



SARACEN MINERAL HOLDINGS LIMITED

QUARTERLY REPORT: MARCH 2018

Corporate Details:

17th April 2018

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 817.8m

Unvested employee performance rights:
9.2m

Market Capitalisation: A\$1.5b
(share price A\$1.79)

Cash, bullion and investments (31 March):
A\$101.5m

Debt (31 March): 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 5.2%

Registered Office:

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FY18 guidance upgraded as record production sees cash and equivalents rise 22% to A\$102m

FY18 guidance rises to 310-315,000oz at AISC A\$1,100 - 1,150/oz

Health and safety

- **No LTIs** during the quarter, **LTIFR fell to 2.0** (2.8 at December 31)

Production

- **Record quarterly mine production of 98,886oz contained** (Carosue Dam 44,329oz; Thunderbox 54,557oz)
- **Quarterly mill production of 79,727oz** (Carosue Dam 43,167oz; Thunderbox 36,560oz)
- **Quarterly all-in sustaining cash costs (AISC) of A\$1,181/oz**
- **Milling of high-grade Kailis ore (Thunderbox) continued** with grade and ounces exceeding expectations
- **Closing ore stockpile** (gold inventory awaiting processing) of **57,026oz** (up 34% from 37,834oz at December 31)
- **FY18 guidance increased to 310-315,000oz at an AISC of A\$1,100 - 1,150/oz** (previously 300,000oz at A\$1,150/oz)

Financial

- **Cash and equivalents of A\$101.5m at March 31** (up from A\$82.9m at December 31, after spending A\$11.5m on growth capital and exploration and despite a 34% increase in ore stockpiles)
- **Gold sales for the quarter of 81,351oz at an average sale price of A\$1,584/oz**, generating revenue of A\$128.8m
- **82,700oz of hedging added at A\$1,771/oz**; 59,300oz of hedging delivered at A\$1,550/oz, average remaining hedge price A\$1,696/oz

Discovery and growth

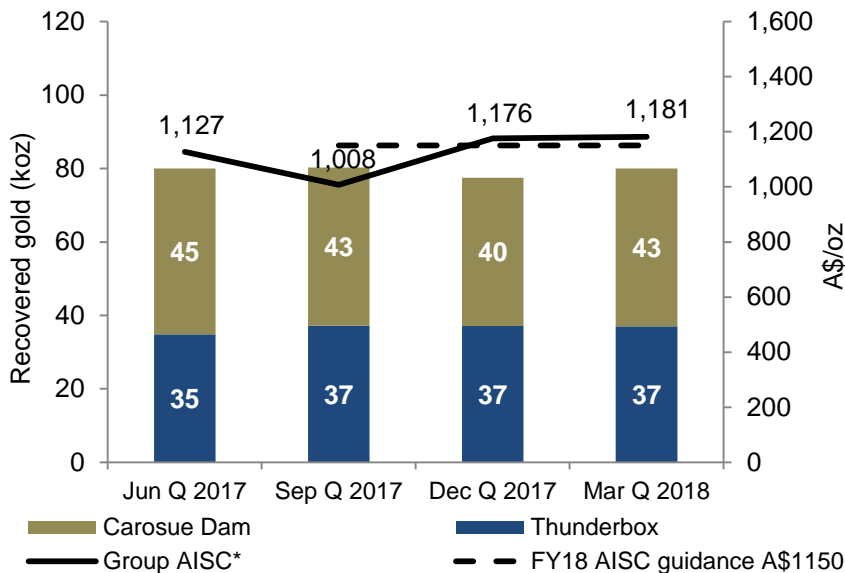
- **7 year production outlook established with growth to 350kozpa (base case) and 400kozpa (upside case)**
- Development of the **Thunderbox underground drill platform set to commence in the current June quarter**
- **Extensional drilling points to further mine life at Carosue Dam:**
 - **Karari** – Results include **44.7m @ 4.4g/t, 17.3m @ 8.3g/t, 12.2m @ 9.3g/t, 19.0m @ 5.3g/t and 12.5m @ 6.1g/t** (up to ~60m below the Ore Reserve)
 - **Whirling Dervish** – Results include **10.4m @ 5.9g/t and 9.4m @ 8.1g/t** (up to ~65m south of the Ore Reserve)
- **New discovery at Old Camp** (Butcher Well, AngloGold earning up to 70%) with drill results including **49m @ 5.2g/t and 29m @ 12.9g/t**

Overview

Saracen Mineral Holdings Limited (ASX: SAR) is pleased to announce a strong March quarter with:

- Production and costs running ahead of annual guidance;
- Strong free cash-flow underpinning a growing bank balance;
- Another host of impressive exploration results.

