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MINING

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ASX Announcement

22 November 2018

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

Good morning. My name is Jake Klein and I am the Executive Chairman of Evolution Mining Limited. It is my pleasure to welcome you to the Company's Annual General Meeting for the 2018 Financial Year. We appreciate you joining us this morning.

I would like to start by acknowledging the Gadigal people of the Eora nation, on whose land we meet today. I pay my respects to their Elders past and present, and to all Aboriginal and Torres Strait Islander Peoples here today.

The Australian gold sector is in great shape with Evolution and its peers demonstrating that gold mining can be a highly profitable, dividend paying business. Unfortunately, the same cannot be said for the global gold industry. I believe the gold sector is now at a critical juncture and our response to this will have a big impact on our industry's future.

As the gold price rose to its peak in 2011 companies sought production growth rather than margin improvement. This resulted in poor M&A decisions and an ill-disciplined allocation of shareholder capital which was subsequently followed by impairments of over US\$85 billion. Today, seven years after the peak, the pain felt by global gold investors has continued. They have had to endure further value destruction as a result of often being blindsided by major changes to fiscal policy and permitting hurdles in what we now know to be high risk jurisdictions. Several high-profile projects built during this period have also failed to deliver on feasibility study forecasts and balance sheet repair has been an overwhelming priority for some of the largest industry participants.

Therefore, despite the US dollar gold price being relatively stable for the last five years, global institutional investors in gold stocks have generally lost money. Poor returns to their investors have seen an outflow of funds, resulting in significantly less capital available to the gold sector. There are many things commonly highlighted as a reason for this. I often hear Exchange Traded Funds, cryptocurrencies and a benign US dollar gold price blamed, but I think the harsh reality that we need to confront as an industry is that many gold companies have simply not delivered an adequate return to investors. As a sector we need to address this or we face the very real prospect of losing further relevance as an investment class.

At Evolution, we are doing everything we can to avoid these pitfalls and to prove to investors that the gold sector can provide strong and appropriate returns on the capital we are custodians of on behalf of our shareholders. We will remain disciplined. We are absolutely committed to continuing to deliver sector leading margins, return on invested capital and value accretive M&A.

In the three years to June 2018 we generated net mine cash flow of over A\$1.4 billion post all the capital invested in organic growth projects. Over the same period we have also increased our reserve base from 2.2 million ounces to the current 7.2 million ounces and extended the average reserve life of our asset portfolio from 5.1 years to 9.6 years. We have achieved these results while remaining disciplined as we continue to estimate our reserves at a very conservative A\$1,350 per ounce to ensure only profitable ounces with appropriate margins are produced from our mines.

We expect the rewards to our shareholders from our investment in organic growth to continue. There is no better example than today's ASX announcement titled 'Cowel Plant Expansion, Discovery Success and Outlook Upgrade' detailing the very significant and exciting exploration results at Cowal and our commitment to a plant expansion to 8.7 million tonnes per annum a full 12 months ahead of what was originally planned.

The 2018 Financial Year was another year in which our people delivered exceptional operating results from our quality asset portfolio which resulted in record achievements on nearly every metric. Evolution reported record operating cash flow of A\$811.8 million, record net mine cash flow of A\$539.9 million and a record statutory net profit after tax of A\$263.4 million. The continued increase in profitability and cash generation of the business saw a total of A\$127.0 million in fully franked cash dividends declared on our FY18 results based on Evolution's dividend policy of a payout ratio of 50% of after-tax earnings.

Our core value of safety is critical to our success as a Company. Evolution remains focused on improving our high safety standards across our business. It is pleasing that in FY18 the Group achieved continued improvements in our Total Recordable Injury Frequency with a 31% reduction over the 12 months to 5.5.

At the same time, the Company continued its track record of delivering to, or outperforming, production and cost guidance. This marks seven consecutive years of achieving guidance since Evolution's inception in 2011.

Evolution produced 801,187 ounces of gold in FY18 at an All-in Sustaining Cost (AISC) of A\$797 per ounce which equated to US\$618 per ounce, ranking the Company as one of the lowest cost gold producers globally.

Bob Fulker commenced as Evolution's new Chief Operating Officer in February 2018 and has brought a strong focus on identifying innovative solutions in safety and operations to further improve the effectiveness and profitability of our assets.

Glen Masterman, Evolution's VP Discovery and Chief Geologist, continued to ramp up our discovery activity with a total spend of A\$31.6 million in FY18. Expenditure on discovery is expected to grow by over 50% in the current financial year as we progress our exploration programs at Cowal and Mungari – following up on the exciting results achieved over the past 12 months.

Our focus on delivering on our strategy of upgrading the quality of our asset portfolio continued with the sale of the Edna May operation in September 2017.

This year we also produced our inaugural Sustainability Report which supports our objectives of achieving long term shareholder value creation in a corporately responsible manner. The report provides improved transparency on the role we play in developing strong and sustainable communities. We are proud of our contribution of over \$1.2 billion to the Australian economy in FY18. But it's much more than just the financial contribution, it's the strong relationships we've forged with our local communities and that's why we are pleased with the results of our latest stakeholder perception survey, which saw us receive an overall social license to operate score of 4.1 out of 5.0, placing Evolution in the high approval category.

Evolution remains focused on prioritising margins over production growth and is on track to deliver our Group gold production guidance in FY19 of 720,000 – 770,000 ounces at a sector leading AISC in the range of A\$850/oz – A\$900 per ounce.

Across our entire business our people have continued to work incredibly hard during the year and I would like to thank each and every Evolution employee and contractor for their contribution. Our people are our most important asset and we want to make every person's time at Evolution a highlight of their career. I also appreciate the support that our Leadership Team has received from the Board of Directors this year and recognise this as a critical ingredient of our success.

In particular, I would like to highlight the contribution from Aaron Colleran, VP Business Development and Investor Relations, who will step down from his role effective 1 January 2019 to take the next step in his career. We are pleased that Aaron has agreed to remain with the Company in a part time capacity until at least 30 June 2019.

Aaron has played a very important role in the establishment and development of Evolution. He was a founding member of the Company, has been a key member of the Leadership team, and has been instrumental in positioning our portfolio of assets as one of the lowest cost gold producers in the world. On behalf of the Board and everyone at Evolution, we extend our sincere thanks to Aaron for his contribution.

A key part of Aaron's enduring legacy at Evolution is that he has planned a seamless transition, having worked with and developed two talented individuals for over four years, Kirron Schmidt and Bryan O'Hara, who will lead the Business Development and Investor Relations functions respectively. Kirron (General Manager Business Development) will report to Glen Masterman (VP Discovery and Business Development) and Bryan (General Manager Investor Relations) will report to Lawrie Conway (CFO and Finance Director).

Evolution has a strong platform of high quality assets with an average reserve life of close to ten years. All assets are located in the safe jurisdiction of Australia with a highly skilled workforce, and in an attractive operating environment. Our balance sheet is strong, our assets are generating substantial cash flow, our discovery team is delivering an exciting project pipeline and our business is well positioned to prosper through the cycle.



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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 Mungari 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. FY19 Group gold production guidance is 720,000 – 770,000 ounces at an AISC of A\$850 – A\$900 per ounce.