are tracked based on factors such as spill volume, incident location (onsite or offsite) and potential or actual environmental impacts. These levels include: I (insignificant), II (minor), III (moderate), IV (major), V (catastrophic).

Across the six Evolution Mining Site, excluding government reporting for non-vehicular native fauna deaths, the Level III reports for the past two years has been:

	2017	2016
Number of Level III incidents	9	14

There were no Level IV incidents. In all cases, environmental authorities were notified of those events and the appropriate agreed remedial actions undertaken.

Information on Directors

The following information is current as at the date of this report. Please refer to the Remuneration Report section (e) for details of shareholdings, options and rights.

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 was formerly a Non-Executive Director of Lynas Corporation Limited, 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 B Bus, CPA, MAICD, 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 27 years' experience in the resources sector across a diverse range of commercial, financial and operational activities. He has held a mix of corporate, operational and 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.

Mr Conway is a Non-Executive Director of Aurelia Metals Ltd (appointed in June 2017).

James (Jim) Askew, BEng (Mining), MEngSc, FAusIMM, MCIMM, MSME (AIME), MAICD, Non-Executive Director

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; Syrah Resources Limited (Chairman since October 2014), a company with operations in Mozambique and in the USA; and Endeavour Mining Corporation, a company with operations in Cote d'Ivoire, Mali, Burkina Faso and Ghana (Non-Executive Director since July 2017).

Mr Askew is a member of the Risk Committee and Member of the Nomination and Remuneration Committee.

Within the last 3 years Mr Askew has been a Non-Executive Director of Nevada Copper Limited and Asian Mineral Resources Ltd.

Information on Directors (continued)

Graham Freestone, BEc (Hons), Non-Executive Director
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, and Chaired their Audit Committees during that period. Mr Freestone is a Non-Executive Director of Kasbah Resources Limited (appointed February 2017) a company with a tin project in Morocco, and Chairs its Remuneration and Audit Committees. Mr Freestone is the Chair of the Audit Committee and Member of the Risk Committee.

Colin (Cobb) Johnstone, BEng (Mining), Lead Independent Director
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. He has extensive international experience including Canada, China, Africa and South America. Mr Johnstone was Chief Operating Officer at Equinox Minerals Limited, until the acquisition by Barrick Gold Corporation in 2011. Prior to that Mr Johnstone was Chief Operating Officer of Sino Gold Mining Limited, where he oversaw the development and operation of gold mines in China. Mr Johnstone is Chairman of Aurelia Metals Ltd (since November 2016). Mr Johnstone is the Lead Independent Director, Chair of the Risk Committee, and a member of the Audit Committee. Mr Johnstone was a former Non-Executive Director of Magnis Resources Ltd; Neometals Ltd (Reed Resources Ltd); and Metallum Ltd.

Thomas (Tommy) McKeith, BSc (Hons), GradDip Eng (Mining), MBA, Non-Executive Director
Mr McKeith is a geologist with over 28 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. Mr McKeith is the Chair of the Nomination and Remuneration Committee and Member of the Audit Committee. Mr McKeith is also a Non-Executive Chairman of ABM Resources NL.

Information on Directors (continued)

Naquib Sawaris, Non-Executive Director
Mr. Sawiris is Chairman of the advisory board of La Mancha (since 2012). The Sawiris Family have substantial interests in the telecom, construction and fertilizer, cement, real estate and hotel development industries and other businesses. He is currently the Chairman of the Board of Orascom TMT Investments S.a r.l, and the Executive Chairman of Orascom Telecom Media and Technology Holding S.A.E. Mr. Sawiris founded Orascom Telecom Holding in 1979 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 also been appointed Chairman of the Board of Euronews, after managing the acquisition of 53% of its shares in 2015. Mr. Sawiris has received a number of honorary degrees, industry awards and civic honors, including the Honor of Commander of 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 Solidarietà 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 served and is serving on a number of additional Boards, Committees and Councils including the Advisory Committee to the NYSE Board of Directors, the London Stock Exchange Group’s Africa Advisory Group, the Arab Thought Foundation, and the Boards of Trustees of the American University in Cairo, Nile University, and the French University in Egypt. 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. Mr. Sawiris is currently Chairman of the advisory board of La Mancha, Chairman of the Board of Orascom TMT Investments S.a.r.l., Executive Chairman of Orascom Telecom Media and Technology Holding S.A.E.

Sebastien de Montessus, Non-Executive Director
Mr. de Montessus is the CEO and President of Endeavour Mining Corporation (since November 2015). 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. Mr de Montessus is a Member of the Nomination and Remuneration Committee and is an Executive Director and CEO of Endeavour Mining Corporation.

Information on Directors (continued)

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. Mr Benoit is the CFO and Executive Vice President of Corporate Development at Endeavour Mining Corporation since November 2016. 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. Mr Benoit is a Non-Executive Director of Euronews SA.

Amr El Adawy, Alternate Non-Executive Director for Sebastien de Montessus
Mr El 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 El Adawy holds a Finance Management and Accounting degree from CNAM of Paris. Mr El Adawy has no other current or former directorships within the last 3 years.

Company Secretary

Evan Elstein, BCom (Accounting and Finance), ACA, GradDipACG
Mr Elstein is the Company Secretary and Vice President for Information Technology and Community Relations. He is a Chartered Accountant, 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 25 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, Mr Elstein held senior finance and operations positions at Dimension Data 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 2017, 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	7	7	-	-	-	-	-	-
Lawrie Conway	7	7	-	-	-	-	-	-
James (Jim) Askew	6	7	-	-	1	3	3	3
Graham Freestone	7	7	4	4	3	3	-	-
Colin (Cobb) Johnstone	7	7	4	4	3	3	-	-
Thomas (Tommy) McKeith	7	7	4	4	-	-	3	3
Naguib Sawaris	3	7	-	-	-	-	-	-
Sebastien de Montessus	5	7	-	-	-	-	2	3
Vincent Benoit	-	7	-	-	-	-	-	-
Amr El Adawy	2	7	-	-	-	-	-	-

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 there are no remaining Options outstanding. The weighted average remaining contractual life of Options outstanding at 30 June 2016 was 0.9 years with exercise prices ranging from $1.472 to $2.412.

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 the exercise of unlisted Options issued by the Company are:

Date	Details	Balance at 1 July 2016 (number)	Number Converted into Shares	Amount Paid for Shares ($)	Options Expired (number)	Balance at 30 June 2017 (number)
	Unlisted Options	5,203,344	-	-	-	-
11/11/2016	Exercised	-	90,000	160,740	-	5,113,344
15/11/2016	Exercised	-	330,000	589,380	-	4,783,344
18/11/2016	Expired	-	-	-	677,818	4,105,526
25/11/2016	Exercised	-	3,758,661	6,498,685	-	346,865
25/11/2016	Expired		-	-	346,865	5,203,344
30/06/2017	**Total**	**5,203,344**	**4,178,661**	**7,248,805**	**1,024,683**	**-**

Remuneration Report (Audited)

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2017. This report contains details of the remuneration paid to the Directors and Key Management Personnel ("KMP") and is aligned to the Company's overall remuneration strategy and framework. The Company's remuneration philosophy 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 are aligned with this philosophy.

This remuneration report is presented under the following sections:

(a) Remuneration Overview
(b) Remuneration Governance
(c) Remuneration Strategy and Framework
(d) Executive Remuneration Outcomes
(e) Non-Executive Director Remuneration
(f) Other Remuneration Information
(g) Summary of Key Terms

(a) Remuneration Overview

(i) Key Management Personnel

The executive remuneration framework covered in this report includes the Executive Directors (Executive Chairman and Chief Financial Officer) and those executives considered to be Key Management Personnel ("KMP") named below:

Name	Position
Jacob (Jake) Klein	Executive Chairman
Lawrie Conway	Finance Director and Chief Financial Officer
Aaron Colleran	Vice President Business Development & Investor Relations
Paul Eagle	Vice President People & Culture
Evan Elstein	Company Secretary & Vice President Information Technology & Community Relations
Mark Le Messurier	Chief Operating Officer
Glen Masterman (i)	Vice President Discovery & Chief Geologist

(i) Glen Masterman was appointed into his role on 1 August 2016.

(ii) Key Remuneration Outcomes

Key remuneration outcomes for the 2017 financial year are summarised in the table below:

Remuneration	Description
STIP Outcomes	The average STIP outcome for the KMP was 85.9% of the maximum opportunity based on the assessment of business and personal measures. This reflects the Company's strong operating and financial performance, and improvement in the upgrading of the asset portfolio.
LTIP Outcomes	100% of the Performance Rights awarded during the 2014 financial year and tested as at 30 June 2016 vested on 16 August 2016. This reflects the Company's strong performance during the three years to 30 June 2016. The Performance Rights awarded during the 2015 financial year were tested as at 30 June 2017, where 100% of the Performance Rights have met their performance measures and have been approved by the Board to vest.

Remuneration Report (Audited) (continued)

(a) *Remuneration Overview (continued)*

(ii) Key Remuneration Outcomes (continued)

Remuneration	Description
KMP Remuneration	Four of the KMP received increases to their fixed remuneration during the 2017 financial year.
NED Remuneration	NEDs did not receive any increase to their base fees but did receive increases to their fees as chairs or/and as members of the Board Sub Committees. NEDs also received Share Rights under a NED Equity Plan approved by shareholders at the Annual General Meeting held on 24 November 2016.

(iii) What has changed in relation to remuneration during the 2017 financial year

The table below summarises the key changes to the executive remuneration framework implemented during the 2017 financial year.

Change	Description
Executive Chairman Performance Rights	As approved by shareholders at the general meeting held on the 21 June 2017, the Executive Chairman was issued with 3,375,000 performance rights under a Transition Incentive Plan on the terms and conditions of Evolution's Employee Share Option and Performance Rights Plan. The rights are designed to secure the Executive Chairman’s services and continue his strong focus on long term value creation for Evolution Shareholders, while further strengthening alignment between executive remuneration and shareholder/business objectives.

(iv) What changes are planned for remuneration in the 2018 financial year

No changes are planned to the remuneration structure for the 2018 financial year. Three of the KMP are to receive increases to their fixed remuneration for 2018 as a part of the annual remuneration review.

(b) 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 Directors, Non-Executive Directors and Key Management Personnel, in accordance with approved Board policies and processes.

During 2017 the Nomination and Remuneration committee obtained advice on the NED equity plan and the appropriate structure of the Executive Chairman’s Transitional Incentive Plan. These were approved by Shareholders at the General Meeting held on 21 June 2017.

Remuneration Report (Audited) (continued)

(c) Remuneration Strategy and Framework

The executive remuneration framework has been designed to align Executive Directors and KMP objectives with shareholder and business objectives by offering a remuneration package based on key performance areas affecting the Group's overall performance. The Board believes the remuneration framework to be strategic, appropriate and effective in its ability to attract and retain KMP and to operate and manage the Group effectively.

The Group's target remuneration philosophies are:

- **Total Fixed Remuneration** (TFR being 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 89 organisations within the industry);
- **Total Annual Remuneration** (TFR plus STI) at the 75th percentile for high performers; and
- **Total Remuneration** (TFR plus STI 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.

Remuneration Report (Audited) (continued)

(c) ***Remuneration Strategy and Framework (continued)***

The following table outlines the remuneration components for all KMP for the 2017 financial year:

Component	Performance measure	Strategic objective
Total Fixed Remuneration (TFR)	Key results areas for the role are determined based on the individual's position and key business imperatives.	Remuneration is designed to attract, motivate and retain key personnel. Considerations include: • Overall Company business plan • External market conditions • Key employee value drivers • Individual employee performance • Industry benchmark data
Short Term Incentive (STI)	Key Performance indicators are set with a mix of individual and corporate elements. The relative weighting of which is dependent on the individual employee job banding and position. For the Executive Chairman the weighting is 70% corporate and 30% individual and for the remainder of the KMP, 60% corporate and 40% individual. For the corporate component for FY17, the measures focused on safety, cash contribution, costs and strategic imperatives focused on delivering step change growth through completion of drill programs to extend mine life at each asset and extension of production profile by reserve growth.	The objective is to motivate employees to achieve key annual targets focused on safety, operations, cash contribution, and effective cost management, improving the overall quality of the asset portfolio and driving a high achievement team culture.
Long Term Incentive (LTI)	Performance measures agreed with the Board have a 3 year time horizon and are focused on enhancing shareholder value.	The primary objective to deliver industry leading shareholder returns.