Figure 1 – Group production and AISC



* AISC includes pre-strip mining undertaken at Thunderbox C Zone

Production for the March quarter was **79,727 ounces**, above the quarterly run-rate required to meet Saracen’s 300,000oz production target for the current financial year. This robust performance resulted in all-in sustaining costs (AISC) of **A\$1,181/oz**.

Gold sales of 81,351oz underpinned revenues of \$128.8 million, allowing the Company to grow its cash and equivalents to \$102 million at quarter-end. This was up from \$83 million last quarter.

Saracen Managing Director Raleigh Finlayson said the outstanding operational and financial results were complemented by continued exploration success on a number of fronts during the quarter.

“Record mine production from both our production centres, together with a stable cost profile, underpinned impressive key operational and financial metrics across the business,” he said.

“We are particularly pleased to report a cash and equivalents position of over \$100 million for the first time – a really significant milestone for the Company. Importantly, that was achieved after making a significant investment of almost \$12 million in growth capital and exploration for the quarter.

“The upgraded guidance of 310-315,000oz for the full financial year adds significant momentum to our organic growth strategy, which is aimed at delivering further significant increases in production and mine life across both of our core operational centres over the next few years.

“We articulated this growth strategy during the quarter, based on a 7 year plan to grow annualised production to 350,000oz-a-year as a base case, with upside to 400,000oz.”

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/5acaa41298612535c19c5469>

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

Mar Q 2018	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	473,000	-	473,000
Mine Grade	g/t	2.9	-	2.9
Contained Gold	oz	44,329	-	44,329
Open Pit Mining				
Total Mining	bcm	-	2,155,000	2,155,000
Ore Mined	t	-	913,000	913,000
Mine Grade	g/t	-	1.9	1.9
Contained Gold	oz	-	54,557	54,557
Mill Production				
Ore Milled	t	589,000	710,000	1,298,000
Mill Grade	g/t	2.5	1.7	2.0
Contained Gold	oz	46,317	38,657	84,974
Recovery	%	93.2%	94.6%	93.8%
Recovered Gold	oz	43,167	36,560	79,727
Gold Sales	oz	41,754	39,597	81,351
Average Price Received	A\$/oz	1,585	1,582	1,584
Sales Revenue	A\$m	66.2	62.6	128.8
Closing Ore Stockpile				
Ore	t	859,834	962,679	1,822,513
Grade	g/t	0.7	1.2	1.0
Contained Gold	oz	18,681	38,345	57,026
Cost summary				
Mining	A\$m	27.4	20.7	48.2
Processing	A\$m	11.7	12.6	24.3
Site Administration	A\$m	2.1	1.7	3.8
Ore Purchase	A\$m	-	-	-
Cash Costs	A\$m	41.2	35.1	76.3
Royalties	A\$m	2.7	2.1	4.8
Capital Works	A\$m	-	-	-
Development	A\$m	5.3	8.4	13.7
Ore Inventory Adjustments	A\$m	(1.1)	(3.8)	(4.9)
Corporate	A\$m	1.2	1.0	2.1
All-in Sustaining Cash Costs	A\$m	49.3	42.7	92.0
Growth Capital*	A\$m	6.4	2.6	8.9
Exploration	A\$m	1.8	0.8	2.6
Unit cost summary				
Mining	A\$/oz	664	567	618
Processing	A\$/oz	283	345	312
Site Administration	A\$/oz	50	48	49
Ore Purchase	A\$/oz	-	-	-
Cash Costs	A\$/oz	996	959	979
Royalties	A\$/oz	65	56	61
Capital Works	A\$/oz	-	-	-
Development	A\$/oz	129	230	176
Ore Inventory Adjustments	A\$/oz	(25)	(104)	(62)
Corporate	A\$/oz	28	27	28
All-in Sustaining Cash Costs	A\$/oz	1,193	1,168	1,181
Mine cash flow				
Mine operating cash flow	A\$m	17.0	17.1	34.1
Net mine cash flow	A\$m	10.6	14.5	25.1

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, 1,825oz) included in recovered gold, excluded from AISC calculation.

