

# ASX Announcement

17 August 2023

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

## FY23 FULL YEAR FINANCIAL RESULTS AND FINAL DIVIDEND

Evolution Mining Limited (ASX: EVN) today reported a statutory net profit of A\$163.5 million for the year ended 30 June 2023 (“the year”) and that it will pay a final dividend of 2.0 cents per share, fully franked.

### Key highlights for the full year include:

- Progress on Net Zero commitment with ~9% reduction in absolute emissions against our FY20 baseline<sup>1</sup>
- Ongoing improvement in Total Recordable Injury Frequency (TRIF) with a 19%<sup>2</sup> reduction in FY23
- Statutory net profit after income tax of \$163.5 million (FY22: \$323.3 million)
- Underlying net profit after income tax of \$205.0 million (FY22: \$274.7 million)
- EBITDA of \$844.5 million (FY22: \$898.8 million) with EBITDA margin of 38% (FY22: 44%)
- Operating mine cash flow of \$944.1 million (FY22: \$893.2 million)
- Gold production of 651,155 ounces at an All-in Sustaining Cost of \$1,450 ounce<sup>3</sup> (US\$1,033/oz)<sup>4</sup>
- Debt maturity profile successfully restructured to increase balance sheet flexibility with no increase in overall debt level
- Investment grade credit rating reconfirmed in July 2023

### Fully franked final dividend declared

The Directors have declared a fully franked final dividend of 2.0 cents per share (30 June 2022: 3.0 cents per share), an estimated aggregate payment to shareholders of \$36.7 million. This is the 21<sup>st</sup> consecutive dividend paid to shareholders for a total of \$1,128 million since 2013.

- Dividend amount: 2.0 cents per share fully franked
- Ex-dividend date: 30 August 2023
- Record date: 31 August 2023
- Payment date: 6 October 2023
- Nil Conduit Foreign Income (CFI) component

Commenting on the full year result, Evolution’s Chief Executive Officer and Managing Director, Lawrie Conway said:

*“We are well placed to deliver on our FY24 strategic objectives given the position of the business at the end of FY23. The FY23 results were impacted by a number of external events partially offset by higher metal prices. In FY24, planned lower capital expenditure profile, anticipated lower all-in sustaining cost and higher production levels will see us move to stronger cash generation. This is underpinned by the move into commercial production of our recent projects at Cowal and Red Lake, and the resumption of normal operations at Ernest Henry. We remain focused on safe, reliable operations that deliver margins over ounces and improved shareholder returns.”*

<sup>1</sup> Emissions targets are related to Scope 1 and Scope 2 only. ~9% reduction is against FY20 baseline using location-based methodology. This is subject to external audit validation for FY23 delivered in September FY24

<sup>2</sup> The frequency of total recordable injuries per million hours worked, 19% reduction relative to FY22 30 June data

<sup>3</sup> AISC (All-in Sustaining Costs) includes C1 cash cost, plus royalties, plus sustaining capital, plus general corporate and admin expense. Calculated on a per ounce sold basis

<sup>4</sup> All USD values in this release have been calculated using the average AUD:USD exchange rate for the full-year of A\$0.7124

## Key highlights for the year

As Evolution transitions from a period of elevated capital investment, our focus during FY23 has been on laying the groundwork to position the business to deliver higher returns, stronger cash flow and continued resource growth in FY24.

The changes to our portfolio, together with the growth projects and studies, provide the solid platform for Evolution over the next few years. Two major studies were advanced during the year at Mungari and Ernest Henry that underpin a sequenced capital investment in coming years. In FY24, production is planned to increase by ~18% to around 770,000 ounces. All-in Sustaining Cost (AISC) is expected to reduce modestly to around A\$1,370 per ounce.

The completion of a debt restructure at the end of FY23 resulted in additional balance sheet flexibility, without increasing the Company's overall debt level. Evolution remains well placed to take advantage of continued strength in the gold spot price with 95% of production unhedged.

Sustainability remains at the core of Evolution capturing health, safety, environment, First Nations engagement and broader community relations to ensure we operate in a socially and environmentally responsible way. We are committed to transition to 'Net Zero' greenhouse gas emissions by 2050 (scope 1 and 2) and a 30% reduction in emissions by 2030.

In FY23, we achieved a reduction in our net use of energy and continue to see year-on-year reduction in our absolute emissions against our FY20 baseline. This reduction is currently estimated to be ~9% for our operational sites.<sup>5</sup>

Evolution continues to be recognised for its Sustainability performance, achieving a sector leading rating in Sustainalytics, ISS and MSCI ESG Ratings assessments and being one of three gold companies recognised in the Dow Jones Sustainability Index Australia.

