



**Evolution**  
MINING

ABN: 74 084 669 036

**Registered Office**  
Level 24  
175 Liverpool Street  
Sydney NSW 2000

P +61 2 9696 2900  
F +61 2 9696 2901

[www.evolutionmining.com.au](http://www.evolutionmining.com.au)

# ASX Announcement

17 August 2018

## FY18 FINANCIAL RESULTS AND FINAL DIVIDEND

Evolution Mining Limited (ASX: EVN) has today released its Financial Results for the year ending 30 June 2018 and reports that it will pay an increased final dividend for the year of 4 cents per share fully franked.

### FY18 Group Highlights

- Records achieved:
  - Statutory net profit after tax – increased by 21% to A\$263.4 million
  - Underlying net profit after tax – increased by 21% to A\$250.8 million
  - Sales revenue – increased by 4% to A\$1,540.4 million
  - EBITDA – increased by 11% to A\$795.1 million
  - AISC<sup>1</sup> – decreased by 12% to A\$797 (US\$618)<sup>2</sup> per ounce
  - Operating mine cash flow – increased by 15% to A\$811.8 million
  - Net mine cash flow – increased by 17% to A\$539.9 million
- Gold production decreased by 5% to 801,187 ounces
- Cash balance increased by A\$285.8 million to A\$323.2 million
- Net bank debt reduced by A\$325.8 million to A\$71.8 million
- Fully franked dividends totalling A\$109.9 million paid during the year
- Gearing reduced to 2.7% (30 June 2017: 15.9%)
- Seventh consecutive year of meeting Group production and cost guidance
- FY19 guidance: 720,000 – 770,000 ounces of gold at an AISC of A\$850 – A\$900 per ounce

### Final fully franked dividend of 4 cents per share declared based on Evolution's dividend policy of a payout ratio of 50% of after tax earnings

- Ex-dividend date – 28 August 2018
- Record date – 29 August 2018
- Payment date – 28 September 2018
- Nil Conduit Foreign Income (CFI) component

Commenting on the Financial Results, Evolution's Executive Chairman Jake Klein said:

"These results demonstrate the continued delivery of Evolution's strategy of improving the quality of our asset portfolio to build a business that prospers through the cycle. Despite lower production, Evolution achieved records on almost every other metric which is the result of prioritising profitability over production and focusing on high quality, low cost, long life assets."

"We continue to demonstrate that gold mining can be a highly profitable, cash generating, dividend paying, sustainable business. These FY18 results have enabled us to further increase the final dividend to a fully franked 4 cents per share under our dividend policy of a payout ratio of 50% of after tax earnings."

1. All-in Sustaining Cost includes C1 cash cost, plus royalty expense; sustaining capital; and general corporate and administration expenses on a per ounce sold basis
2. Calculated using an average AUD:USD exchange rate for FY18 of US\$0.7752

The safety and well-being of our people is of paramount importance to Evolution. In the 2018 financial year Evolution's strong safety culture continued to drive positive results which has been demonstrated through an improved total recordable injury frequency (TRIF) of 5.5 (30 June 2017: 8.0).

Evolution recorded a statutory net profit after tax of A\$263.4 million for the year, an increase of 21% on the prior year. Underlying profit after tax increased by 21% to a record A\$250.8 million (30 June 2017: \$206.6 million).

The Group's ongoing focus on productivity improvements and cost efficiencies delivered another year of outstanding results. Total gold production of 801,187oz was at the upper end of original guidance for the year of 750,000oz – 805,000oz. Record low AISC of A\$797/oz, represented a decrease of 12% on the prior year and was well below original guidance of A\$820/oz – A\$870/oz.

Operating mine cash flow of A\$811.8 million represented an increase of 15% on the prior year. Net mine cash flow increased 17% on the previous year to A\$539.9 million with all mines contributing positive cash flows after all capital investment.

Net bank debt was reduced by A\$325.8 million to \$71.8 million (30 June 2017: A\$397.6 million).

