



SARACEN MINERAL HOLDINGS LIMITED

QUARTERLY REPORT: JUNE 2018

Corporate Details:

17th July 2018

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 818.0m

Unvested employee performance rights:
9.2m

Market Capitalisation: A\$1.7b
(share price A\$2.06)

Cash, bullion and investments (June 30):
A\$118.3m

Debt (June 30): Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Martin Reed
Non-Executive

Dr Roric Smith
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Van Eck 12.1%

Wroxby 6.0%

Paradise 5.1%

Registered Office:

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Record FY18 production, cash and equivalents rise to A\$118m

FY19 guidance rises to 325-345,000oz at AISC A\$1,050 - 1,100/oz

Health and safety

- **No LTIs** during the quarter, **LTIFR fell to 1.0** (2.0 at March 31)

Production

- **Record FY18 gold production of 316,453oz** (Carosue Dam 171,301oz; Thunderbox 145,152oz), which was **ahead of guidance**, at **AISC of A\$1,139/oz**, which was **within guidance**
- **Quarterly gold production of 78,930oz** (Carosue Dam 44,680oz; Thunderbox 34,250oz) at **all-in sustaining cash costs (AISC) of A\$1,196/oz**
- **Closing ore stockpile** (gold inventory awaiting processing) of **73,532oz** (up **29%** from 57,026oz at March 31)
- **FY19 guidance increased to 325-345,000oz** (previously 300,000oz) at an **AISC of A\$1,050 - 1,100/oz**

Financial

- **Cash and equivalents of A\$118.3m at June 30** (up from A\$101.5m at March 31, despite spending A\$22.8m on growth capital and exploration and growing ore stockpiles by a further 29%)
- **Gold sales for the quarter of 82,206oz** at an **average sale price of A\$1,655/oz**, generating revenue of A\$136.1m
- **60,000oz of hedging added at A\$1,774/oz**; 54,000oz of hedging delivered at A\$1,610/oz, average remaining hedge price A\$1,730/oz

Discovery and growth

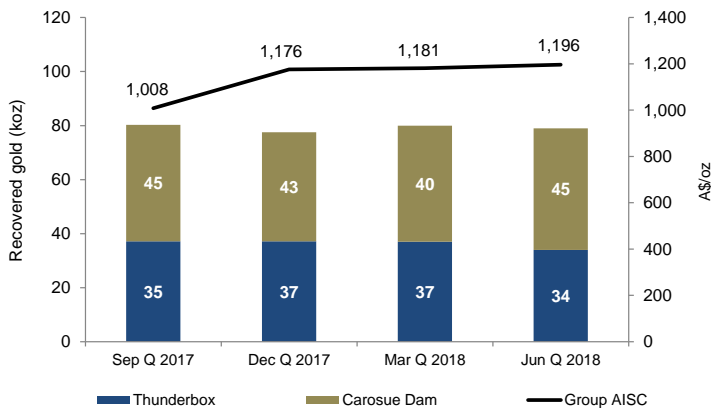
- Thunderbox underground drill drive development commenced
- Whirling Dervish decline (Carosue Dam) development commenced
- At **Carosue Dam, extensional drilling** (outside Ore Reserves) points to **further mine life**; Results include (previously released):
 - Karari - **19.1m @ 6.2g/t, 8.9m @ 8.3g/t, 10.5m @ 6.2g/t, 8.9m @ 6.1g/t, 8.5m @ 5.7g/t and 4.3m @ 10.1g/t**
 - Whirling Dervish - **6.1m @ 34.3g/t, 32.3m @ 3.0g/t, 29.0m @ 3.2g/t and 19.1m @ 3.7g/t**
- At **Thunderbox, shallow drilling** (within 100m of surface) points to **further mine life**; Results include (previously released):
 - D Zone - **27m @ 5.9g/t, 38m @ 3.6g/t and 11.0m @ 4.7g/t**
 - Otto Bore - **20m @ 8.5g/t, 17m @ 9.6g/t, 13m @ 9.0g/t, 13m @ 6.6g/t and 7m @ 12.1g/t**

Overview

Saracen Mineral Holdings Limited (ASX: SAR) is pleased to announce that it has capped an outstanding year of production growth and exploration success with a strong June quarter. Key achievements were:

- FY18 production exceeded upwardly revised guidance;
- Strong free cash-flow underpinning a growing bank balance;
- Another host of impressive exploration results which highlight scope for **more growth**.