[^] Reported on an accrual accounting basis

* Refer to Figure 13 for breakdown

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

YTD FY2018	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	1,255,000	-	1,255,000
Mine Grade	g/t	3.0	-	3.0
Contained Gold	oz	120,554	-	120,554
Open Pit Mining				
Total Mining	bcm	-	10,087,000	10,087,000
Ore Mined	t	-	2,400,000	2,400,000
Mine Grade	g/t	-	1.8	1.8
Contained Gold	oz	-	140,654	140,654
Mill Production				
Ore Milled	t	1,868,000	1,939,000	3,806,000
Mill Grade	g/t	2.3	1.9	2.1
Contained Gold	oz	135,983	118,191	254,174
Recovery	%	93.1%	93.8%	93.4%
Recovered Gold	oz	126,621	110,901	237,523
Gold Sales	oz	123,935	111,534	235,469
Average Price Received	A\$/oz	1,590	1,586	1,588
Sales Revenue	A\$m	197.1	176.9	374.0
Closing Ore Stockpile				
Ore	t	859,834	962,679	1,822,513
Grade	g/t	0.7	1.2	1.0
Contained Gold	oz	18,681	38,345	57,026
Cost summary				
Mining	A\$m	74.5	43.1	117.5
Processing	A\$m	37.2	40.2	77.4
Site Administration	A\$m	7.3	5.1	12.4
Ore Purchase	A\$m	-	-	-
Cash Costs	A\$m	118.9	88.3	207.3
Royalties	A\$m	8.0	5.0	13.0
Capital Works	A\$m	-	-	-
Development	A\$m	18.3	32.6	50.9
Ore Inventory Adjustments	A\$m	1.1	(14.3)	(13.2)
Corporate	A\$m	3.4	3.0	6.3
All-in Sustaining Cash Costs	A\$m	149.6	114.6	264.2
Growth Capital	A\$m	15.6	21.7	37
Exploration	A\$m	9.2	2.8	12
Unit cost summary				
Mining	A\$/oz	597	388	499
Processing	A\$/oz	298	362	328
Site Administration	A\$/oz	58	46	52
Ore Purchase	A\$/oz	-	-	-
Cash Costs	A\$/oz	953	796	879
Royalties	A\$/oz	64	45	55
Capital Works	A\$/oz	-	-	-
Development	A\$/oz	146	294	216
Ore Inventory Adjustments	A\$/oz	9	(129)	(56)
Corporate	A\$/oz	27	27	27
All-in Sustaining Cash Costs	A\$/oz	1,199	1,033	1,121
Mine cash flow				
Mine operating cash flow	A\$m	51.9	50.9	102.9
Net mine cash flow	A\$m	36.4	29.2	65.6

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, 1,825oz) included in recovered gold, excluded from AISC calculation.

[^] Reported on an accrual accounting basis

Sustainability

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

Table 3 – March quarter 2018 group safety performance

	LTI	LTIFR	TRIFR
Carosue Dam	0	2.6	21.5
Thunderbox	0	1.1	8.7
Group	0	2.0	15.2

Listed investments

Listed investments were valued at A\$10 million at 31 March 2018.

Table 4 – Listed investments at 31 March 2018

	ASX	m shares	% stake	Val (A\$m)
Red 5 [^]	RED	130.6	10.5%	9.1
Matsa	MAT	4.5	2.6%	0.9
Dart Mining	DTM	0.7	0.1%	0.0
Total				10.0

