APPENDIX 4E
EVOLUTION MINING LIMITED ACN 084 669 036
AND CONTROLLED ENTITIES
ANNUAL FINANCIAL REPORT
For the year ended 30 June 2018

Results for Announcement to the Market

Key Information

	30 June 2018 $'000	30 June 2017 $'000	Up / (down) $'000	% Increase/ (decrease)
Revenues from ordinary activities	1,540,433	1,479,876	60,557	4%
Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)	795,083	713,855	81,228	11%
Statutory profit before income tax	338,934	237,284	101,650	43%
Profit from ordinary activities after income tax attributable to the members	263,388	217,607	45,781	21%

Dividend Information

	Amount per share Cents	Franked amount per share Cents
Final dividend for the year ended 30 June 2018 Dividend to be paid on 28 September 2018	4.0	4.0
Interim dividend for the year ended 30 June 2018 Dividend fully paid on 30 March 2018	3.5	3.5
Final dividend for the year ended 30 June 2017 Dividend fully paid on 29 September 2017	3.0	3.0

Net Tangible Assets

	30 June 2018 $	30 June 2017 $
Net tangible assets per share	1.35	1.25

Earnings Per Share

	30 June 2018 Cents	30 June 2017 Cents
Basic earnings per share	**15.57**	13.28
Diluted earnings per share	**15.51**	13.23

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.

Directors' Report

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 2018.

Directors

The Directors of Evolution Mining Limited during the year ended 30 June 2018 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
Lawrence (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 Sawiris (i)	Non-Executive Director
Sebastien de Montessus (i)	Non-Executive Director
Andrea Hall (ii)	Non-Executive Director
Vincent Benoit (iii)	Alternate Non-Executive Director for Naguib Sawiris
Amr El Adawy (iii)	Alternate Non-Executive Director for Sebastien de Montessus
Andrew Wray (iv)	Alternate Non-Executive Director for Naguib Sawiris and Sebastien de Montessus

(i) Resigned as Non-Executive Director effective 1 August 2018.
(ii) Appointed as Non-Executive Director effective 1 October 2017.
(iii) Resigned as Alternate Non-Executive Director effective 19 April 2018.
(iv) Appointed as Alternate Non-Executive Director effective 19 April 2018. Resigned as Alternate Non-Executive Director effective 1 August 2018.

Company Secretary

The name of the Company Secretary during the full year ended 30 June 2018 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 Australia. There were no significant changes to these activities during the year.

Key highlights for the year

Key highlights for the year ended 30 June 2018 include:

- Safety of our people is of paramount importance and our focus has been demonstrated through an improved total recordable injury frequency (TRIF) of 5.50 (30 June 2017: 7.96).
- The Group recorded a statutory net profit after tax of $263.4 million for the year, an increase of 21% on the prior year. Underlying profit after tax increased by 21% to a record $250.8 million (30 June 2017: $206.6 million).
- The Group's continuing focus on productivity improvements and cost efficiencies delivered a year with outstanding results including:
    - Total gold production of 801,187oz at the upper end of original guidance for the year of 750,000oz - 805,000oz.
    - Record low AISC of A$797/oz, representing a decrease of 12% on the prior year and falling below original guidance of A$820/oz - A$870/oz.
    - Operating mine cash flow of A$811.8 million, representing an increase of 15% on the prior year.
    - Net mine cash flow of A$539.9 million, representing an increase of 17% on the prior year with all mines contributing positive cash flows after all capital investment.
    - Net bank debt has been reduced by $325.8 million to $71.8 million (30 Jun 2017: $397.6 million).

Directors' Report

Key highlights for the year (continued)

- A total of $109.9 million (30 June 2017: $63.0 million) in fully franked dividends was paid during the year. A final dividend of 4 cents per share fully franked ($67.7 million) was declared and will be paid on 28 September 2018.
- In May 2018, Evolution entered into an agreement with Orion Minerals Limited to acquire 100% of the Connors Arc exploration project, a large, early-stage exploration project covering approximately 3,200km², located 160km northwest of Rockhampton in Queensland. It is a technically compelling project with multiple and very extensive alteration zones which could be indicative of multiple preserved epithermal gold systems. The project area has similar geological characteristics to two of Evolution's current mines, Mt Carlton and Cracow, both of which are greater than one million ounce epithermal gold deposits.
- In March 2018, the Group successfully renewed the Senior Secured Revolving Loan ("Facility A") and the Performance Bond Facility ("Facility C") through to July 2021 for $350.0 million and $175.0 million respectively (previously $300.0 million and $155.0 million respectively). The expiry date of the Senior Secured Term Loan ("Facility D") remains unchanged at October 2021. Facility A ($350.0 million) remained undrawn at 30 June 2018. The renewal of the debt facilities has secured a saving of approximately $6 million over the term of the loans compared to the previous pricing.
- In February 2018, an agreement was reached with Emmerson Resources Limited to restructure the Tennant Creek Mineral Field Joint Venture. Under the new arrangement, Evolution has forgone its right to a 65% interest in the entire JV area and instead acquired a 100% interest in the Gecko, Goanna and Orlando Copper-Gold project.
- In December 2017, the Group made its first income tax payment. A total of $48.4 million of income tax was paid during the year including tax paid for the 30 June 2017 financial year ($30.7 million) and tax instalments for the current year ($17.7 million).
- On 3 October 2017, the sale of the Edna May Operation to Ramelius Operations Pty Ltd was completed for total proceeds of up to $90.0 million. The consideration comprised of a $40.0 million up-front cash payment and contingent consideration in the form of either a cash royalty, Ramelius shares, or combination of both up to $50.0 million.
- In September 2017, the Group repaid the outstanding balance of $40.0 million on the Senior Secured Term Loan ("Facility B") in anticipation of the up-front cash payment to be received on the sale of the Edna May Operation. The Senior Secured Revolving Loan ("Facility A") remained undrawn during the year.
- On 4 August 2017, the Group agreed to subscribe for a $2.5 million investment in the initial public offering of Riversgold Ltd, a new, gold-focussed, exploration company whose strategy is to build a portfolio of high-quality mineral projects with a view to sell or enter into a joint venture at an appropriate time in the project life cycle. This provided the Company with a shareholding of 15.1% in Riversgold Ltd.

Directors' Report

Operating and Financial Review

Evolution is a leading, growth-focussed Australian gold company. As at 30 June 2018, the Group consisted of five wholly-owned operating gold mines: Cowal in New South Wales; Cracow, Mt Carlton and Mt Rawdon in Queensland; and Mungari 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.

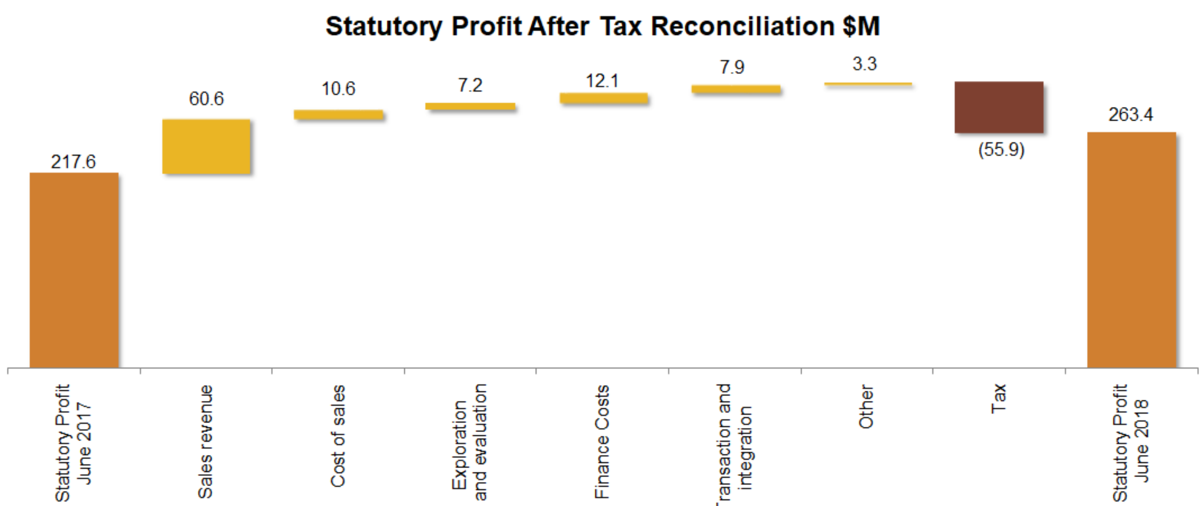
The Group's strategy is to deliver shareholder value through efficient gold production, growing gold reserves and developing acquiring or divesting assets to improve the quality of the portfolio. Since its formation in November 2011, the Group has built a strong reputation for operational predictability and stability through a record of consistently achieving production and cost guidance with guidance met for seven consecutive years. A portfolio approach to production provides Evolution with a Group-wide level of operational stability and predictability without reliance on one single asset. 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 and divestments.

Profit Overview

The Group achieved a record 12-month statutory net profit after tax of $263.4 million for the year ended 30 June 2018 (30 June 2017: $217.6 million), largely driven by a 12 month contribution from the Ernest Henry Copper-Gold Operation compared to 8 months in the previous year. In October 2017, the Group disposed of the Edna May asset to Ramelius Operations 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 after tax for the year ended 30 June 2017 to the year ended 30 June 2018.



Directors' Report

Operating and Financial Review (continued)

Profit Overview (continued)

The Group achieved a record underlying net profit after tax of $250.8 million for the year ended 30 June 2018 (30 June 2017: $206.6 million). The table below shows a reconciliation of statutory profit/(loss) before tax to the underlying profit after tax.

	2018 $'000	2017 $'000
Statutory profit before income tax	338,934	237,284
Fair value gain	(3,142)	-
Loss on sale of subsidiary	-	3,576
Transaction and integration costs	(866)	6,987
Underlying profit before income tax	334,926	247,847
Income tax expense	(75,546)	(19,677)
Tax benefit on sale of subsidiary	4,165	-
Tax effect of adjustments	1,201	(1,182)
Recognition of previously unrecognised tax losses	(4,544)	(20,400)
Recognition of previously unrecognised temporary differences	(9,440)	-
Underlying profit after income tax	**250,762**	**206,588**

Cash Flow

Operating mine cash flow increased 15% with all operations producing positive operating mine cash flows totalling $811.8 million (30 June 2017: $706.5 million). Total capital expenditure increased 11% which was in line with plan at $271.9 million (including all sustaining and major capital expenditure, rehabilitation costs and capital stripping).

The Group's All in Sustaining Cost decreased by 12% to $797/oz (30 June 2017: $907/oz) driven by the inclusion of 12 months (30 June 2017: 8 months) of results from Ernest Henry which contributed an AISC of $(641)/oz for the year offset by the 11% increase in capital expenditure attributable in the most part to Cowal Stage H capital waste stripping costs and Cowal's Float Tails Leach project.

Directors' Report

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 2018	30 June 2017	% Change (ii)
Total underground ore mined (kt)	7,817	5,662	38%
Total underground lateral development (m)	13,640	11,290	21%
Total open pit ore mined (kt)	14,453	19,672	(27)%
Total open pit waste mined (kt)	40,984	33,128	24%
Processed tonnes (kt)	21,425	20,607	4%
Gold grade processed (g/t)	1.37	1.49	(8)%
Gold production (oz)	**801,187**	**844,124**	**(5)%**
Silver production (oz)	**989,253**	**1,067,681**	**(7)%**
Copper production (t)	**23,268**	**14,898**	**56%**
Unit cash operating cost (A$/oz) (i)	512	625	18%
All in sustaining cost (A$/oz) (i)	797	907	12%
All in cost (A$/oz) (i)	1,033	1,073	4%
Gold price achieved (A$/oz)	1,645	1,641	0.2%
Silver price achieved (A$/oz)	22	24	(8)%
Copper price achieved (A$/t)	8,923	7,600	17%
Total Revenue	1,540,433	1,479,876	4%
Cost of sales (excluding D&A and fair value adjustments (i))	(705,553)	(719,738)	2%
Corporate, admin, exploration and other costs (excluding D&A)	(39,797)	(46,283)	14%
EBIT (i)	360,380	270,959	33%
EBITDA (i)	795,083	713,855	11%
Statutory profit/(loss) after income tax	**263,388**	**217,607**	**21%**
Underlying profit after income tax	**250,762**	**206,588**	**21%**
Operating mine cash flow	811,766	706,484	15%
Capital expenditure	(271,870)	(244,998)	(11)%
Net mine cash flow	539,896	461,486	17%

(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) Percentage change represents positive/(negative) impact on the business
(iii) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry's operation.

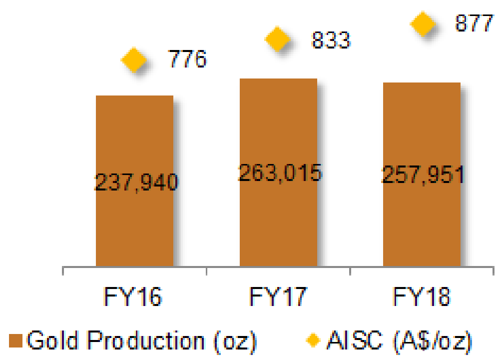
Directors' Report

Operating and Financial Review (continued)

Mining Operations

Cowal

Cowal was the Group's highest producer, achieving above guidance gold production of 257,951oz (guidance of 235,000 - 245,000oz) at an average unit cash operating cost of $675/oz and AISC of $877/oz. Cash costs and AISC were in line with, and below the lower end of guidance of $660 -$720/oz and $950 - $1,000/oz respectively. Capital expenditure for the year was $124.6 million, of which $84.9 million relate to the Stage H and Float Tails (Dual) Leach projects. Commissioning of the Float Tails (Dual) Leach project is forecast to commence in September 2018. Once commissioned, the project is expected to increase recoveries between 4 and 6%.



Cowal ore mining activities in the year focussed on the E42 Stage G cutback to a current operating level of 858mRL. At 30 June 2018, Stage H material movement remained on track, and mining activities have transitioned from free digging in the oxides to drill and blast in the primary rock.

During March 2018, Cowal submitted the Modification 14 development application, which includes seeking approval to increase plant throughput from 7.5Mtpa to 9.8Mtpa to the NSW Department of Planning and Environment. Public support has been strong. Evolution has submitted responses to public submissions and is now awaiting a decision from the regulator. This is expected to be received in the second half of FY19.