Figure 1 – Group production and AISC



FY18 production was **316,453oz** at an AISC of **A\$1,139/oz**. This compares favourably with revised FY18 guidance of 310-315,000oz at an AISC of A\$1,100-1,150/oz, original FY18 guidance of 300,000oz at an AISC of A\$1,150 and FY17 actuals of 272,807oz at an AISC of A\$1,348/oz.

Production for the June quarter was **78,930oz** at steady AISC of **A\$1,196/oz**.

FY19 guidance has been revised to **325-345,000oz** (from 300,000oz) at AISC of **A\$1,050 - 1,100/oz**.

Gold sales for the June quarter of 82,206oz underpinned revenues of A\$136.1 million, allowing cash and equivalents to grow to **A\$118 million** at quarter-end, compared to A\$101 million at March 31.

Saracen Managing Director Raleigh Finlayson said the results showed the Company was reaping the benefits of its investment program.

“Our results have gone from strength to strength on every front,” Mr Finlayson said. “In the process, we have entrenched our position as a leading mid-tier ASX gold miner.

“We generated record production last financial year and we are forecasting further growth this year. This is a direct result of the investment we made in exploration and development in recent years.

“We have done this while keeping our costs tight and remaining debt free. This in turn has enabled us to grow our cash and equivalents by another A\$17 million in the last quarter alone to A\$118 million.

“We have achieved this while also continuing to invest in growth, as shown by the outstanding exploration results we are generating across our assets.

“We are confident that this strategy will underpin ongoing growth in our inventory, production rates and free cash flow.”

Saracen’s quarterly conference call will be held today at 9.00am AWST (11.00am AEST). The call can be accessed at: <http://webcasting.brrmedia.com/broadcast/5b2aed2249e38c1023dbd03f>

Table 1 – June quarter 2018 gold production and cost summary[^]

Jun Q 2018	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	463,000	-	463,000
Mine Grade	g/t	2.8	-	2.8
Contained Gold	oz	42,060	-	42,060
Open Pit Mining				
Total Mining	bcm	-	1,819,000	1,819,000
Ore Mined	t	-	1,011,000	1,011,000
Mine Grade	g/t	-	1.4	1.4
Contained Gold	oz	-	44,787	44,787
Mill Production				
Ore Milled	t	611,000	716,000	1,327,000
Mill Grade	g/t	2.5	1.6	2.0
Contained Gold	oz	48,251	36,388	84,639
Recovery	%	92.6%	94.1%	93.3%
Recovered Gold	oz	44,680	34,250	78,930
Gold Sales	oz	47,397	34,809	82,206
Average Price Received	A\$/oz	1,659	1,650	1,655
Sales Revenue	A\$m	78.6	57.4	136.1
Closing Ore Stockpile				
Ore	t	816,000	1,267,000	2,083,000
Grade	g/t	0.9	1.3	1.1
Contained Gold	oz	22,433	51,099	73,532
Cost summary				
Mining	A\$m	22.1	20.4	42.5
Processing	A\$m	11.3	12.9	24.3
Site Administration	A\$m	2.1	1.8	3.9
Ore Purchase	A\$m	-	-	-
Cash Costs	A\$m	35.5	35.2	70.7
Royalties	A\$m	2.9	1.9	4.8
Capital Works	A\$m	-	-	-
Development	A\$m	7.5	6.3	13.8
Ore Inventory Adjustments	A\$m	(0.2)	(4.4)	(4.6)
Corporate	A\$m	2.7	1.8	4.5
All-in Sustaining Costs	A\$m	48.4	40.8	89.2
Growth Capital*	A\$m	8.5	9.0	17.4
Exploration	A\$m	4.1	1.2	5.4
Unit cost summary				
Mining	A\$/oz	547	596	570
Processing	A\$/oz	281	377	325
Site Administration	A\$/oz	51	54	53
Ore Purchase	A\$/oz	-	-	-
Cash Costs	A\$/oz	880	1,027	948
Royalties	A\$/oz	73	56	65
Capital Works	A\$/oz	-	-	-
Development	A\$/oz	186	184	185
Ore Inventory Adjustments	A\$/oz	(5)	(128)	(61)
Corporate	A\$/oz	66	53	60
All-in Sustaining Costs	A\$/oz	1,200	1,192	1,196
Mine cash flow				
Mine operating cash flow	A\$m	32.7	14.1	46.8
Net mine cash flow	A\$m	24.2	5.1	29.3