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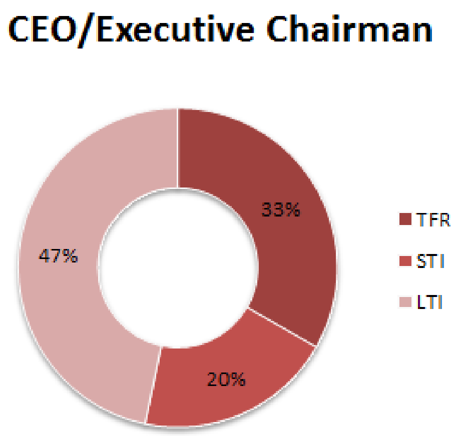
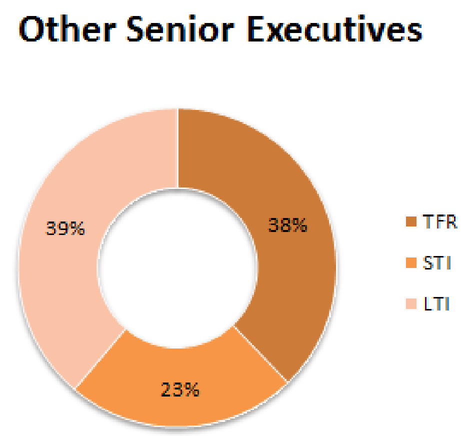
Remuneration Report (Audited) (continued)

(c) *Remuneration Strategy and Framework (continued)*

The target achievement remuneration mix for Executive Directors and KMP for the 2017 financial year and prior financial year is as follows:





(d) Executive Remuneration Outcomes

(i) Financial Performance

The Group has demonstrated strong performance over the past five years. The following table breaks down the key performance indicators for the Group over this time frame:

	2017	2016	2015	2014	2013
Statutory profit/(loss) for the year ($'000)	217,607	(24,349)	100,115	50,017	(307,421)
Underlying profit for the year after income tax ($'000) (i)	206,588	134,496	106,050	50,017	44,443
EBITDA ($'000)	713,855	607,551	272,656	207,556	211,725
Basic earnings per share (cents)	13.28	(1.75)	13.71	7.06	(43.43)
Dividends declared (cents per share)	5	3	2	2	-
Share price ($)	2.41	2.33	1.15	0.70	0.57

(i) Refer to the Profit Overview section in the Operating and Financial Review for a reconciliation of the 2016 stated underlying profit for the year.

Remuneration Report (Audited) (continued)

(d) ***Executive Remuneration Outcomes (continued)***

(ii) STIP

Component	Performance measure
Participation	The Overall Group STIP applies to site based employees at the level of Manager and all Group office employees.
Composition	The Group STIP is a cash bonus, up to a maximum percentage of TFR, based on the employee job band.
Performance conditions	It is assessed and paid annually conditional upon the achievement of key company objectives and individual KPIs. For the 2017 financial year, the company objectives were focussed in the areas of safety, group cash contribution, production, costs and a strategic imperative element.
Award parameters	The Group STIP is currently set at between 10% and 60% of TFR for Target achievement, with a maximum of 20%-90% of TFR for Stretch achievement, depending on the employee job band. Details of the Group STIP paid to the Directors and KMP are shown in the Remuneration Table in section d(iv). The Group's performance against the STI Scorecard for FY17 is as follows:

STIP Scorecard		Target (100%)	STIP Weighting	Result	Award
HSE	Safety Indicator (TRIFR)	7.1	10%	7.96	0.00%
	Critical Controls Compliance - top 5 principal hazards (%)	90	15%	93.3	17.48%
Profitability	Group Cash Contribution ($ million)	230	20%	342	30.00%
	Group All In Costs ($/Oz sold)	1,090	20%	1,039	29.32%
Strategic Imperatives	Discretionary	100%	35%	135%	47.25%
Total			**100%**		**124.05%**

FY17 STIP considerations	At the time of setting the FY17 STIP measures, the Board determined it would consider the following factors when awarding the score for strategic imperatives measure: • Overall business performance • Delivering step change growth through completion of drill programs to extend mine life at each asset • Extension of production profile by reserve growth; and •Successful completion of the sale of Pajingo and the Ernest Henry transaction.
Award outcome for the year	The Board approved a discretionary score of 135.00% for the following reasons: • Average mine life of the portfolio has improved in the last 12 months from ~7.4 years to ~8.3 years based on reserves following the successful completion of the drilling programs; • The Ernest Henry (EH) transaction has been transformative and a key part of improving our average mine life and the quality of our asset portfolio; • The successful divestment of Pajingo; • The Company also achieved a number of other important outcomes, including the reduction in debt levels and the successful achievement of 15 out of 16 FY17 key operational and financial measures and targets. Overall business performance on a Group basis met or exceeded set targets. A number of records have been achieved throughout the business this year.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(ii) STIP (continued)

Component	Performance measure			
	2017	**Total STIP Granted ($)**	**% of Maximum Entitlement Granted**	**% of Maximum Entitlement Forfeited**
	Directors			
	Jacob Klein	610,000	84.5%	15.5%
	Lawrie Conway	475,000	88.0%	12.0%
	Key Management Personnel			
	Aaron Colleran	391,000	100.0%	0.0%
	Paul Eagle	265,000	82.9%	17.1%
	Evan Elstein	300,000	82.3%	17.7%
	Mark Le Messurier	335,000	82.7%	17.3%
	Glen Masterman	300,000	80.3%	19.7%

(iii) LTIP

Component	Performance measure
Participation	The Group LTIP applies to employees at the level of Manager and above across the Group.
Performance period	Up to 3 years.
Composition	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”).The ECOP and the Option component of the ESOP are now effectively dormant with no new options to be issued under these plans. All remaining Options either expired or were exercised during the year.
Performance conditions	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.
Award parameters	Further details on each of the performance conditions laid out below are detailed in Section f(i) - 'Other Remuneration Information'.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iii) LTIP (continued)

Component	Performance Measure				
	Performance Target		Description	Weighting for FY14 grants	Weighting for FY15, FY16 and FY17 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%

FY17 LTIP considerations

Each year an assessment is made by the Directors against performance hurdles and 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.

Award outcome for the year - ECOP Options

At 30 June 2017 there were no Options outstanding (FY16: 52,954). The movement in the options under this plan is summarised in the table below:

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	52,954	488,651
Issued during the period	-	-
Exercised during the period	-	-
Expired during the period	(52,954)	(435,697)
Outstanding balance at the end of the year	**-**	**52,954**

Award outcome for the year - ESOP Options

During the year 4,178,661 Options were exercised at exercise prices ranging from $1.418 to $1.882 per option, 971,729 Options expired and there were no Options outstanding at 30 June 2017:

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	5,150,390	7,161,087
Issued during the period	-	-
Exercised during the period	(4,178,661)	(180,000)
Expired during the period	(971,729)	(1,830,697)
Outstanding balance at the end of the year	**-**	**5,150,390**

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iii) LTIP (continued)

Component	Performance measure
Award outcome for the year - ESOP Performance Rights	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. The movement in Performance Rights under this plan is in the table below:

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	29,429,811	21,382,111
Performance Rights granted (withdrawn) during the period pursuant to Retention Agreement*	(3,750,000)	3,750,000
Performance Rights granted during the period pursuant to Transition Incentive Plan*	3,375,000	-
Performance rights granted during the period	6,797,540	8,141,268
Vested during the period	(7,961,146)	(2,262,954)
Lapsed during the period		(923,228)
Forfeited during the period	(1,612,639)	(657,386)
Outstanding balance at the end of the year	**26,278,566**	**29,429,811**

*The 3,750,000 Performance Rights granted in December 2015 to Mr. Jake Klein were withdrawn pursuant to a Transition Incentive Plan (TIP) under the Retention Agreement which the Company has entered into with Mr. Klein. Under the Plan the Company granted 3,375,000 Performance Rights to Mr. Klein subject to the satisfaction of Vesting Conditions to be tested as at 16 December 2019 and were approved by shareholders the shareholder meeting held on 21 June 2017.

The table below reflects the Performance Rights granted, vested, or lapsed in each financial year:

	FY13	FY14	FY15	FY16	FY17	Running Balance
Granted	4,943,777	10,498,408	10,804,370	8,141,368	6,797,540	41,185,463
Granted - TIP	-	-	-	-	3,375,000	3,375,000
Vested	(2,262,954)	(7,961,147)	-	-	-	(10,224,101)
Lapsed	(923,229)	-	-	-	-	(923,229)
Forfeited	(1,757,594)	(2,537,261)	(1,589,969)	(855,467)	(394,276)	(7,134,567)
Subject to vesting	-	-	9,214,401	7,285,901	9,778,264	26,278,566
Testing date	30/06/15	30/06/16	30/06/17	30/06/18	30/06/19	-
Testing date - TIP	-	-	-	-	16/12/19	-
Vesting (%)	71%	100%	100%	-	-	-

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iv) Remuneration summary table

	Total Fixed Remuneration		Post-Employment Benefits				STI		LTI					
	Base Salary and Fees		**Non- Monetary Benefits (i)**		**Superannuation**		**Bonus**		**Amortised Value (ii)**		**Other Benefits (iii)**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Directors														
Jacob Klein	984,184	984,492	-	-	19,616	19,308	610,000	676,000	1,218,472	942,484	-	200,000	2,832,272	2,822,284
Lawrie Conway	665,384	525,692	-	-	19,616	19,308	475,000	317,000	301,828	112,406	-	180,000	1,461,828	1,154,406
James Askew	113,750	110,000	-	-	-	-	-	-	18,690	-	-	-	132,440	110,000
Graham Freestone	115,867	117,673	-	-	11,007	11,051	-	-	18,690	-	-	-	145,564	128,724
Colin Johnstone	133,125	119,437	-	-	-	-	-	-	18,690	-	-	-	151,815	119,437
Thomas McKeith	107,877	111,027	-	-	10,248	10,548	-	-	18,690	-	-	-	137,787	121,575
Naguib Sawaris	95,000	79,167	-	-	-	-	-	-	18,690	-	-	-	113,690	79,167
Sebastien de Montessus	104,375	81,042	-	-	-	-	-	-	18,690	-	-	-	123,065	81,042
Key Management Personnel														
Aaron Colleran	409,368	397,642	-	-	19,616	19,308	391,500	272,000	337,130	273,159	-	125,000	1,157,614	1,087,109
Paul Eagle	335,384	325,692	-	-	19,616	19,308	265,000	183,000	212,628	135,601	-	40,000	832,628	703,601
Evan Elstein	373,718	350,962	-	-	19,616	19,308	300,000	232,000	285,293	223,223	-	40,000	978,627	865,493
Mark Le Messurier	430,384	431,217	-	10,108	19,616	19,308	335,000	297,000	364,530	290,584	-	318,631	1,149,530	1,366,848
Glen Masterman	362,435	-	-	-	17,980	-	300,000	-	107,809	-	-	-	788,224	-
	4,230,851	**3,634,043**	**-**	**10,108**	**156,931**	**137,447**	**2,676,500**	**1,977,000**	**2,939,830**	**1,977,457**	**-**	**903,631**	**10,004,112**	**8,639,686**

(i) Non-monetary benefits relate to car parking benefits provided by the Company.
(ii) Amortised value of share based rights comprises the fair value of options and performance rights expensed during the year for KMP, and retention rights for NED.
(iii) Other benefits include a one-off bonus awarded by the board for overall business performance and transformation. Also included in 2016 are relocation costs for Mark Le Messurier.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(v) 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	803,800 (ii) 300,000 fixed Director's Fees (iii)	6 months	6 months	12 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	465,000	3 months	6 months	6 months Total Fixed Remuneration
Lawrie Conway Finance Director and Chief Financial Officer	Open	600,000 135,000 fixed Director's Fees	3 months	6 months	6 months Total Fixed Remuneration
Paul Eagle Vice President People and Culture	Open	380,000	3 months	6 months	6 months Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President Information Technology and Community Relations	Open	405,000	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 Vice President Discovery and Chief Geologist	Open	425,000	3 months	6 months	6 months Total Fixed Remuneration

(i) For a change of control event, the termination payment is 12 months TFR for Executive Directors and KMP

(ii) Disclosed amount of $800,000 per 30 June 2016 accounts. The correct amount was $803,800. Mr Klein's TFR has not changed since 1 July 2014.

