SARACEN MINERAL HOLDINGS LIMITED

(ACN 009 215 347)

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2016

COMPANY DIRECTORY

Directors

Mr Geoffrey Clifford (Non-Executive Chairman)
Mr Raleigh Finlayson (Managing Director)
Ms Samantha Tough (Non-Executive Director)
Mr Martin Reed (Non-Executive Director)
Mr Mark Connelly (Non-Executive Director)

Company Secretary

Mr Jeremy Ryan

Registered Office and Business Address

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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: SAR)

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
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Telephone: +61 8 6382 4600
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Solicitors

DLA Piper
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Bankers

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367 Collins Street
Melbourne VIC 3000

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452 Johnston Street
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DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Geoffrey Clifford (Non-executive Chairman)
Raleigh Finlayson (Managing Director)
Mark Connelly (Non-Executive Director)
Martin Reed (Non-Executive Director)
Samantha Tough (Non-Executive Director)

CONSOLIDATED RESULTS

The consolidated profit after tax for the half-year was $14.9 million (31 December 2015: profit after tax of $7.9 million). The following largely contributed to the current period's profit:-

- Profit from mining operations before depreciation and amortisation for the reporting period was $53.8 million (2015: $32.3 million). Operating results for the comparative half-year periods are summarised below:-

	31-Dec-16	31-Dec-15
Mill production (tonnes)	2,446,000	1,146,000
Grade (g/t)	1.75	2.43
Production (ozs)	127,692	82,405
Average "All in Sustaining Cost" (**"AISC"**) (A$/oz)	1,409	1,017
Gold sold (ozs)	119,550	83,440
Average gold sales price (A$/oz)	1,675	1,591
Total Gold Sales Revenue (A$ millions)	186.1	126.4
Depreciation & amortisation (A$ millions)	30.5	14.3

- Depreciation and amortisation for the reporting period was $30.5 million (2015: $14.3 million). The main reason for the increase from 31 December 2015 is due to amortisation at Deep South underground and Thunderbox A Zone only commencing post 31 December 2015 due to commercial production being declared after this date.

- At period end, the consolidated entity recognised a deferred tax expense of $0.5 million (2015: deferred tax expense of $3.9 million). However, the consolidated entity has accumulated tax losses and is currently not in a tax paying position.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was gold production and exploration. At the Carosue Dam Operations, ore was mined from the Karari, Deep South and Red October underground mines. This, supplemented by ore stockpiles previously mined from the Whirling Dervish open pit, was processed at the Carosue Dam treatment plant.

At the Thunderbox Operations, ore was mined from the Thunderbox A Zone open pit mine and the King of the Hills underground mine, which was processed at the Thunderbox treatment plant.

Health and Safety

Safety at Saracen continued to steadily improve for the year with a further 9% reduction in the overall Total Incident Frequency Rate ("**TIFR**"), along with a 23% reduction in the Lost Time Injury Frequency Rate ("**LTIFR**") over the same period.

During the past six months, both the Carosue Dam and Thunderbox Operations were bolstered with the introduction of dedicated OHS Managers to deliver against all key elements of the Group's safety strategy. Over the same period there was further strengthening of training capabilities with the introduction of a dedicated Trainer at the Carosue Dam Operations. Ongoing developing and updating of training systems across all sites has been a key focus for both Saracen and Contractor personnel.

The safety of our people and contractors is paramount and we will strive for further improvement through safety leadership, shared best practices, engagement and empowerment of our operational teams as we continue to build our strong workplace culture. We aspire to proactive safety leadership across all of our operations and will focus on delivering progressive improvement in safety performance for FY17 and beyond.

Production Overview

Gold sale proceeds during the period totalled $186.1 million (2015: $126.4 million). Gold sales for the period were 119,550 ounces (2015: 83,440 ounces) at an average gold sale price of A$1,675 per ounce (2015: A$1,591 per ounce). During the period, approximately $14 million of sales (8,369 ounces) were made from gold recovered from development activities at the King of the Hills underground mine. This amount was offset against the project's capital development costs and is not accounted for as sales revenue in the Statement of Profit or Loss and other Comprehensive Income.

All In Sustaining Costs ("**AISC**") for the period were A$1,409 per ounce (2015: A$1,017 per ounce).

During the six month period, the Company produced 127,692 ounces of gold (2015: 82,405 ounces) from the processing of 2,246,000 tonnes of ore (2015: 1,146,000 tonnes) at an average grade of 1.75g/t (2015: 2.43g/t).

Carosue Dam Operations

During the six month period, gold production from the Carosue Dam Operations was 71,833 oz (2015: 82,405 oz) at an AISC of A$1,447/oz (2015: $1,017/oz).