Mine operating cash flow = Sales revenue less AISC plus corporate costs plus ore inventory adjustments.

Net mine cash flow = Mine operating cash flow less growth capital.

Third party ore (Carosue Dam 4,341oz) included in recovered gold, excluded from A\$/oz calculations.

[^] Reported on an accrual accounting basis

* Refer to Figure 12 for breakdown

Table 2 – FY18 gold production and cost summary[^]

FY2018	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	1,718,000	-	1,718,000
Mine Grade	g/t	2.9	-	2.9
Contained Gold	oz	162,614	-	162,614
Open Pit Mining				
Total Mining	bcm	-	11,906,000	11,906,000
Ore Mined	t	-	3,410,000	3,410,000
Mine Grade	g/t	-	1.7	1.7
Contained Gold	oz	-	185,441	185,441
Mill Production				
Ore Milled	t	2,479,000	2,655,000	5,133,000
Mill Grade	g/t	2.3	1.8	2.1
Contained Gold	oz	184,234	154,579	338,813
Recovery	%	93.0%	93.9%	93.4%
Recovered Gold	oz	171,301	145,152	316,453
Gold Sales	oz	171,332	146,343	317,675
Average Price Received	A\$/oz	1,609	1,601	1,606
Sales Revenue	A\$m	275.7	234.3	510.1
Closing Ore Stockpile				
Ore	t	816,000	1,267,000	2,083,000
Grade	g/t	0.9	1.3	1.1
Contained Gold	oz	22,433	51,099	73,532
Cost summary				
Mining	A\$m	96.5	63.5	160.0
Processing	A\$m	48.6	53.1	101.6
Site Administration	A\$m	9.3	6.9	16.3
Ore Purchase	A\$m	-	-	-
Cash Costs	A\$m	154.4	123.5	277.9
Royalties	A\$m	10.9	6.9	17.8
Capital Works	A\$m	-	-	-
Development	A\$m	25.8	38.9	64.7
Ore Inventory Adjustments	A\$m	0.9	(18.7)	(17.8)
Corporate	A\$m	6.0	4.8	10.8
All-in Sustaining Costs	A\$m	198.0	155.4	353.4
Growth Capital	A\$m	24.1	30.7	55
Exploration	A\$m	13.3	4.0	17
Unit cost summary				
Mining	A\$/oz	585	437	516
Processing	A\$/oz	294	366	328
Site Administration	A\$/oz	57	48	52
Ore Purchase	A\$/oz	-	-	-
Cash Costs	A\$/oz	935	851	896
Royalties	A\$/oz	66	48	57
Capital Works	A\$/oz	-	-	-
Development	A\$/oz	156	268	208
Ore Inventory Adjustments	A\$/oz	6	(129)	(57)
Corporate	A\$/oz	36	33	35
All-in Sustaining Costs	A\$/oz	1,199	1,071	1,139
Mine cash flow				
Mine operating cash flow	A\$m	84.6	65.0	149.6
Net mine cash flow	A\$m	60.6	34.3	94.9

Mine operating cash flow = Sales revenue less AISC plus corporate costs plus ore inventory adjustments.

Net mine cash flow = Mine operating cash flow less growth capital.

Third party ore (Carosue Dam 6,166oz) included in recovered gold, excluded from A\$/oz calculations.

[^] Reported on an accrual accounting basis

Sustainability

No Lost Time Injuries (LTI) were reported in the June quarter.