(iii) Mr Klein's Director Fees are to be increased from $200,000 to $300,000 per year with effect from 1 July 2017.

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.

(e) Non-Executive Director Remuneration Outcomes

The Board policy is to remunerate Non-Executive Directors (NEDs) 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.

Remuneration Report (Audited) (continued)

(e) ***Non-Executive Director Remuneration Outcomes (continued)***

Following an independent review of the fees paid to the Company's NEDs, the Board and the Remuneration Committee determined that annual remuneration paid to NEDs will be delivered partially in cash and partially in equity under the NED Equity Plan approved by shareholders at the Annual General Meeting held on 24 November 2016.

Under the NED Equity Plan, NEDs will be granted Share Rights as part of their remuneration. The number of Share Rights granted will be calculated in accordance with the following formula:

"Equity Amount" ($) for the financial year/Value per Share Right

Where:

- "Equity Amount" is an amount determined by the Board, having regard to level of board and committee fees paid in cash and independent advice received. For FY2017, the Equity Amount is $40,000 for each NED.
- The Value per Share Right = the volume weighted average price (VWAP) of Evolution's ordinary shares traded on the ASX over the 5 trading day period up to and including 30 June each year. For FY2017, the VWAP used to determine the number of share rights granted to each NED was $2.4542.

Providing the NED remains a director of Evolution, Share Rights will vest and automatically exercise 12 months after the grant date. The Share Rights granted to NEDs under the NED Equity Plan are not subject to performance conditions or service requirements which could result in potential forfeiture. Vested Share Rights will convert into ordinary shares on a one-for-one basis. Vested Share Rights will be satisfied by either issuing shares or arranging for shares to be acquired on-market, subject to the Evolution Securities Trading Policy and the inside information provisions of the Corporations Act.

Upon the transfer to the relevant NED, the shares will be subject to disposal restrictions (Disposal Conditions) under the earlier of:

- the NED ceasing to be a director of Evolution; or
- 3 years from the date of grant of the share rights or such longer period nominated by the NED at the time of the offer (up to a maximum 15 years from the date of grant).

Generally, Share Rights will lapse if a Participant ceases to be a Director of the Company.

Broken out in the table below is a summary of the fee structure by individual as at 30 June 2017. For remuneration outcomes please refer to table in section d (iv). Note that a change in Board Sub-Committee fees was implemented during the year.

Remuneration Report (Audited) (continued)

(e) ***Non-Executive Director Remuneration Outcomes (continued)***

	Cash Component ($)					Equity ($)	
	Base Fees	Lead Independent	Sub-Committee Chairman	Sub-Committee Member	Total Cash Fees	NED Equity Plan Shares	Total per annum ($)
Directors							
James Askew	95,000	-	-	20,000	115,000	40,000	155,000
Graham Freestone	95,000	-	25,000	10,000	130,000	40,000	170,000
Colin Johnstone	95,000	15,000	15,000	10,000	135,000	40,000	175,000
Thomas McKeith	95,000	-	15,000	10,000	120,000	40,000	160,000
Naguib Sawaris	95,000	-	-	-	95,000	40,000	135,000
Sebastien de Montessus	95,000	-	-	10,000	105,000	40,000	145,000
	570,000	**15,000**	**55,000**	**60,000**	**700,000**	**240,000**	**940,000**

(f) Other Remuneration Information

(i) LTIP performance parameters

Component	Assessment		
TSR Performance	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.		
	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%
Absolute TSR performance	Performance rights will be 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.		

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(i) LTIP performance parameters (continued)

Component	Assessment		
	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%
Growth in earnings per share	A proportion of Performance Rights granted during the years ended 30 June 15-17 and those to be granted during the year ended 30 June 2018,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%
Increase in ore reserves per share	A proportion of Performance Rights 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 ("Baseline Ore Reserves") to the Ore Reserves as at 31 December three years later on a per share basis, with testing to be performed at 30 June 2017, 30 June 2018 and 30 June 2019.		
	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%

Remuneration Report (Audited) (continued)

(f) ***Other Remuneration Information (continued)***

(i) LTIP performance parameters (continued)

(ii) Director and key management personnel equity holdings

	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	7,737,989	2,245,152	-	486,917	10,470,058
Lawrie Conway	138,462	-	-	18,461	156,923
James Askew	669,231	-	-	88,058	757,289
Graham Freestone	98,953	-	-	15,254	114,207
Colin Johnstone	94,415	-	-	14,554	108,969
Thomas McKeith	138,462	-	-	18,461	156,923
Naguib Sawaris (i)	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-
Amr El Adawy	11,333	-	-	-	11,333
Key Management Personnel					
Aaron Colleran	183,529	499,145	330,000	(344,838)	667,836
Paul Eagle	30,840	232,000	-	18,002	280,842
Evan Elstein	132,833	390,000	-	(73,738)	449,095
Mark Le Messurier	403,630	523,201	-	11,102	937,933
Glen Masterman	-	-	-	-	-
	9,639,677	**3,889,498**	**330,000**	**252,233**	**14,111,408**

(i) Mr Sawaris is the controlling shareholder of La Mancha Group International BV ("La Mancha"). La Mancha has a relevant interest in 475,144,992 Evolution shares, representing approximately 28.24% of Evolution's issued capital.

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(ii) Director and key management personnel equity holdings (continued)

Performance and Share Rights

					At end of the year		
	Balance at the start of the year	**Granted as compen-sation**	**Converted**	**Other changes**	**Balance at the end of the year**	**Vested and exercisable**	**Unvested**
Directors							
Jacob Klein	9,622,314	4,151,479	(2,245,152)	(3,750,000)	7,778,641	2,229,965	5,548,676
Lawrie Conway	871,579	306,058	-	-	1,177,637	536,347	641,290
James Askew	-	16,298	-	-	16,298	-	16,298
Graham Freestone	-	16,298	-	-	16,298	-	16,298
Colin Johnstone	-	16,298	-	-	16,298	-	16,298
Thomas McKeith	-	16,298	-	-	16,298	-	16,298
Naguib Sawaris	-	16,298	-	-	16,298	-	16,298
Sebastien de Montessus	-	16,298	-	-	16,298	-	16,298
Key Management Personnel							
Aaron Colleran	1,305,526	282,908	(499,145)	-	1,089,289	495,770	593,519
Paul Eagle	657,609	239,434	(232,000)	-	665,043	254,268	410,775
Evan Elstein	1,076,834	251,418	(390,000)	-	938,252	411,200	527,052
Mark Le Messurier	1,394,780	306,058	(523,201)	-	1,177,637	536,347	641,290
Glen Masterman	-	276,080	-	-	276,080	-	276,080
	14,928,642	**5,911,233**	**(3,889,498)**	**(3,750,000)**	**13,200,367**	**4,463,897**	**8,736,470**

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

(ii) Director and key management personnel equity holdings (continued)

Options

	Balance at the start of the year	Granted as compen-sation	Exercised	Other changes (i)	At end of the year: Balance at the end of the year	At end of the year: Vested and exercisable	At end of the year: Unvested
Directors							
Jacob Klein	4,677,436	-	-	(4,677,436)	-	-	-
Lawrie Conway	-	-	-	-	-	-	-
James Askew	52,954	-	-	(52,954)	-	-	-
Graham Freestone	-	-	-	-	-	-	-
Colin Johnstone	-	-	-	-	-	-	-
Thomas McKeith	-	-	-	-	-	-	-
Naguib Sawaris	-	-	-	-	-	-	-
Sebastien de Montessus	-	-	-	-	-	-	-
Key Management Personnel							
Aaron Colleran	330,000	-	(330,000)	-	-	-	-
Paul Eagle	-	-	-	-	-	-	-
Evan Elstein	-	-	-	-	-	-	-
Mark Le Messurier	-	-	-	-	-	-	-
Glen Masterman	-	-	-	-	-	-	-
	5,060,390	**-**	**(330,000)**	**(4,730,390)**	**-**	**-**	**-**

(i) Other changes for the year include the off market sale of 4,677,436 unlisted share options due to expire on 18 and 25 November held by Mr Klein and the expiry of 52,954 unlisted share options held by Mr Askew.

(g) 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 2017 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.

Remuneration Report (Audited) (continued)

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

Key Term	Definition
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.
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.
NED Equity Plan	The plan permits the Company, at the discretion of the Board and Remuneration Committee to issue remuneration to Non-Executive Directors through Share Rights.
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.
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.

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 24(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.*

Non-audit services (continued)

During the year 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:

	2017 $	2016 $
Other assurance services		
PricewaterhouseCoopers firm:		
Assurance related services	**140,413**	16,700
Non PricewaterhouseCoopers audit firms		
Due diligence services	**-**	226,245
Internal audit services	**114,348**	62,845
Other assurance services	**20,000**	-
Total remuneration for other assurance services	**274,761**	305,790
Taxation services		
PricewaterhouseCoopers firm:		
Tax compliance services	**89,391**	12,000
Tax advisory services	**402,939**	-
Non PricewaterhouseCoopers audit firms		
Tax compliance services	**111,861**	47,980
Tax advisory services	**291,424**	821,010
Total remuneration for taxation services	**895,615**	880,990
Total remuneration for non-audit services	**1,170,376**	1,186,780

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 45.

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

Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) 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.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
17 August 2017

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
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Evolution Mining Limited
Annual Financial Report
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Sales revenue	2	**1,479,876**	1,328,614
Cost of sales	2	**(1,151,344)**	(1,096,992)
Gross Profit		**328,532**	231,622
Interest income		**1,519**	1,412
Other income		**776**	2,260
Share based payments expense	23	**(6,413)**	(9,896)
Corporate and other administration costs	2	**(28,728)**	(26,402)
Acquisition and integration costs	2	**(6,987)**	(54,681)
Loss on sale of subsidiary		**(3,576)**	-
Gain on revaluation of available-for-sale assets		**-**	4,365
Exploration and evaluation costs expensed		**(12,645)**	(13,801)
Impairment of assets		**-**	(77,330)
Impairment of goodwill		**-**	(35,270)
Finance costs	2	**(35,194)**	(43,785)
Profit/(loss) before income tax expense		**237,284**	(21,506)
Income tax expense	3	**(19,677)**	(2,843)
Profit/(loss) after income tax expense attributable to Owners of Evolution Mining Limited		**217,607**	(24,349)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in the fair value of available-for-sale financial assets	11(b)	**1,699**	46
Changes in the fair value of cash flow hedges	11(b)	**127**	(6,889)
Exchange differences on translation of foreign operations	11(b)	**(47)**	104
Other comprehensive income/(loss), net of tax		**1,779**	(6,739)
Total comprehensive income/(loss)		**219,386**	(31,088)
Total comprehensive income/(loss) for the period is attributable to:			
Owners of Evolution Mining Limited		**219,386**	(31,088)
		219,386	(31,088)
		Cents	Cents
Earning/(loss) per share for profit/(loss) attributable to Owners of Evolution Mining Limited:			
Basic earning/(loss) per share	4	**13.28**	(1.75)
Diluted earning/(loss) per share	4	**13.23**	(1.75)