Carosue Dam	Units	Sep Q 2016	Dec Q 2016	Dec H FY17
Underground Mining				
Ore Mined	t	317,000	357,000	674,000
Mine Grade	g/t	2.5	2.8	2.6
Contained Gold	oz	25,037	31,995	57,032
Mill Production				
Ore Milled	t	611,000	636,000	1,247,000
Mill Grade	g/t	1.9	2.0	1.9
Contained Gold	oz	36,534	40,721	77,255
Recovery	%	93.5%	92.6%	93.0%
Recovered Gold	oz	34,141	37,692	71,833
Gold Sales	oz	32,075	36,043	68,118

Development of the twin declines at Karari continued during the six month period. The mine is now beginning to realise the productivity improvements stemming from the decoupling of development from production areas, with record development and production being achieved during the December quarter. Production will continue to ramp-up during H2FY17 before attaining steady-state in FY18. Production for the six months was 365,000 tonnes @ 2.58g/t for 30,261 contained ounces.

Commercial production was declared at Deep South effective 1 July 2016. Deep South now has multiple stoping areas, de-risking future production. Further, decline development is now sufficiently decoupled from the production areas and decline advance rates are exceeding forecast. Production for the year was 284,000 tonnes @ 2.69g/t for 24,559 contained ounces.

At Red October development and production was put on hold during the September quarter whilst exploration drilling was conducted from the base of the mine. Development re-commenced during the December quarter using a single-boom jumbo to most efficiently operate the narrow vein, high grade nature of the orebody. Two new areas are being mined, Dory and Lionfish. High grades continue to be encountered, with numerous faces containing visible gold. Production for the six months was 25,000 tonnes @ 2.78g/t for 2,212 contained ounces.

Thunderbox Operations

During the six month period, gold production from the Thunderbox Operations was 55,859 oz (2015: Nil) at an AISC of A$1,353/oz (2015: N/A).

Thunderbox	Units	Sep Q 2016	Dec Q 2016	Dec H FY17
Open Pit Mining				
Total Mining	bcm	3,237,000	2,693,000	5,930,000
Ore Mined	t	760,000	715,000	1,475,000
Mine Grade	g/t	1.2	1.4	1.3
Contained Gold	oz	29,519	31,213	60,732
Mining Cost	A$/bcm	$5.61	$7.39	$6.38
Mining Cost	A$m	$18.2	$20.3	$38.5
Mill Production				
Ore Milled	t	649,000	550,000	1,199,000
Mill Grade	g/t	1.4	1.8	1.6
Contained Gold	oz	29,596	30,950	60,547
Recovery	%	92.3%	92.2%	92.3%
Recovered Gold	oz	27,329	28,530	55,859
Gold Sales	oz	24,561	26,871	51,432

5.9 million banked cubic metres ("**bcm**") were mined from Thunderbox during the six months, with pre-strip mining from C Zone commencing. Production for the year was 1,475,000 tonnes @ 1.3 g/t for 60,732 contained ounces.

Development work commenced at the King of the Hills ("**KOTH**") underground mine in July 2016. Production for the year was 78,000 tonnes @ 3.80g/t for 9,480 contained ounces. Around 12,000oz of production is forecast to be mined from KOTH and delivered to the Thunderbox mill in FY17. At this stage there is no production forecast from KOTH in FY18 in Saracen's five-year outlook (subject to current drilling and evaluation).

Future Development

The latest Thunderbox Life of Mine Plan assumes that the conclusion of mining of the A Zone open pit would be followed by the development of a large scale underground mine subject to a positive feasibility study. The current completion of the C Zone open pit mine is on track for FY20. The Kailis open pit mine is scheduled to commence in H2FY17 with production scheduled for FY18, all approvals are in place for this commencement. Kailis has a reserve of 1,211kt @ 2.7g/t. Open pit mining at Bannockburn, North Well, Mangilla and Rainbow would then provide supplementary ore supply (subject to positive feasibility study results).

At Carosue Dam, Deep South has attained steady state production, and Karari will have attained steady state production around the end of FY17. The next project to be developed is the Whirling Dervish Underground, which will be de-risked by completing an underground diamond drill drive in parallel with the finalisation of the Feasibility study. The development of the drill drive will be completed in H2FY17, while the actual diamond drilling and Feasibility study will be completed in H1FY18 with a view to commence the execution of the Project during H2FY18. The Whirling Dervish Underground is fully permitted with all regulatory approvals in place. Existing stockpiles will continue to be fed into the plant during FY17 and FY18 until the Whirling Dervish Underground is developed. Several Open Pits are also available for additional mill feed and blending alternatives and these are fully permitted. Optimisation of these pits is ongoing.