Table 3 – June quarter 2018 group safety performance

	LTI	LTIFR	TRIFR
Carosue Dam	0	0.9	14.9
Thunderbox	0	1.1	9.2
Group	0	1.0	11.7

Saracen is preparing to release a maiden Sustainability Report in the coming months.

Listed investments

Listed investments were valued at A\$11.7 million at 30 June 2018.

Table 4 – Listed investments at 30 June 2018

	ASX	m shares	% stake	Val (A\$m)
Red 5 [^]	RED	130.6	10.5%	10.6
Matsa	MAT	4.5	2.6%	0.7
Nexus ^{^^}	NXM	5.3	6.0%	0.4
Total				11.7

[^] 90m RED shares escrowed until 2nd October 2018

^{^^} 1.9m attached unlisted NXM options (exercise price 16.8c, expiry date 5th April 2010)

Outlook

The group production outlook for FY19 is increased to **325-345,000oz** (previously 300,000oz) at an **AISC of A\$1,050 - 1,100/oz**.

The following investment is planned for the next chapter of growth in FY19:

- A\$23m - Karari Fill plant
- A\$20m - Whirling Dervish underground development
- A\$13m - Thunderbox underground development
- A\$50m - Bolstered exploration spend
- A\$7m - Carosue Dam air-strip

The above items will be funded from operating cash flow, undrawn debt and ore stockpiles.

Saracen's 7 year production outlook, with **organic production growth to 350kozpa**, is considered a base case, with an **upside case to 400kozpa** (refer to ASX release dated 20th February 2018 "Corporate Presentation – February 2018").

Operations

Carosue Dam

Carosue Dam produced 44,680oz for the quarter at an AISC of A\$1,200/oz (March quarter 43,167oz @ A\$1,193/oz).

The Karari underground mine produced 27.5koz @ 2.7g/t (March quarter 30.1koz @ 3.0g/t). Karari achieved a new quarterly ore production record (322kt ore). The mine grade averaged 2.9g/t over FY18 and is anticipated to increase to above 3.0g/t in the September quarter (in-line with the current Reserve grade). The Deep South underground mine produced 14.5koz @ 3.2g/t (March quarter 14.2koz @ 2.8g/t).

Mine operating cash flow for the quarter was A\$32.7 million. Net mine cash flow was A\$24.2 million after growth capital of A\$8.5 million.

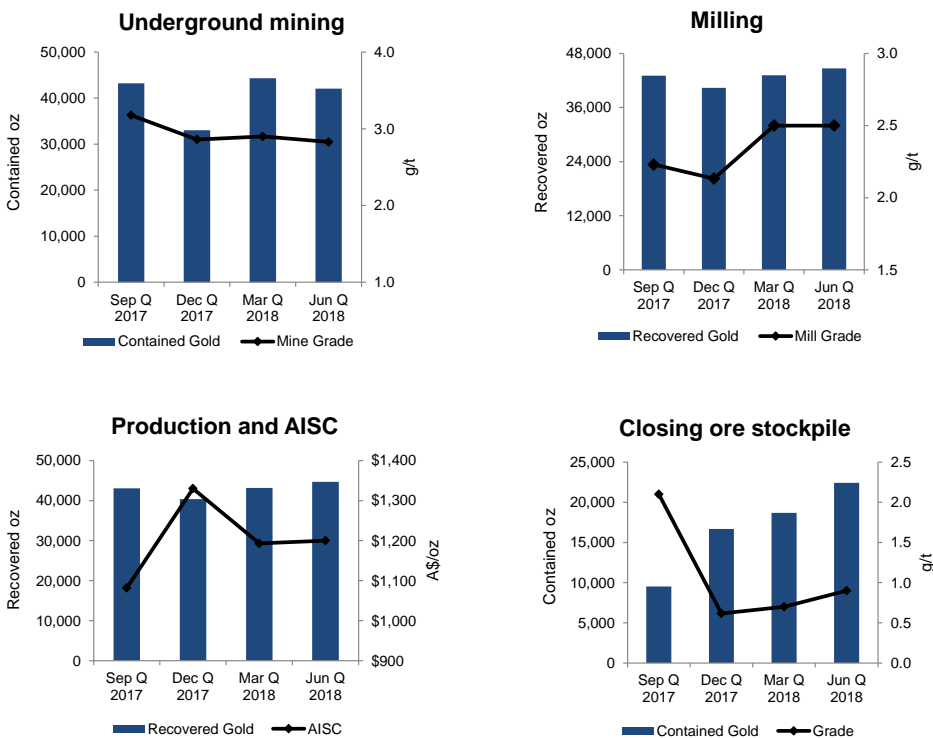
The A\$23 million Karari Fill Project moved to the detailed engineering phase during the quarter. Tender allocation is anticipated in the current September quarter. The first paste pour is scheduled for the June quarter 2019, allowing a full 12 months for implementation from the investment decision.