Revenue for the year ended 30 June 2018 increased by 4% to A\$1,540.4 million (30 June 2017: A\$1,479.9 million). This is largely due to a full 12-month sales contribution from Ernest Henry totalling A\$347.4 million (30 June 2017: A\$163.3 million<sup>1</sup>) and was partly offset by the impact of the disposal of the Edna May Operation which resulted in a decrease in revenue of A\$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 A\$1,564/oz (30 June 2017: 248,493oz, A\$1,584/oz). The remaining 592,186oz were sold at spot price and achieved an average price of A\$1,673/oz (30 June 2017: 568,830oz, A\$1,666/oz). The Group's hedge book totalled 250,000oz at 30 June 2018 at an average price of A\$1,711/oz with deliveries through to June 2020.

Group operating costs (excluding depreciation, amortisation and fair value adjustments of A\$435.6 million) decreased to A\$705.5 million (30 June 2017: A\$719.7 million) largely as a result of the sale of Edna May during the year which resulted in a decrease of A\$61.5 million on the prior year. This was offset by the inclusion of a full 12 months of operating costs from Ernest Henry, which accounted for an increase of A\$52.3 million to A\$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 A\$554.6 million.

In December 2017, the Group made its first income tax payment. A total of A\$48.4 million of income tax was paid during the year including tax paid for the 30 June 2017 financial year (A\$30.7 million) and tax instalments for 30 June 2018 financial year (A\$17.7 million).

Total exploration expenditure for the year ended 30 June 2018 was A\$31.6 million (30 June 2017: A\$29.0 million) with an exploration expense of A\$5.4 million (30 June 2017: A\$12.6 million).

Capital expenditure for the year totalled A\$271.9 million (30 June 2017: A\$245.0 million). This consisted of sustaining capital, including near mine exploration and resource definition of A\$100.9 million (30 June 2017: A\$116.6 million) and growth (major capital) projects of A\$171.0 million (30 June 2017: A\$128.4 million). The main growth capital projects included: Stage H and Float Tails (Dual) Leach projects (A\$84.6 million) at Cowal, Cracow underground mine development (A\$14.4 million), Mt Rawdon capital waste stripping (A\$10.9 million) and Mungari underground development (A\$8.9 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 A\$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 a combination of both up to A\$50.0 million.

1. FY17 Ernest Henry revenue included 8 months of copper revenue and 5 months of gold revenue

This announcement is a summary of the FY18 Financial Results. Full details of the FY18 Financial Results are available in the Appendix 4E and Annual Financial Report released today and available at the Company's website.

### **Dividend Payment**

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 declared a fully franked final dividend for the FY18 financial year of 4 cents per share. 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.

### **FY19 Guidance**

Evolution is forecasting FY19 Group gold production of 720,000 – 770,000 ounces of gold. Group C1 cash costs are expected to be in the range of A\$560 – A\$610 per ounce and Group AISC are expected to be in the range of A\$850 – A\$900 per ounce.

Using the average AUD:USD exchange rate of 0.7752 for the 12 months to 30 June 2018, Evolution's forecast FY19 costs are among the lowest of global gold producers and equate to C1 cash costs of US\$430 – US\$470 per ounce and AISC of US\$660 – US\$700 per ounce.

Investment in sustaining capital in FY19 is forecast to be in the range of A\$105.0 – A\$135.0 million. The majority of the investment will be at Cowal comprising of tails facilities, mobile fleet major repairs and equipment replacement. Investment in tails facilities will also take place at Mungari, Mt Carlton, Mt Rawdon and Cracow.

Investment in growth (major project) capital and exploration is additional to the costs included in AISC. Investment in major capital in FY19 is forecast to be in the range of A\$150.0 – A\$180.0 million. The bulk of the major project capital investment is associated with expansion projects at Cowal with mine development of A\$70.0 – A\$75.0 million and Float Tails Leach project investment of A\$6.0 – 9.0 million. Major project capital investment at Mt Carlton, Mt Rawdon and Cracow relates predominantly to mine development.

Exploration investment is expected to total approximately A\$40.0 – A\$55.0 million. This is a substantial increase on the FY18 exploration spend of A\$31.6 million. Cowal (A\$15.0 – A\$20.0 million) and Mungari (A\$15.0 – A\$20.0 million) will receive the largest allocation of the investment in FY19.

FY19 AISC guidance of A\$850 – A\$900 per ounce is materially in line with the three-year outlook issued on 13 September 2016 of A\$830 – A\$900 per ounce. Evolution plans to release an updated three-year outlook at its Investor Day on 4 September 2018 in Sydney.