Exploration and Resource Evaluation

The objective of the FY17 drill program for the Karari underground mine is to complete sufficient grade control drilling for 2 years of production beyond FY17, plus an additional year of resource in the indicated category. Drilling completed during H1FY17 included 12,923m of grade control drilling and 5,582m resource definition and exploration drilling of a full year budget of 37,129m. The programs have successfully demonstrated the coherency of the ore zones in the current mine plan and the continuation of ore at depth. Limited exploration drilling had been completed to date but scheduled for H2FY17.

A similar drilling strategy is being applied at Deep South with FY17 grade control drilling looking to confirm 1 to 1 ½ years of production beyond FY17 plus an additional year of indicated resource. Of the planned 32,600m drilling, 24,640m of grade control drilling has been completed during H1FY17. Drilling is continuing through H2FY17 targeting the resource potential beyond FY18 production levels. Surface drilling planned to test the strike extension potential at Deep South is scheduled for early H1FY18.

Drilling in early H1FY17 at Red October focussed on resource definition (1,159m) and grade control (1,006m) drilling of the Lionfish lodes that have since gone into production. A deep surface diamond drill program, part-funded under the WA Government EIS program tested for lower extensions of the ore zones more than 300m below the current Red October mine. The program entailed a parent hole and two daughter holes for a total of 2,927m with results confirming gold mineralisation continues to these depths.

Saracen has committed to undertaking a feasibility study in relation to the potential of underground mining of the Thunderbox deposit below the current pit design. The study includes resource definition of the A Zone ore body at depth that was identified in previous exploration drilling. The planned program includes approximately 21,800m of drilling of which 12,705m has been completed. The program is scheduled to continue through to Q4FY17. 13,000 metres of grade control drilling in the Thunderbox A Zone pit was also completed during H1FY17.

Drilling at King of the Hills included a combination of underground exploration, resource definition and grade control drilling. Three long exploration holes (3,000m total) confirmed the interpreted geometry of the mineralised veins under the south pit. Following these holes, the focus turned to resource definition and grade control drilling of the lodes in the active mining areas. A total of 9,580m and 106 grade control/resource definition holes were drilled during H1FY17.

Exploration activities outside of the active mines included a small mapping and sampling campaign around the Red October mine, reprocessing of seismic data over the King of the Hills mine and interpretation of magnetic datasets over several other project areas. This work has laid the foundation for targeting and planning of exploration drill programs that are scheduled for H2FY17 or FY18.

Corporate and Finance

Cash Position

As at 31 December 2016, Saracen's total cash and liquid position was \$43.9 million (30 June 2016: \$40.3 million), comprised of \$33.7 million held in cash and 6,428 ounces of gold in transit (approx. \$10.2 million). Gold in transit was valued using the spot price of A\$1,600/oz.

Debt

During the half year the Company entered into a long-term senior corporate financing facility with a syndicate of three major international banks. The facility is a senior secured revolving loan shared equally between BNP Paribas, Citibank N.A. and Westpac Banking Corporation.

The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility is for an initial term of three years. It features an "evergreen" arrangement with an annual review date whereby the term can be extended for an additional year each year to maintain a three year tenure.

The Facility also features an accordion provision whereby Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the loan to \$150 million) with the approval of the syndicate members.

As at 31 December 2016, the new facility had not been drawn down on.

Hedging

As at 31 December 2016, Saracen had gold hedging in place covering 278,343 ounces at an average price of A$1,556/oz (ranging from A$1,520/oz to A$1,650/oz). These ounces are to be delivered over the period from January 2017 to July 2019 (inclusive).

Dividends

No dividends have been paid or declared by the Group since the end of the previous financial year.

The Directors do not propose to declare or pay any dividend for the half year ended 31 December 2016.

Events Subsequent to the Reporting Date

On 14 February 2017, Saracen announced that it had entered into an agreement to acquire 100% of the Bundarra gold project in Western Australia from Bligh Resources Limited. Consideration for the acquisition of the project is $8.5m in Saracen shares. (Refer ASX announcement entitled "Saracen acquires the Bundarra gold project").

The Transaction is conditional upon Bligh Resources and Saracen entering into a formal sale and purchase agreement ("**SPA**"). Completion will be subject to the usual conditions precedent for this type of transaction including Saracen having the right to withdraw if its share price decreases by greater than 15% prior to the execution of the SPA and the requirement for Bligh shareholders to approve the transaction at a general meeting.

Bundarra is located 30km south of Saracen's Thunderbox project, and adjacent to the sealed Goldfields Highway. The project was initially mined between 2000 and 2002 by Sons of Gwalia, producing 1.7Mt @ 2.2g/t for 115koz gold. The project includes estimated mineral resources of 7.0Mt @ 1.9g/t for 431koz.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in page 8 of this half-year financial report.