Exploration work delivered material resource growth, reflected in the Mineral Resources and Ore Reserves update which incorporated full year drilling results and contributed an 816,000oz addition at Galway Regal E46 Underground and at the E41 and E46 open pits. Work programs in FY19 will aim to further delineate extensions of these resources along strike and at depth. Definition drilling is also planned to confirm grade continuity and understand geologic controls on grade distribution to support further classification upgrades.

A maiden Ore Reserve for Marsden, located 17km from the Cowal plant, has been also included in the Mineral Resources and Ore Reserves update, contributing 835,000oz of gold and 380,000t of copper.

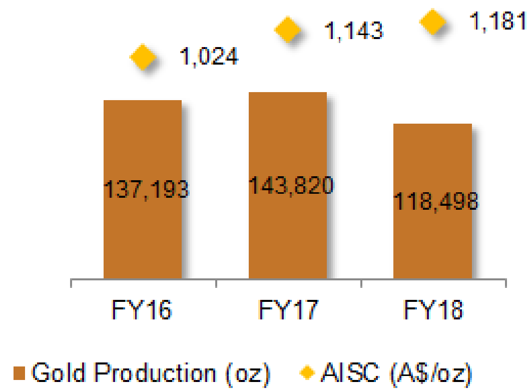
Key Business Metrics	30 June 2018	30 June 2017	Change	% Change
Operating cash flow ($'000)	225,812	237,007	(11,195)	(5)%
Sustaining capital ($'000)	(39,697)	(43,849)	4,152	(9)%
Major capital ($'000)	(84,923)	(27,080)	(57,843)	214%
Total capital ($'000)	(124,620)	(70,929)	(53,691)	76%
Net mine cash flow ($'000)	101,192	166,078	(64,886)	(39)%
Gold production (oz)	**257,951**	**263,015**	**(5,064)**	**(2)%**
All-in Sustaining Cost ($/oz)	877	833	(44)	5%
All-in Cost ($/oz)	1,223	941	(282)	30%

Operating and Financial Review (continued)

Mining Operations (continued)

Mungari

Mungari produced a total of 118,498oz at an average unit cash operating cost of $991/oz and an AISC of $1,181/oz. Gold production was below guidance of 120,000 - 130,000oz due to significant seismic activity at the Frog's Leg underground mine in the first half of FY18. As a consequence cash costs and AISC were above guidance of $860 - $910/oz and $990 - $1,050/oz respectively. Capital expenditure in the year was $46.6 mllion of which $8.9 million related to mine development at the Frog's Leg underground mine and $27.7 million related to capital waste stripping on the White Foil open pit.



The Frog's Leg underground mine produced 462kt of ore at an average grade of 5.32g/t. Total development for the year was 1,749m but was impacted by heading availability and rehabilitation operations in the first half. Total material moved at the White Foil open pit was 501kt at an average grade of 1.61 g/t. The Stage 3 cutback progressed on plan and moved into an operating phase during the later half of the year with subsequent reduced volumes of capital waste being recognised.

The process plant performed well over the course of the year, with 1,654kt of ore processed at an average grade of 2.36g/t. Increased gold recoveries of 94.2% were achieved (30 June 2017 : 92.4%) following the successful commissioning of an additional Knelson concentrator allowing for increased recoveries in the gravity circuit.

Mungari's performance is expected to improve in FY19 driven by the completion of the White Foil Stage 3 cutback and increased availability of high-grade ore feed from the Frog's Leg underground mine.

Investment in discovery and resource definition drilling programs across the Mungari tenements continued during the year with full results received for definition drilling at the White Foil underground target incorporated in the December 2017 Mineral Resources and Ore Reserves update. Development commenced to extend the Frog's Leg decline with the aim of establishing an underground drilling position to test extensions of the Frog's Leg vein structure well below the base of the deepest workings. Drilling at Perimeter and Scottish Archer targets, north of the Mungari processing plant, has returned significant mineralisation. During FY19, drilling is planned to delineate the full scope of the mineralised system at Perimeter and to test the depth and strike extents of the high-grade zone at Scottish Archer.

Key Business Metrics	30 June 2018	30 June 2017	Change	% Change
Operating cash flow ($'000)	70,240	95,958	(25,718)	(27)%
Sustaining capital ($'000)	(9,935)	(14,566)	4,631	(32)%
Major capital ($'000)	(36,611)	(22,161)	(14,450)	65%
Total capital ($'000)	(46,546)	(36,727)	(9,819)	27%
Net mine cash flow ($'000)	23,694	59,231	(35,537)	(60)%
Gold production (oz)	**118,498**	**143,820**	(25,322)	**(18)%**
All-in Sustaining Cost ($/oz)	1,181	1,143	38	(3)%
All-in Cost ($/oz)	1,604	1,371	233	(17)%

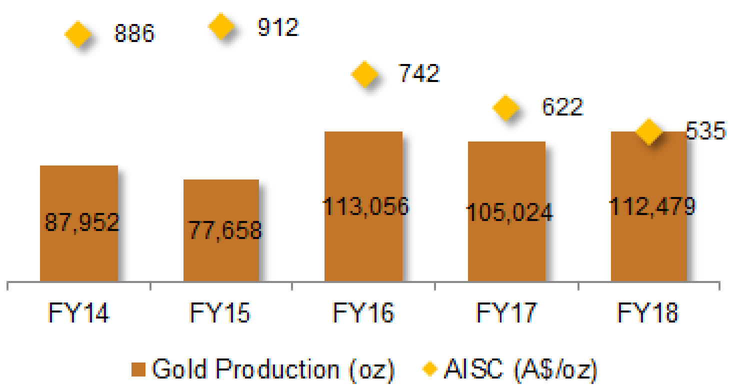
Directors' Report

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Carlton

Mt Carlton produced 112,479oz, exceeding guidance of 100,000 - 110,000 ozs. Unit cash operating costs of $299/oz and AISC of $535/oz were both substantially below the bottom end of guidance of A$420 - $470/oz and A$680 - $730/oz respectively. The production and cash cost performance over and above plan was predominantly due to higher grades in bonanza zones of the pit outperforming the resource model.



Mining during the year was focussed on the western end of Stage 3a of the V2 pit with a shift in focus to the Stage 3b cutback in the later stages. This placed emphasis on Stage 3b ore, and the new Southern ramp construction with anticipation that ore from Stage 3b North (75RL) will be delivered in early FY19.

Capital expenditure for the year of $30.9 million is largely attributed to Stage 3b capital waste of $21.0 million combined with the purchase of a new excavator and the start of Stage 5 Tailings Storage Facility lift.

The Mine Extension Feasibility Study is ongoing and due for completion and decision in the first half of FY19.

Key Business Metrics	30 June 2018	30 June 2017	Change	% Change
Operating cash flow ($'000)	139,598	120,339	19,259	16%
Sustaining capital ($'000)	(9,866)	(15,304)	5,438	(36)%
Major capital ($'000)	(21,009)	(13,887)	(7,122)	51%
Total capital ($'000)	(30,875)	(29,191)	(1,684)	6%
Net mine cash flow ($'000)	108,723	91,148	17,575	19%
Gold production (oz)	**112,479**	**105,024**	7,455	**7%**
All-in Sustaining Cost ($/oz)	535	622	(87)	(14)%
All-in Cost ($/oz)	735	762	(27)	(4)%

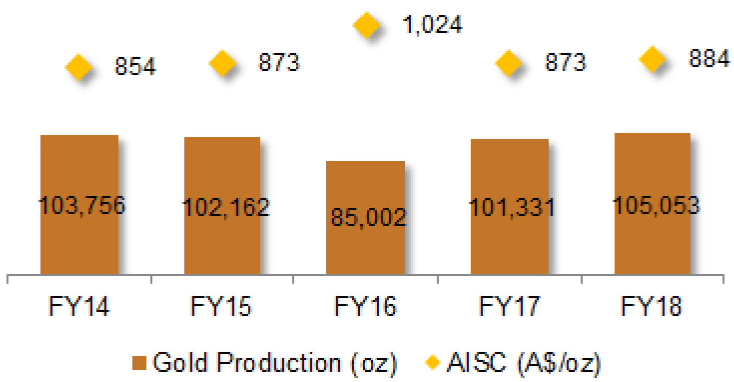
Directors' Report

Operating and Financial Review (continued)

Mining Operations (continued)

Mt Rawdon

Mt Rawdon achieved total gold production of 105,053oz at a unit cash operating cost of A$693/oz and an AISC of A$884/oz. Production was at the lower end of guidance of 105,000 - 115,000oz, while cash costs and AISC were within guidance of $670 - $720/oz and $850 - $900/oz respectively. Capital expenditure for the year was $19.5 million with a large amount of this attributable to capital waste mined in the Stage 4 cutback.



Mining activities during the year were focussed on the progression of the Stage 4 cutback and sourcing ore from the lower benches of the open pit. In the early FY19 the plant will predominantly process stockpiles as mining activities focus on waste material in Stage 4 and installing additional ground support in the western area of the pit.

Key Business Metrics	30 June 2018	30 June 2017	Change	% Change
Operating cash flow ($'000)	69,198	69,035	163	%
Sustaining capital ($'000)	(8,574)	(14,242)	5,668	(40)%
Major capital ($'000)	(10,924)	(19,071)	8,147	(43)%
Total capital ($'000)	(19,498)	(33,313)	13,815	(41)%
Net mine cash flow ($'000)	49,700	35,722	13,978	39%
Gold production (oz)	**105,053**	**101,331**	3,722	**4%**
All-in Sustaining Cost ($/oz)	884	873	11	(1)%
All-in Cost ($/oz)	987	1,065	(78)	7%

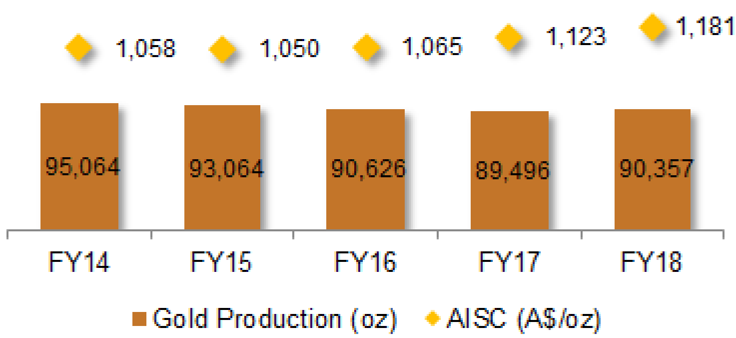
Directors' Report

Operating and Financial Review (continued)

Mining Operations (continued)

Cracow

Cracow exceeded guidance of 85,000 - 90,000oz, producing 90,357oz at a unit cash operating cost of $762/oz and AISC of $1,181/oz. Cash costs were below the lower end of the guidance of $810 - $860/oz while AISC was within the guidance range of $1,150 - $1,200/oz.



A total of 537kt of ore was mined at an average grade of 5.51g/t during the year with primary ore sources being the Kilkenny, Coronation and Griffin ore bodies.

Capital expenditure for the year was A$34.0 million comprising mainly of capital works to upgrade the airstrip servicing the site, mobile fleet replacement and refurbishment, and mine development. Capital investment at the mine increased in FY18 and will be similar in FY19 due to the age of the mine and the successful increase in mine life over the last 18-24 months.

Resource definition and exploration drill programs at Cracow during the year returned strong results from the Killarney structure where mineralisation is continuing to be defined to the south of the current resource.

Key Business Metrics	30 June 2018	30 June 2017	Change	% Change
Operating cash flow ($'000)	70,771	72,690	(1,919)	(3)%
Sustaining capital ($'000)	(19,601)	(17,462)	(2,139)	12%
Major capital ($'000)	(14,451)	(14,168)	(283)	2%
Total capital ($'000)	(34,052)	(31,630)	(2,422)	8%
Net mine cash flow ($'000)	36,719	41,060	(4,341)	(11)%
Gold production (oz)	**90,357**	**89,496**	861	**1%**
All-in Sustaining Cost ($/oz)	1,181	1,123	58	(5)%
All-in Cost ($/oz)	1,269	1,208	61	(5)%

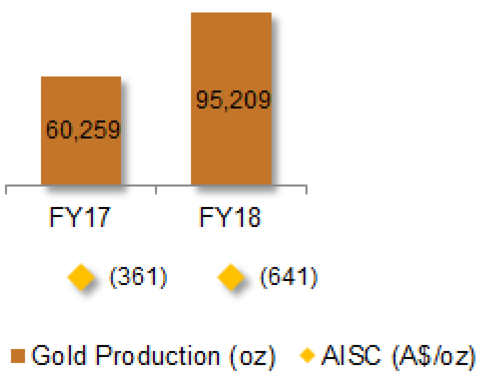
Directors' Report

Operating and Financial Review (continued)

Mining Operations (continued)

Ernest Henry

Attributable production from Ernest Henry was 95,209oz of gold exceeding guidance of 85,000 - 90,000oz, 66,750oz of silver and 21,011t of copper at a negative unit cash operating cost of $(921)/oz and a negative AISC of $(641)/oz after copper and silver by-product credit of (1,984)/oz. Cash costs and AISC were substantially below FY18 guidance of $(500) - $(300)/oz and $(200) - $(150)/oz respectively.



Ore mined was 6,819kt at an average grade of 0.56g/t gold and 1.12% copper. Underground development was 6,781m. Ore processed was 6,759kt at an average grade of 0.56g/t gold and 1.12% copper. Gold recovery and copper recovery of 80.3% and 96.3% respectively were achieved.

Key Business Metrics	30 June 2018	30 June 2017 (i)	Change	% Change
Operating cash flow ($'000)	230,860	87,851	143,009	163%
Sustaining capital ($'000)	(11,618)	(6,066)	(5,552)	92%
Major capital ($'000)	-	-	-	-%
Total capital ($'000)	(11,618)	(6,066)	(5,552)	92%
Net mine cash flow ($'000)	219,242	81,785	137,457	168%
Gold production (oz)	**95,209**	**60,259**	34,950	**58%**
Copper production (t)	**21,011**	**13,306**	7,705	**58%**
All-in Sustaining Cost ($/oz)	(641)	(361)	(280)	78%
All-in Cost ($/oz)	(641)	(361)	(280)	78%

(i) Results for 2017 were for 8 months from 1 November 2016.
(ii) Ernest Henry mining and processing statistics are in 100% terms while costs represent Evolution's cost and not solely the cost of Ernest Henry's operation.

