

# ASX Announcement

17 September 2019

## CONTINUED EXECUTION OF EXPLORATION STRATEGY

Evolution Mining Limited (ASX:EVN) (“Evolution”) is pleased to advise that it has entered into two new earn-in agreements over early stage exploration projects in Western Australia and Queensland.

Commenting on the transactions, Evolution’s Vice President Discovery and Business Development, Glen Masterman, said:

*“We are excited to be adding two new quality projects to our portfolio which have the ability to generate new drill results that extend previously identified mineralised zones. These earn-in agreements are consistent with our strategy of focusing on orogenic and epithermal deposit styles that can create value through future discovery.”*

### Cue Project earn-in joint venture

Evolution has entered into an earn-in joint venture agreement with Musgrave Minerals Limited (ASX:MGV) (“Musgrave”) over the Cue Project. Cue is located in the Murchison Province of central Western Australia which hosts a gold endowment in excess of 30 million ounces. The Cue Project is approximately 50km south of Evolution’s Murchison joint venture (Figure 1) and is prospective for Archaean greenstone gold deposits.

The Cue joint venture covers a prospective mineralised trend, extending from Musgrave’s Lena and Break of Day resources to the south. Large parts of the fertile trend are poorly tested and extend under younger lake cover which is potentially obscuring mineralisation. The prospectivity of these tenements is demonstrated by drilling results previously released by Musgrave to the ASX on 3 December 2018 in the announcement entitled “Diamond Drilling Confirms Significant Gold Discovery at Lake Austin North” with intersections including:

- 242m grading 1.0g/t Au from 61m, including 45m grading 3.3g/t Au from 70m (18MODD008)<sup>1</sup>
- 94m grading 2.2g/t Au from 156m, including 52m grading 3.8g/t Au from 198m, and including high grade intersections of 11m grading 8.7g/t Au from 208m and 4m grading 8.0g/t Au from 239m (18MORC057)<sup>1</sup>

Key terms of the agreement:

- Musgrave will retain 100% ownership of areas surrounding the Lena and Break of Day resources, and the Mainland Option area (Figure 1)
- Evolution will subscribe for 18.6 million shares (4.59%) of Musgrave for a cash consideration of A\$1.5 million with the newly issued shares priced at 30 day vwap
- Evolution may earn a 75% interest in the project area (Figure 1) by spending A\$18.0 million over a five-year period, with a minimum spend commitment of A\$4.0 million over two years
- Evolution will determine the exploration program and budget during the earn-in period with Musgrave to operate the project during the minimum spend period
- On completion of the earn-in, each party is to fund their pro-rata share of expenditure
- Subject to a decision to mine, Musgrave may elect for Evolution to fund their share of development costs, repayable with interest from commercial production

Completion of the transaction remains subject to standard regulatory conditions.

1. The information is extracted from the report entitled “Diamond Drilling Confirms Significant Gold Discovery at Lake Austin North” created on 3 December 2018 and is available to view on the Musgrave Minerals Ltd website at [www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)