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

Evolution Mining Limited
Annual Financial Report
Consolidated Balance Sheet
As at 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**37,385**	17,295
Trade and other receivables	12	**63,119**	26,953
Inventories	14	**276,869**	213,168
Assets classified as held for sale		**-**	77,621
Total current assets		**377,373**	335,037
Non-current assets			
Inventories	14	**827**	827
Available-for-sale financial assets		**4,962**	3,263
Property, plant and equipment	7	**741,189**	789,770
Mine development and exploration	8	**1,801,479**	1,058,173
Deferred tax assets	16	**16,448**	-
Other non-current assets		**3,191**	89
Total non-current assets		**2,568,096**	1,852,122
Total assets		**2,945,469**	2,187,159
LIABILITIES			
Current liabilities			
Trade and other payables	13	**156,627**	121,509
Interest bearing liabilities	10	**53,401**	16,788
Derivative financial instruments		**-**	127
Current tax liabilities		**36,214**	-
Provisions	15	**30,173**	24,994
Liabilities directly associated with assets classified as held for sale		**-**	32,621
Other current liabilities		**3,206**	4,621
Total current liabilities		**279,621**	200,660
Non-current liabilities			
Interest bearing liabilities	10	**382,723**	279,667
Provisions	15	**154,873**	152,104
Deferred tax liabilities	16	**-**	89
Other non-current liabilities		**-**	3,206
Total non-current liabilities		**537,596**	435,066
Total liabilities		**817,217**	635,726
Net assets		**2,128,252**	1,551,433
EQUITY			
Issued capital	11(a)	**2,183,727**	1,770,987
Reserves	11(b)	**38,795**	29,363
Accumulated losses	11(c)	**(94,270)**	(248,917)
Capital and reserves attributable to owners of Evolution Mining Limited		**2,128,252**	1,551,433
Total equity		**2,128,252**	1,551,433

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

Evolution Mining Limited
Annual Financial Report
Consolidated Statement of Changes in Equity
For the year ended 30 June 2017

	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 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 income		**-**	**-**	**46**	**(6,889)**	**104**	**(24,349)**	**(31,088)**
Transactions with owners in their capacity as owners:								
Contributions of equity	11(a)	478,367	-	-	-	-	-	478,367
Dividends provided for or paid	5	-	-	-	-	-	(29,062)	(29,062)
Recognition of share-based payments	23	-	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**
Balance at 1 July 2016		1,770,987	29,496	(110)	(127)	104	(248,917)	1,551,433
Profit after income tax expense		-	-	-	-	-	217,607	217,607
Changes in fair value of available-for-sale financial assets		-	-	1,699	-	-	-	1,699
Changes in fair value of cash flow hedges		-	-	-	127	-	-	127
Exchange differences on translation of foreign operations		-	-	-	-	(47)	-	(47)
Total comprehensive expense		**-**	**-**	**1,699**	**127**	**(47)**	**217,607**	**219,386**
Transactions with owners in their capacity as owners:								
Contributions of equity	11(a)	412,740	-	-	-	-	-	412,740
Dividends provided for or paid	5	-	-	-	-	-	(62,960)	(62,960)
Recognition of share-based payments	23	-	7,653	-	-	-	-	7,653
		412,740	7,653	-	-	-	(62,960)	357,433
Balance at 30 June 2017		**2,183,727**	**37,149**	**1,589**	**-**	**57**	**(94,270)**	**2,128,252**

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

Evolution Mining Limited
Annual Financial Report
Consolidated Statement of Cash Flows
For the year ended 30 June 2017

	Notes	30 June 2017 $'000	30 June 2016 $'000
Cash flows from operating activities			
Receipts from sales		**1,441,275**	1,317,938
Payments to suppliers and employees		**(768,279)**	(720,120)
Other income		**776**	2,260
Interest received		**1,519**	1,414
Interest paid		**(24,496)**	(27,408)
Net cash inflow from operating activities	6(a)	**650,795**	574,084
Cash flows from investing activities			
Payments for property, plant and equipment		**(91,041)**	(70,260)
Payments for mine development and exploration		**(181,267)**	(164,455)
Proceeds from sale of property, plant and equipment		**1,820**	3,881
Proceeds from sale of subsidiary		**40,688**	-
Payments for acquisition and integration costs		**-**	(6,590)
Payments for stamp duty related to business disposal		**(3,045)**	(48,091)
Cash acquired through business combinations		**-**	20,781
Payments for subsidiaries acquired through business combinations		**-**	(734,646)
Transfer from term deposits		**(3)**	-
Transaction costs related to business disposal		**(3,942)**	-
Payment for economic interest in Ernest Henry		**(884,004)**	-
Net cash outflow from investing activities		**(1,120,794)**	(999,380)
Cash flows from financing activities			
Proceeds from interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**475,000**	607,000
Repayment of interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**(325,000)**	(322,000)
Repayment of interest bearing liabilities - La Mancha Debt Facility		**-**	(124,000)
Repayment of short term borrowings		**(163,232)**	(155,739)
Proceeds from short term borrowings		**161,630**	158,801
Payment of finance lease liabilities		**(8,316)**	(15,224)
Dividends paid		**(52,419)**	(23,834)
Proceeds from issues of shares		**408,808**	111,799
Payment of transaction costs for issuing shares		**(6,315)**	-
Net cash inflow from financing activities		**490,156**	236,803
Net increase/(decrease) in cash and cash equivalents		**20,157**	(188,493)
Cash and cash equivalents at the beginning of the period		**17,295**	205,788
Effects of exchange rate changes on cash and cash equivalents		**(67)**	-
Cash and cash equivalents at end of period	9	**37,385**	17,295

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

Contents of the Notes to the Consolidated Financial Statements

Evolution Mining Limited
Annual Financial Report
Notes to the Consolidated Financial Statements

Business Performance

This section highlights the key indicators on how the Group performed during the year.

1 Performance by Mine

(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 2017 is as follows:

	Cowal $'000	Mungari $'000	Mt Carlton $'000	Mt Rawdon $'000	Edna May $'000	Cracow $'000	Ernest Henry $'000	Pajingo $'000	Exploration $'000	Corporate $'000	Total $'000
30 June 2017											
Revenue	440,691	231,767	197,093	166,471	116,845	146,149	163,342	17,518	-	-	**1,479,876**
EBITDA	258,434	90,029	126,051	91,578	20,588	71,610	99,234	2,614	(12,645)	(33,638)	**713,855**
Sustaining Capital	43,849	14,566	15,304	14,242	2,241	17,462	6,066	2,820	-	1,035	**117,585**
Major Capital	27,080	22,161	13,887	19,071	28,519	14,168	-	3,560	-	-	**128,446**

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	Ernest Henry $'000	Pajingo $'000	Exploration $'000	Corporate $'000	Total $'000
30 June 2016											
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**
Sustaining Capital	29,412	18,231	13,788	16,448	4,290	13,453	-	11,400	-	848	**107,870**
Major Capital	-	14,727	8,146	37,384	7,302	12,204	-	13,500	-	-	**93,263**

1 Performance by Mine (continued)

(c) Segment reconciliation

	30 June 2017 $'000	30 June 2016 $'000
Reconciliation of profit/(loss) before income tax expense		
EBITDA	**713,855**	607,551
Depreciation and amortisation	**(388,824)**	(335,451)
Interest income	**1,519**	1,412
Acquisition and integration costs	**(6,987)**	(54,681)
Gain on revaluation of available-for-sale assets	**-**	4,365
Fair value amortisation expense	**(45,035)**	(58,167)
Fair value unwinding expense	**1,526**	(30,150)
Impairment loss on assets	**-**	(77,330)
Impairment loss on goodwill	**-**	(35,270)
Finance costs	**(35,194)**	(43,785)
Loss on sale of subsidiary	**(3,576)**	-
Profit/(loss) before income tax expense	**237,284**	(21,506)

Recognition and measurement

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.

2 Revenue and Expenses

	30 June 2017 $'000	30 June 2016 $'000
Sales revenue		
Gold sales	**1,341,311**	1,302,228
Silver sales	**25,164**	18,226
Copper sales	**113,401**	8,160
	1,479,876	1,328,614

	30 June 2017 $'000	30 June 2016 $'000
Cost of sales		
Mine operating costs	**657,258**	618,488
Depreciation and amortisation expense	**388,097**	334,449
Royalty and other selling costs	**62,480**	55,738
Fair value amortisation	**45,035**	58,167
Fair value (gain)/expense	**(1,526)**	30,150
	1,151,344	1,096,992
Corporate and other administration costs		
Depreciation and amortisation expense	**727**	1,002
Operating lease payments	**979**	1,384
Corporate wages and salaries expense	**22,074**	18,857
Contractor, consultants and advisory expense	**4,117**	4,655
Other administrative	**831**	406
Loss on disposal of assets	**-**	98
	28,728	26,402
Acquisition and integration costs		
Contractor, consultants and advisory expense	**2,998**	4,377
Corporate and administration expense	**944**	2,213
Stamp duty on business combinations	**3,045**	48,091
	6,987	54,681
Finance costs		
Finance lease interest expense	**338**	1,095
Amortisation of debt establishment costs	**7,444**	11,623
Unwinding of discount on provisions	**3,254**	3,406
Write off of debt establishment costs	**-**	1,347
Interest expense	**24,158**	26,314
	35,194	43,785

2 Revenue and Expenses (continued)

	30 June 2017 $'000	30 June 2016 $'000
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry)	**323,195**	334,449
Cost of sales (Ernest Henry)	**64,902**	-
Corporate and other administration costs	**727**	1,002
	388,824	335,451

Recognition and measurement

Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer and no further processing is required by the Group, the quality and quantity of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is probable. The point at which risk and title passes for concentrate sales is generally upon receipt of the bill of lading when the commodity is delivered for shipment. Revenue is measured at the fair value of the consideration received or receivable.

The terms of metal in concentrate sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (quotation period). Adjustments to the sales price occur based on movements in quoted marked prices up to the date of final settlement. The period between provisional invoicing and final settlement is typically between one and three months. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable.

3 Income tax expense

(a) Income tax expense

	30 June 2017 $'000	30 June 2016 $'000
Current tax on profits for the year	**36,214**	-
Deferred tax	**3,863**	20,087
Previously unrecognised tax loss now recognised	**(20,400)**	(17,244)
	19,677	2,843

3 Income tax expense (continued)

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

	30 June 2017 $'000	30 June 2016 $'000
Profit/(loss) before income tax expense	**237,284**	(21,506)
Tax at the Australian tax rate of 30%	**71,185**	(6,452)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Costs of business acquisitions	**982**	15,017
Impairment loss on goodwill	**-**	10,581
Share-based payments	**1,924**	2,225
Loss on sale of subsidiary	**1,073**	-
Other	**2,257**	(1,284)
Tax loss recognised to reduce deferred tax expense	**(20,400)**	-
Tax losses used to reduce current tax expense	**(37,344)**	(17,244)
Income tax expense	**19,677**	2,843

(c) Tax losses

The Group has unrecognised available tax losses of $48.530 million as at 30 June 2017. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

4 Earning per share

(a) Earning/(loss) per share

	30 June 2017 Cents	30 June 2016 Cents
Basic earning per share (cents)	**13.28**	(1.75)
Diluted earning per share (cents)	**13.23**	(1.75)

(b) Earning/(loss) used in calculating earning/(loss) per share

	30 June 2017 $'000	30 June 2016 $'000
Earning/(loss) per share used in the calculation of basic and diluted earning/(loss) per share:		
Profit/(loss) after income tax attributable to the owners of the parent	**217,607**	(24,349)

4 Earning per share (continued)

(c) Weighted average number of shares used as the denominator

	2017 Number	2016 Number
Weighted average number of ordinary shares used in calculating the basic earning/(loss) per share	**1,638,875,242**	1,390,155,419
Effect of dilutive securities (i)	**5,584,134**	6,060,079
Adjusted weighted average number of ordinary shares used in calculating the diluted earning/(loss) per share	**1,644,459,376**	1,396,215,498

(i) Performance rights and share rights have been included in the determination of diluted earnings/(loss) per share

5 Dividends

(a) Ordinary shares

	30 June 2017 $'000	30 June 2016 $'000
Interim dividend - 2017		
Interim dividend for the period ended 31 December 2016 of 2 cents per share unfranked (31 December 2015: 1 cent per share unfranked) per fully paid share paid on 27 March 2017	**33,595**	14,657
Final dividend - 2016		
Final dividend for the year ended 30 June 2016 of 2 cents per share unfranked (30 June 2015: 1 cent per share unfranked) per fully paid share paid on 23 September 2016	**29,365**	14,405
	62,960	29,062

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

In June 2017, the Directors approved a change to the dividend policy of whenever possible paying a dividend equivalent to 50% of the Group's earnings. The change is effective immediately and has been applied to the final dividend for 2017.