Directors' Report

Operating and Financial Review (continued)

Mining Operations (continued)

Edna May

The Edna May Operation was sold on 3 October 2017 to Ramelius Operations Pty Ltd for total proceeds of up to $90.0 million. The consideration comprised of a A$40.0 million up-front cash payment and contingent consideration in the form of either a cash royalty, Ramelius shares, or combination of both up to $50.0 million.

No profit or loss has been recognised on disposal with the value of the consideration, including the net present value of the contingent consideration, closely matching the carrying value of the Edna May Operation at date of disposal. No contingent consideration has been received to date. The value of the contingent consideration will be assessed at each reporting period.

During the period that Edna May was still under Evolution ownership, Edna May produced 21,639oz of gold at an AISC of $1,588/oz.

Financial Performance

Profit or Loss

Revenue for the year ended 30 June 2018 increased by 4% to $1,540.4 million (30 June 2017: $1,479.9 million). This is largely due to a full 12 months' sales contribution from Ernest Henry totalling $347.4 million (30 June 2017: $163.3 million). This is comprised of $188.8 million for copper and silver revenue and $158.6 million for gold revenue (30 June 2017: $102.9 million for 8 months of copper and silver revenue and $60.4 million for 5 months of gold revenue). The achieved copper price increased 17% to $8,923/t which favourably impacted revenue in the year. This was partly offset by the impact of the disposal of the Edna May Operation which resulted in a decrease of $79.7 million on the prior year.

Total gold sold equalled 798,101oz which included deliveries into the hedge book of 205,915oz at an average price of $1,564/oz (30 June 2017: 248,493oz, $1,584/oz). The remaining 592,186oz were sold at spot price achieving an average price of $1,673/oz (30 June 2017: 568,830oz, $1,666/oz). The Group's hedge book totals 250,000oz as at 30 June 2018 at an average price of $1,711/oz with deliveries through to June 2020.

Operating costs (excluding depreciation, amortisation and fair value adjustments of $435.6 million) decreased to $705.5 million (30 June 2017: $719.7 million) largely as a result of the sale of Edna May during the year which resulted in a decrease of $61.5 million on the prior year. This was offset by the inclusion of 12 months' worth of Ernest Henry's results, which accounted for an increase of $52.3 million in operating costs (30 June 2018: $116.4 million; 30 June 2017: $64.1 million). The operating costs for the five existing mine sites remained consistent, with an increase of only 2% on the prior year to $554.6 million.

An independent valuation of the Cowal open pit and Mungari open pit and underground has been completed during the financial year. A balance sheet reclassification of $90.5 million has been recorded (from Property, Plant and Equipment to Mine Development) with a resulting $2.9 million of additional mine development amortised during this financial year. As a consequence of this valuation, a reduction in income tax expense for the year of $22.7 million has been recorded of which $9.4 million has been excluded from underlying profit as it relates to tax depreciation that will be deducted in future years.

The Group posted a 21% increase in statutory profit after tax to $263.4 million (30 June 2017: $217.6 million) driven by increased sales, decreased costs per ounce and decreased transaction costs and exploration expense. Underlying profit after tax was $250.8 million (30 June 2017: $206.6 million).

Balance Sheet

Total assets increased 4% during the year to $3,056.3 million (30 June 2017: $2,945.5 million). An increase in cash of $285.8 million since 30 June 2017 to $323.2 million combined with the recognition of deferred consideration on the Edna May disposal of $34.4m has been offset by the disposal of total assets attributable to Edna May of $114.0 million as well as a reduction in the net carrying amount of property, plant and equipment and producing mines due to a depreciation charge of $405.2 million outstripping capital additions of $323.8 million. Non-current inventories increased by $37.6 million to $38.5 million and include ore stockpiles at Mt Rawdon ($16.9 million) and Cowal ($21.6 million) not expected to be processed within 12 months. The Cowal ore stockpile of $13.3 million at the beginning of the year has been reclassified from Mine Development.

Directors' Report

Operating and Financial Review (continued)

Financial Performance (continued)

Balance Sheet (continued)

Total liabilities for the Group decreased to $767.9 million at 30 June 2018, a decrease of $49.3 million, or 6% on the prior year. The decrease is in part attributable to the $40.0 million final repayment of the Senior Secured Term Loan (“Facility B”) established for the Cowal acquisition. The remaining decrease is due to the disposal of liabilities of $37.6 million related to the sale of Edna May offset by a $11.1 million increase in the current tax liability to $47.3 million at 30 June 2018.

The Group ended the year with a cash balance of $323.2 million and available credit of $350.0 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 $285.8 million (30 June 2017: inflow $20.2 million).

	30 June 2018 $'000	30 June 2017 $'000	Change $'000	% Change
Cash flows from operating activities	714,166	650,795	63,371	10%
Cash flows from investing activities	(270,284)	(1,120,794)	850,510	(76)%
Cash flows from financing activities	(158,087)	490,156	(648,243)	(132)%
Net movement in cash	285,795	20,157	265,638	1,318%
Cash at the beginning of the year	37,385	17,295	20,090	116%
Effects of exchange rate changes on cash	46	(67)	113	(169)%
Cash at the end of the year	**323,226**	**37,385**	**285,841**	**765%**

Net cash outflows from investment activities were $270.3 million, an $850.5 million decrease (30 June 2017: $1,120.8 million) in the most part attributable to the prior year payments for the acquisition of the economic interest in Ernest Henry Copper-Gold Operation of $884.0 million (including transaction fees) and receipt of $41.9 million on the sale of Pajingo. Capital investments for the year include property, plant and equipment of $116.1 million and mine development and exploration of $191.9 million.

Net cash outflows from financing activities were $158.1 million, an increase of $648.2 million (30 June 2017: inflow $490.2 million). Financing cash flows for the year included the repayment of $40.0 million on the Senior Secured Term Loan and dividend payments of $109.9 million offsetting the $408.8 million in equity raised in 2017.

Taxation

During the year, the Group made its first income tax payment of $36.2 million related to the 30 June 2017 financial year and recognised an income tax expense of $75.5 million (30 June 2017: $19.7 million). On the balance sheet, the Company recognised a current tax liability of $47.3 million (30 June 2017: $36.2 million) and a deferred tax asset of $0.4 million (30 June 2017: $16.4 million).

Income tax expense for the year has been reduced by $26.7 million due to the recognition of tax losses and temporary differences as an asset. This includes $22.7 million as a consequence of an independent valuation of the Cowal open pit and Mungari open pit and underground that was completed during the financial year.

The tax payments made in respect of the 30 June 2017 financial year combined with tax instalments paid over the course of the 30 June 2018 financial year have enabled the declaration of fully franked interim and final dividends.

Capital Expenditure

Capital expenditure for the year totalled $271.9 million (30 June 2017: $245.0 million). This consisted of sustaining capital, including near mine exploration and resource definition of $100.9 million (30 June 2017: $116.6 million) and mine development of $171.0 million (30 June 2017: $128.4 million). The main capital projects included the Stage H and Float Tails (Dual) Leach projects ($84.6 million) at Cowal, Cracow underground mine development ($14.4 million), Mt Rawdon capital waste stripping ($10.9 million) and Mungari underground development ($8.9 million).

Directors' Report

Operating and Financial Review (continued)

Financial Performance (continued)

Financing

Total finance costs for the year were $24.8 million (30 June 2017: $35.2 million), a decrease of 30%. Included in total finance costs are interest expense of $20.5 million (30 June 2017: $24.2 million), amortisation of debt establishment costs of $0.7 million (30 June 2017: $7.4 million) and discount unwinding on mine rehabilitation liabilities of $3.6 million (30 June 2017: $3.3 million).

In September 2017, the Group repaid the outstanding balance of $40.0 million on the Senior Secured Term Loan ("Facility B") in anticipation of the up-front cash payment to be received on the sale of the Edna May Operation. The Senior Secured Revolving Loan ("Facility A") remained undrawn during the year.

In March 2018, the Group successfully renewed the Senior Secured Revolving Loan (“Facility A”) and the Performance Bond Facility (“Facility C”) through until July 2021 for $350.0 million and $175.0 million respectively (previously $300.0 million and $155.0 million respectively). The expiry on the Senior Secured Term Loan (“Facility D”) remains unchanged at October 2021. The renewal of the debt facilities has secured a saving of approximately $6 million over the term of the loans compared to the previous pricing.

The repayment periods and the outstanding balances as at 30 June 2018 on each facility are set out below:

Facility	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A ($350.0 million)	31 July 2021	$ nil
Performance Bond Facility - Facility C	31 July 2021	$132 million
Senior Secured Term Loan - Facility D	15 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 2018 are:

Fluctuations in the gold price and Australian dollar

The Group’s revenues are exposed to fluctuations in the gold, silver and copper prices and the Australian dollar. Volatility in the gold, silver and copper prices 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.

Declining gold, silver and copper 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.

Mineral Resources and Ore Reserves

The Group’s Mineral Resources and Ore Reserves are estimates, and no assurance can be given that the estimated reserves and resources are accurate or that the indicated level of gold, silver, copper 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, silver and copper 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 Mineral Resources and Ore Reserves, which could have a negative impact on the Group’s financial results.

Directors' Report

Operating and Financial Review (continued)

Material business risks (continued)

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.

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, and 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.

Operating and Financial Review (continued)

Material business risks (continued)

Community relations

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

Risk management

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

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

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

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

Dividends

In August 2017, the Directors approved a change to the dividend policy of whenever possible paying a dividend equivalent to 50% of the Group's after tax earnings. The change was effective immediately and was applied to the final dividend for 2017 and interim dividend for 2018. This policy remains consistent at 30 June 2018. Dividends will be rounded to the nearest half-cent.

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 4 cents per share, totalling $67.7 million. Evolution shares will trade excluding entitlement to the dividend on 28 August 2018, with the record date being 29 August 2018 and payment date of 28 September 2018.

The Dividend Reinvestment Plan ("DRP") remains suspended.

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.

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 18 July, the Company reached an agreement to terminate Norton Gold Field's right to mine and process ore from the Castle Hill deposit. This provides Evolution with full ownership and unfettered access to the deposit located 25km from the Mungari processing facility. Castle Hill is estimated to contain Ore Reserves of 236,000oz which will provide a material extension to the operating life at Mungari. Evolution will pay an initial up-front cash payment of $12 million (paid 31 July 2018), a further $3 million six months after completion of the transaction and a 2% net smelter royalty over the first 38,000oz of gold production from certain tenements within the Castle Hill deposit area.

Events occurring after the reporting period (continued)

- On 26 July, it was announced that La Mancha had undertaken a block trade monetisation of shares reducing its direct interest in Evolution to 9.6%. In accordance with the terms of the Share Sale Agreement signed between Evolution and La Mancha in April 2015, La Mancha had the right to nominate Directors to the Board of Evolution provided that it held more than 10.0% of the shares on issue in Evolution. La Mancha's nominee Directors, Mr Naguib Sawiris, Mr Sebastian de Montessus and their Alternate Director, Mr Andrew Wray resigned from the Board of Directors of Evolution effective 1 August 2018.

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 2018 which would have a materially adverse impact on the overall business of the Group.

The operations of the Group are subject to environmental regulation under the jurisdiction of the countries in which those operations are conducted namely in Australia. 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 five Evolution Mining Sites, excluding government reporting for vehicular and non-vehicular native fauna deaths, the Level III reports for the past two years have been:

	2018	2017
Number of Level III incidents	8	9

Incidents were notified to the relevant government authority and the relevant agreed action was taken. There have been no Level IV or V incidents.

Directors' Report

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 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. It became an ASX/S&P 100 Company, operating two award-winning gold mines and engaging over 2,000 employees and contractors in China. Prior to joining Sino Gold (and its predecessor) in 1995, Mr Klein was employed at Macquarie Bank and PricewaterhouseCoopers. Mr Klein was a Non-Executive Director of the Lynas Corporation Limited from August 2004 to May 2017, a company with operations in Australia and Malaysia and of OceanaGold Corporation from December 2009 to July 2014 a company with operations in the Philippines, USA and New Zealand.

Lawrence (Lawrie) Conway B Bus, CPA, GAICD, 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 28 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 (Non-Executive Director since July 2017), a company with operations in Cote d’Ivoire, Mali and Burkina Faso. 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.

Directors' Report

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 was Chair of the Audit Committee from 2011 until June 2018 and remains a member of the Audit Committee. Subsequent to year end, Mr. Freestone stepped down from the Risk Committee and was appointed as a member of the Nomitation and Remuneration 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 30 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 Prodigy Gold NL. Mr McKeith is the Chair of the Nomination and Remuneration Committee. Subsequent to year end, Mr. McKeith stepped down from the Audit Committee and was appointed as a member of the Risk Committee.

Andrea Hall, BCom, FCA, M. App Fin, GAICD, Non-Executive Director
Ms Hall is a Chartered Accountant with more than 30 years' experience in the financial services industry in roles involved in internal audit, risk management, corporate and operational governance, external audit, financial management and strategic planning. Prior to retiring from KPMG in 2012, Ms Hall was a Perth-based partner within KPMG's Risk Consulting Services in industries including mining, mining services,transport, healthcare, insurance, property and government. Ms Hall is currently a Non-Executive Director and Chair of the Audit and Risk Committee at ASX-listed Pioneer Credit Limited and Automotive Holdings Group Limited. Ms Hall is also a Non-Executive Director of Insurance Commission of Western Australia and the Fremantle Football Club. Ms Hall became Chair of the Audit Committee in June 2018 and was a member until this date.

Directors' Report

Company Secretary

Evan Elstein, BCom (Accounting and Finance), ACA, FGIA, FCIS
Mr Elstein was appointed as the Company Secretary and Vice President for Information Technology in October 2011 following the merger of Conquest Mining Limited and Catalpa Resources Limited. Previously he served as Company Secretary of Conquest Mining. He is a Chartered Accountant, Chartered Secretary, and a member of Chartered Accountants Australia and New Zealand, 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 2018, 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	6	6	-	-	-	-	-	-
Lawrence (Lawrie) Conway	6	6	-	-	-	-	-	-
James (Jim) Askew	6	6	-	-	2	2	3	3
Graham Freestone	6	6	4	4	2	2	-	-
Colin (Cobb) Johnstone	6	6	4	4	2	2	-	-
Thomas (Tommy) McKeith	6	6	4	4	-	-	3	3
Andrea Hall (i)	5	5	3	3	-	-	-	-
Naguib Sawiris (ii)	-	6	-	-	-	-	-	-
Sebastien de Montessus (ii)	3	6	-	-	-	-	1	3
Vincent Benoit (iii)	-	-	-	-	-	-	-	-
Amr El Adawy (iii)	-	-	-	-	-	-	-	-
Andrew Wray (iv)	2	2	-	-	-	-	1	1

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

(i) Andrea Hall was appointed into her role on 1 October 2017.
(ii) Naguib Sawiris and Sebastien de Montessus resigned from their roles effective 1 August 2018.
(iii) Vincent Benoit and Amr El Adawy resigned from their roles effective 19 April 2018.
(iv) Andrew Wray was appointed to his role on 19 April 2018 and resigned on 1 August 2018.