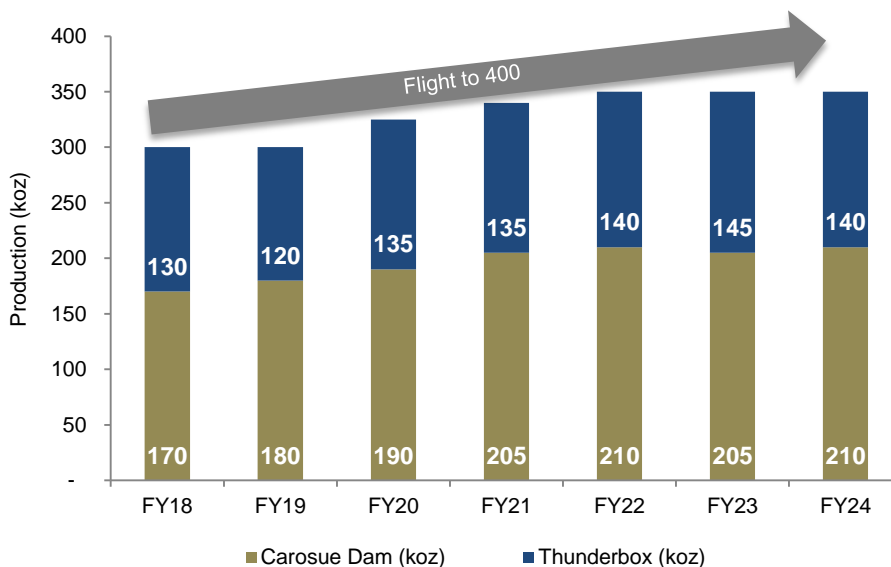
[^] 90m RED shares escrowed until 2nd October 2018

Outlook

The group production outlook for FY18 is increased to 310-315,000oz at an AISC of A\$1,100 - 1,150/oz (previously 300,000oz at A\$1,150/oz).

During the quarter, a 7 year production outlook was released (please refer to the ASX announcement “Corporate Presentation – February 2018” dated 20th February 2018).

Figure 2 – 7 year outlook



Salient features include organic production growth to 350kozpa, at a high confidence level (97% in Reserves over the first 5 years), based on current group milling capacity of ~4.9Mtpa. 350koz is considered the base case, with an **upside case to 400kozpa**.

Operations

Carosue Dam

Carosue Dam produced 43,167oz for the quarter at an AISC of A\$1,193/oz (December quarter 40,370oz @ A\$1,330/oz).

The Karari underground mine produced 30.1koz @ 3.0g/t (December quarter 22.3koz @ 2.8g/t). Karari achieved new monthly records of production (129kt ore) and development (811m), above the planned monthly run rates for FY19. The Deep South underground mine produced 14.2koz @ 2.8g/t (December quarter 16.3koz @ 3.2g/t). Total development metres increased by 34% to 3,302m (December quarter: 2,463m).

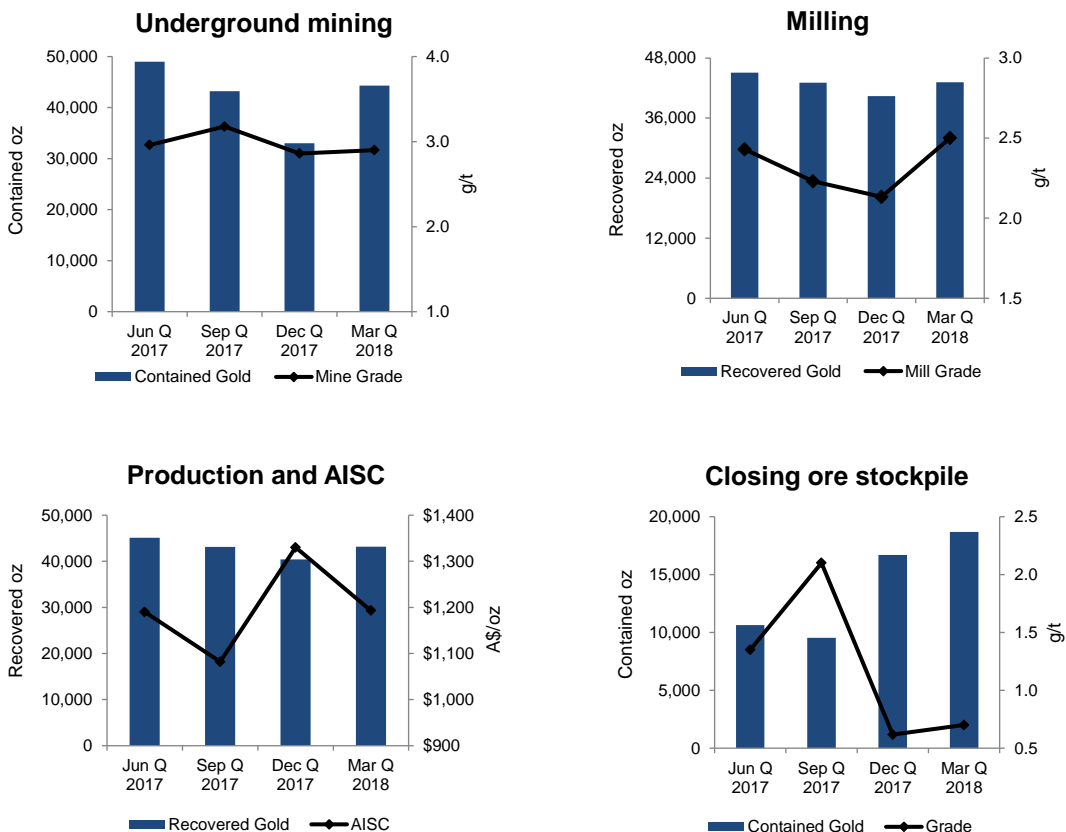
Mine operating cash flow for the quarter was A\$17.0 million. Net mine cash flow was A\$10.6 million after growth capital of A\$6.4 million.