Development of the Whirling Dervish decline commenced. Production will taper off at Deep South during FY19 as Whirling Dervish is brought into steady state production. This is in line with the Project Nucleus strategy (realising bulk underground production immediately adjacent to the mill) and the 7 year production outlook.

The mill processed 611kt of ore at an average grade of 2.5g/t with a metallurgical recovery of 92.6%.

The mill expansion study continues. Carosue Dam has substantial open pit Ore Reserves (fully permitted) that could potentially supplement the base load ore feed from the growing Karari / Whirling Dervish underground mines for at least the next five years.

Figures 2-5 – Carosue Dam - Key charts



Thunderbox

Thunderbox produced 34,250oz at an AISC of A\$1,192/oz (March quarter 36,560oz @ A\$1,168/oz).

Total mine production was 44,787oz contained, with 12,754oz added to the Thunderbox ore stockpile (up 33% from March 31). This will enable a consistent oxide contribution to the Thunderbox mill blend throughout FY19, with the softer material positively impacting throughput.

Mine operating cash flow for the quarter was A\$14.1 million. Net mine cash flow was A\$5.1 million after growth capital of A\$9.0 million.

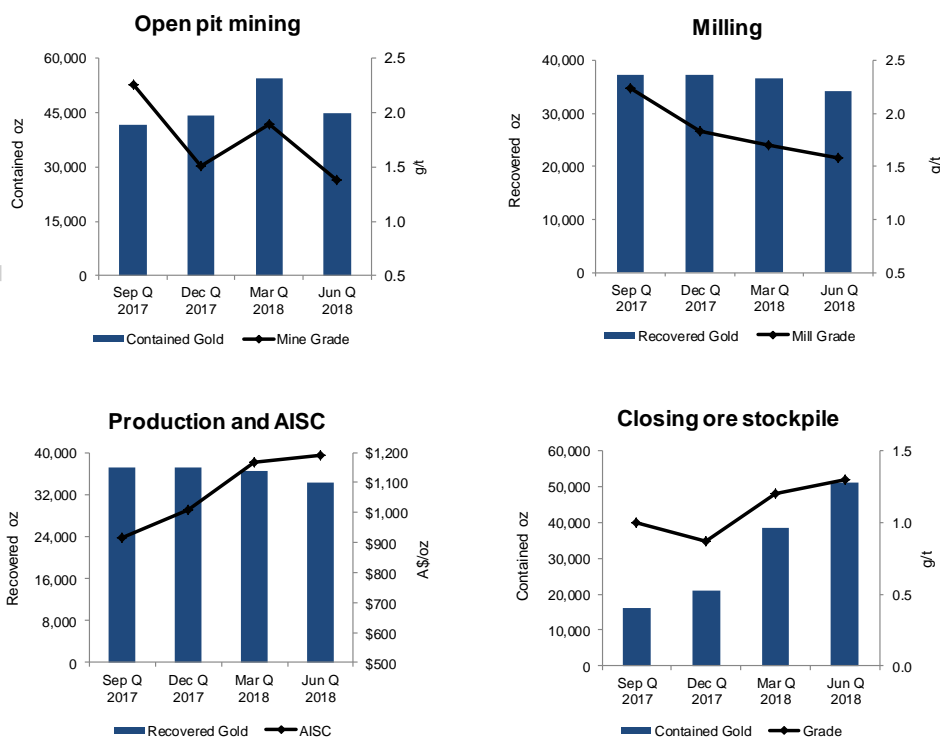
Total material movement from the open pits was 1.8 million BCM, down 16% from the previous quarter. The Thunderbox C Zone pit continued to progress on schedule, with the strip ratio continuing to drop and mined grades increasing as planned. The Kailis stage 1 pit was completed at the end of June, with drilling already underway for the stage 2 open pit due to commence in the December half 2018. Total open pit ore mined was 1.0Mt with a mine grade of 1.4g/t.