Remuneration Report (Audited)

This Remuneration Report forms part of the Directors' Report for the year ended 30 June 2018. 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 and strategy 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.

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
Lawrence (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
Bob Fulker (i)	Chief Operating Officer
Glen Masterman	Vice President Discovery & Chief Geologist
Mark Le Messurier (ii)	Chief Operating Officer

(i) Bob Fulker was appointed into his role on 12 February 2018.
(ii) Mark Le Messurier resigned from his role effective 1 January 2018.

(ii) Key Remuneration Outcomes

Key remuneration outcomes for the 2018 financial year are summarised in the table below:

Remuneration	Description
STIP Outcomes	The average STIP outcome for the KMP was 90.3% of the maximum opportunity based on the assessment of business and personal measures. This reflects the Company's outstanding operating and financial performance, and improvement in the upgrading of the asset portfolio during the year.
LTIP Outcomes	69.3 % of the Performance Rights awarded during the 2016 financial year and tested as at 30 June 2018 vested on 16 August 2018. This reflects the Company's continued strong performance during the three years to 30 June 2018. The Performance Rights awarded during the 2015 financial year were tested as at 30 June 2017, with 100% of the Performance Rights meeting their performance measures and were approved by the Board on 16 August 2017 to vest.
KMP Remuneration	Five of the KMP received increases to their fixed remuneration during the 2018 financial year.
NED Remuneration	Non-Executive Directors did not receive any increase to their fees during the year.

(iii) What has changed in relation to remuneration during the 2018 financial year

No key changes to the executive remuneration framework have been implemented during the 2018 financial year.

Remuneration Report (Audited) (continued)

(a) *Remuneration Overview (continued)*

(iv) What changes are planned for remuneration in the 2019 financial year

Commencing in the 2019 financial year, the Long Term Incentive Plan is to be extended down one level in the organisation.

(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.

(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 Company'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 Company effectively.

The Group's target remuneration philosophies are:

- **Total Fixed Remuneration** - **TFR** (being salary, superannuation, plus regular allowances) 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 97 organisations within the industry);
- **Total Annual Remuneration** - **TAR** (TFR plus STI) at target at the 75th percentile for high performers; and
- **Total Remuneration - TR** (TAR 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 measurable, 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 focussed on shareholder value; and
- The principles and integrity of the remuneration review process deliver fair and equitable outcomes.

Directors' Report

Remuneration Report (Audited) (continued)

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

The following table outlines the remuneration components for all KMP for the 2018 financial year:

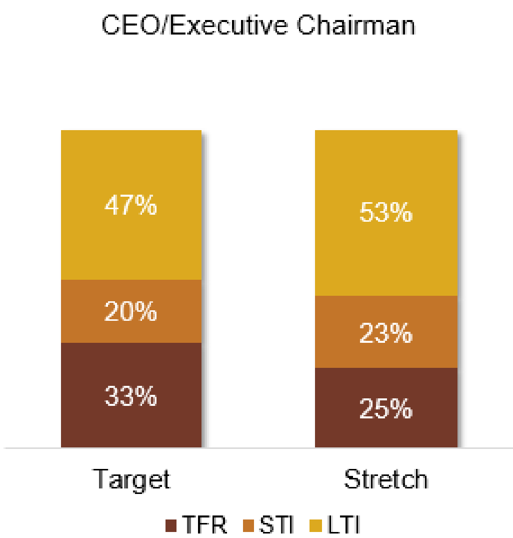
Component	Performance measure	Strategic objective
Total Fixed Remuneration (TFR)	Key results areas for the role are determined based on the individual's position and key business imperatives.	Remuneration is designed to attract, motivate and retain key personnel. Considerations include: • Overall Company 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 FY18, the measures focussed on safety, cash contribution, costs and strategic imperatives focused on delivering the Cowal projects to plan, improving the portfolio quality (including M&A and divestments; Discovery and LOM Plans), delivery of key business improvement projects, while making tangible progress with the Discovery strategy through the identification and acquisition of new projects.	The objective is to motivate employees to achieve key annual targets focussed 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 focussed on enhancing shareholder value.	The primary objective to deliver industry leading shareholder returns.

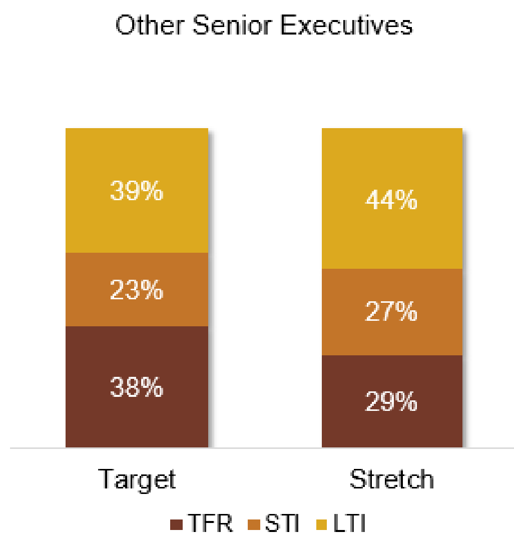
Directors' Report

Remuneration Report (Audited) (continued)

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

The target achievement remuneration ratio mix for Executive Directors and KMP for the 2018 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:

	2018	2017	2016	2015	2014
Statutory profit/(loss) for the year ($'000)	263,388	217,607	(24,349)	100,115	50,017
Underlying profit for the year after income tax ($'000) (i)	250,762	206,588	134,496	106,050	50,017
EBITDA ($'000)	795,083	713,855	607,551	272,656	207,556
Basic earnings per share (cents)	15.57	13.28	(1.75)	13.71	7.06
Dividends declared (cents per share)	7.5	5.0	3.0	2.0	2.0
Share price ($) at 30 June closing	3.51	2.41	2.33	1.15	0.70

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

Directors' Report

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 2018 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 FY18 is as follows:

STIP Scorecard		Target (100%)	STIP Weighting	Result	Award
HSE	SSO Frequency Rate (SSOFR)	4.2	20%	3.2	30%
	Environmental Critical Controls Compliance - top 3 Hazards (%)	90%	10%	80%	5%
Profitability	Group Cash Contribution ($ million)	270	20%	386	30%
	Group All In Costs ($/oz sold)	1,140	20%	1,045	30%
Strategic Imperatives	Discretionary	100%	30%	135%	40.5%
Total			**100%**		**135.5%**

Component	Performance measure
FY18 STIP considerations	At the time of setting the FY18 STIP measures, the Board determined it would consider the following factors when awarding the score for the strategic imperatives measure: • Delivery to plan of the Cowal projects • Improvement in the portfolio quality (covering M&A, divestments, Discovery and LOM Plans) • Delivery of the key business improvement projects; and • Advancement in the discovery area: - Identification and acquisition of at least one new advanced project - Generate or acquire at least 3 new exploration projects at drill test or target definition stage
Award outcome for the year	The Board approved a discretionary score of 135.0% for the following reasons: • The Float Tails Leach project progressed to plan with commissioning ready for H1 FY19. The establishment activities for Stage H were completed ahead of schedule and under budget. The mining of Stage H finished ahead of the accelerated development plan and costs remain on budget. The steering committee reviews were undertaken every month with dashboard tracking of all projects at Cowal in place. The project team established at Cowal is highly skilled and establishing good standards for project execution. • The sale of Edna May was successfully completed. Evolution demonstrated it is a good seller, not only in terms of portfolio management, but in how we dealt with the Edna May workforce and transitioned service and processes to the new owner. • Discovery program gained good momentum throughout FY18, with 3 new early stage exploration projects added to the portfolio, including the acquisition of the Connors Arc project and 10 prospects across the Company’s operations were advanced to the next stage of exploration. • Life of Mines have improved with focus being applied towards further improvements in FY19. • During FY18, $28.3 million of value beyond budget was achieved with all operations contributing to the result through improvements in productivity and commercial contract terms and efficiency gains.

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(ii) STIP (continued)

Component	Performance measure			
	2018	**Total STIP Granted ($)**	**% of Maximum Entitlement Granted**	**% of Maximum Entitlement Forfeited**
	Directors			
	Jacob Klein	657,000	90.8%	9.2%
	Lawrie Conway	480,000	88.9%	11.1%
	Key Management Personnel			
	Aaron Colleran	375,000	89.7%	10.3%
	Paul Eagle	300,000	87.8%	12.2%
	Evan Elstein	310,000	85.1%	14.9%
	Bob Fulker (i)	170,000	86.3%	13.7%
	Glen Masterman	350,000	91.5%	8.5%
	Mark Le Messurier (ii)	150,000	74.2%	25.8%

(i) Bob Fulker was appointed into his role on 12 February 2018. His STIP is pro-rated for his period of employment.
(ii) Mark Le Messurier resigned from his role effective 1 January 2018. His STIP is pro-rated for his period of employment.

(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 one long term incentive plan currently in operation, the Employee Share Option and Performance Rights Plan (“ESOP”). The Employees and Contractors Plan (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 previous financial year. The ESOP (approved by shareholders on 23 November 2010, 26 November 2014 and 23 November 2017) provides 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.
Performance conditions	The Performance Rights are issued for a specified period and each Performance Right is convertible into one ordinary share. All Performance Rights expire on the earlier of their expiry date or termination of the employee’s employment subject to Director discretion. 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 Performance Rights. Voting rights will attach to the ordinary shares when the Performance Rights vest. Unvested 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'.

Directors' Report

Remuneration Report (Audited) (continued)

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

(iii) LTIP (continued)

Component	Performance Measure			
	Performance Target		**Description**	**Weighting for each year from FY15 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)	25%
	(ii)	Absolute TSR performance	The Group's absolute TSR return	25%
	(iii)	Growth in Earnings per share	Growth in the Group's Earnings per share	25%
	(iv)	Increase in ore reserves per share	Increasing the ore reserves per share over a 3 year period	25%
FY18 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.			
ECOP Options	At 30 June 2018 there were no Options outstanding (FY17: nil)			

		2018 Number	**2017 Number**
ECOP Options	Outstanding balance at the beginning of the year	-	52,954
	Issued during the period	-	-
	Exercised during the period	-	-
	Expired during the period	-	(52,954)
	Outstanding balance at the end of the year	**-**	**-**

ESOP Options	At 30 June 2018 there were no Options outstanding (FY17: nil)		
		2018 Number	**2017 Number**
	Outstanding balance at the beginning of the year	-	5,150,390
	Issued during the period	-	-
	Exercised during the period	-	(4,178,661)
	Expired during the period	-	(971,729)
	Outstanding balance at the end of the year	**-**	**-**

Award outcome for the year - ESOP Performance Rights

Outcomes for the FY15 award which vested during the year are set out as follows:

Performance Target		**Measure**	**FY15 Outcome**	**% Vested**
(i)	TSR Performance	Percentile	5th	25%
(ii)	Absolute TSR performance	Compound annual return	53%	25%
(iii)	Growth in Earnings per share	Compound annual return	20%	25%
(iv)	Increase in ore reserves per share	Percentage increase	128%	25%

Directors' Report

Remuneration Report (Audited) (continued)

(d) *Executive Remuneration Outcomes (continued)*

(iii) LTIP (continued)

Component	Performance Measure
	Outcomes for the FY16 award which will vest in August 2018 are set out as follows:

Performance Target		Measure	FY16 Outcome	% Vested
(i)	TSR Performance	Percentile	20th	19%
(ii)	Absolute TSR performance	Compound annual return	42%	25%
(iii)	Growth in Earnings per share	Compound annual return	2%	0%
(iv)	Increase in ore reserves per share	Percentage increase	136%	25%

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

	2018 Number	2017 Number
Outstanding balance at the beginning of the year	26,278,566	29,429,811
Performance Rights granted (withdrawn) during the period pursuant to Retention Agreement*	-	(3,750,000)
Performance Rights granted during the period pursuant to Transition Incentive Plan*	-	3,375,000
Performance rights granted during the period	6,586,571	6,797,540
Vested during the period	(9,214,401)	(7,961,146)
Lapsed during the period	-	-
Forfeited during the period	(2,708,126)	(1,612,639)
Outstanding balance at the end of the year	**20,942,610**	**26,278,566**

*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 shareholder meeting held on 21 June 2017.