The Karari Fill Study was completed during the quarter with A\$23 million of capital approved by the Board. The project has advanced to the detailed engineering phase. Outotec and GR Engineering are preparing the Specification and Scope of Work for the tender package, expected to be released early in the current June quarter. The first paste pour is scheduled for the June quarter 2019.

Capital development ceased at Deep South and will re-commence at the Whirling Dervish decline in the current quarter. Production will taper off at Deep South during FY19 as Whirling Dervish is brought into steady-state production, in line with the Project Nucleus strategy and the 7 year outlook.

The mill processed 589kt of ore at an average grade of 2.5g/t with a metallurgical recovery of 93.2%. Technical and life of mine work continues on a potential mill expansion.

Figures 3-6 – Carosue Dam - Key charts



Thunderbox

Thunderbox produced 36,560oz at an AISC of A\$1,168/oz (December quarter 37,152oz @ A\$1,010/oz).

Mine operating cash flow for the quarter was A\$17.1 million. Net mine cash flow was A\$14.5 million after growth capital of A\$2.6 million.

Total material movement was 2.1 million BCM, down 40% from the previous quarter as the strip ratios continue to reduce. The Thunderbox A Zone pit was completed in the quarter and mining continues at both Thunderbox C Zone and Kailis.

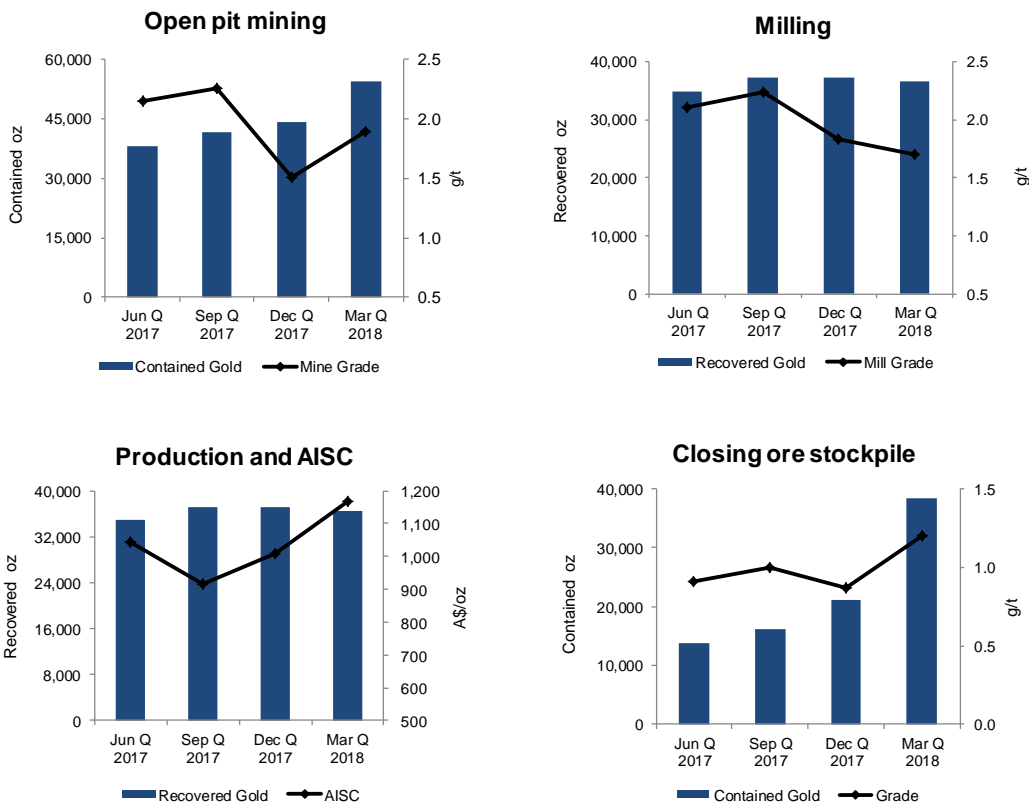
Open pit ore mined was 913kt with a mine grade of 1.9g/t for a 23% increase in contained gold on the previous quarter.