Dividends

(b) Dividends not recognised at the end of the reporting period (continued)

	30 June 2017 $'000	30 June 2016 $'000
In addition to the above dividends, since period end the Directors have recommended the payment of a fully franked final dividend of 3 cents per fully paid ordinary share (30 June 2016: 2 cents unfranked). The aggregate amount of the proposed dividend expected to be paid on 29 September 2017 out of retained earnings at 30 June 2017, but not recognised as a liability at period end, is	**50,484**	29,365

(c) Franked dividends

The final dividend recommended after 30 June 2017 will be fully franked out of franking credits expected to arise from the payment of income tax during the year ending 30 June 2018. The income tax payment for the 30 June 2017 year is due on 1 December 2017, and is estimated to generate franking credits totalling $36 million. The final dividend for the year ended 30 June 2017 will utilise $21.636 million of the franking credits. After lodgement of the 30 June 2017 income tax return in February 2018, the Australian Taxation Office is expected to issue pay-as-you-go tax instalment requirements, which are expected to generate additional franking credits for utilisation in future dividends.

6 Other cash flow information

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

	30 June 2017 $'000	30 June 2016 $'000
Profit/(loss) after income tax expense	**217,607**	(24,349)
Acquisition and integration costs	**6,987**	54,681
Depreciation and amortisation	**388,824**	335,450
Fair value amortisation and expense	**43,509**	88,317
Unwind of discount on provisions	**3,254**	3,406
Amortisation of debt establishment costs	**7,444**	11,623
Share-based payments expense	**6,413**	9,896
Write off of debt establishment costs	**-**	1,347
Loss on disposal of assets	**-**	98
Fair value adjustment to available-for-sale financial assets	**-**	(4,365)
Exploration and evaluation costs expensed	**12,645**	13,801
Impairment of goodwill	**-**	35,270
Impairment of assets	**-**	77,330
Loss on sale of subsidiary	**3,576**	-
Timing difference on settlement of Ernest Henry sales/ costs	**16,887**	-
Change in operating assets and liabilities:		
Increase in operating receivables	**(36,237)**	(11,688)
Increase in inventories	**(41,586)**	(14,945)
Increase in financial assets at fair value through profit or loss	**-**	523
Increase in operating payables	**4,957**	21,351
Increase in current and deferred tax balances	**19,677**	-
Increase in borrowing costs	**(7,857)**	(17,896)
Increase/(decrease) in other provisions	**4,695**	(5,766)
Net cash inflow from operating activities	**650,795**	574,084

Resource Assets and Liabilities

This section provides information that is relevant to understanding the composition and management of the Group's assets and liabilities.

7 Property, plant and equipment

	Freehold land $'000	Plant and equipment $'000	Total $'000
At 1 July 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
Year ended 30 June 2017			
Carrying amount at the beginning of the year	10,526	779,244	789,770
Additions	4,258	86,783	91,041
Reclassifications	2,057	(2,322)	(265)
Disposals	-	(1,820)	(1,820)
Depreciation	-	(132,076)	(132,076)
Depreciation relating to fair value uplift on business combinations	-	(5,461)	(5,461)
Carrying amount at the end of the year	16,841	724,348	741,189
At 30 June 2017			
Cost	16,841	1,640,294	1,657,135
Accumulated depreciation	-	(915,946)	(915,946)
Net carrying amount	16,841	724,348	741,189
Included in above			
Carrying amount of lease assets	-	2,952	2,952
Carrying amount of assets under construction	-	67,352	67,352
	-	70,304	70,304

7 Property, plant and equipment (continued)

	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	-	(134,556)	(134,556)
Depreciation relating to fair value uplift on business combinations	-	(2,841)	(2,841)
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
Assets in the course of construction	-	42,437	42,437
	-	55,965	55,965

Recognition and measurement

Cost

Plant and equipment is carried at cost less accumulated depreciation and impairment. Costs equals the fair value of the item at acquisition date and includes expenditure that is directly attributable to the acquisition of the items. Freehold land is carried at cost.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 the Statement of Profit or Loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset is included in the statement of profit or loss in the period the item is derecognised.

7 Property, plant and equipment (continued)

Recognition and measurement (continued)

Depreciation

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. Freehold land is not depreciated.

Accounting estimates and judgements

Estimation of remaining useful lives, residual values and depreciation methods involve significant judgement and are reviewed annually for all major items of plant and equipment. Any changes are accounted for prospectively from the date of reassessment to the end of the revised useful life.

8 Mine development and exploration

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2016			
Cost	1,962,882	110,338	2,073,220
Accumulated amortisation	(1,015,047)	-	(1,015,047)
Net carrying amount	947,835	110,338	1,058,173
Year ended 30 June 2017			
Carrying amount at the beginning of the period	947,835	110,338	1,058,173
Additions	151,500	30,473	181,973
Acquisition of economic interest in Ernest Henry Operation (i)	884,004	-	884,004
Reclassifications	324	(59)	265
Amortisation	(256,748)	-	(256,748)
Amortisation recognised in inventory	(13,990)	-	(13,990)
Amortisation relating to fair value uplift on business combinations	(39,574)	-	(39,574)
Asset write-off	-	(12,645)	(12,645)
Exchange differences	-	21	21
Carrying amount at the end of the year	1,673,351	128,128	1,801,479
At 30 June 2017			
Cost	2,959,137	128,128	3,087,265
Accumulated amortisation	(1,285,786)	-	(1,285,786)
Net carrying amount	1,673,351	128,128	1,801,479

(i) Refer to note 21 for information on the Ernest Henry transaction and financial results for the year ended 30 June 2017.

8 Mine development and exploration (continued)

	Producing mines $'000	Exploration and evaluation $'000	Total $'000
At 1 July 2015			
Cost	898,163	39,621	937,784
Accumulated amortisation	(393,051)	-	(393,051)
Net carrying amount	505,112	39,621	544,733
Year ended 30 June 2016			
Carrying amount at the beginning of the period	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	(200,894)	-	(200,894)
Amortisation relating to fair value uplift on business combinations	(55,326)	-	(55,326)
Asset write-off	-	(13,801)	(13,801)
Reclassifications	(6)	-	(6)
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	110,338	2,073,220
Accumulated amortisation	(1,015,047)	-	(1,015,047)
Net carrying amount	947,835	110,338	1,058,173

Recognition and measurement

Mines under construction

This expenditure includes net direct costs of construction, borrowing costs capitalised during construction and an appropriate allocation of attributable overheads. Expenditure is net of proceeds from the sale of ore extracted during the construction phase to the extent that this ore extracted is considered material to the development of the mine.

After production commences, all aggregated costs of construction are transferred to producing mines or plant and equipment as appropriate.

Producing mines - deferred stripping

Stripping (waste removal) costs are incurred both during the development phase and production phase of operations. Stripping costs incurred during the development phase are capitalised as mines under construction. Stripping costs incurred during the production phase are generally considered to create two benefits:

- the production of ore inventory in the period - accounted for as a part of the cost of producing those ore inventories; or
- improved access to the ore to be mined in the future - recognised under producing mines if the following criteria are met:
    - Future economic benefits (being improved access to the ore body) associated with the stripping activity are probable;

8 Mine development and exploration (continued)

Recognition and measurement

Producing mines - deferred stripping

- The component of the ore body for which access has been improved can be accurately identified; and
- The costs associated with the stripping activity associated with that component can be reliably measured.

The amount of stripping costs deferred is based on the life of component ratio which is obtained by dividing the amount of waste tonnes mined by the quantity of gold ounces contained in the ore for each component of the mine. Stripping costs incurred in the period are deferred to the extent that the actual current period waste to contained gold ounce ratio exceeds the life of component expected 'life of component' ratio.

A component is defined as a specific volume of the ore body that is made more accessible by the stripping activity and is determined based on mine plans. An identified component of the ore body is typically a subset of the total ore body of the mine. Each mine may have several components, which are identified based on the mine plan.

The deferred stripping asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the ore within an identified component, plus an allocation of directly attributable overhead costs.

The deferred stripping asset is depreciated over the expected useful life of the identified component of the ore body that is made more accessible by the activity, on a units of production basis. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body.

Exploration and evaluation

Exploration and evaluation expenditure related to areas of interest is capitalised and carried forward to the extent that rights to tenure of the area of interest are current and either:

- Costs are expected to be recouped through the successful development and exploitation of the area of interest or alternatively by sale; or
- Where activities in the area of interest have not yet 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.

Such expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an appropriate portion of directly related overhead expenditure.

The carrying value of capitalised exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount. Any amounts in excess of the recoverable amount are derecognised in the financial year it is determined.

Depreciation and amortisation

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located.

8 Mine development and exploration (continued)

Recognition and measurement

Impairment of non-financial assets

(i) Testing for impairment

At each reporting date, the Group tests its tangible and other intangible assets for impairment where there in an indication that:

- the asset may be impaired; or
- previously recognised impairment (on assets other than goodwill) may have changed.

Where the asset does not generate cash inflows independent from other assets and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. The Group considers each of its mine sites to be a separate CGU.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount is reduced to the recoverable amount and an impairment loss recognised in the Statement of Profit or Loss. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or value in use.

(ii) Impairment calculations

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 or CGU. In determining fair value less costs of disposal, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

(iii) Reversal of impairment

The Group has considered whether past impairment losses should be reversed given the expectation of continued improved earnings in relation to those CGUs. While there are some indicators supporting a reversal of impairment, other indicators (such as metals prices, continued price volatility and variability in values of asset transactions) do not clearly support a reversal. Accordingly a reversal of past impairment losses has not been recognised.

Accounting estimates and judgements

Deferred stripping

The life of component ratio is a function of the mine design and therefore changes to that design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of component ratio even if they do not affect the mine design. Changes to production stripping resulting from a change in life of component ratios are accounted for prospectively.

8 Mine development and exploration (continued)

Accounting estimates and judgements (continued)

Exploration and evaluation

Judgement is required to determine whether future economic benefits are likely, from either exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to these judgements, the Group has to make certain estimates and assumptions such as the determination of a JORC resource which is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e. measured, indicated or inferred). These estimates directly impact when the Group capitalises exploration and evaluation expenditure. The capitalisation policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves will be found. Any such estimates and assumptions may change as new information becomes available.

The recoverable amount of capitalised expenditure relating to undeveloped mining projects (projects for which the decision to mine has not yet been approved at the required authorisation level within the Group) can be particularly sensitive to variations in key estimates and assumptions. If a variation in key estimates or assumptions has a negative impact on recoverable amount it could result in a requirement for impairment.

Units of production method of amortisation

The Group uses the units of production basis when amortising mine development assets which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

Ore reserves and resources

The Group estimates its ore reserves and mineral resources annually at 31 December each year and reports in the following April, based on information compiled by Competent Persons as defined in accordance with the Australasian code for reporting Exploration Results, Mineral Resources and Ore Resources (JORC code 2012). The estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made regarding factors such as estimates of short and long-term exchange rates, estimates of short and long-term commodity prices, future capital requirements and future operating performance. Changes in reported reserves estimates can impact the carrying amount of mine development (including exploration and evaluation assets), the provision for rehabilitation obligations, the recognition of deferred tax assets, as well as the amount of amortisation charged to the statement of profit or loss.

Impairment

Significant judgements, estimates and assumptions are required in determining value in use or fair value less costs of disposal. This is particularly so in the assessment of long life assets. It should be noted that the CGU recoverable amounts are subject to variability in key assumptions including, but not limited to, gold and copper prices, currency exchange rates, discount rates, production profiles and operating and capital costs. A change in one or more of the assumptions used to determine value in use or fair value less costs of disposal could result in a change in a CGU's recoverable amount.

Capital Structure and Financing

This section provides information on the Group's capital and financial management activities.