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

	FY14	FY15	FY16	FY17	FY18	Running Balance
Granted	10,498,408	10,804,370	8,141,368	6,797,540	6,586,571	42,828,257
Granted - TIP	-	-	-	3,375,000	-	3,375,000
Vested	(7,961,147)	(9,214,401)	-	-	-	(17,175,548)
Lapsed	-	-	-	-	-	-
Forfeited	(2,537,261)	(1,589,969)	(2,279,972)	(1,022,779)	(655,118)	(8,085,099)
Subject to vesting	-	-	5,861,396	9,149,761	5,931,453	20,942,610
Testing date	30/06/16	30/06/17	30/06/18	30/06/19	30/06/2020	-
Testing date - TIP	-	-	-	16/12/19	-	-
Vesting (%)	100%	100%	69.3%	-	-	-

Directors' Report

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		Superannuation		Bonus		Amortised Value (i)		Other Benefits (ii)		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Directors												
Jacob Klein	1,083,752	984,184	20,048	19,616	657,000	610,000	2,883,090	1,218,472	-	-	4,643,890	2,832,272
Lawrie Conway	714,952	665,384	20,048	19,616	480,000	475,000	259,061	301,828	-	-	1,474,061	1,461,828
James Askew	115,000	113,750	-	-	-	-	37,633	18,690	-	-	152,633	132,440
Graham Freestone	118,721	115,867	11,279	11,007	-	-	37,633	18,690	-	-	167,633	145,564
Andrea Hall (iii)	71,918	-	6,832	-	-	-	25,031	-	-	-	103,781	-
Colin Johnstone	135,000	133,125	-	-	-	-	37,633	18,690	-	-	172,633	151,815
Thomas McKeith	109,589	107,877	10,411	10,248	-	-	37,633	18,690	-	-	157,633	137,787
Naguib Sawiris (iv)	95,000	95,000	-	-	-	-	37,633	18,690	-	-	132,633	113,690
Sebastien de Montessus (iv)	105,000	104,375	-	-	-	-	37,633	18,690	-	-	142,633	123,065
Key Management Personnel												
Aaron Colleran	444,952	409,368	20,048	19,616	375,000	391,500	243,688	337,130	-	-	1,083,688	1,157,614
Paul Eagle	359,952	335,384	20,048	19,616	300,000	265,000	201,628	212,628	-	-	881,628	832,628
Evan Elstein	384,952	373,718	20,048	19,616	310,000	300,000	217,642	285,293	-	-	932,642	978,627
Bob Fulker (v)	195,668	-	10,024	-	170,000	-	57,554	-	173,395	-	606,641	-
Glen Masterman (vi)	404,952	362,435	20,048	17,980	350,000	300,000	307,301	107,809	-	-	1,082,301	788,224
Mark Le Messurier (vii)	214,976	430,384	10,024	19,616	150,000	335,000	226,102	364,530	368,352	-	969,454	1,149,530
	4,554,384	**4,230,851**	**168,858**	**156,931**	**2,792,000**	**2,676,500**	**4,646,895**	**2,939,830**	**541,747**	**-**	**12,703,884**	**10,004,112**

(i) 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.
(ii) Other benefits include relocation costs and a sign on bonus for Bob Fulker and termination benefits for Mark Le Messurier.
(iii) Andrea Hall was appointed into her role on 1 October 2017.
(iv) Naguib Sawiris and Sebastien de Montessus resigned from their roles effective 1 August 2018.
(v) Bob Fulker was appointed into his role on 12 February 2018.
(vi) Glen Masterman was appointed into his role on 1 August 2016.
(vii) Mark Le Messurier resigned from his role effective 1 January 2018.

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 (i)
Existing Executive Directors and Key Management Personnel					
Jacob Klein Executive Chairman	Open	803,800 300,000 fixed Director's Fees	6 months	6 months	12 month Total Fixed Remuneration
Aaron Colleran Vice President Business Development and Investor Relations	Open	475,000	3 months	6 months	6 months Total Fixed Remuneration
Lawrie Conway Finance Director and Chief Financial Officer	Open	610,000 135,000 fixed Director's Fees	3 months	6 months	6 months Total Fixed Remuneration
Paul Eagle Vice President People and Culture	Open	395,000	3 months	6 months	6 months Total Fixed Remuneration
Evan Elstein Company Secretary and Vice President Information Technology	Open	412,500	3 months	6 months	6 months Total Fixed Remuneration
Bob Fulker (ii) Chief Operating Officer	Open	525,000	3 months	6 months	6 months Total Fixed Remuneration
Glen Masterman Vice President Discovery and Chief Geologist	Open	440,000	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) Bob Fulker was appointed into his role on 12 February 2018.

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.

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

Remuneration Report (Audited) (continued)

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

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 2018, 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 FY2018, the VWAP used to determine the number of share rights granted to each NED was $2.3957.

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 2018. 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.

	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
Andrea Hall (i)	71,250	-	-	7,500	78,750	40,000	118,750
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 Sawiris (ii)	95,000	-	-	-	95,000	40,000	135,000
Sebastien de Montessus (ii)	95,000	-	-	10,000	105,000	40,000	145,000
	641,250	**15,000**	**55,000**	**67,500**	**778,750**	**280,000**	**1,058,750**

(i) Andrea Hall was appointed into her role on 1 October 2017.
(ii) Naguib Sawiris and Sebastien de Montessus resigned from their roles effective 1 August 2018.

Directors' Report

Remuneration Report (Audited) (continued)

(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 2018, 30 June 2019 and 30 June 2020 respectively, measured as the cumulative annual TSR over the three year performance period.		
	Level of performance achieved	**Evolution Absolute TSR performance**	**% of Absolute TSR Performance Rights vesting**
	Threshold	10% Per Annum Return	33%
		Above 10% Per Annum Return and below 15% Per Annum Return	Straight-line pro-rata between 33% and 66%
	Target	15% Return Per Annum	66%
		Above 15% Per Annum Return and below 20% Per Annum Return	Straight-line pro-rata between 66% and 100%
	Exceptional	Above 20% Per Annum Return	100%
Growth in earnings per share	A proportion of Performance Rights granted during the years ended 30 June 2016, 30 June 2017 and 30 June 2018 and those to be granted during the year ended 30 June 2019, will be tested against the Group's growth in Earnings Per Share, calculated by excluding any Non-Recurring Items, and measured as the cumulative annual growth rate over the three year performance period.		
	Level of performance achieved	**Evolution Earnings per share performance**	**% of Earnings Per Share Performance Rights vesting**
	Threshold	7% Per Annum Growth in EPS	33%
		Above 7% Per Annum Growth in EPS and below 11% Per Annum Growth in EPS	Straight-line pro-rata between 33% and 66%
	Target	11% Per Annum Growth in EPS	66%
		Above 11% Per Annum Growth in EPS and below 15% Per Annum Growth in EPS	Straight-line pro-rata between 66% and 100%
	Exceptional	Above 15% Per Annum Growth in EPS	100%

Remuneration Report (Audited) (continued)

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

(i) LTIP performance parameters (continued)

Component	Assessment		
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 2018, 30 June 2019 and 30 June 2020.		
	Level of performance achieved	**Evolution Growth in Ore Reserves per share performance**	**% of Growth in Ore Reserves Performance Rights vesting**
	Threshold	90% of Baseline Ore Reserves	33%
		Above 90% 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%

Directors' Report

Remuneration Report (Audited) (continued)

(f) ***Other Remuneration Information (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	10,470,058	2,229,965	-	-	12,700,023
Lawrie Conway	156,923	536,347	-	-	693,270
James Askew	757,289	16,298	-	-	773,587
Graham Freestone	114,207	16,298	-	-	130,505
Andrea Hall (i)	-	-	-	-	-
Colin Johnstone	108,969	16,298	-	-	125,267
Thomas McKeith	156,923	16,298	-	-	173,220
Naguib Sawiris (ii) (iii)	-	16,298	-	-	16,298
Sebastien de Montessus (iii)	-	16,298	-	-	16,298
Amr El Adawy (iv)	11,333	-	-	(11,333)	-
Key Management Personnel					
Aaron Colleran	667,836	-	-	(637,836)	30,000
Paul Eagle	280,842	-	-	(113,842)	167,000
Evan Elstein	449,095	411,200	-	(290,295)	570,000
Bob Fulker (v)	-	-	-	-	-
Mark Le Messurier (vi)	937,933	536,347	-	(121,538)	1,352,742
Glen Masterman	-	-	-	-	-
	14,111,408	**3,811,647**	**-**	**(1,174,844)**	**16,748,210**

(i) Andrea Hall was appointed into her role on 1 October 2017.

(ii) At 30 June 2018, La Mancha had a relevant interest in 253,891,807 Evolution shares, representing approximately 15% of Evolution's issued capital. Subsequent to the year end, it was announced that La Mancha had undertaken a block trade monetisation of shares, reducing its direct interest in Evolution to 9.6%.

(iii) Naguib Sawiris and Sebastien de Montessus resigned from their roles effective 1 August 2018.

(iv) Amr El Adawy resigned as Alternate Non-Executive Director on 19 April 2018.

(v) Bob Fulker was appointed into his role on 12 February 2018.

(vi) Mark Le Messurier resigned from his role effective 1 January 2018.

Directors' Report

Remuneration Report (Audited) (continued)

(f) *Other Remuneration Information (continued)*

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

Performance and Share Rights

	Balance at the start of the year	Granted as compen-sation	Converted	Lapsed	Other changes	At end of the year: Balance at the end of the year	Vested and exercisable	Unvested
Directors								
Jacob Klein	7,778,641	692,165	(2,229,965)	(428,590)	-	5,812,251	968,607	4,843,644
Lawrie Conway	1,177,637	369,050	(536,347)	(102,832)	-	907,508	232,400	675,108
James Askew	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Graham Freestone	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Andrea Hall (i)	-	16,697	-	-	-	16,697	-	16,697
Colin Johnstone	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Thomas McKeith	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Naguib Sawiris (ii)	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Sebastien de Montessus (ii)	16,298	16,697	(16,298)	-	-	16,697	-	16,697
Key Management Personnel								
Aaron Colleran	1,089,289	286,014	-	(95,280)	-	1,280,023	538,807	741,216
Paul Eagle	665,043	233,732	-	(52,559)	-	846,216	373,050	473,166
Evan Elstein	938,252	249,109	(411,200)	(84,551)	-	691,610	191,084	500,526
Bob Fulker (iii)	-	322,919	-	-	-	322,919	-	322,919
Mark Le Messurier (iv)	1,177,637	276,787	(536,347)	(102,832)	-	815,245	232,400	582,845
Glen Masterman	276,080	261,410	-	-	-	537,490	-	537,490
	13,200,367	**2,808,065**	**(3,811,647)**	**(866,644)**	**-**	**11,330,141**	**2,536,348**	**8,793,793**

(i) Andrea Hall was appointed into her role on 1 October 2017.
(ii) Naguib Sawiris and Sebastien de Montessus resigned from their roles effective 1 August 2018.
(iii) Bob Fulker was appointed into his role on 12 February 2018.
(iv) Mark Le Messurier resigned from his role effective 1 January 2018.

(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 2018 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 of 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. 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.

Directors' Report

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 25(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:

	2018 $	2017 $
Other assurance services		
PricewaterhouseCoopers firm:		
Assurance related services	**-**	140,413
Non PricewaterhouseCoopers audit firms		
Internal audit services	**168,971**	114,348
Other assurance services	**259,965**	20,000
Total remuneration for other assurance services	**428,936**	274,761
Taxation services		
PricewaterhouseCoopers firm:		
Tax compliance services	**-**	89,391
Tax advisory services	**8,670**	402,939
Non PricewaterhouseCoopers audit firms		
Tax compliance services	**397,215**	111,861
Tax advisory services	**254,242**	291,424
Total remuneration for taxation services	**660,127**	895,615
Total remuneration for non-audit services	**1,089,063**	1,170,376

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 39.

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

Andrea Hall
Chair of the Audit Committee

Sydney

Auditor's Independence Declaration

As lead auditor for the audit of Evolution Mining Limited for the year ended 30 June 2018, 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 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	30 June 2018 $'000	30 June 2017 $'000
Sales revenue	2	**1,540,433**	1,479,876
Cost of sales	2	**(1,140,472)**	(1,151,344)
Gross Profit		**399,961**	328,532
Interest income		**3,332**	1,519
Other income		**651**	776
Share based payments expense	24	**(8,491)**	(6,413)
Corporate and other administration costs	2	**(27,193)**	(28,728)
Transaction and integration costs	2	**866**	(6,987)
Loss on sale of subsidiary		**-**	(3,576)
Exploration and evaluation costs expensed		**(5,414)**	(12,645)
Finance costs	2	**(24,778)**	(35,194)
Profit before income tax expense		**338,934**	237,284
Income tax expense	3	**(75,546)**	(19,677)
Profit after income tax expense attributable to Owners of Evolution Mining Limited		**263,388**	217,607
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)	**(1,925)**	1,699
Changes in the fair value of cash flow hedges	11(b)	**-**	127
Exchange differences on translation of foreign operations	11(b)	**46**	(47)
Other comprehensive income, net of tax		**(1,879)**	1,779
Total comprehensive income		**261,509**	219,386
Total comprehensive income for the period is attributable to:			
Owners of Evolution Mining Limited		**261,509**	219,386
		261,509	219,386
		Cents	**Cents**
Earnings per share for profit attributable to Owners of Evolution Mining Limited:			
Basic earnings per share	4	**15.57**	13.28
Diluted earnings per share	4	**15.51**	13.23

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

Consolidated Balance Sheet

	Notes	30 June 2018 $'000	30 June 2017 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**323,226**	37,385
Trade and other receivables	12	**71,296**	63,119
Inventories	14	**264,221**	276,869
Total current assets		**658,743**	377,373
Non-current assets			
Inventories	14	**38,459**	827
Available-for-sale financial assets		**5,536**	4,962
Property, plant and equipment	7	**571,775**	741,189
Mine development and exploration	8	**1,743,752**	1,801,479
Deferred tax assets	17	**419**	16,448
Other non-current assets	15	**37,632**	3,191
Total non-current assets		**2,397,573**	2,568,096
Total assets		**3,056,316**	2,945,469
LIABILITIES			
Current liabilities			
Trade and other payables	13	**152,367**	156,627
Interest bearing liabilities	10	**93,496**	53,401
Current tax liabilities		**47,312**	36,214
Provisions	16	**32,085**	30,173
Other current liabilities		**63**	3,206
Total current liabilities		**325,323**	279,621
Non-current liabilities			
Interest bearing liabilities	10	**292,470**	382,723
Provisions	16	**150,129**	154,873
Total non-current liabilities		**442,599**	537,596
Total liabilities		**767,922**	817,217
Net assets		**2,288,394**	2,128,252
EQUITY			
Issued capital	11(a)	**2,183,727**	2,183,727
Reserves	11(b)	**45,407**	38,795
Retained earnings/(Accumulated losses)	11(c)	**59,260**	(94,270)
Capital and reserves attributable to owners of Evolution Mining Limited		**2,288,394**	2,128,252
Total equity		**2,288,394**	2,128,252

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

Consolidated Statement of Changes in Equity

	Notes	Issued capital $'000	Share-based payments $'000	Fair value revaluation reserve $'000	Cash flow hedges $'000	Foreign currency translation $'000	Retained earnings $'000	Total equity $'000
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 hedge		-	-	-	127	-	-	127
Exchange differences on translation of foreign operations		-	-	-	-	(47)	-	(47)
Total comprehensive income		**-**	**-**	**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	24	-	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**
Balance at 1 July 2017		2,183,727	37,149	1,589	-	57	(94,270)	2,128,252
Profit after income tax expense		-	-	-	-	-	263,388	263,388
Fair value loss on avaible-for-sale financial assets, net of tax		-	-	(1,925)	-	-	-	(1,925)
Exchange differences on translation of foreign operations		-	-	-	-	46	-	46
Total comprehensive expense		**-**	**-**	**(1,925)**	**-**	**46**	**263,388**	**261,509**
Transactions with owners in their capacity as owners:								
Dividends provided for or paid		-	-	-	-	-	(109,858)	(109,858)
Recognition of share-based payments		-	8,491	-	-	-	-	8,491
		-	8,491	-	-	-	(109,858)	(101,367)
Balance at 30 June 2018		**2,183,727**	**45,640**	**(336)**	**-**	**103**	**59,260**	**2,288,394**