A number of key milestones were achieved at the new Thunderbox underground during the quarter. These included the award of the underground development contract to Byrnegut, mobilisation at the end of May, establishment of underground infrastructure, completion of portal façade works and firing of the portals. The underground mine officially opened on June 10.

The mill processed a record 716kt of ore (annualised 2.9Mt) at an average grade of 1.6g/t with a metallurgical recovery of 94.1%. The June quarter throughput rate of 357t per hour is in line with the March quarter and increases the full year rate to 335t per hour. The mill feed blend averaged 80% C Zone fresh and 20% Kailis oxide.

Tailings facility works commenced during the quarter. When completed this will provide 10 years tailings storage capacity at current throughputs. Camp upgrade works also commenced including additional accommodation units.

Figures 6-9 – Thunderbox - Key charts



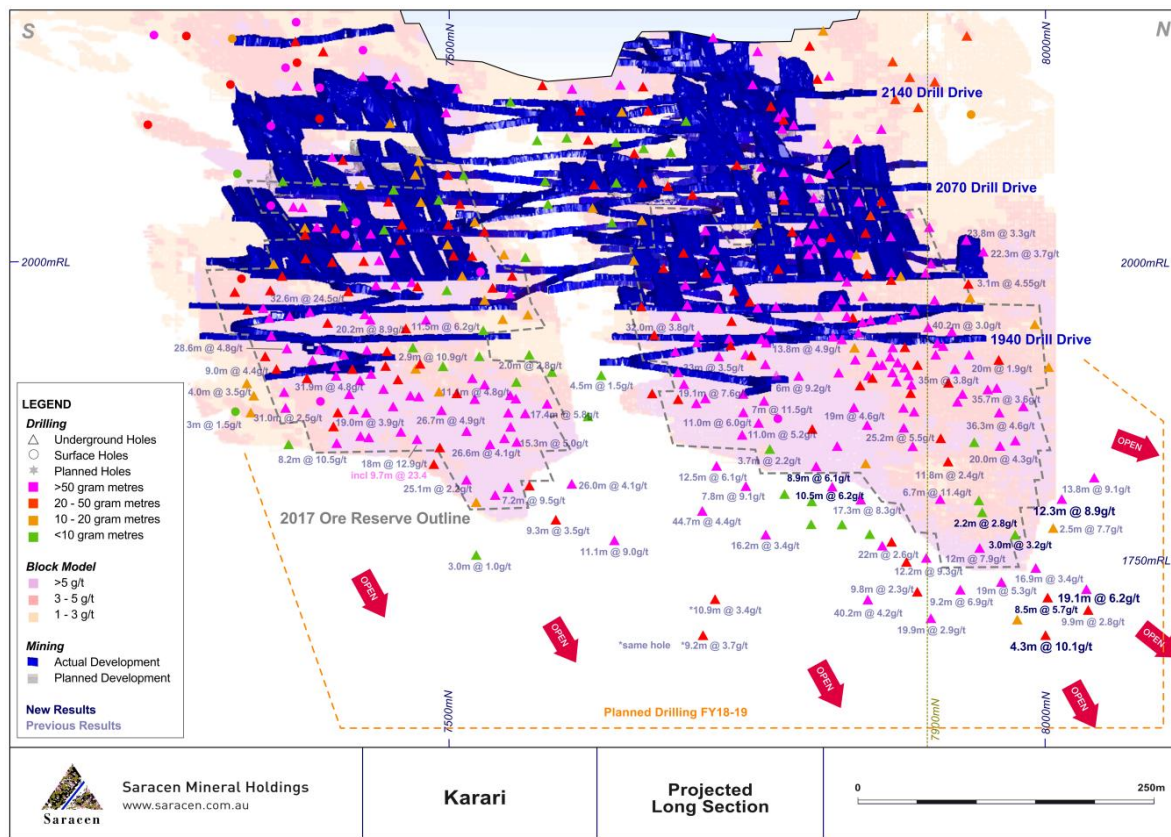
Discovery and growth

During the quarter, Saracen announced thick high-grade extensional drill results from Carosue Dam (Karari and Whirling Dervish). Both deposits remain open along strike and at depth.