Rounding Off

The Company is a company of the kind referred to in Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

For and on behalf of the Board.

Raleigh Finlayson
Managing Director
20 February 2017

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Saracen Mineral Holdings Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 20 February 2017

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2016

	Note	**31 December 2016 $'000**	31 December 2015 $'000
Revenue from continuing operations		**186,561**	126,612
Mine operating costs		**(126,710)**	(88,253)
Depreciation and amortisation		**(30,527)**	(14,321)
Royalties		**(6,090)**	(6,012)
Gross profit from mining operations		**23,234**	18,026
Administration expenses		**(6,042)**	(3,505)
Share based payment expense		**(1,707)**	(1,799)
Finance costs		**(292)**	(423)
Other income		**280**	416
Change in fair value of listed shares		**-**	(1)
Expensing of exploration costs		**(80)**	(822)
Loss on disposal of fixed assets		**-**	(27)
Profit before income tax		**15,393**	11,865
Income tax expense	2	**(505)**	(3,955)
Profit for the period after income tax		**14,888**	7,910
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on hedging instruments entered into for cash flow hedges, net of tax		**-**	(1,581)
Other comprehensive loss, net of income tax		**-**	(1,581)
Total comprehensive profit attributable to members of Saracen Mineral Holdings Limited		**14,888**	6,329
Earnings per share attributable to members of Saracen Mineral Holdings Limited			
Basic earnings per share in cents		**1.85**	1.00
Diluted earnings per share in cents		**1.82**	0.99

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016 $'000	30 June 2016 $'000
Current assets			
Cash and cash equivalents		**33,656**	34,302
Trade and other receivables		**5,568**	5,189
Other financial assets		**7**	7
Inventories	3	**40,263**	29,589
Other		**1,986**	1,391
Total current assets		**81,480**	70,478
Non-current assets			
Plant and equipment	4	**85,737**	84,797
Other financial assets		**55**	55
Deferred tax assets		**-**	-
Exploration and evaluation costs	5	**52,164**	43,552
Mine properties	6	**177,127**	163,221
Total non-current assets		**315,083**	291,625
TOTAL ASSETS		**396,563**	362,103
Current liabilities			
Trade and other payables	7	**42,961**	27,331
Borrowings	8	**2,624**	1,373
Provisions	9	**3,990**	5,112
Total current liabilities		**49,575**	33,816
Non-current liabilities			
Deferred tax liabilities	2	**3,116**	3,562
Borrowings	8	**3,405**	2,359
Provisions	9	**62,203**	61,648
Total non-current liabilities		**68,724**	67,569
Total liabilities		**118,299**	101,385
Net assets		**278,264**	260,718
Equity			
Contributed equity	10	**255,225**	253,013
Reserves		**8,182**	7,736
Accumulated profits/(losses)		**14,857**	(31)
Total equity		**278,264**	260,718

The consolidated statement of financial position
should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Half-Year Ended 31 December 2016

	Contributed equity $'000	Accumulated profits/(losses) $'000	Cash flow hedge reserve $'000	Share based payments reserves $'000	Total $'000
As at 1 July 2016	**253,013**	**(31)**	**-**	**7,736**	**260,718**
Profit for the period after tax	**-**	**14,888**	**-**	**-**	**14,888**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period after tax	**-**	**14,888**	**-**	**-**	**14,888**
Share based payments	**-**	**-**	**-**	**1,707**	**1,707**
Vesting of performance rights	**2,212**	**-**	**-**	**(2,212)**	**-**
Tax effect on share based payments	**-**	**-**	**-**	**951**	**951**
As at 31 December 2016	**255,225**	**14,857**	**-**	**8,182**	**278,264**
As at 1 July 2015	245,079	(25,920)	5,967	4,101	229,227
Profit for the period after tax		7,910	-	-	7,910
Other comprehensive loss	-	-	(1,581)	-	(1,581)
Total comprehensive income/(loss) for the period after tax	-	7,910	(1,581)	-	6,329
Share based payments	-	-	-	1,799	1,799
As at 31 December 2015	245,079	(18,010)	4,386	5,900	237,355

The consolidated statement of changes in equity
should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
Half-Year Ended 31 December 2016

	31 December 2016 $'000	31 December 2015 $'000
Cash flows from operating activities		
Receipts from customers	**186,561**	126,612
Payments to suppliers and employees	**(134,524)**	(71,669)
Interest received	**172**	327
Interest paid	**(238)**	(210)
Net cash flows provided by operating activities	**51,971**	55,060
Cash flows from investing activities		
Payments for capital work in progress and plant and equipment	**(5,814)**	(5,100)
Payments for mine properties	**(35,943)**	(45,120)
Payments for exploration and evaluation	**(8,612)**	(4,605)
Net cash flows used in investing activities	**(50,369)**	(54,825)
Cash flows from financing activities		
Payment of finance lease liabilities	**(1,618)**	(594)
Payment of loan establishment fees	**(630)**	(566)
Net cash flows used in financing activities	**(2,248)**	(1,160)
Net decrease in cash held	**(646)**	(925)
Cash at beginning of period	**34,302**	38,378
Cash at end of period	**33,656**	37,453

The consolidated statement of cash flows should
be read in conjunction with the accompanying notes.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited for the financial year ended 30 June 2016 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2016 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company is a company of the kind referred to in Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

There are no issued standards which are not yet effective other than those disclosed in the company's annual financial report for the financial year ended 30 June 2016.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period's disclosures.