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

Consolidated Statement of Cash Flows

	Notes	30 June 2018 $'000	30 June 2017 $'000
Cash flows from operating activities			
Receipts from sales		**1,554,951**	1,441,275
Payments to suppliers and employees		**(775,032)**	(768,279)
Other income		**651**	776
Interest received		**2,510**	1,519
Interest paid		**(20,495)**	(24,496)
Income taxes paid		**(48,419)**	-
Net cash inflow from operating activities	6(a)	**714,166**	650,795
Cash flows from investing activities			
Payments for property, plant and equipment		**(116,053)**	(91,041)
Payments for mine development and exploration		**(191,875)**	(181,267)
Proceeds from sale of property, plant and equipment		**595**	1,820
Proceeds from sale of subsidiary		**40,000**	40,688
Cash disposed on sale of subsidiary		**(13)**	-
Payments for transaction and integration costs		**(438)**	(3,045)
Transfer from term deposits		**-**	(3)
Transaction costs related to business disposal		**-**	(3,942)
Payments for Available-for-sale financial assets		**(2,500)**	-
Payment for economic interest in Ernest Henry		**-**	(884,004)
Net cash outflow from investing activities		**(270,284)**	(1,120,794)
Cash flows from financing activities			
Proceeds from interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**-**	475,000
Repayment of interest bearing liabilities - Senior Secured Syndicated Revolving and Term Facility		**(40,000)**	(325,000)
Repayment of short term borrowings		**(84,330)**	(163,232)
Proceeds from short term borrowings		**77,460**	161,630
Payment of finance lease liabilities		**(1,344)**	(8,316)
Dividends paid		**(109,873)**	(52,419)
Proceeds from issues of shares		**-**	408,808
Payment of transaction costs for issuing shares		**-**	(6,315)
Net cash inflow from financing activities		**(158,087)**	490,156
Net increase/ in cash and cash equivalents		**285,795**	20,157
Cash and cash equivalents at the beginning of the period		**37,385**	17,295
Effects of exchange rate changes on cash and cash equivalents		**46**	(67)
Cash and cash equivalents at end of period	9	**323,226**	37,385

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

Notes to the Consolidated Financial Statements

Contents of the Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

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 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.

(b) Segment information

The segment information for the reportable segments for the year ended 30 June 2018 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 2018											
Revenue	422,858	191,062	214,844	179,387	37,171	147,708	347,403	-	-	-	**1,540,433**
EBITDA	234,225	67,331	136,503	93,006	2,629	70,210	230,976	-	(5,414)	(34,383)	**795,083**
Sustaining Capital	39,697	9,935	9,866	8,574	1,599	19,601	11,618	-	-	1,619	**102,509**
Major Capital	84,923	36,611	21,009	10,924	3,072	14,451	-	-	-	-	**170,990**
Total Capital	124,620	46,546	30,875	19,498	4,671	34,052	11,618	-	-	1,619	**273,499**

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**
Total Capital	70,929	36,727	29,191	33,313	30,760	31,630	6,066	6,380	-	1,035	**246,031**

Notes to the Consolidated Financial Statements

1 Performance by Mine (continued)

(c) Segment reconciliation

	30 June 2018 $'000	30 June 2017 $'000
Reconciliation of profit before income tax expense		
EBITDA	**795,083**	713,855
Depreciation and amortisation	**(405,230)**	(388,824)
Interest income	**3,332**	1,519
Acquisition and integration costs	**866**	(6,987)
Fair value amortisation expense	**(33,481)**	(45,035)
Fair value unwinding expense	**3,142**	1,526
Finance costs	**(24,778)**	(35,194)
Loss on sale of subsidiary	**-**	(3,576)
Profit before income tax expense	**338,934**	237,284

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 business decision maker, consists of the Executive Chairman and the Senior Leadership Team (KMP).

2 Revenue and Expenses

	30 June 2018 $'000	30 June 2017 $'000
Sales revenue		
Gold sales	**1,312,640**	1,341,311
Silver sales	**21,049**	25,164
Copper sales	**206,744**	113,401
	1,540,433	1,479,876

	30 June 2018 $'000	30 June 2017 $'000
Cost of sales		
Mine operating costs	**639,609**	657,258
Royalty and other selling costs	**65,944**	62,480
Depreciation and amortisation expense	**404,580**	388,097
Fair value amortisation	**33,481**	45,035
Fair value gain	**(3,142)**	(1,526)
	1,140,472	1,151,344

Notes to the Consolidated Financial Statements

2 Revenue and Expenses (continued)

	30 June 2018 $'000	30 June 2017 $'000
Corporate and other administration costs		
Depreciation and amortisation expense	**650**	727
Corporate overheads	**26,543**	28,001
	27,193	28,728
Transaction and integration costs		
Contractor, consultants and advisory expense	**724**	2,998
Corporate and administration expense	**978**	944
Stamp duty on business combinations	**(2,568)**	3,045
	(866)	6,987
Finance costs		
Finance lease interest expense	**19**	338
Amortisation of debt establishment costs	**740**	7,444
Unwinding of discount on provisions	**3,544**	3,254
Interest expense	**20,475**	24,158
	24,778	35,194
Depreciation and amortisation		
Cost of sales (excluding Ernest Henry)	**278,911**	323,195
Cost of sales (Ernest Henry)	**125,669**	64,902
Corporate and other administration costs	**650**	727
	405,230	388,824

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.

Notes to the Consolidated Financial Statements

3 Income tax expense

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.

(a) Income tax expense

	30 June 2018 $'000	30 June 2017 $'000
Current tax on profits for the period	**85,490**	36,214
Deferred tax	**(4,433)**	3,863
Previously unrecognised tax loss now recognised	**-**	(20,400)
Adjustments for current tax of prior periods	**(5,511)**	-
	75,546	19,677

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

	30 June 2018 $'000	30 June 2017 $'000
Profit before income tax	**338,933**	237,284
Tax at the Australian tax rate of 30%	**101,680**	71,185
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Costs of business acquisitions	**-**	982
Deferred tax expense on sale of subsidiary	**4,165**	-
Adjustments for current tax of prior periods	**(5,511)**	-
Share-based payments	**2,547**	1,924
Loss on sale of subsidiary	**-**	1,073
Other	**(689)**	2,257
Temporary differences now recognised to reduce deferred tax expense	**(12,993)**	-
Tax loss recognised to reduce deferred tax expense	**(4,544)**	(20,400)
Tax losses used to reduce current tax expense	**(9,109)**	(37,344)
Income tax expense	**75,546**	19,677

4 Earnings per share

(a) Earnings per share

	30 June 2018 Cents	30 June 2017 Cents
Basic earnings per share (cents)	**15.57**	13.28
Diluted earnings per share (cents)	**15.51**	13.23

Notes to the Consolidated Financial Statements

4 Earnings per share (continued)

(b) Earnings used in calculating earnings per share

	30 June 2018 $'000	30 June 2017 $'000
Earnings per share used in the calculation of basic and diluted earnings per share:		
Profit after income tax attributable to the owners of the parent	**263,388**	217,607

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

	2018 Number	2017 Number
Weighted average number of ordinary shares used in calculating the basic earnings per share	**1,691,215,407**	1,638,875,242
Effect of dilutive securities (i)	**6,419,798**	5,584,134
Adjusted weighted average number of ordinary shares used in calculating the diluted earnings per share	**1,697,635,205**	1,644,459,376

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

5 Dividends

(a) Ordinary shares

	30 June 2018 $'000	30 June 2017 $'000
Interim dividend - 2018		
Interim dividend for the year ended 30 June 2018 of 3.5 cents per share fully franked (30 June 2017: 2 cent per share unfranked) per fully paid share paid on 30 March 2018	**59,180**	33,595
Final dividend - 2017		
Final dividend for the year ended 30 June 2017 of 3 cents per share fully franked (30 June 2016: 2 cent per share unfranked) per fully paid share paid on 26 September 2017	**50,678**	29,365
	109,858	62,960

(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 final dividend for 2018 has been calculated accordingly.

Notes to the Consolidated Financial Statements

5 Dividends (continued)

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

	30 June 2018 $'000	30 June 2017 $'000
In addition to the above dividends, since period end the Directors have recommended the payment of a fully franked final dividend of 4.0 cents per fully paid ordinary share (30 June 2017: 3 cents fully franked). The aggregate amount of the proposed dividend expected to be paid on 28 September 2018 out of retained earnings at 30 June 2018, but not recognised as a liability at period end, is	**67,704**	50,484

(c) Franked dividends

The final dividend recommended after 30 June 2018 will be fully franked out of franking credits expected to arise from the payment of income tax during the year ending 30 June 2019. The franking account balance at the end of the financial year is $1.3 million (30 June 2017: nil)

6 Other cash flow information

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

	30 June 2018 $'000	30 June 2017 $'000
Profit after income tax	**263,388**	217,607
Transaction and integration costs	**(866)**	6,987
Fair value amortisation and expense	**30,339**	43,509
Depreciation and amortisation	**404,650**	388,824
Unwind of discount on provisions	**3,544**	3,254
Amortisation of debt establishment costs	**740**	7,444
Share-based payments expense	**8,491**	6,413
Exploration and evaluation costs expensed	**5,414**	12,645
Income tax expense	**75,546**	-
Loss on sale of subsidiary	**-**	3,576
Timing difference on settlement of Ernest Henry sales/ costs	**(76)**	16,887
Change in operating assets and liabilities:		
Increase in operating receivables	**(9,509)**	(36,237)
Increase in inventories	**(26,728)**	(41,586)
Increase in operating payables	**8,179**	4,957
Increase in current and deferred tax balances	**(48,419)**	19,677
Increase in borrowing costs	**(2,684)**	(7,857)
Increase in other provisions	**2,157**	4,695
Net cash inflow from operating activities	**714,166**	650,795

Notes to the Consolidated Financial Statements

6 Other cash flow information (continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	30 June 2018 $'000	30 June 2017 $'000
Net debt		
Cash and cash equivalents	**323,226**	37,385
Bank loans	**(395,000)**	(435,000)
Net bank debt	**(71,774)**	(397,615)
Available-for-sale financial assets	**5,536**	4,961
Finance lease liabilities	**-**	(1,344)
Net debt	**(66,238)**	(393,998)

	Cash and cash equivalent $'000	Available-for-sale (i) $'000	Finance leases due within 1 year $'000	Bank loans due within 1 year $'000	Bank loans due after 1 year $'000	Total $'000
Year ended 30 June 2017						
Net debt at the beginning of the year	17,295	3,263	(8,316)	-	(285,000)	(272,758)
Cash flows	20,157	-	6,972	(50,000)	(100,000)	(122,871)
Foreign exchange adjustments	(67)	-	-	-	-	(67)
Other non-cash movements	-	1,698	-	-	-	1,698
Net debt as at end of the year	**37,385**	**4,961**	**(1,344)**	**(50,000)**	**(385,000)**	**(393,998)**
Year ended 30 June 2018						
Net debt at the beginning of the year	37,385	4,961	(1,344)	(50,000)	(385,000)	(393,998)
Cash flows	285,794	-	1,344	(45,000)	85,000	327,138
Foreign exchange adjustments	47	-	-	-	-	47
Other non-cash movements	-	575	-	-	-	575
Net debt at the end of the year	**323,226**	**5,536**	**-**	**(95,000)**	**(300,000)**	**(66,238)**

(i) Available-for-sale comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

Notes to the Consolidated Financial Statements

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 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
Year ended 30 June 2018			
Carrying amount at beginning of year	16,841	724,348	741,189
Additions	-	116,053	116,053
Reclassification	-	(90,578)	(90,578)
Disposals	-	(595)	(595)
Depreciation	-	(117,563)	(117,563)
Depreciation relating to fair value uplift on business combinations	-	(4,608)	(4,608)
Disposal of subsidiary	(2,580)	(69,543)	(72,123)
Carrying amount at the end of the year	14,261	557,514	571,775
At 30 June 2018			
Cost	14,261	1,590,847	1,605,108
Accumulated depreciation	-	(1,033,333)	(1,033,333)
Net carrying amount	14,261	557,514	571,775
Included in above			
Assets in the course of construction	-	103,445	103,445

Notes to the Consolidated Financial Statements

7 Property, plant and equipment (continued)

	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 beginning of year	10,526	779,244	789,770
Additions	4,258	86,783	91,041
Reclassification	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
Assets in the course of construction	-	67,352	67,352
	-	70,304	70,304

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.

Depreciation

Depreciation of plant and equipment is calculated using either the straight line or units of production 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 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
Year ended 30 June 2018			
Carrying amount at beginning of year	1,673,351	128,128	1,801,479
Additions	176,772	31,014	207,786
Amortisation	(287,668)	-	(287,668)
Amortisation recognised in inventory	(580)	-	(580)
Amortisation relating to fair value uplift on business combinations	(28,873)	-	(28,873)
Asset write-off	-	(5,410)	(5,410)
Reclassifications	91,837	(1,259)	90,578
Disposal of subsidiary	(20,108)	(172)	(20,280)
Reclassification to long term inventory	(13,280)	-	(13,280)
Carrying amount at the end of the year	1,591,451	152,301	1,743,752
At 30 June 2018			
Cost	3,085,507	152,301	3,237,808
Accumulated amortisation	(1,494,056)	-	(1,494,056)
Net carrying amount	1,591,451	152,301	1,743,752

8 Mine development and exploration (continued)

	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 beginning of year	947,835	110,338	1,058,173
Additions	151,500	30,473	181,973
Amortisation	(256,748)	-	(256,748)
Acquisition of economic interest in Ernest Henry Operation (i)	884,004	-	884,004
Amortisation recognised in inventory	(13,990)	-	(13,990)
Amortisation relating to fair value uplift on business combinations	(39,574)	-	(39,574)
Exchange differences	-	21	21
Asset write-off	-	(12,645)	(12,645)
Reclassifications	324	(59)	265
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 22 for information on the Ernest Henry transaction and financial results for the year ended 30 June 2018.