At Karari, extensional drill results outside Ore Reserves included 19.1m @ 6.2g/t, 8.9m @ 8.3g/t, 10.5m @ 6.2g/t, 8.9m @ 6.1g/t, 8.5m @ 5.7g/t and 4.3m @ 10.1g/t. The results are located up to ~60m below the Ore Reserve, indicating further growth in mine life (annual vertical advance of mining ~60m).

Drilling is underway from the newly installed northern drill drive, enabling the targeting of extensions up to ~900m below surface (~10 year life). A new southern drill drive will be imminently available.

Figure 10 – Karari long section - Drill results



At Whirling Dervish, extensional drill results outside Ore Reserves included 6.1m @ 34.3g/t, 32.3m @ 3.0g/t, 29.0m @ 3.2g/t and 19.1m @ 3.7g/t.

Surface RC drilling is underway at the Carosue Dam Corridor (despite being within ~10km of the 2.4Mtpa Carosue Dam mill, remarkably the corridor has been poorly explored, especially at depth).

At Thunderbox D Zone (within ~500m of the Thunderbox mill), drill results included 27m @ 5.9g/t, 38m @ 3.6g/t, and 11.0m @ 4.7g/t (amenable to open pit mining, within 100m of surface).

At Otto Bore (9km north of the Thunderbox mill), drill results included 20m @ 8.5g/t, 17m @ 9.6g/t, 13m @ 9.0g/t, 13m @ 6.6g/t and 7m @ 12.1g/t (amenable to open pit mining, within 100m of surface).

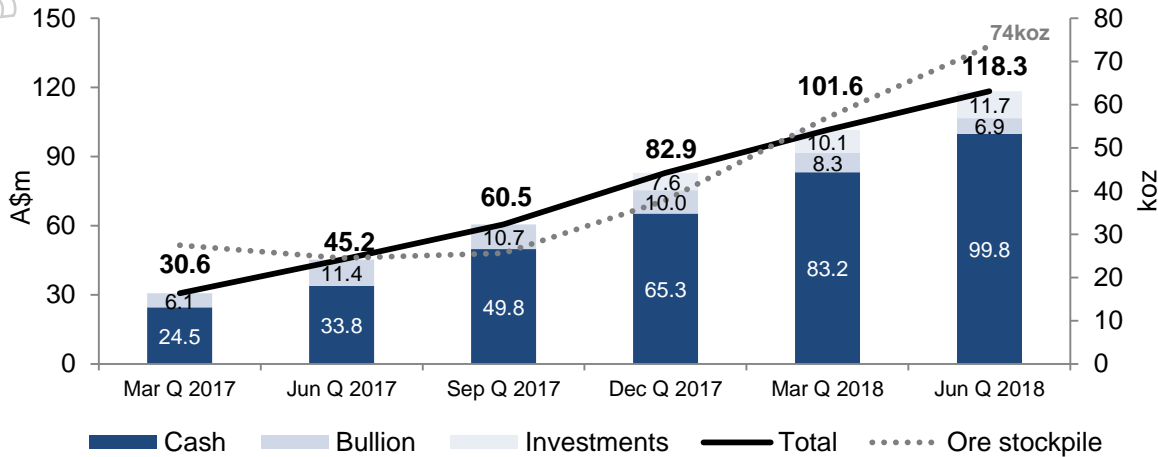
For further information on the drill results provided, please refer to the ASX announcement "Drill results point to more growth" dated 1st May 2018.