	31 December 2016 $'000	31 December 2015 $'000
NOTE 2 INCOME TAX		
(a) Income tax expense comprises:		
Deferred tax		
- Movement in temporary differences	**505**	3,955
Income tax expense	**505**	3,955
(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:		
Accounting profit before tax	**15,393**	11,865
Prime facie income tax expense at 30% (June 2016: 30%)	**4,618**	3,560
- Non-deductible expenses	**7**	543
- Recognition of previously unrecognised temporary differences*	**(4,120)**	(148)
Income tax expense	**505**	3,955
Effective tax rate	**3%**	31%

*$3.8 million of the 31 December 2016 previously unrecognised temporary differences is a one off tax benefit relating to the implementation of an Employee Share Trust to manage the Group's Long Term Incentive Plan.

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2016 $'000	**Charged / credited to income** $'000	**Charged / credited to equity** $'000	**Balance at 31 December 2016** $'000
Deferred tax assets				
Tax losses	**22,031**	**5,965**	**-**	**27,996**
Provisions	**18,251**	**851**	**-**	**19,102**
Undeducted borrowing cost	**2**	**(2)**	**-**	**-**
Undeducted share issue costs	**352**	**(53)**	**-**	**299**
Share based payments	**-**	**1,072**	**951**	**2,023**
Non-refundable R&D offset	**-**	**71**	**-**	**71**
Total	**40,636**	**7,904**	**951**	**49,491**
Deferred tax liabilities				
Deferred mining expenditure	**(44,914)**	**(6,720)**	**-**	**(51,634)**
Property, plant and equipment	**504**	**(673)**	**-**	**(169)**
Other	**212**	**(239)**	**-**	**(27)**
Inventories	**-**	**(777)**	**-**	**(777)**
Total	**(44,198)**	**(8,409)**	**-**	**(52,607)**
Net deferred tax asset/(liability)	**(3,562)**	**(505)**	**951**	**(3,116)**

NOTE 2 INCOME TAX (Continued)

(c) Deferred tax assets and liabilities (continued)

	Balance at 1 July 2015 $'000	Charged / credited to income $'000	Charged / credited to equity $'000	Balance at 30 June 2016 $'000
Deferred tax assets				
Tax losses	12,804	9,227	-	22,031
Provisions	7,938	10,313	-	18,251
Other	209	3	-	212
Undeducted borrowing cost	6	(4)	-	2
Undeducted share issue costs	751	(399)	-	352
Total	21,708	19,140	-	40,848
Deferred tax liabilities				
Deferred mining expenditure	(12,824)	(32,090)	-	(44,914)
Property, plant and equipment	-	504	-	504
Derivatives	(2,558)	-	2,558	-
Total	(15,382)	(31,586)	2,558	(44,410)
Net deferred tax asset/(liability)	6,326	(12,446)	2,558	(3,562)

Deferred tax liabilities are set-off against deferred tax assets pursuant to set-off provisions.

	31 December 2016 $'000	30 June 2016 $'000
NOTE 3 INVENTORIES		
Ore stocks	**10,511**	12,318
Gold in circuit	**11,397**	4,653
Gold on hand	**6,938**	3,042
Consumable supplies and spares	**11,417**	9,576
Balance at the end of the period	**40,263**	29,589
NOTE 4 PLANT AND EQUIPMENT		
Plant and equipment		
Opening balance net of accumulated depreciation	**77,971**	34,616
Additions	**353**	4,431
Transfer from capital work in progress	**4,931**	36,458
Transfer from mines in production	**-**	15,844
Transfer from mines under construction	**-**	231
Disposals	**-**	(31)
Depreciation	**(8,073)**	(13,578)
Closing balance net of accumulated depreciation	**75,182**	77,971
Capital work in progress		
Opening balance	**6,826**	9,820
Additions	**9,890**	68,260
Transfer to mines in production	**(1,230)**	(34,780)
Transfer to mines under construction	**-**	(16)
Transfer to plant and equipment	**(4,931)**	(36,458)
Closing balance	**10,555**	6,826