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;
  - 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.

8 Mine development and exploration (continued)

Recognition and measurement

Producing mines - deferred stripping

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.

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.

8 Mine development and exploration (continued)

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.

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.

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.

Notes to the Consolidated Financial Statements

Capital Structure and Financing

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

9 Cash and cash equivalents

	30 June 2018 $'000	30 June 2017 $'000
Current assets		
Cash at bank	**323,226**	37,385
	323,226	37,385

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 2018 $'000	30 June 2017 $'000
Current liabilities		
Bank loans	**95,000**	50,000
Less: Borrowing costs	**(1,504)**	(4,813)
Finance lease liabilities	**-**	1,344
Other borrowings	**-**	6,870
	93,496	53,401
Non-current liabilities		
Bank loans	**300,000**	385,000
Less: Borrowing costs	**(7,530)**	(2,277)
	292,470	382,723

In September 2017, the Group repaid the outstanding balance of $40.0 million on the Senior Secured Term Loan ("Facility B") in anticipation of the up-front cash payment to be received on the sale of the Edna May Operation. The Senior Secured Revolving Loan ("Facility A") remained undrawn during the year.

In March 2018, the Group successfully renewed the Senior Secured Revolving Loan (“Facility A”) and the Performance Bond Facility (“Facility C”) through until July 2021 for $350.0 million and $175.0 million respectively (previously $300.0 million and $155.0 million respectively). The expiry on the Senior Secured Term Loan (“Facility D”) remains unchanged at October 2021. The renewal of the debt facilities has secured a saving of approximately $6 million over the term of the loans compared to the previous pricing.

10 Interest bearing liabilities (continued)

The repayment periods and the outstanding balances as at 30 June 2018 on each Facility are set out below:

	Term date	Outstanding balance
Senior Secured Revolving Loan - Facility A ($350.0 million)	31 July 2021	$ nil
Performance Bond Facility - Facility C	31 July 2021	$132 million
Senior Secured Term Loan - Facility D	15 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 $1.952 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.

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 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 under Employee Share Scheme (i)	511,192	-
Shares issued on exercise of unlisted share options	4,178,661	7,249
Less: share issue costs	-	(6,315)
Balance at 30 June 2017	1,682,798,626	2,183,727
Shares issued on vesting of performance rights	9,214,401	-
Shares issued under Employee Share Scheme (i)	501,234	-
Shares issued under NED Equity Plan	97,788	-
Balance at 30 June 2018	1,692,612,049	2,183,727

(i) Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in note 24.

Notes to the Consolidated Financial Statements

11 Equity and reserves (continued)

(a) Contributed equity (continued)

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.

(b) Other reserves

	Notes	30 June 2018 $'000	30 June 2017 $'000
Fair value revaluation reserve		**(336)**	1,589
Share-based payments		**45,640**	37,149
Other reserves		**103**	57
		45,407	38,795
Movements:			
Fair value revaluation reserve			
Balance at the beginning of the year		**1,589**	(110)
Change in fair value of available-for-sale financial assets		**(1,925)**	1,699
Balance at the end of the year		**(336)**	1,589
Cash flow hedges			
Balance at the beginning of the year		**-**	(127)
Change in the fair value of cash flow hedges		**-**	127
Balance at the end of the year		**-**	-
Share-based payments			
Balance at the beginning of the year		**37,149**	29,496
Share based payments expense	24	**8,491**	7,653
Balance at the end of the year		**45,640**	37,149
Foreign currency translation			
Balance at the beginning of the year		**57**	104
Currency translation differences arising during the year		**46**	(47)
Balance at the end of the year		**103**	57

(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.

Notes to the Consolidated Financial Statements

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 24 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 2018 $'000	30 June 2017 $'000
Balance at the beginning of the year		**(94,270)**	(248,917)
Net profit for the period		**263,388**	217,607
Dividends paid	5	**(109,858)**	(62,960)
Balance at the end of the year		**59,260**	(94,270)

12 Trade and other receivables

	30 June 2018 $'000	30 June 2017 $'000
Current assets		
Trade receivables (i)	**60,394**	53,534
GST refundable	**3,501**	4,349
Prepayments	**5,386**	3,296
Other receivables	**2,015**	1,940
	71,296	63,119

(i) Trade receivables includes accrued income of $46.897 million (30 June 2017: $40.263 million) relating to silver and copper sales from April to June 2018 production for Ernest Henry. These amounts are to be settled in July to September 2018. Refer to note 22 for further information on the transaction and the financial results for the year ended 30 June 2018.

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.

Notes to the Consolidated Financial Statements

13 Trade and other payables

	30 June 2018 $'000	30 June 2017 $'000
Current liabilities		
Trade creditors and accruals (i)	**123,889**	132,073
Other payables	**28,478**	24,554
	152,367	156,627

(i) Trade creditors and accruals include accrued costs of $29.157 million (30 June 2017: $29.522 million) relating to the Group's share of production costs for April to June 2018 for Ernest Henry. These amounts are to be settled in July to September 2018. Refer to note 22 for further information on the transaction and the financial results for the year ended 30 June 2018.

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 2018 $'000	30 June 2017 $'000
Current		
Stores	**43,334**	46,946
Ore	**166,820**	175,302
Doré and concentrate	**6,055**	8,088
Metal in circuit	**21,867**	21,323
Metal in transit	**26,145**	25,210
Total current inventories	**264,221**	276,869
Non-current		
Stores	**-**	827
Ore	**38,459**	-
Total non-current inventories	**38,459**	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. If the stockpile is not expected to be processed within 12 months after reporting date, it is included in non-current assets.

Notes to the Consolidated Financial Statements

14 Inventories (continued)

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 2018 was $6.128 million (30 June 2017: $9.117 million).

15 Other non-current assets

	30 June 2018 $'000	30 June 2017 $'000
Non-current assets -Other		
Contingent consideration attributable to the Pajingo Operation	**3,100**	3,100
Contingent consideration attributable to the Edna May Operation	**34,441**	-
Other	**91**	91
Total other non-assets	**37,632**	3,191

Contingent consideration amounts classified as a financial asset are remeasured to fair value with changes in fair value recognised in profit or loss. No fair value gains or losses have been recognised in profit or loss during the year.

16 Provisions

	30 June 2018 $'000	30 June 2017 $'000
Current		
Employee entitlements	**32,085**	30,173
	32,085	30,173
Non-current		
Employee entitlements	**2,935**	5,298
Rehabilitation provision	**146,988**	149,372
Other long term provision	**206**	203
	150,129	154,873
Total provisions	**182,214**	185,046

Notes to the Consolidated Financial Statements

16 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 2018				
Carrying amount at the beginning of the year	35,471	149,372	203	185,046
Charged to profit or loss				
- unwinding of discount	-	3,544	-	3,544
- provision recognised	3,099	(944)	-	2,155
Re-measurement of provision	-	16,000	3	16,003
Disposal of subsidiary	(3,550)	(20,984)	-	(24,534)
Carrying amount at the end of the year	35,020	146,988	206	182,214
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
- provision recognised	4,489	(814)	-	3,675
Re-measurement of provision	-	1,066	3	1,069
Carrying amount at the end of the year	35,471	149,372	203	185,046

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.

Rehabilitation

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

Notes to the Consolidated Financial Statements

16 Provisions (continued)

Recognition and measurement (continued)

Rehabilitation

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.

17 Deferred tax balances

(a) Recognised deferred tax balances

	30 June 2018 $'000	30 June 2017 $'000
Inventories	**31,836**	31,897
Exploration and evaluation expenditure	**(32,710)**	(24,664)
Property, plant and equipment	**(13,849)**	(6,080)
Mine development	**(52,539)**	(61,244)
Employee benefits	**10,506**	10,644
Provisions	**44,158**	44,812
Share issue costs	**1,088**	2,168
Other	**(1,661)**	(1,485)
Deferred tax balances from temporary differences	**(13,171)**	(3,952)
Tax losses carried forward	**13,590**	20,400
Deferred tax assets/(liabilities)	**419**	16,448

Notes to the Consolidated Financial Statements

17 Deferred tax balances (continued)

(b) Movement in deferred tax balances during the year

	Balance at 1 July 2017 $'000	Recognised in profit or loss $'000	Utilised to reduce tax liability $'000	Balance at 30 June 2018 $'000
Inventories	31,897	(61)	-	31,836
Exploration and evaluation expenditure	(24,663)	(8,047)	-	(32,710)
Property, plant and equipment	(6,079)	(7,770)	-	(13,849)
Mine development	(61,244)	8,705	-	(52,539)
Employee benefits	10,644	(138)	-	10,506
Provisions	44,811	(653)	-	44,158
Share issue costs	2,168	(1,080)	-	1,088
Tax losses carried forward	20,400	13,654	(20,463)	13,591
Other	(1,486)	(176)	-	(1,662)
Deferred tax assets	16,448	4,434	(20,463)	419

(c) Tax losses

The Group has unrecognised available tax losses of $33.382 million as at 30 June 2018. These tax losses have not been recognised due to the uncertainty of their recoverability in future periods.

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.

Notes to the Consolidated Financial Statements

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.

18 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 2018 $'000	30 June 2017 $'000
Financial Assets		
Cash and cash equivalents	**323,226**	37,385
Trade and other receivables (excluding GST refundable)	**67,795**	58,770
Available-for-sale financial assets	**5,536**	4,962
	396,557	101,117
Financial Liabilities		
Trade and other payables	**152,367**	156,627
Interest bearing liabilities	**385,966**	436,124
	538,333	592,751

(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.

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.

18 Financial risk management (continued)

(a) Derivatives (continued)

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 no derivative financial instruments at 30 June 2018 (nil for 2017).

(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 2018, the Group held US$0.766 million (30 June 2017: US$4.634 million) in US dollar currency bank accounts, outstanding receivables of US$6.875 million (30 June 2017: US$8.252 million) relating to the Mt Carlton operation and US$34.661 million (30 June 2017: US$30.970 million) relating to Ernest Henry. An increase/decrease in AUD:USD foreign exchange rates of 5% will result in a $38,280 (30 June 2017: $231,700) increase/decrease in US dollar currency bank account balances and a $2,076,815 (30 June 2017: $1,961,100) increase/decrease in US dollar receivables.

The Group also held NZ$ nil (30 June 2017: NZ$0.041 million) in a NZ dollar currency bank account.

(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 2018 covering sales of 250,000 oz (30 June 2017: 458,495 oz) of gold at an average flat forward price of $1,711 (30 June 2017: $1,645). An increase/decrease in market share prices on available-for-sale assets of 10% will result in a $553,643 (30 June 2017: $496,107) 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 2018, the Group held interest bearing liabilities of $395 million (30 June 2017: $435 million) which incurs interest at a variable rate. An increase/decrease of variable interest rates of 0.25% will result in a $1.849 million (30 June 2017: 0.25%, $1.658million) 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 cash and investment securities held with banks. 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 2018 was $71.296 million (30 June 2017: $63.119 million). Cash and cash equivalents at 30 June 2018 were $323.2 million (30 June 2017: $37.4 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.

Notes to the Consolidated Financial Statements

18 Financial risk management (continued)

(d) Liquidity risk (continued)

(i) Financing arrangements

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

	30 June 2018 $'000	30 June 2017 $'000
Bank loans - revolving credit facility		
Expiring beyond one year	**350,000**	300,000
	350,000	300,000

(ii) Maturities of financial liabilities

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

- 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 2018						
Non-derivatives						
Trade and other payables	**152,367**	**-**	**-**	**-**	**152,367**	**152,367**
Finance lease liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Other borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Bank loans	**109,826**	**119,873**	**195,858**	**-**	**425,557**	**395,000**
	262,193	**119,873**	**195,858**	**-**	**577,924**	**547,367**
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

18 Financial risk management (continued)

(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.

(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.

19 Contingent liabilities and contingent assets

(a) Contingent liabilities

The Group had contingent liabilities at 30 June 2018 in respect of:

(i) Claims

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

(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 2018. The total of these guarantees at 30 June 2018 was $132.356 million with various financial institutions (30 June 2017: $125.183 million).

20 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 2018 $'000	**30 June 2017 $'000**
Within one year	**10,479**	7,529
Later than one year but not later than five years	**30,756**	15,873
Later than five years	**40,236**	31,707
	81,471	55,109

Notes to the Consolidated Financial Statements

20 Commitments (continued)

(a) Capital and lease commitments

(ii) Capital commitments

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

	30 June 2018 $'000	30 June 2017 $'000
Within one year	**17,619**	26,227
	17,619	26,227

(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 2018 $'000	30 June 2017 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**14,576**	23,209
Later than one year but not later than five years	**9,355**	5,231
Later than five years	**1,145**	-
	25,076	28,440

(b) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
As at 30 June 2018			
Within one year	**150,000**	**1,694**	**254,037**
Later than one year but not greater than five years	**100,000**	**1,737**	**173,667**
	250,000		**427,704**
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

Notes to the Consolidated Financial Statements

20 Commitments (continued)

(b) Gold delivery commitments

The counterparties to the physical gold delivery contracts are Australia and New Zealand Banking Group Limited ("ANZ"), National Australia Bank Limited ("NAB"), 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.

21 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) Restructure of Ownership of Castle Hill Gold Deposit

On 18 July, the Company reached an agreement to terminate Norton Gold Field’s right to mine and process ore from the Castle Hill deposit. This provides Evolution with full ownership and unfettered access to the deposit located 25km from the Mungari processing facility. Castle Hill is estimated to contain Ore Reserves of 236,000oz which will provide a material extension to the operating life at Mungari. Evolution will pay an initial up-front cash payment of $12 million (paid 31 July 2018), a further $3 million six months after completion of the transaction and a 2% net smelter royalty over the first 38,000oz of gold production from certain tenements within the Castle Hill deposit area.

(b) Resignation of La Mancha Directors

On 26 July, it was announced that La Mancha had undertaken a block trade monetisation of shares reducing its direct interest in Evolution to 9.6%. In accordance with the terms of the Share Sale Agreement signed between Evolution and La Mancha in April 2015, La Mancha had the right to nominate Directors to the Board of Evolution provided that it held more than 10.0% of the shares on issue in Evolution. La Mancha's nominee Directors, Mr Naguib Sawiris, Mr Sebastian de Montessus and their Alternate Director, Mr Andrew Wray resigned from the Board of Directors of Evolution effective 1 August 2018.