9 Cash and cash equivalents

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Cash at bank	**37,385**	17,279
Short term deposits	**-**	16
	37,385	17,295

Recognition and measurement

Cash and short-term deposits in the balance sheet comprise cash and bank and on hand and short term deposits with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

10 Interest bearing liabilities

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Bank loans	**50,000**	-
Less: Borrowing costs	**(4,813)**	-
Finance lease liabilities	**1,344**	8,316
Other borrowings	**6,870**	8,472
	53,401	16,788
Non-current liabilities		
Bank loans	**385,000**	285,000
Less: Borrowing costs	**(2,277)**	(6,677)
Finance lease liabilities	**-**	1,344
	382,723	279,667
Total interest bearing liabilities	**436,124**	296,455

In September 2016, the Group entered into a new financing arrangement ("the New Facility") comprising a $475 million Senior Secured Term Loan ("Facility D") and an amendment to the repayment profile of the existing $400 million Senior Secured Term Loan ("Facility B") to reflect the Group's accelerated repayments on the previous Facility. No changes have been made to the existing $300 million Senior Secured Revolving Loan ("Facility A") or the $155 million Performance Bond Facility ("Facility C").

The New Facility was executed on 29 September 2016 and was effective from that date.

The New Facility was drawn down on 31 October 2016 upon completion of the Ernest Henry acquisition. The repayment periods and the outstanding balances as at 30 June 2017 on each Facility are set out below:

	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A	31 July 2018	$ nil
Senior Secured Term Loan - Facility B	15 July 2018	$40 million
Performance Bond Facility - Facility C	20 July 2018	$125 million
Senior Secured Term Loan - Facility D	31 October 2021	$395 million

(a) Secured liabilities and assets pledged as security

The New Facility is secured 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 total borrowings is $1.730 billion. The share capital pledged as share security for total borrowings is $1.872 billion.

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.

10 Interest bearing liabilities (continued)

Recognition and measurement

Interest bearing liabilities are initially recognised at fair value less directly attributable transaction costs incurred and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised.

11 Equity and reserves

(a) Contributed equity

Movements in ordinary share capital

Ordinary shares are fully-paid and have no par value. They carry one vote per share and the rights to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

	Number of shares	$'000
Balance at 1 July 2015	992,435,234	1,292,620
Shares issued as consideration for Phoenix Gold Limited	22,625,093	29,604
Shares issued 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	-
Shares issued under DRP for final dividend	2,492,008	2,707
Shares issued under DRP for interim dividend	1,525,313	2,573
Shares issued to La Mancha Group International BV under Entitlement Offer	123,852,934	111,468
Shares issued under Employee Share Scheme (i)	865,520	-
Shares issued on exercise of unlisted share options	180,000	331
Balance at 30 June 2016	1,468,262,821	1,770,987
Shares issued on vesting of performance rights	7,961,146	-
Shares issued under DRP for final dividend	1,927,526	4,055
Shares issued under DRP for interim dividend	3,066,229	6,192
Shares issued under Institutional Component of Entitlement Offer	151,914,603	311,425
Shares issued under Retail Component of Entitlement Offer	44,976,448	90,134
Shares issued on exercise of unlisted share options	4,178,661	7,249
Shares issued under Employee Share Scheme (i)	511,192	-
Less: share issue costs	-	(6,315)
Balance at 30 June 2017	1,682,798,626	2,183,727

(i) Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 23.

Recognition and measurement

Ordinary share capital is classified as equity and is recognised at the fair value of the consideration received by the Group. 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.

11 Equity and reserves (continued)

(b) Other reserves

	Notes	30 June 2017 $'000	30 June 2016 $'000
Fair value revaluation reserve		**1,589**	(110)
Cash flow hedge reserve		**-**	(127)
Share-based payments		**37,149**	29,496
Other reserves		**57**	104
		38,795	29,363
Movements:			
Fair value revaluation reserve			
Balance at the beginning of the year		**(110)**	(156)
Change in fair value of available-for-sale financial assets		**1,699**	46
Balance at the end of the year		**1,589**	(110)
Cash flow hedges			
Balance at the beginning of the year		**(127)**	6,762
Change in the fair value of cash flow hedges		**127**	(6,889)
Balance at the end of the year		**-**	(127)
Share-based payments			
Balance at the beginning of the year		**29,496**	20,840
Share based payments expense	23	**7,653**	8,656
Balance at the end of the year		**37,149**	29,496
Foreign currency translation			
Balance at the beginning of the year		**104**	-
Currency translation differences arising during the year		**(47)**	104
Balance at the end of the year		**57**	104

(i) Nature and purpose of other reserves

Fair value revaluation reserve

The fair value revaluation reserve records fair value changes on financial assets designated at fair value through other comprehensive income.

Cash flow hedges

The cash flow hedging reserve records the portion of gains or losses on derivatives that are designated and qualify as cash flow hedges and are recognised in other comprehensive income.

11 Equity and reserves (continued)

(b) Other reserves (continued)

(i) Nature and purpose of other reserves (continued)

Share-based payments

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including Non-Executive Directors, Executive Directors and key management personnel as part of their remuneration. Refer to note 23 for further information.

Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	30 June 2017 $'000	30 June 2016 $'000
Balance at the beginning of the year		**(248,917)**	(195,506)
Net profit/(loss) for the period		**217,607**	(24,349)
Dividends paid and shares issued under the DRP	5	**(62,960)**	(29,062)
Balance at the end of the year		**(94,270)**	(248,917)

12 Trade and other receivables

	30 June 2017 $'000	30 June 2016 $'000
Current assets		
Trade receivables (i)	**53,534**	15,014
GST refundable	**4,349**	7,691
Prepayments	**3,296**	2,733
Other receivables	**1,940**	1,515
	63,119	26,953

(i) Trade receivables includes accrued income of $40.263 million relating to silver and copper sales from April to June 2017 production for Ernest Henry. These amounts are to be settled in July to September 2017. Refer to note 21 for further information on the transaction and the financial results for the year ended 30 June 2017.

12 Trade and other receivables (continued)

Recognition and measurement

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due.

13 Trade and other payables

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Trade creditors and accruals (i)	**132,073**	96,566
Other payables	**24,554**	24,943
	156,627	121,509

(i) Trade creditors and accruals include accrued costs of $29.522 million relating to the Group's share of production costs for April to June 2017 for Ernest Henry. These amounts are to be settled in July to September 2017. Refer to note 21 for further information on the transaction and the financial results for the year ended 30 June 2017.

Recognition and measurement

Trade creditors and accruals

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

14 Inventories

	30 June 2017 $'000	30 June 2016 $'000
Current		
Stores	**46,946**	49,251
Ore	**175,302**	139,836
Doré and concentrate	**8,088**	6,961
Metal in circuit	**21,323**	17,120
Metal in transit	**25,210**	-
Total current inventories	**276,869**	213,168

14 Inventories (continued)

	30 June 2017 $'000	30 June 2016 $'000
Non-current		
Stores	**827**	827
Total non-current inventories	**827**	827

Recognition and measurement

Ore stockpiles, metal in circuit, gold doré, metal in transit, refined gold bullion and concentrate 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.

Accounting estimates and judgements

Net realisable value

Net realisable value involves significant judgements and estimates in relation to the selling price in the ordinary course of business less estimates costs of completion and estimated costs necessary to make the sale.

The total expense relating to inventory write downs to net realisable value for the year ended 30 June 2017 was $9.117 million (30 June 2016: $1.443 million).

15 Provisions

	30 June 2017 $'000	30 June 2016 $'000
Current		
Employee entitlements	**30,173**	24,994
	30,173	24,994
Non-current		
Employee entitlements	**5,298**	5,988
Rehabilitation provision	**149,372**	145,916
Other long term provision	**203**	200
	154,873	152,104
Total provisions	**185,046**	177,098

15 Provisions (continued)

(i) 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 2017				
Carrying amount at the beginning of the year	30,982	145,916	200	177,098
Charged to profit or loss				
- unwinding of discount	-	3,204	-	3,204
Re-measurement of provision	4,489	1,066	3	5,558
Amounts used during the year	-	(814)	-	(814)
Carrying amount at the end of the year	35,471	149,372	203	185,046
30 June 2016				
Carrying amount at the beginning of the year	16,092	83,416	-	99,508
Charged 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

Employee benefits

The provision for employee benefits represent wages and salaries, annual leave and long service leave entitlements.

Rehabilitation

The nature of site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and restoration, reclamation and revegetation of affected areas of the site in accordance with the requirements of the mining permits.

Recognition and measurement

Employee benefits

Annual leave liabilities are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave liabilities are measured at the present value of the estimated future cash outflows for the services provided by employees up to the reporting date.

Liabilities not expected to be settled within twelve months are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match, as closely as possible to the related liability.

15 Provisions (continued)

Recognition and measurement (continued)

Rehabilitation

Site restoration costs are recorded at the present value of the estimated future costs of the legal and constructive obligation to rehabilitate locations.

When the liability is initially recorded, the present value of the estimated cost is capitalised as part of the carrying value of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on a discount rate that reflects current market assessments. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

The unwinding of the effect of discounting the provision is recorded as a finance cost in the statement of profit or loss. The carrying amount is capitalised as part of mine development and amortised on a units of production basis.

Accounting estimates and judgements

Employee benefits

Management judgement is required in determining the future probability of employee departures and period of service used in the calculation of long service leave.

Rehabilitation

Significant estimates and assumptions are required in determining the provision for mine rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate the mine sites. Factors that will affect this liability include changes in technology, changes in regulations, price increases, changes in timing of cash flows which are based on life of mine plan and changes in discount rates. 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.

16 Deferred tax balances

(a) Recognised deferred tax balances

	30 June 2017 $'000	30 June 2016 $'000
Inventories	**31,897**	32,864
Exploration and evaluation expenditure	**(24,664)**	(21,017)
Property, plant and equipment	**(6,080)**	(1,519)
Mine development	**(61,244)**	(67,482)
Employee benefits	**10,644**	13,464
Provisions	**44,812**	47,090
Share issue costs	**2,168**	1,539
Capitalised interest	**-**	(1,191)
Share based payment transactions	**-**	374
Other	**(1,485)**	(4,211)
Deferred tax balances from temporary differences	**(3,952)**	(89)
Tax losses carried forward	**20,400**	-
Deferred tax assets/(liabilities)	**16,448**	(89)

(b) Movement in deferred tax balances during the year

	Balance at 1 July 2016 $'000	Recognised in profit or loss $'000	Balance at 30 June 2017 $'000
Inventories	32,864	(967)	31,897
Exploration and evaluation expenditure	(21,017)	(3,646)	(24,663)
Property, plant and equipment	(1,519)	(4,560)	(6,079)
Mine development	(67,482)	6,238	(61,244)
Employee benefits	13,464	(2,820)	10,644
Provisions	47,090	(2,279)	44,811
Share issue costs	1,539	629	2,168
Shared based payment transactions	374	(374)	-
Capitalised interest	(1,191)	1,191	-
Tax losses carried forward	-	20,400	20,400
Other	(4,211)	2,725	(1,486)
Deferred tax assets/(liabilities)	(89)	16,537	16,448

16 Deferred tax balances (continued)

Accounting estimates and judgements

Judgement is required to determine whether deferred tax assets are recognised in the Balance Sheet. Management must assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and existing tax laws. These assessments require the use of estimates such as commodity prices and operating performance over the life of the assets. To the extent that cash flows and taxable income differ significantly from estimates, the Group's ability to realise the deferred tax assets reporting could be impacted.

Risk and Unrecognised Items

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 as well as providing information on items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

17 Financial risk management

The Group's activities expose it to a variety of financial risks such as 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.

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 2017 $'000	30 June 2016 $'000
Financial Assets		
Cash and cash equivalents	**37,385**	17,295
Trade and other receivables (excluding GST refundable)	**58,770**	19,262
Available-for-sale financial assets	**4,962**	3,263
	101,117	39,820
Financial Liabilities		
Trade and other payables	**156,627**	121,509
Interest bearing liabilities	**436,124**	296,455
Derivative financial instruments	**-**	127
	592,751	418,091

(a) Derivatives

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.