Statutory and Saracen Board approvals have been received for the commencement of the Thunderbox Underground Drill Drive. The contract to commence mining in the current June quarter has been awarded to Byrnescut Australia. The plan is to establish a drilling platform that allows diamond drilling to commence in the September quarter 2018.

Planning and approvals have been received to commence a tailings storage facility expansion in the June quarter 2018. This project combines the recently constructed mine waste dump and the existing tails storage facility to ultimately form a single integrated land form. This project will provide 10 years of tailings storage capacity.

The mill processed a record 710kt of ore at an average grade of 1.7g/t (annualised >2.8Mt) with a metallurgical recovery of 94.6%. Total throughput has increased by 5% compared to the December quarter through operational improvements and optimised oxide blending.

Figures 7-10 – Thunderbox - Key charts

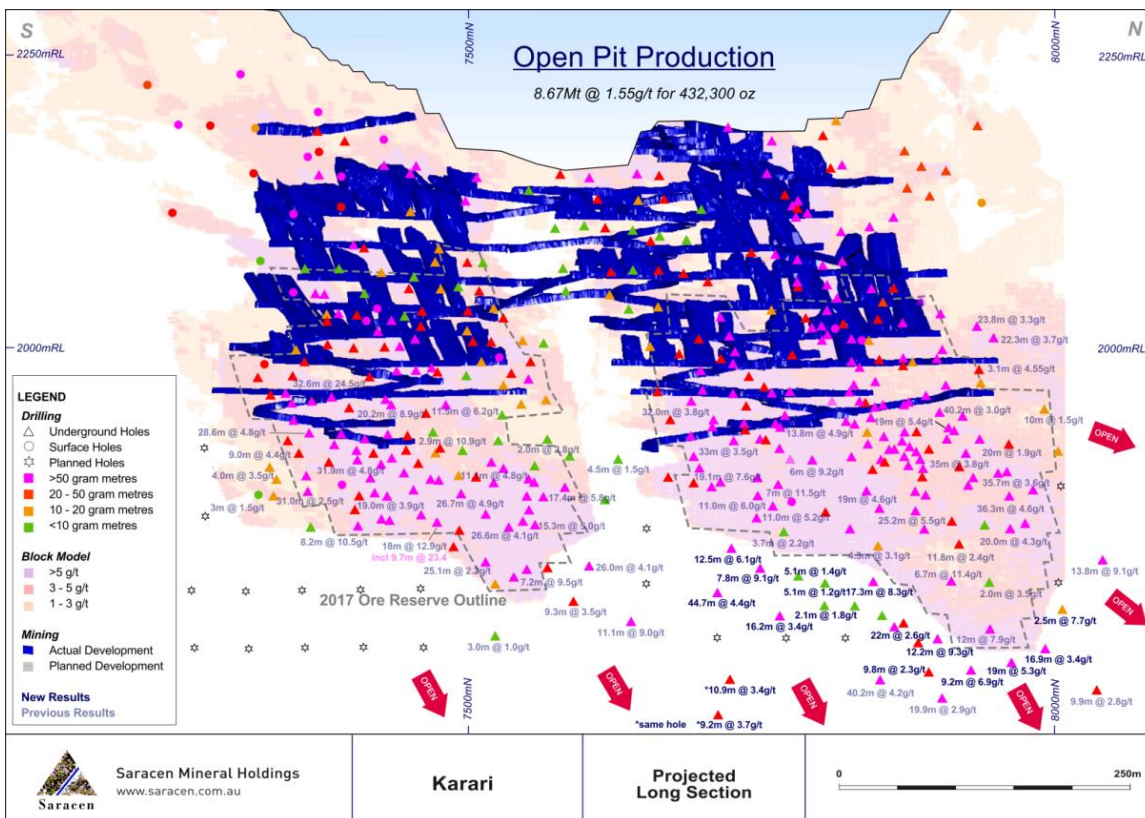


Discovery and growth

During the quarter, Saracen announced **thick high-grade extensional drilling results from Carosue Dam (Karari and Whirling Dervish).**

At Karari, extensional drilling results included **44.7m @ 4.4g/t, 17.3m @ 8.3g/t, 12.2m @ 9.3g/t, 19.0m @ 5.3g/t** and **12.5m @ 6.1g/t**. The results are located **up to ~60m below the Ore Reserve**, indicating the potential for further growth in mine life (annual vertical advance of mining ~60m). A third jumbo is expediting the development of a new drill platform, facilitating further extensional (and in-fill) drilling.