	31 December 2016 $'000	30 June 2016 $'000
NOTE 4 PLANT AND EQUIPMENT (continued)		
Accumulated depreciation		
Opening balance	**52,876**	30,121
Depreciation	**8,073**	13,578
Disposals	**(63)**	(1,607)
Transfer from mines in production	**-**	10,784
Closing balance	**60,886**	52,876
Cost	**146,623**	137,673
Accumulated depreciation	**(60,886)**	(52,876)
Net carrying amount	**85,737**	84,797

NOTE 5 EXPLORATION AND EVALUATION COSTS

	31 December 2016 $'000	30 June 2016 $'000
Deferred exploration and evaluation costs		
Balance at the start of the period	**43,552**	38,409
Additions	**8,638**	7,568
Transferred to mines under construction	**-**	(521)
Transferred to mines in production	**(26)**	(899)
Capitalised exploration expensed	**-**	(1,005)
Balance at the end of the period	**52,164**	43,552

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

NOTE 6 MINE PROPERTIES

	31 December 2016 $'000	30 June 2016 $'000
Mines under construction	**79,450**	87,359
Mines in production	**84,462**	70,088
Deferred mining expenditure	**13,215**	5,774
Balance at the end of the period	**177,127**	163,221
Mines under construction/feasibility study		
Balance at the start of the period	**87,359**	56,986
Additions	**7,086**	29,842
Acquired as part of asset acquisition	**-**	2,500
Transferred from capital work in progress	**-**	16
Transferred from deferred exploration and evaluation costs	**-**	521
Transferred to mines in production	**(15,310)**	(15,516)
Transferred to plant and equipment	**-**	(231)
Increase in rehabilitation provision	**315**	13,241
Balance at the end of the period	**79,450**	87,359
Mines in production		
Balance at the start of the period	**70,088**	44,458
Additions	**20,263**	10,947
Transferred from capital work in progress	**1,230**	34,780
Transferred from deferred exploration and evaluation costs	**26**	899
Transferred from mines under construction	**15,310**	15,516
Transferred to plant and equipment	**-**	(15,844)
Increase in rehabilitation provision	**71**	-
Amortisation for the period	**(22,526)**	(20,668)
Balance at the end of the period	**84,462**	70,088

	31 December 2016 $'000	30 June 2016 $'000
NOTE 6 MINE PROPERTIES (continued)		
Deferred mining expenditure – Non-Current		
Balance at the start of the period	**5,774**	-
Additions	**7,441**	5,774
Balance at the end of the period	**13,215**	5,774

Deferred mining expenditure relates to capitalised overburden relating to the Thunderbox mine.

NOTE 7 TRADE AND OTHER PAYABLES

	31 December 2016 $'000	30 June 2016 $'000
Current		
Trade and other payables	**42,961**	27,331

Trade and other payables are non-interest bearing and are generally settled on 30 day terms. 90 day terms have been negotiated with one individual contractor.

NOTE 8 BORROWINGS

	31 December 2016 $'000	30 June 2016 $'000
Current		
Finance lease liabilities	**2,624**	1,373
Non-current		
Finance lease liabilities	**3,405**	2,359

During the half-year the Company entered into a long-term senior corporate financing facility with a syndicate of three major international banks. The facility is a senior secured revolving loan shared equally between BNP Paribas, Citibank N.A. and Westpac Banking Corporation. The facility includes an initial $45 million loan facility, $5 million bank guarantee facility and a gold hedging facility. The facility is for an initial term of three years. It features an "evergreen" arrangement with an annual review date whereby the term can be extended for an additional year each year to maintain a three year tenure.

The Company's previous funding facilities expired on 30 September 2016.

As at 31 December 2016, nothing was drawn down on the new facility.

NOTE 9 PROVISIONS

	31 December 2016 $'000	30 June 2016 $'000
Current		
Employee benefits	**3,990**	5,112
Non-current		
Employee benefits	**1,021**	1,055
Deferred consideration – Kailis Acquisition	**2,700**	2,700
Provision for rehabilitation	**58,482**	57,893
	62,203	61,648
Movement in provision for rehabilitation		
Balance at the start of the period	**57,893**	43,214
Unwinding of discount	**118**	120
Increase as a result of King of the Hills acquisition	**-**	16,184
Increase as a result of Kailis acquisition	**-**	1,844
Increase / (decrease) in provision on existing assets	**489**	(2,729)
Rehabilitation work	**(18)**	(740)
Balance at the end of the period	**58,482**	57,893

NOTE 10 CONTRIBUTED EQUITY

	31 December 2016		30 June 2016	
	Number of shares	**$'000**	Number of shares	$'000
(a) Issued capital				
Ordinary shares fully paid	**807,118,859**	**255,225**	800,799,292	253,013

The Company does not have a limited authorised capital, and issued shares have no par value.