17 Financial risk management (continued)

(a) Derivatives (continued)

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.

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 through the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit or Loss within other income or other expense.

Amounts accumulated in the cash flow hedge reserve are reclassified to the Statement of 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.

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.

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

	30 June 2017 $'000	30 June 2016 $'000
Current liabilities		
Diesel swap contracts - cash flow hedges	-	127
	-	127

(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 Group's functional currency. Management has set up a policy to manage their foreign exchange risk against their functional currency and is measured using sensitivity analysis and cash flow forecasting.

As at 30 June 2017, the Group held US$4.634 million (30 June 2016: US$0.279 million) in US dollar currency bank accounts, outstanding receivables of US$8.252 million (30 June 2016: US$9.748 million) relating to the Mt Carlton operation and $30.970 million (30 June 2016: nil) relating to Ernest Henry. An increase/decrease in AUD:USD foreign exchange rates of 5% will result in a $231,700 (30 June 2016: $13,950) increase/decrease in US dollar currency bank account balances and a $1,961,100 (30 June 2016: $487,400) increase/decrease in US dollar receivables.

17 Financial risk management (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group also held NZ$0.041 million (30 June 2016: NZ$0.060 million) in a NZ dollar currency bank account. An increase/decrease in AUD:NZD foreign exchange rates of 5% will result in a $2,068 (30 June 2016: $3,150) increase/decrease in NZ dollar currency bank account balances.

(ii) Price risk

The Group is currently exposed to the risk of fluctuations in prevailing market commodity prices on the gold, silver and copper 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 2017 covering sales of 458,495 oz (30 June 2016: 706,988 oz) of gold at an average flat forward price of $1,645 (30 June 2016: $1,623). An increase/decrease in market share prices on available-for-sale assets of 10% will result in a $496,107 (30 June 2016: $270,806) 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 2017, the Group held interest bearing liabilities of $435 million (30 June 2016: $285 million) which incurs interest at a variable rate. An increase/decrease of variable interest rates of 0.25% will result in a $1.658 million (30 June 2016: 0.25%, $1.854million) 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 2017 was $63.119 million (30 June 2016: $26.953 million).

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when 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 2017 $'000	30 June 2016 $'000
Bank loans - revolving credit facility		
Expiring beyond one year	**300,000**	205,000
	300,000	205,000

(ii) Maturities of financial liabilities

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

17 Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) Maturities of financial liabilities (continued)

- all non-derivative financial liabilities, and
- 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 2017						
Non-derivatives						
Trade and other payables	**156,627**	**-**	**-**	**-**	**156,627**	**156,627**
Finance lease liabilities	**1,344**	**-**	**-**	**-**	**1,344**	**1,344**
Other borrowings	**6,870**	**-**	**-**	**-**	**6,870**	**6,870**
Bank loans	**64,356**	**163,660**	**233,036**	**-**	**461,052**	**435,000**
	229,197	**163,660**	**233,036**	**-**	**625,893**	**599,841**
At 30 June 2016						
Non-derivatives						
Trade and other payables	121,509	-	-	-	121,509	121,509
Finance lease liabilities	8,630	1,364	-	-	9,994	9,660
Other borrowings	8,472	-	-	-	8,472	8,472
Bank loans	12,431	80,823	223,853	-	317,107	285,000
	151,042	82,187	223,853	-	457,082	424,641

(e) 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.

17 Financial risk management (continued)

(e) Risk management (continued)

(i) Loan covenants

The lenders have placed covenants over the Group's Senior Secured Revolving and Term Facility based on the current ratio, leverage ratio, debt service ratio and the tangible net worth ratio. The Group has complied with these covenants during the year.

18 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2017 in respect of:

(i) Claims

At the date of this report the Group was unaware of any material claims, actual or contemplated.

The claim made by Mineral Crushing Services (WA) Pty Ltd disclosed in the year end accounts to 30 June 2016 was finalised subsequent to the end of the current financial year.

(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 2017. The total of these guarantees at 30 June 2017 was $125.183 million with various financial institutions (30 June 2016: $141.627 million).

19 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 2017 $'000	30 June 2016 $'000
Within one year	**7,529**	6,322
Later than one year but not later than five years	**15,873**	14,146
Later than five years	**31,707**	25,317
	55,109	45,785

(ii) Capital commitments

The Group has the following capital commitments in relation to capital projects and joint venture requirements at each of the sites.

19 Commitments (continued)

(a) Capital and lease commitments

(ii) Capital commitments

	30 June 2017 $'000	30 June 2016 $'000
Within one year	**26,227**	12,266
	26,227	12,266

(iii) 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 2017 $'000	30 June 2016 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**23,209**	33,790
Later than one year but not later than five years	**5,231**	4,861
	28,440	38,651

(b) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 30 June 2017			
Within one year	**208,495**	**1,567**	**319,156**
Later than one year but not greater than five years	**250,000**	**1,711**	**427,705**
	458,495		**746,861**
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

19 Commitments (continued)

(b) Gold delivery commitments

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.

20 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) Investment in Riversgold IPO

On 4 August, the Company agreed to subscribe for $2.5 million worth of shares, on a firm allocation basis, in the upcoming Initial Public Offering of Riversgold Ltd, a new gold-focussed exploration company. Evolution will hold a right of first refusal over any projects in Australia that Riversgold decides to sell or joint venture.

Other Information

This section covers additional financial information and mandatory disclosures.

21 Ernest Henry Operation

(a) Description

On 24 August 2016, the Group announced that through a wholly owned subsidiary, it had entered into a transaction with Glencore plc to acquire an economic interest in the Ernest Henry Copper-Gold Operation for an upfront payment of $880 million. This $880 million upfront payment is recognised as a mine development asset. The Group also announced the entry into a strategic alliance with Glencore plc in respect of potential future regional acquisitions and the commitment the parties made to cooperate on exploration activities in the region surrounding Ernest Henry. The transaction was completed on 1 November 2016.

Under the agreement, the Group has a right to the production output when produced in relation to 100% of future gold and 30% of future copper and silver from the agreed life of mine area. Copper and silver sales revenue are recognised in the same month as their production is reported as the production is in control of the purchaser (Glencore). Gold sales and gold revenues are recognised when the metal is received and sold by Evolution. In addition to the upfront payment, the Group must also contribute 30% of future production costs in respect of the life of mine area.

(b) Financial performance and position

The below information presents the financial performance and balance sheet information of the Ernest Henry operation included in the Consolidated Financial Statements for the eight months ended 30 June 2017.

	30 June 2017 $'000
Revenue (note 2)	163,342
Cost of sales (excluding amortisation)	(64,108)
Amortisation	(64,902)
Profit before income tax	34,332

21 Ernest Henry Operation (continued)

(b) Financial performance and position (continued)

The carrying amounts of assets and liabilities as at the period end were:

	30 June 2017 $'000
ASSETS	
Trade and other receivables	40,263
Inventories	25,210
Mine development and exploration	811,178
Total assets	876,651
LIABILITIES	
Trade and other payables	29,522
Total liabilities	29,522
Net assets	847,129

22 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 26.

(c) Key management personnel compensation

	30 June 2017 $	30 June 2016 $
Short-term employee benefits	**6,907,351**	6,368,326
Post-employment benefits	**156,931**	156,755
Other benefits	**-**	903,631
Share-based payments	**2,939,830**	2,253,322
	10,004,112	9,682,034

Detailed remuneration disclosures are provided in the remuneration report on pages 25 to 42.

22 Related party transactions (continued)

(d) Transactions with other related parties

Directors fees in the amount of $113,750 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 2016:$110,000).

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 2016: $200,000).

Directors fees in the amount of $137,748 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 2016: $119,437).

Directors fees in the amount of $95,000 were paid to Mr Naguib Sawaris as a Director for services provided during the period (30 June 2016: $79,167).

Directors fees in the amount of $104,375 were paid to Mr Sebastien de Montessus as a Director for services provided during the period (30 June 2016: $81,042).

23 Share-based payments

(a) Types of share based payment plans

The Group has three 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.

(3) Non-Executive Director Equity Plan (NEDEP)

The NEDEP was established and approved at the Annual General Meeting on 24 November 2016. The plan permits the Company, at the discretion of the Directors, to grant NEDs Share Rights as part of their remuneration.

(b) Recognised share based payment expenses

	30 June 2017 $'000	30 June 2016 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**6,413**	9,896

23 Share-based payments (continued)

(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 2017 Number	30 June 2017 WAEP ($)	30 June 2016 Number	30 June 2016 WAEP ($)
Outstanding at the beginning of the year	**5,203,344**	**1.87**	7,649,738	1.88
Exercised during the year	**(4,178,661)**	**1.44**	(180,000)	1.84
Expired during the year	**(1,024,683)**	**2.21**	(2,266,394)	1.88
Outstanding at the end of the period	**-**	**-**	5,203,344	1.87
Exercisable at the end of the period	**-**	**-**	5,203,344	1.87

As at 30 June 2017 there were no Options outstanding.

(d) Summary and movement of Performance Rights on issue

The following table illustrates the number and movements in, Performance Rights issued during the year.

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	29,429,811	21,382,111
Performance Rights granted	6,797,540	8,141,268
Performance Rights granted (withdrawn) during the period pursuant to Retention Agreement (i)	(3,750,000)	3,750,000
Performance Rights granted during the period pursuant to Transition Incentive Plan (i)	3,375,000	-
Vested	(7,961,146)	(2,262,954)
Lapsed	-	(923,228)
Forfeited	(1,612,639)	(657,386)
Outstanding balance at the end of the year	**26,278,566**	**29,429,811**

(i) The 3,750,000 Performance Rights granted in December 2015 to Mr. Jake Klein were withdrawn pursuant to a Transition Incentive Plan (TIP) under the Retention Agreement which the Company has entered into with Mr. Klein. Under the Plan the Company granted 3,375,000 Performance Rights to Mr. Klein subject to the satisfaction of Vesting Conditions to be tested as at 16 December 2019 and were approved by shareholders at the Extraordinary General Meeting held on 21 June 2017.

The Performance Rights awarded during the 2014 financial year were tested as at 30 June 2016 and vested on 29 August 2016. 7,961,146 Performance Rights met the performance measures and vested which equates to a vesting rate of 100%.

There were 10,804,370 Performance Rights granted during the 2015 financial year, with 9,214,401 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2017. As at the date of this report, 9,214,401 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 8,141,268 Performance Rights granted during the 2016 financial year, with 7,285,901 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2018.

23 Share-based payments (continued)

(d) Summary and movement of Performance Rights on issue (continued)

There were 6,797,540 Performance Rights granted during the 2017 financial year, with 6,403,264 outstanding after accounting for forfeitures, which will be subject to performance testing as at 30 June 2019. Additionally, there were 3,375,000 Retention Rights granted during the 2017 financial year to the Executive Chairman, subject to Vesting Conditions to be tested as at 16 December 2019.

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

	2014 Number	2015 Number	2016 Number	2017 Number	Total Number
Performance Rights granted	10,498,408	10,804,370	8,141,268	10,172,540	39,616,586
Vested	(7,961,147)	-	-		(7,961,147)
Lapsed	-	-	-		-
Forfeited	(2,537,261)	(1,589,969)	(855,467)	(394,276)	(5,376,973)
Outstanding balance	**-**	**9,214,401**	**7,285,901**	**9,778,264**	**26,278,566**

(e) Summary and movement of NED Share Rights on issue

The following table illustrates the number and movements in, Share Rights issued during the year.

	2017 Number	2016 Number
Outstanding balance at the beginning of the year	-	-
Share Rights granted	97,788	-
Vested	-	-
Lapsed	-	-
Forfeited	-	-
Outstanding balance at the end of the year	**97,788**	**-**

There were 97,788 Share Rights granted during the 2017 financial year. Provided the NEDs remain directors of Evolution, Share Rights will vest and automatically exercise 12 months after the grant date of 24 November 2016.

(f) Fair value determination

During the year, the Company issued two allotments of performance rights that will vest on 30 June 2019. 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 2019.

(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 2019.