A breakdown of production, costs and capital guidance is provided in the table below:

FY19 guidance	Gold production (oz)	C1 cash costs <sup>1</sup> (A\$/oz)	All-in sustaining cost <sup>1</sup> (A\$/oz)	Sustaining capital (A\$M)	Major capital (A\$M)
Cowal	240,000 – 250,000	765 – 840	975 – 1,075	55 – 60	90 – 100
Mungari	125,000 – 135,000	875 – 925	1,050 – 1,100	10 – 15	0 – 5
Mt Carlton	95,000 – 105,000	470 – 520	670 – 720	7.5 – 12.5	25 – 30
Mt Rawdon	95,000 – 105,000	815 – 865	1,000 – 1,050	5 – 10	25 – 30
Cracow	80,000 – 85,000	850 – 900	1,250 – 1,300	17.5 – 22.5	10 – 15
Ernest Henry	85,000 – 90,000	(875) – (825)	(575) – (525)	10 – 15	0
Corporate			45 – 50		
<b>Group</b>	<b>720,000 – 770,000</b>	<b>560 – 610</b>	<b>850 – 900</b>	<b>105 – 135</b>	<b>150 – 180</b>
<b>Copper (t)</b>					
Ernest Henry	19,000 – 21,000				
Mt Carlton	800 – 1,000				

1. A copper price assumption of A\$8,800/t has been used for by-product credits

Additional guidance on FY18 D&A, resource definition and discovery expenditure on an operation-by-operation basis is provided in Appendix 1 of this release.

### Conference Call

Evolution's Executive Chairman, Jake Klein and Chief Financial Officer, Lawrie Conway, will host a conference call to discuss the FY18 Financial Results at 11.00am (AEST) **today**. Access details are provided below.

### Shareholders – Live Audio Stream

A live audio stream of the conference call will be available on the Company's website [www.evolutionmining.com.au](http://www.evolutionmining.com.au). The audio stream is 'listen only' and does not provide for Q&A participation.

The audio stream will also be uploaded to the website shortly after the conclusion of the call and can be accessed at any time.

### Analysts and Media – Conference Call Details

Dial-in numbers:

- Australia: 1800 093 431
- International Toll: +61 2 8047 9393

Participant PIN Code: 95074085#

Please dial-in five minutes before the conference starts and provide your name and the Participant PIN Code. The call includes Q&A participation.

**For further information please contact:**

Bryan O'Hara  
General Manager Investor Relations  
Evolution Mining Limited  
Tel: +61 2 9696 2900

Michael Vaughan  
Media Relations  
Fivemark Partners  
Tel: +61 422 602 720

**About Evolution Mining**

Evolution Mining is a leading, growth-focussed Australian gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales; Mt Carlton, Mt Rawdon, and Cracow, in Queensland; and Edna May in Western Australia. In addition Evolution holds an economic interest in the Ernest Henry copper-gold mine that will deliver 100% of future gold and 30% of future copper and silver produced from an agreed life of mine area. Outside of the life of mine area Evolution will have a 49% interest in future copper, gold and silver production.

In FY18 Evolution produced 801,187 ounces of gold at an AISC of A\$797 per ounce. FY19 Group gold production is expected to be in the range of 720,000 – 770,000 ounces at an AISC of A\$850 – A\$900 per ounce.

**Forward Looking Statements**

This announcement includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise

any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

## Appendix

### 1. FY19 Guidance: Non-cash Items and Discovery

FY18 Guidance	Depreciation & Amortisation <sup>1</sup> A\$/oz	Fair Value Unwind A\$M	Resource Definition <sup>2</sup> A\$M	Discovery A\$M
Cowal	430 – 480	10 – 15	3 – 7	15 – 20
Mungari	500 – 550	10 – 15	2 – 4	15 – 20
Mt Carlton	580 – 630		0 – 1	1 – 2
Mt Rawdon	550 – 600		0 – 1	0 – 1
Cracow	320 – 370		3 – 7	1 – 3
Ernest Henry	1,320 – 1,360		0	0
Corporate			0	8 – 9
<b>Group</b>	<b>575 – 625</b>	<b>20 – 30</b>	<b>10 – 20</b>	<b>40 – 55</b>

1. Depreciation & Amortisation FY19 guidance includes fair value unwind at Cowal & Mungari and amortisation of Ernest Henry prepayment (10-12%).

2. Resource definition is included in the Sustaining Capital guidance