(b) Movements in shares on issue

	Number of shares	**$'000**	Number of shares	$'000
Beginning of the financial period	**800,799,292**	**253,013**	792,784,738	245,079
- Asset acquired (royalty purchase)	**-**	**-**	8,014,554	7,934
- Shares issued on vesting of performance rights*	**6,319,567**	**2,212**	-	-
End of the financial period	**807,118,859**	**255,225**	800,799,292	253,013

* During the period 6,319,567 shares were issued to employees under the employee share scheme.

(c) Performance Rights (See note 11)

	30 June 2016	**Granted**	**Vested**	**Lapsed**	**31 December 2016**
Tranche 1					
Class A performance rights vesting on 30 June 2016	**600,000**	-	**(600,000)**	-	-
Class B performance rights vesting on 30 June 2016	**300,000**	-	**(300,000)**	-	-
Class C performance rights vesting on 30 June 2016	**600,000**	-	**(600,000)**	-	-
Tranche 2					
Class A performance rights vesting on 30 June 2016	**1,103,000**	-	**(1,103,000)**	-	-
Class B performance rights vesting on 30 June 2016	**551,500**	-	**(551,500)**	-	-
Class C performance rights vesting on 30 June 2016	**1,103,000**	-	**(1,103,000)**	-	-
Tranche 3					
Class A performance rights vesting on 30 June 2017	**294,000**	-	-	-	**294,000**
Class B performance rights vesting on 30 June 2017	**147,000**	-	-	-	**147,000**
Class C performance rights vesting on 30 June 2017	**294,000**	-	-	-	**294,000**
Tranche 4					
Class A performance rights vesting on 30 June 2017	**850,000**	-	**(110,933)**	**(21,067)**	**718,000**
Class B performance rights vesting on 30 June 2017	**425,000**	-	**(46,000)**	**(20,000)**	**359,000**
Class C performance rights vesting on 30 June 2017	**850,000**	-	**(118,667)**	**(13,333)**	**718,000**
Tranche 5					
Class A performance rights vesting on 31 December 2016	**2,000,000**	-	**(2,000,000)**	-	-
Class B performance rights vesting on 16 March 2017	**3,000,000**	-	-	-	**3,000,000**
Class C performance rights vesting on 16 March 2018	**5,000,000**	-	-	-	**5,000,000**
Tranche 6					
Class A performance rights vesting on 30 June 2018	**1,122,000**	-	**(85,633)**	**(20,367)**	**1,016,000**
Class B performance rights vesting on 30 June 2018	**561,000**	-	**(42,167)**	**(10,833)**	**508,000**
Class C performance rights vesting on 30 June 2018	**1,122,000**	-	**(88,667)**	**(17,333)**	**1,016,000**
Tranche 7					
Class A performance rights vesting on 30 June 2019	-	**418,000**	-	-	**418,000**
Class B performance rights vesting on 30 June 2019	-	**209,000**	-	-	**209,000**
Class C performance rights vesting on 30 June 2019	-	**418,000**	-	-	**418,000**
Tranche 8					
Class A performance rights vesting on 30 June 2019	-	**74,000**	-	-	**74,000**
Class B performance rights vesting on 30 June 2019	-	**37,000**	-	-	**37,000**
Class C performance rights vesting on 30 June 2019	-	**74,000**	-	-	**74,000**
	19,922,500	**1,230,000**	**(6,749,567)***	**(102,933)**	**14,300,000**

*Ordinary shares relating to the vesting of 430,000 performance rights during the period were only issued in January 2017.

NOTE 11 SHARE BASED PAYMENTS

During the period under review the Group granted Performance Rights to eligible management personnel under the Saracen Mineral Holdings Limited Performance Rights Plan (**"Plan"**). In addition to this the Group also granted Performance Rights to Mr Raleigh Finlayson (Managing Director) under the Plan. The issue of Performance Rights to Mr Finlayson were approved by shareholders at the Company's Annual General Meeting held in November 2016.