Notes to the Consolidated Financial Statements

Other Information

This section covers additional financial information and mandatory disclosures.

22 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 up-front payment of $880 million. This $880 million up-front 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 up-front payment, the Group must also contribute 30% of future production costs in respect of the life of mine area.

The Group has agreed to an ongoing obligation to pay an amount equal to 49% of development and production costs in return for 49% of future copper, gold and silver production from new reserves extending beyond the mine life at acquisition date.

(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 2018 $'000	**30 June 2017 $'000**
Revenue (note 2)	**347,403**	163,342
Cost of sales (excluding amortisation)	**(116,427)**	(64,108)
Amortisation	**(125,669)**	(64,902)
Profit before income tax	**105,307**	34,332

Notes to the Consolidated Financial Statements

22 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 2018 $'000	30 June 2017 $'000
Assets		
Trade and other receivables	**46,897**	40,263
Inventories	**26,145**	25,210
Mine Development	**696,548**	811,178
Total assets	**769,590**	876,651
Liabilities		
Trade and other payables	**29,157**	29,522
Total liabilities	**29,157**	29,522
Net assets	**740,433**	847,129

23 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 27.

(c) Key management personnel compensation

	30 June 2018 $	30 June 2017 $
Short-term employee benefits	**7,888,131**	6,907,351
Post-employment benefits	**168,858**	156,931
Share-based payments	**4,646,895**	2,939,830
	12,703,884	10,004,112

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 36.

Notes to the Consolidated Financial Statements

23 Related party transactions (continued)

(d) Transactions with other related parties

Directors fees in the amount of $115,000 were paid to International Mining and Finance Corp, a company of which Mr James Askew is a Director for services provided during the period (30 June 2017:$113,750).

Directors fees in the amount of $300,000 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 2017: $200,000).

Directors fees in the amount of $135,000 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 2017: $137,748).

Directors fees in the amount of $95,000 were paid to Mr Naguib Sawiris as a Director for services provided during the period (30 June 2017: $95,000).

Directors fees in the amount of $105,000 were paid to Mr Sebastien de Montessus as a Director for services provided during the period (30 June 2017: $104,375).

24 Share-based payments

(a) Types of share based payment plans

The Group has two Option and Performance Rights plans in existence:

(1) Employee Share Option and Performance Rights Plan (ESOP)

The ESOP was established and approved at the Annual General Meeting on 23 November 2010, and amended on 19 October 2011. The latest plan was approved at the Annual General Meeting on 26 November 2014 and permits the Company, at the discretion of the Directors, to grant both Options and Performance Rights over unissued ordinary shares of the Company to eligible Directors and members of staff as specified in the plan rules.

(2) 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 NED Share Rights as part of their remuneration.

(b) Recognised share based payment expenses

	30 June 2018 $'000	30 June 2017 $'000
Expense arising from equity settled share based payment transactions recognised in profit and loss	**8,491**	6,413

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

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

	2018 Number	2017 Number
Outstanding balance at the beginning of the year	97,788	-
Share Rights granted	116,879	97,788
Vested	(97,788)	-
Lapsed	-	-
Forfeited	-	-
Outstanding balance at the end of the year	**116,879**	**97,788**

24 Share-based payments (continued)

(c) Summary and movement of NED Share Rights on issue (continued)

There were 116,879 Share Rights granted during the 2018 financial year. Provided the NEDs remain directors of Evolution, Share Rights will vest and automatically exercise 12 months after the grant date of 23 November 2017.

(d) Fair value determination

During the year, the Company issued two allotments of performance rights that will vest on 30 June 2020. 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 2020.

(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 2020.

(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 granted for the period:

	TSR	Absolute TSR	Growth in EPS	Growth in Ore Reserves
September 2017 Performance Rights issue				
Number of rights issued	1,516,766	1,516,766	1,516,766	1,516,766
Spot price ($)	2.410	2.410	2.410	2.410
Risk-free rate (%)	2.05	2.05	2.05	2.05
Term (years)	2.8	2.8	2.8	2.8
Volatility (%)	58	58	58	58
Fair value at grant date ($)	1.51	1.28	2.26	2.26
February 2018 Performance Rights issue				
Number of rights issued	130,627	130,627	130,627	130,627
Spot price ($)	2.810	2.810	2.810	2.810
Risk-free rate (%)	2.05	2.05	2.05	2.05
Term (years)	2.4	2.4	2.4	2.4
Volatility (%)	53	53	53	53
Fair value at grant date ($)	1.85	1.55	2.66	2.66

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.

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).

Notes to the Consolidated Financial Statements

24 Share-based payments (continued)

Recognition and measurement (continued)

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.

25 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

	2018 $	2017 $
Audit and other assurance services		
Audit and review of financial statements	**510,920**	511,940
Other assurance services		
Assurance related services	**-**	140,413
Total remuneration for audit and other assurance services	**510,920**	652,353
Taxation services		
Tax compliance services	**-**	89,391
Tax advisory services	**8,670**	402,939
Total remuneration for taxation services	**8,670**	492,330
Total remuneration of PricewaterhouseCoopers	**519,590**	1,144,683

Notes to the Consolidated Financial Statements

25 Remuneration of auditors (continued)

(b) Non-PricewaterhouseCoopers related audit firms

	2018 $	2017 $
Audit and other assurance services		
Other assurance services		
Internal audit services	**168,971**	114,348
Other assurance services	**259,965**	20,000
Total remuneration for audit and other assurance services	**428,936**	134,348
Taxation services		
Tax compliance services	**397,215**	111,861
Tax advisory services	**254,242**	291,424
Total remuneration for taxation services	**651,457**	403,285
Total remuneration of non-PricewaterhouseCoopers audit firms	**1,080,393**	537,633
Total auditors' remuneration	**1,599,983**	1,682,316

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 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.

26 Deed of cross guarantee

Evolution Mining Limited and those entities identified in note 27 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 2018 of the closed group is equal to the Consolidated Balance Sheet, Consolidated Statement of Profit or Loss and Other Comprehensive Income, and Consolidated Statement of Changes in Equity of the Group.

Notes to the Consolidated Financial Statements

27 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 2018 %	Equity holding 2017 %
Evolution Mining Management Services Pty Ltd	Australia	Ordinary	**100**	100
Conquest Mining Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Edna May Ops Pty Ltd (i) (ii)	Australia	Ordinary	**-**	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
Evolution Mining Mungari Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
Toledo Holding (Ausco) Pty Ltd (i)	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**	100
Evolution Mining (Connors Arc) Pty Ltd (i) (ii)	Australia	Ordinary	**100**	-
Evolution Mining (Canada Holdings) Ltd (ii)	Canada	Ordinary	**100**	-
Evolution Mining Management Services (Canada) Ltd (ii)	Canada	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 26.

(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.

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.

Notes to the Consolidated Financial Statements

28 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 2018 $'000	30 June 2017 $'000
Balance sheet		
Assets		
Current assets	**316,591**	27,659
Non-current assets	**2,065,188**	2,385,766
Total assets	**2,381,779**	2,413,425
Liabilities		
Current liabilities	**158,438**	101,283
Non-current liabilities	**294,284**	406,690
Total liabilities	**452,722**	507,973
Net assets	**1,929,057**	1,905,452
Shareholders' equity		
Issued capital	**2,183,727**	2,183,727
Reserves		
Fair Value revaluation reserve	**1,131**	3,042
Share based payment reserve	**45,566**	37,075
Accumulated losses	**(301,367)**	(318,392)
Total equity	**1,929,057**	1,905,452
Statement of Profit or Loss and Other Comprehensive Income		
Profit for the year	**126,882**	82,842
Other comprehensive expense	**-**	-
Total comprehensive expense	**126,882**	82,842

(c) Guarantees entered into by the parent entity

The parent entity has provided bank guarantees, as detailed in note 19.

(d) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2018 or 30 June 2017. For information about guarantees given by the parent entity, please see above.

Notes to the Consolidated Financial Statements

29 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 27.

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 an 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 control 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.

(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.

29 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(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.

30 New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 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 a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.	Management has assessed the effects of applying the new standard on the group’s financial statements and on the recognition of revenue derived through the sale of gold and concentrate. Management have concluded that there is no material impact in the treatment of revenue recognition following transition to AASB 15. The new standard introduces new disclosure requirements. These are expected to change the nature and extent of the group’s disclosures with regards to revenue particularly in the year of the adoption of the new standard.	Mandatory for financial years commencing on or after 1 January 2018.

Notes to the Consolidated Financial Statements

30 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, introduces new rules for hedge accounting and a new impairment model for financial assets.	The group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018: Financial assets held by the group are broken down as follows: • Equity instruments currently classified as Available For Sale (AFS) for which a Fair Value through Other Comprehensive Income (FVOCI) election is available; • Cash and cash equivalents including current accounts and short-term term deposits, and; • Trade receivables currently held at cost, to be measured at amortised cost under the classification conditions for AASB 9. The group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets designated as FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. During the 2018 financial year, no gains or losses were recognised in profit or loss in relation to the disposal of available-for-sale financial assets. There will 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 derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The new hedge accounting rules under AASB 9 have no impact as the group is not currently hedge accounting. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the group expects no impact on the allowances for trade receivables or cash and cash equivalents as the only applicable financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.	Must be applied for financial years commencing on or after 1 January 2018. The group will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard. Comparatives for FY18 will not be restated.

Notes to the Consolidated Financial Statements

30 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 2016. 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 $25.076 million, see note 20. To date, the group has focussed on the provisions of the standard that will most impact the financial results. Below is a summary of the work performed and the assessed impact of the new standard: • Data gathering: Site and group data has been collated related to contracts that may contain a lease. • Data integrity and analysis: a number of the identified contracts are 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. • Modelling of transition options: Review of the transition options indicates that there is not a material difference to the group between the three transition methodologies. Accordingly, the group intends to apply the modified retrospective transition approach. • Financial reporting: Preliminary review results indicate that under the requirements of AASB 16, a lease asset and liability would be recorded on balance sheet of approximately $20m-$25m if the standard applied at 30 June 2018. Work will continue during FY19 on the implementation of processes and systems prior to the effective date of 1 July 2019.	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. The group intends to apply the modified retrospective transition approach and will not restate comparative amounts for the year prior to first adoption.

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.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 40 to 84 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 2018 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 26 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 26.

Note 29(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

Andrea Hall
Chair of the Audit Committee

Sydney

Independent auditor's report

To the members 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 2018 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 statement of profit or loss and other comprehensive income for the year ended 30 June 2018
- the consolidated balance sheet as at 30 June 2018
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows 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.

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 $19.9 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 utlised a 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 procedures were predominantly performed at the Group's corporate office in Sydney. We also conducted site visits to the Mt Carlton mine site.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit Committee: – Valuation of assets at Mungari and Cowal – Assessment of the carrying value of 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***
Valuation of assets held at Mungari and Cowal *(Refer to note 3, 7 and 8)* The Group obtained external valuations of the open cut pit mine development and property, plant and equipment at Cowal and the open cut pit and underground mine development at Mungari. The valuations were conducted principally to obtain accurate values for the assets to support the Group's income tax positions. The resulting consequence of the valuations are as follows: • A current year balance sheet reclassification of $90.5 million from Property, Plant and Equipment to Mine Development, with a resulting $2.9 million of additional mine development amortisation recognised in the current year, • A reduction in income tax expense for the current year of $22.7m due to net additional tax values of the assets. This was a key audit matter because of the: • Inherent subjective nature and judgment involved in the assumptions applied with valuations • Relative size of Mine Development and Property, Plant and Equipment balance in the consolidated balance sheet • Significant judgement involved in assessing the tax position taken and the quantum of the additional tax benefit obtained as a result of the valuations performed.	We have performed the following procedures, amongst others, to assess the valuations and associated accounting and tax impact: For the external valuations we: • read the valuation reports and considered the approach applied by the external valuer, • assessed the competency and capabilities of the external valuer, • read the valuer's terms of engagement and did not identify any terms that might affect their objectivity or impose limitations on their work relevant to the valuation, • Agreed the impact of the valuations to the Group's accounting records. For the associated accounting impact, we recalculated the accuracy of the balance sheet reclassification and the resulting additional depreciation recognised as a result of the reclassification. For the associated tax consequences we, in conjunction with our tax experts: • examined position papers prepared by management • held various discussions with management to discuss tax positions and approach in relation to the valuations performed and proposed amendments to prior tax returns.

Key audit matter	How our audit addressed the key audit matter
Assessment of the carrying value of assets *(Refer to note 7 and 8)* At 30 June 2018, the Group held mine development and exploration assets of $1,744 million and property, plant and equipment of $572 million. In line with the requirements of AASB 136, the Group has assessed whether there is an indication that an asset may be impaired. This assessment considered performance against budget, adverse changes in the business or regulatory environment and changes to other key assumptions that affect cash flows and discount rates. The Group identified no indicators of impairment for any Cash Generating Unit ("CGU"). AASB 136 also requires an assessment at each reporting date whether there is an indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the Group shall determine whether all or part of the prior impairment loss need to be reversed. The Group previously recognised impairment losses of $148.6 million relating to the carrying value of Mt Carlton's non-current assets in 2013 as a result of the fall in the gold price combined with a compression of valuations in the gold industry. The Group performed an assessment of whether to reverse a portion of the previously recognised impairment losses related to Mt Carlton up to the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised. The assessment focused on changes in macro-economic factors, operating and financial performance for the period, and updates to mine plans. The Group anticipates continued strong performance at Mt Carlton which, together with the wider recovery of some gold prices, provides evidence that conditions leading to its past impairment may no longer be present. This is an indicator that the mine assets should be considered for reversal of impairment. The assessment of the carrying values of assets was a key audit matter due to the significant judgement involved in the determination as to whether or not an impairment charge or reversal relating to an asset or CGU is required.	We evaluated the Group's assessment of indicators of impairment or reversal of impairment and its conclusion not to recognise an impairment or impairment reversal. In particular, we assessed the appropriateness of the impairment assessment that no internal or external indicators of impairment exist by evaluating the current year financial performance of each CGU and the budget and forecast as well as evaluating external market data. In regards to the impairment reversal for Mt Carlton, we performed the following: • compared the current year US$ 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 2018 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 do 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 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, 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.

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 21 to 36 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Evolution Mining Limited for the year ended 30 June 2018 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

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
17 August 2018