We remain committed to an improved health and safety performance with a heavy focus on leading indicators, increased reporting, field leadership, action closure discipline and high-quality safety interactions. Overall health and safety improved across the Group, with delivery on or better than target across all sustainability targets. The Total Recordable Frequency (TRIF) reduced by 19% against FY22 to 8.6 as at June 2023. This is supported with other leading metrics that include all material and critical actions being closed.

## Financials

Key results for FY23 are as follows:

- Total gold production of 651,155oz at an AISC of \$1,450/oz
- Operating mine and net mine cash flow of \$944.0 million and \$35.7 million respectively
- Statutory net profit after tax of \$163.5 million (30 June 2022: \$323.3 million)
- Basic earnings per share was 8.91 cents per share (30 June 2022: 17.74 cents)
- Fully franked dividends of \$91.7 million (30 June 2022: \$146.6 million) were paid during the year

The Directors declared a final fully franked dividend of 2.0 cents per share, which is the 21<sup>st</sup> consecutive dividend (30 June 2022: 3.0 cents). The aggregate amount of the final dividend to be paid on 6 October 2023 is estimated at \$36.7 million.

At the end of FY23, Evolution successfully restructured its debt maturity profile to increase balance sheet flexibility. This restructure involved a US\$200 million (~A\$300 million) US Private Placement (USPP) and the replacement of the existing A\$590 million term loan facilities with a reduced \$300 million four-year term loan facility. The result of this restructure and rescheduling will be an additional \$445 million of liquidity available over the next three years that was previously scheduled for term loan repayments, without an increase to the Company's overall debt level.

The Board approved the Mungari plant expansion from 2 million tonnes per annum to 4.2 million tonnes per annum capacity following completion of the Feasibility Study at a capital investment of \$250 million. The Board also approved the Ernest Henry Mine Extension Project to progress to the Feasibility Study phase following completion of the Pre-Feasibility Study (PFS) which demonstrated a compelling opportunity to extend the Ernest Henry sub-level cave operation. This approval includes a commitment to a \$15 million Feasibility Study and \$7.5 million drilling program to deliver a further significant mine life extension.

<sup>5</sup> This is subject to external audit validation for FY23 delivered in September FY24

## Operations

Cowal achieved a record 276,314oz at an AISC of \$1,138/oz. The site achieved a major milestone during the second half of FY23, mining and processing the first underground stopes and delivering 475kt underground ore at a grade of 2.2g/t for the year. The remaining underground infrastructure milestones are expected to be reached early in FY24 to facilitate full commercial production levels early in the second half of the year.

Following a period of intense capital investment, a 15% increase to production is guided in FY24 with Cowal transitioning back to a period of significant cash flow generation. The Feasibility Study for the Open Pit Continuation Project is progressing to schedule.

FY23 was the first year of full ownership of Ernest Henry, with gold production of 64,725oz at a new record low AISC of negative \$(2,334)/oz. The record AISC result for Ernest Henry was driven by 47,049 tonnes of copper sold, at an average achieved price of \$12,500/t. The significant weather event in March impacted AISC, reducing sales revenue by A\$160 million against plan. Pleasingly, Ernest Henry returned to full production in June 2023.

Following completion of the Mine Extension Pre-Feasibility Study (PFS) in June 2023, Ernest Henry's mine life was extended to 2040. Highlights include a doubling of the Ore Reserve with contained copper increasing 103% and contained gold increasing 124%, and a commitment to a \$15 million Feasibility Study and a \$7.5 million drilling program to further study the extension.

Evolution also announced today a further increase to Ernest Henry's Mineral Resource at 30 June 2023, with tonnes increasing by 7%, contained gold increasing by 3% and contained copper increasing by 5%, net of mining depletion, compared to 31 December 2022 Mineral Resource estimate.<sup>6</sup>

A number of milestones were achieved at Red Lake in FY23 notwithstanding that production performance was below expectations, positioning the site for significant improvement into FY24. Lateral development for both the June 2023 quarter and the full year was a record under Evolution ownership. Delivery of two jumbos in January enabled full mechanical bolting at Cochenour and Upper Campbell, contributing to the planned upgrading of the mobile fleet during the year. AISC increased from FY22, primarily due to increased sustaining capital relating to the mobile fleet upgrade and increased mine development.

The completion of the Red Lake workforce review, aligned to two of our values of "Excellence and Accountability" supports the delivery of the FY24 production guidance. This is enhanced by our equipment improvement strategy that works in conjunction with the workforce realignment that will improve productivity efficiency in line with industry averages.