23 Share-based payments (continued)

(f) Fair value determination (continued)

(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 2015, to the Ore Reserves as at 31 December 2018 on a per share basis, with testing to be performed at 30 June 2019.

The following tables list the inputs to the models used for the Performance Rights (including TIP) granted for the period:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2016 Performance Rights issue				
Number of rights issued	1,357,069	1,357,069	1,357,069	1,357,069
Spot price ($)	2.420	2.420	2.420	2.420
Risk-free rate (%)	1.59	1.59	1.59	1.59
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.630	0.950	1.870	1.870
November 2016 Performance Rights issue				
Number of rights issued	270,635	270,635	270,635	270,635
Spot price ($)	1.955	1.955	1.955	1.955
Risk-free rate (%)	1.87	1.87	1.87	1.87
Term (years)	2.6	2.6	2.6	2.6
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.32	0.95	1.87	1.87
January 2017 Performance Rights issue				
Number of rights issued	71,681	71,681	71,681	71,681
Spot price ($)	2.170	2.170	2.170	2.170
Risk-free rate (%)	1.93	1.93	1.93	1.93
Term (years)	2.4	2.4	2.4	2.4
Volatility (%)	62	62	62	62
Fair value at grant date ($)	1.44	1.12	2.08	2.08
June 2017 Performance Rights issue - TIP				
Number of rights issued	843,750	843,750	843,750	843,750
Spot price ($)	2.350	2.350	2.350	2.350
Risk-free rate (%)	1.74	1.74	1.74	1.74
Term (years)	2.5	2.5	2.5	2.5
Volatility (%)	60	60	60	60
Fair value at grant date ($)	1.50	1.68	2.25	2.25

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.

23 Share-based payments (continued)

Recognition and measurement

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).

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.

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").

The charge to the Statement of Profit or Loss 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.

Accounting estimates and judgements

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external specialist using an option pricing model, based off the assumptions detailed above.

24 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

	2017 $	2016 $
Audit and other assurance services		
Audit and review of financial statements	**511,940**	553,982
Other assurance services		
Assurance related services	**140,413**	16,700
Total remuneration for audit and other assurance services	**652,353**	570,682
Taxation services		
Tax compliance services	**89,391**	12,000
Tax advisory services	**402,939**	-
Total remuneration for taxation services	**492,330**	12,000
Total remuneration of PricewaterhouseCoopers	**1,144,683**	582,682

24 Remuneration of auditors (continued)

(b) Non-PricewaterhouseCoopers related audit firms

	2017 $	2016 $
Audit and other assurance services		
Other assurance services		
Due diligence services	**-**	226,245
Internal audit services	**114,348**	62,845
Other assurance services	**20,000**	-
Total remuneration for audit and other assurance services	**134,348**	289,090
Taxation services		
Tax compliance services	**111,861**	47,980
Tax advisory services	**291,424**	821,010
Total remuneration for taxation services	**403,285**	868,990
Total remuneration of non-PricewaterhouseCoopers audit firms	**537,633**	1,158,080
Total auditors' remuneration	**1,682,316**	1,740,762

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers's 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.

25 Deed of cross guarantee

Evolution Mining Limited and those entities identified in note 26 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 2017 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.

26 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 below:

Name of entity	Country of incorporation	Class of shares	Equity holding 2017 %	2016 %
Evolution Mining Management Services Pty Ltd	Australia	Ordinary	**100**	100
Conquest Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
CQT Gold Aust Pty Ltd (i)	Australia	Ordinary	**-**	100
CQT Holdings Pty Ltd (i)	Australia	Ordinary	**-**	100
NQM Gold 2 Pty Ltd (i) (ii)	Australia	Ordinary	**-**	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**	100
Toledo Holding (Ausco) Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Mining Mungari Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Mungari East) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Evolution Mining (Phoenix) Pty Limited (i) (ii)	Australia	Ordinary	**100**	100
Hayes Mining Pty Ltd (i)	Australia	Ordinary	**100**	100
Evolution Mining (Aurum 2) Pty Ltd (i) (ii)	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 25.

(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.

27 Parent entity financial information

The financial information for the parent entity, Evolution Mining Limited has been prepared on the same basis as the consolidated financial statements.

(b) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	30 June 2017 $'000	30 June 2016 $'000
Balance sheet		
Assets		
Current assets	**27,659**	10,318
Non-current assets	**2,289,540**	1,676,906
Total assets	**2,317,199**	1,687,224
Liabilities		
Current liabilities	**101,199**	297,651
Non-current liabilities	**405,981**	-
Total liabilities	**507,180**	297,651
Net assets	**1,810,019**	1,389,573
Shareholders' equity		
Issued capital	**2,183,727**	1,770,987
Reserves		
Fair Value revaluation reserve	**3,042**	1,224
Share based payment reserve	**36,157**	29,496
Cash flow hedge reserve	**-**	(127)
Other reserves	**(74)**	(74)
Accumulated losses	**(412,833)**	(411,933)
	1,810,019	1,389,573
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**84,078**	44,031
Other comprehensive expense	**-**	-
Total comprehensive expense	**84,078**	44,031

(c) Guarantees entered into by the parent entity

The parent entity has provided bank guarantees, as detailed in note 18.

27 Parent entity financial information (continued)

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016. For information about guarantees given by the parent entity, please see above.

28 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report, prepared by a for-profit entity, in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report also complies with the International Financial Reporting Standards (IFRS) including interpretations as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which have been measured at fair value.

The financial report has been presented in Australian (AU) dollars and all values are rounded to the nearest AU$1,000 (AU$'000) unless otherwise stated.

The accounting policies have been consistently applied by all entities included in the Group and are consistent with those applied in the prior year.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Evolution Mining Limited, and its controlled entities (referred to as 'the Consolidated Entity' or 'the Group' in these financial statements). A list of significant controlled entities (subsidiaries) is presented in note 26.

Control is achieved when the Group is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls and investee if facts and circumstances indicate that there are changes to one of more of the three elements of control. Specifically the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its over over the investee to affect its returns.

Non- controlling interests in the results and equity of the entities that are controlled by the Group is shown separately in the Statement of Profit or Loss or Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity respectively.

(c) Foreign currency translation

(i) Functional and presentation currency

The presentation currency of the Group is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

28 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. The subsequent payment or receipt of funds related to a transaction is translated at the rate applicable on the date of payment or receipt. Monetary assets and liabilities are denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

All exchange differences in the consolidated financial statements are taken to the Statement of Other Comprehensive Income and accumulated in a reserve.

(iii) Translation

The assets and liabilities of subsidiaries with functional currency other than Australian dollars (being the presentation currency of the Group) are translated into Australian dollars at the exchange rate at the reporting date and the Statement of Profit or Loss is translated at the average exchange rate for the period. On consolidation, exchange differences arising from the translation of these subsidiaries are recognised in Other Comprehensive Income and accumulated in the foreign currency translation reserve.

(d) 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.

29 New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 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 assessing the impact of the new rules and has been focussed on reviewing: Metal and concentrate sales where recognition of revenue will depend on the passing of control rather than the passing of risks and rewards. To date no material measurement differences have been identified between AASB 118 and AASB 15.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the Group is 1July 2017.

29 New accounting standards (continued)

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. To date no material measurement differences have been identified under conversion to AASB 9.	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.

29 New accounting standards (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by group
AASB 16 *Leases*	AASB 16 was issued in February 2017. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $23.209 million, see note 19. To date, work has focussed on the identification of the provisions of the standard which will most impact the Group. In FY18 work on these issues and their resolution will continue, detailed review of contracts will begin, and financial reporting impacts and assessment of process impact will commence. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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.

Evolution Mining Limited
Annual Financial Report
Directors' Declaration
30 June 2017

In the Directors' opinion:

(a) the financial statements and notes set out on pages 46 to 98 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 2017 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 25 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 25.

Note 28(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

Independent auditor's report

To the shareholders of Evolution Mining Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Evolution Mining Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2017
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	**Audit scope**	**Key audit matters**
• For the purpose of our audit we used overall Group materiality of $18 million, which represents approximately 2.5% of the Group's earnings before interest, tax, depreciation and amortisation (EBITDA). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose EBITDA because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. • We chose 2.5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • Our audit procedures were predominantly performed at the Group's corporate office in Sydney. We also conducted site visits to the Cowal, Edna May, Mungari and Ernest Henry mine sites.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Accounting for Ernest Henry Mine – Recognition of deferred tax assets – Impairment reversal of Mt Carlton's non-current assets • These are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Accounting for Ernest Henry Mine *(Refer to note 21)* The accounting treatment for the economic interest acquired in the Ernest Henry Mine (the mine) and the ongoing revenue recognised from the mine was a key audit matter. The acquisition was unique and the magnitude of the transaction had financial significance to the Group. Significant judgement was involved to apply the appropriate accounting standards to determine how to account for the asset acquired and to determine the timing of revenue recognition. As a result of the Group's detailed assessment over the risk exposure and entitlement to the mine, the Group recognised an $880 million upfront payment as a mine development asset. To assess the appropriate accounting treatment for the asset acquired, judgement was applied, that involved a consideration of the contractual terms and arrangements. The Group also applied judgement as to when the gold, copper and silver sales should be recognised as revenue and this required a consideration of the contractual terms and arrangements. Gold sales are recognised by the Group when the metal is received and sold. Copper and silver sales are recognised by the Group in the same month as their production is reported by the operator. Copper and silver is sold in accordance with the Offtake Agreement with Glencore where the metal is sold immediately following treatment and refining and is paid for in cash.	For the economic interest acquired in the mine, we focused on the judgements made when assessing the risk exposure and entitlement to the mine by assessing the terms of the key transaction documents against the requirements of Australian Accounting Standards. For the revenue recognition policy for gold sales and copper and silver sales, we assessed the terms of the key transaction documents which have an impact on the timing of the revenue recognition against the requirements of Australian Accounting Standards. We considered the adequacy of the disclosures made in the note 21 relating to the economic interest acquired and the revenue recognised in accordance with the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Recognition of deferred tax assets *(Refer to note 16)* During the year, the Group recognised $ 57.744 million of deferred tax assets from available tax losses and had a net deferred tax asset of $16.448 million at 30 June 2017 in the financial report. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. This was a key audit matter due to the judgement required in preparing forecasts of future taxable profits to assess the future utilisation of these losses in accordance with the requirements of Australian Accounting Standards.	We assessed the Group's ability to utilise the deferred tax assets by: • obtaining calculations of forecast taxable income and the latest Board approved budget and forecast • assessing the reasonability of the forecast taxable income in light of current year taxable profits • evaluating whether the cashflows in the Board approved budget and forecast had been appropriately adjusted for the differences between accounting profits to taxable income • recalculating the deferred tax asset balances which comprise a combination of tax losses and timing differences between tax and accounting values.
Impairment reversal of Mt Carlton's non-current assets *(Refer to note 8)* The Group recognised impairment losses of $148.6 million relating to the carrying value of Mt Carlton's non-current assets in 2013 as a result of the fall in gold price combined with a compression of valuations in the gold industry. We focused our current year audit on the carrying value of the previously impaired site for Mt Carlton. The Group anticipates continued strong performance at Mt Carlton which, together with the wider recovery of some gold prices, provides evidence that conditions leading to its past impairment may no longer be present. This is an indicator that the mine assets should be considered for reversal of impairment. The assessment of whether to reverse impairment was a key audit matter given the high levels of judgement by the Group over the impairment reversal and the financial significance of any potential reversal to the financial report.	We considered the Group's assessment of the recoverable amount of the non-current assets for Mt Carlton and its conclusion not to recognise an impairment reversal by performing the following: • compared current year US$ gold prices to the US$ gold prices when the impairment occurred • compared current gold price forecasts to gold price forecasts when the impairment occurred • considered the Group's calculations of recoverable amount, including sensitivities of key assumptions, and compared them to the carrying value of the Mt Carlton assets • analysed market data for recent gold mine transactions and compared to the carrying value of the Mt Carlton assets. • We also evaluated the adequacy of the disclosures made in the note 8 in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information included in the Group's annual report for the year ended 30 June 2017 comprises the Director's Report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 42 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
17 August 2017