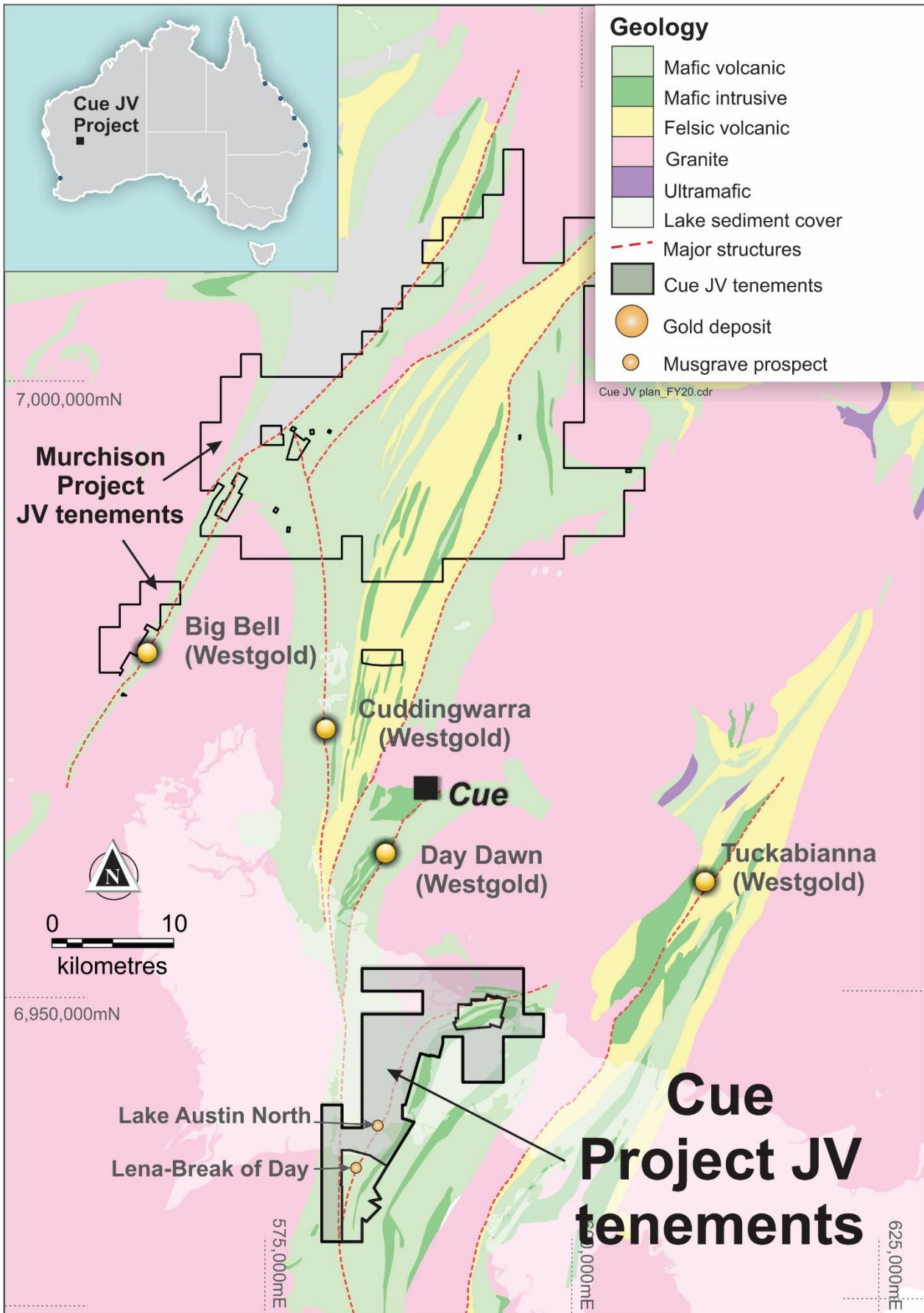


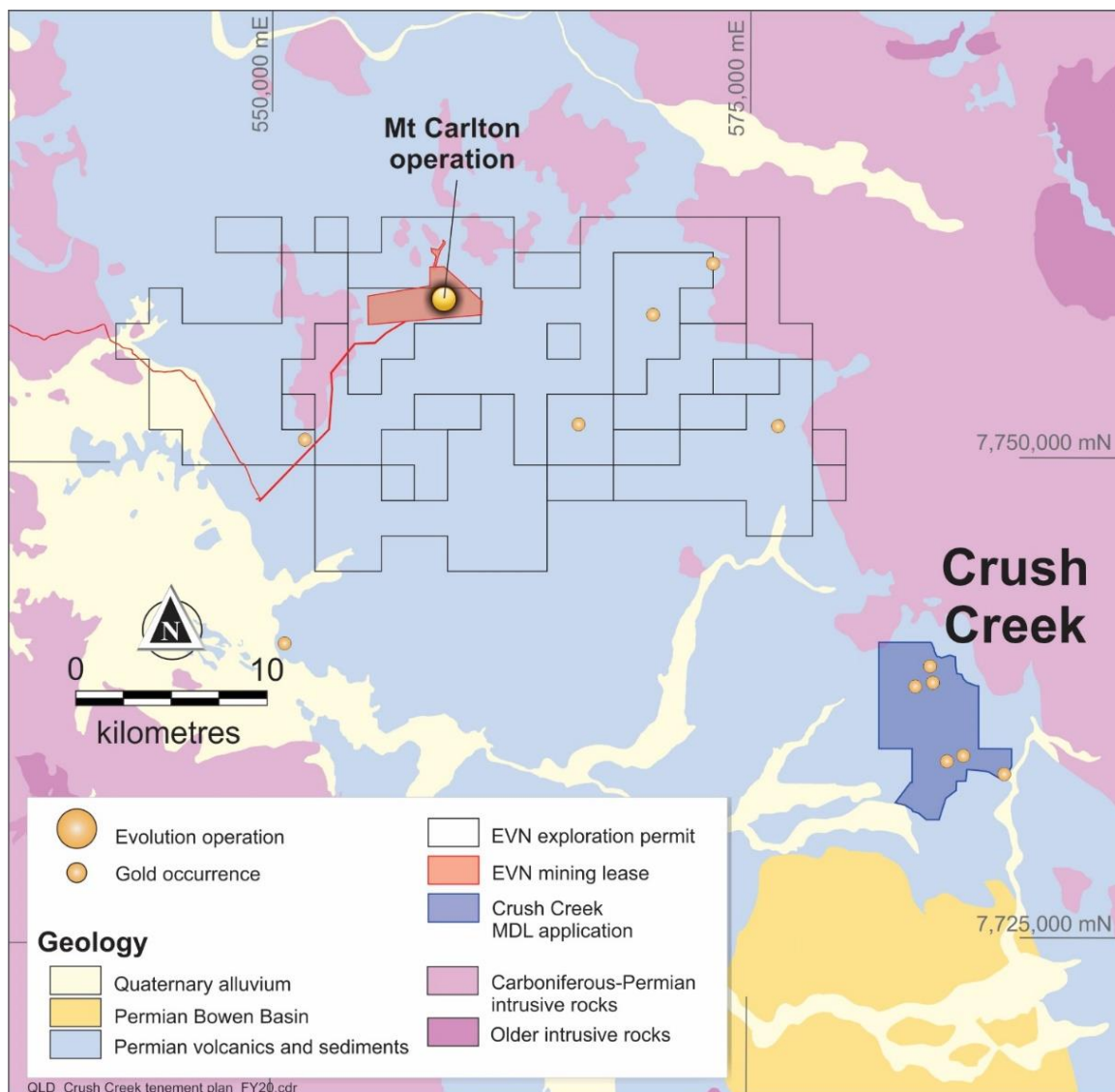
Figure 1: Location and geology of the Cue joint venture tenements

## Crush Creek earn-in agreement

Evolution has entered into an earn-in agreement with private entity Basin Gold Pty Ltd (“Basin Gold”) over the Crush Creek project. Crush Creek is located 10km north west of Collinsville, Queensland, and approximately 30km south east of Evolution’s Mt Carlton operation (Figure 2). Crush Creek hosts low sulphidation epithermal gold mineralisation which Evolution believes has significant potential to provide mine life extensions at Mt Carlton.

Key terms of the agreement:

- Initial cash payment to Basin Gold of A\$2.0 million on grant of the Mineral Development License (MDL)
- Evolution to earn a 70% interest by sole funding A\$7.0 million of exploration expenditure over a two-year period
- Once the earn-in is met, either party has the option to elect for Basin Gold’s 30% interest to be sold to Evolution for a consideration of A\$4.5 million and a 10% Net Profit Interest (NPI) on any production above 100koz of gold



**Figure 2: Location of the Crush Creek project in relation to Evolution’s Mt Carlton operation**

**For further information please contact:**

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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, Cracow, Mt Carlton and Mt Rawdon 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.

Evolution has guided FY20 gold production of 725,000 – 775,000 ounces at an All-in Sustaining Cost of A\$890 – A\$940 per ounce.