Corporate and finance

Cash position

As at 30 June 2018, Saracen's total cash, bullion and investments were A\$118.3 million. There was no corporate debt drawn at the end of the quarter.

Figure 11 – Cash, bullion and investments, and closing ore stockpile



Gold sales

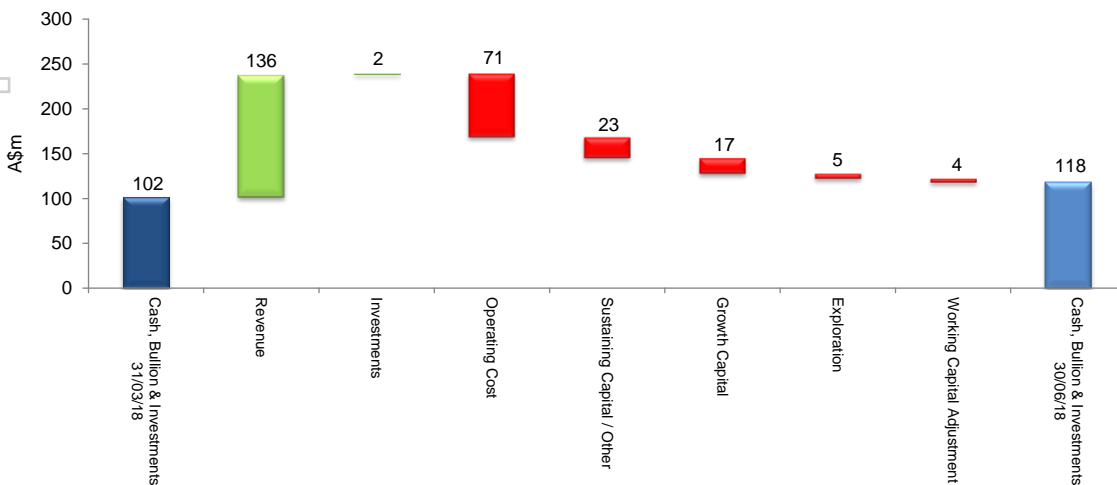
Gold sales for the quarter were 82,206oz at an average sale price of A\$1,655/oz, for total revenue of A\$136.1million (note that gold sales excludes movements of gold in transit).

Hedging

During the quarter 60,000oz of hedging was added at A\$1,774/oz, and 54,000oz of hedging was delivered at A\$1,610/oz. Of the 54,000oz, 14,900oz were A\$1,520/oz pre-delivered ahead of schedule, compared to average spot of ~A\$1,720/oz i.e. ~A\$3.0m cash impact. At 30 June 2018, the hedge book comprised 275,600oz at an average delivery price of A\$1,730/oz (Appendix 1).

Cash-flows

Figure 12 – June 2018 quarter cash movements



- **Operating Costs:** Cash outflows for mining, ore cartage, processing, and site administration.
- **Sustaining Capital / Other:** Cash outflows for royalties, sustaining capital works, open pit and underground development, active mine exploration and corporate expenses.
- **Growth Capital:** Cash outflows for mine development (Whirling Dervish A\$3.3m, Thunderbox underground A\$2.8m, Kailis A\$1.3m, Karari A\$1.2m) and other miscellaneous items (A\$8.8m).
- **Exploration:** Cash outflows for CDO (A\$4.1m) and TBO (A\$1.3m) exploration activities.

Appendix 1 – Hedging at 30 June 2018

Quarter	Quantity	Price
	oz	A\$/oz
Sep-18	53,200	\$1,707
Dec-18	52,800	\$1,736
Mar-19	42,600	\$1,716
Jun-19	39,000	\$1,682
Sep-19	23,500	\$1,717
Dec-19	19,500	\$1,766
Mar-20	13,500	\$1,777
Jun-20	13,500	\$1,786
Sep-20	6,000	\$1,800
Dec-20	6,000	\$1,825
Mar-21	6,000	\$1,836
Total	275,600	\$1,730

Competent Persons Statements

The information in the report to which this statement is attached that relates to Exploration Results is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of the company. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

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