Under the Plan, Eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the satisfaction of performance hurdles. Each Performance Right represents a right to be issued one Share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price will be payable and eligibility to receive Performance Rights under the Plan will be at the Board's discretion. The Performance Rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the Performance Rights.

a) Tranches 1 – 6

Details of the fair value calculations are set out on pages 91 - 93 of the Annual Report for the financial year ended 30 June 2016.

b) Tranche 7 - Management

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	**Class B**	**Class C**
Stock Price at Grant	$1.32	$1.32	$1.32
Exercise Price	N/A	N/A	N/A
Volatility	70%	N/A	70%
Grant Date	31-Aug-16	31-Aug-16	31-Aug-16
Performance Period	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19
Vesting Date	30-Jun-19	30-Jun-19	30-Jun-19
Risk free rate	1.4%	N/A	1.4%
Number of rights granted	418,000	209,000	418,000
Fair Value per right	$0.74	$1.32	$0.815

The fair value of the Performance Rights granted is $925,870.

c) Tranche 8 – Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	**Class B**	**Class C**
Stock Price at Grant	$0.955	$0.955	$0.955
Exercise Price	N/A	N/A	N/A
Volatility	65%	N/A	65%
Grant Date	30-Nov-16	30-Nov-16	30-Nov-16
Performance Period	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19
Vesting Date	30-Jun-19	30-Jun-19	30-Jun-19
Risk free rate	1.8%	N/A	1.8%
Number of rights granted	74,000	37,000	74,000
Fair Value per right	$0.399	$0.955	$0.437

The fair value of the Performance Rights granted is $97,199.

NOTE 12 GOLD DELIVERY COMMITMENTS

Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
Within one year	170,000	1,570	266,916
Later than one but not later than five years	108,343	1,534	166,230
	278,343	1,556	433,146

The counterparties to the physical gold delivery contracts are Westpac Banking Corporation, BNP Paribas and Citibank N.A. Contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sale contracts with revenue recognised once gold has been delivered to the scheduled counterparties. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 Financial Instruments: Recognition and Measurement. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis:

31 December 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed shares at fair value	**7**	**-**	**-**	**7**
30 June 2016				
Assets				
Listed shares at fair value	7	-	-	7

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016 and did not transfer any fair value amounts between the fair value hierarchies during the half-year period FY 2016.

b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group does not have any level 2 or level 3 assets or liabilities.

NOTE 14 SEGMENT INFORMATION

The Group require operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (**"CODM"**) in order to allocate resources to the segments and to assess their performance. On this basis the Group's reportable segments under AASB 8 are as follows:

- Saracen Gold Mines Pty Limited ("SGM") which includes the consolidated entity's exploration, development, production and related administration relating to the Karari, Deep South, Red October and Whirling Dervish operations.
- Saracen Metals Pty Limited ("SME") which includes the Group's exploration, development, production and administration relating to the Thunderbox and King of the Hills operations.
- Saracen Mineral Holdings Limited ("SAR") which includes the Group's corporate administration.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. The CODM reviews segment profit before tax in assessing segment performance which corresponds to operating profit before other income / expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Information regarding the Group's reportable segments is presented below.

		31 December 2016 $'000	31 December 2015 $'000
(a)	**Segment external revenues**		
	SGM - Metal sales	**114,230**	126,612
	SGM - Interest income	**26**	30
	SGM – Other	**6**	39
	SME- Metal sales	**72,330**	-
	SME - Interest income	**1**	-
	SME – Other	**69**	-
	SAR - Interest income	**178**	347
		186,840	127,028
(b)	**Segment profit before tax**		
	SGM	**7,061**	15,163
	SAR	**(3,582)**	(1,426)
	SME	**13,633**	(65)
		17,112	13,672
	Finance costs	**(292)**	(423)
	Other income	**280**	416
	Share based payments	**(1,707)**	(1,799)
	Change in fair value of listed shares	**-**	(1)
	Profit before income tax	**15,393**	11,865

NOTE 14 SEGMENT INFORMATION (continued)

(c) Segment assets and liabilities

	31 December 2016 $'000	30 June 2016 $'000
Assets		
SGM	**197,822**	179,089
SAR	**12,412**	17,928
SME	**186,329**	165,086
	396,563	362,103
Liabilities		
SGM	**51,624**	43,924
SAR	**1,782**	2,753
SME	**61,777**	43,924
Unallocated – Deferred Tax Asset	**3,116**	3,562
	118,299	101,385

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments, other than tax assets and liabilities.

(d) Other segment information

Depreciation and amortisation of $17.6 million (31 December 2015: $14.3 million) and $12.9 million (31 December 2015: Nil) are attributable to the SGM and SME segments respectively.
Non-current asset additions of $29.1 million (30 June 2016: $37.9 million) and $24.9 million (30 June 2016: $89.3 million) are attributable to the SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 15 CONTINGENT LIABILITES

There are no contingent liabilities at 31 December 2016.

NOTE 16 EVENTS SUBSEQUENT TO THE REPORTING DATE

Apart from those matters detailed in the Directors' Report on pages 3 to 7 of these financial statements, there has not been any matter or circumstance, that has arisen since the half-year ended 31 December 2016, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity.

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the board.

Raleigh Finlayson
Managing Director
20 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Saracen Mineral Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Saracen Mineral Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Saracen Mineral Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Saracen Mineral Holdings Limited is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 20 February 2017