Mungari continued its strong performance in FY23, increasing production to 135,592oz of gold at an average AISC of \$2,083/oz. The increase in AISC was driven by a number of factors, including a tight labour market leading to a higher reliance on contract labour and inflationary pressure on inputs.

The Board approved capital investment of \$250 million for the Mungari plant expansion from 2 million tonnes to 4.2 million tonnes per annum following completion of the Mungari Future Growth Feasibility Study. Details on the Feasibility Study outcomes are provided in the release titled "Mungari mine life extended to 15 years at 18% lower AISC and higher production" dated 5 June and available to view at [www.evolutionmining.com](http://www.evolutionmining.com). The project will ramp-up during the September 2023 quarter with a 30-month construction period, including long-lead items and approvals, for commissioning by the end of the March 2026 quarter.

Above average rainfall at Mt Rawdon combined with geotechnical issues impacted production during the year, with total annual production achieved of 53,685oz. Significant water management activities were undertaken during FY23 to enable full mining activities whenever possible, including commissioning over 30 evaporators and two temporary reverse osmosis plants, as well as liaising with state regulators on controlled water releases. Despite lower production this year, Mt Rawdon achieved a slight increase to net mine cash flow due to reduced capital spend.

Due for completion in the June quarter 2024, the Mt Rawdon Pumped Hydro (MRPH) Project Feasibility Study is well advanced and continues to demonstrate the potential to make a significant contribution towards Queensland's renewable energy ambitions.<sup>7</sup> Discussions with the Queensland Government, other potential interested off-take partners and infrastructure investors are ongoing with numerous parties expressing interest in participating in the project.

<sup>6</sup> Please refer to the ASX release published today titled 'Further Increase in Ernest Henry Mineral Resource' for information on the Ernest Henry Mineral Resource estimate at 30 June 2023

<sup>7</sup> The Project is being jointly developed by Evolution Mining and an investor group managed by ICA Partners who are specialists in energy markets and infrastructure advisory.

Favourably located 22km from the main transmission lines to Brisbane and Gladstone, it is the lowest risk and cost of capacity pumped hydro project in Australia. The project is well advanced and expected to be operational by 2030, with capacity to generate 2GW of power for 10 hours a day when complete, sufficient to power 2 million homes during peak periods.

### **Dividend payment**

In considering the performance and outlook of the business, the upcoming planned reduction in major capital investment, the completion of recovery at Ernest Henry and the position of the balance sheet following the debt restructuring announced in June 2023, the Board has declared a fully franked dividend of 2 cents per fully paid ordinary share. The aggregate amount of the proposed dividend to be paid on 6 October 2023 is estimated at \$36.7 million.

This is Evolution's 21<sup>st</sup> consecutive dividend and increases the total amount returned to shareholders, upon payment of this dividend, to \$1,128 million since August 2013.

Full details of the FY23 Full Year Financial Results are available in the Appendix 4E released to the ASX today and are also available on Evolution's website [www.evolutionmining.com.au](http://www.evolutionmining.com.au).

### **Approval**

This release has been approved by the Evolution Board of Directors.

### **Conference Call**

Evolution's Executive Chair, Jake Klein, Chief Executive Officer and Managing Director, Lawrie Conway, Chief Financial Officer, Barrie van der Merwe and Glen Masterman, VP Discovery will host a conference call to discuss the FY23 Full Year Financial Results at 10.30am (Sydney time) today. Access details are provided below.

### **Shareholders – Live Audio Stream**

A live audio stream of the conference call will be available on Evolution's website [www.evolutionmining.com.au](http://www.evolutionmining.com.au). The audio stream is 'listen only' and available to access on the home page and under the menu, Investors/Webcasts & Media. The audio stream will also be uploaded to Evolution's website shortly after the conclusion of the call and can be accessed at any time.

### **Analyst and Media – Conference Call Details**

Conference call details for analysts and media includes Q&A participation. To access the conference call, participants are requested to pre-register for the call at the link below.

<https://s1.c-conf.com/diamondpass/10027486-ksue54.html>

You will receive a dial in number, a passcode and a unique code which will be emailed to you as a calendar invite. Please dial in five minutes before the conference call starts, enter the passcode followed by your pin and you will join the conference. To ask a question, participants will need to dial \*1 (star, 1) on their telephone keypad.

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**About Evolution Mining**

Evolution Mining is a leading, globally relevant gold miner. Evolution operates five wholly-owned mines – Cowal in New South Wales, Ernest Henry and Mt Rawdon in Queensland, Mungari in Western Australia, and Red Lake in Ontario, Canada. Financial Year 2024 gold production guidance is 770,000 ounces (+/-5%) at a sector leading All-in Sustaining Cost of \$1,370 per ounce (+/-5%).

**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.

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