Figure 11 – Karari long section - Drill results



At Whirling Dervish, southern extensional drilling **up to 65m south of the Ore Reserve** has returned further thick, high-grade mineralisation including **10.4m @ 5.9g/t** and **9.4m @ 8.1g/t**. Whirling Dervish **remains open to the north**, with recent results including **9.4m @ 7.2g/t** and **12.9m @ 4.9g/t**.

All deposits remain open along strike and at depth.

Gravity work continues to highlight the prospectivity of the relatively untested 12km strike of the Carosue Dam corridor, with surface RC drilling planned in the current June quarter 2018.

At Butcher Well (AngloGold earning up to 70%) a **discovery was announced at Old Camp**, with results including **49m @ 5.2g/t** and **29m @ 12.9g/t**. Intersections define Old Camp as a strongly mineralised body below 300m and open at depth, and suggest an offset mineralised lode to the south (Old Camp Zone South, also open at depth). Butcher Well is a potential additional ore source for AngloGold’s Sunrise Dam mine, located 20km to the east near Laverton.

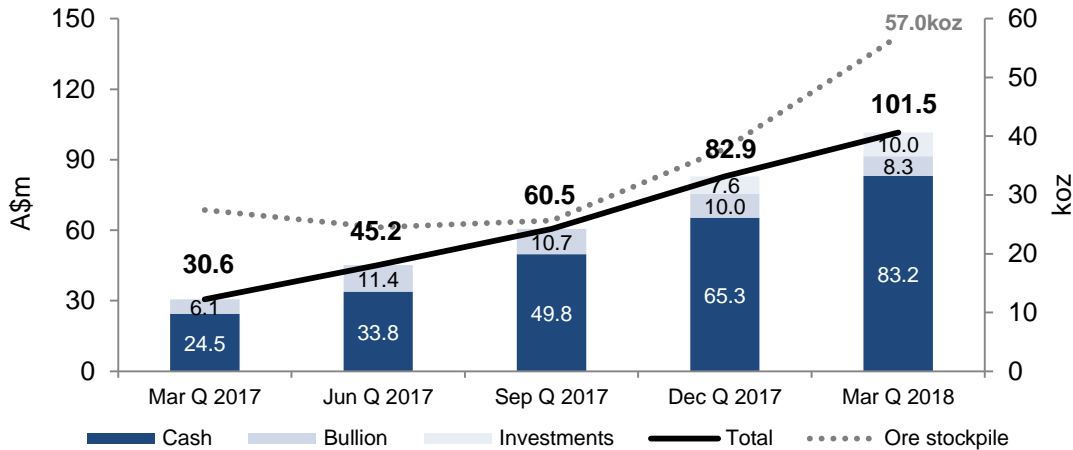
For further information on the drill results provided, please refer to the ASX announcement “High grade drill results point to increases in mine life at Carosue Dam” dated 15th February 2018.

Corporate and finance

Cash position

As at 31 March 2018, Saracen's total cash, bullion and investments were A\$101.5 million. There was no corporate debt drawn at the end of the quarter.

Figure 12 – Cash, bullion and investments, and closing ore stockpile



Gold sales

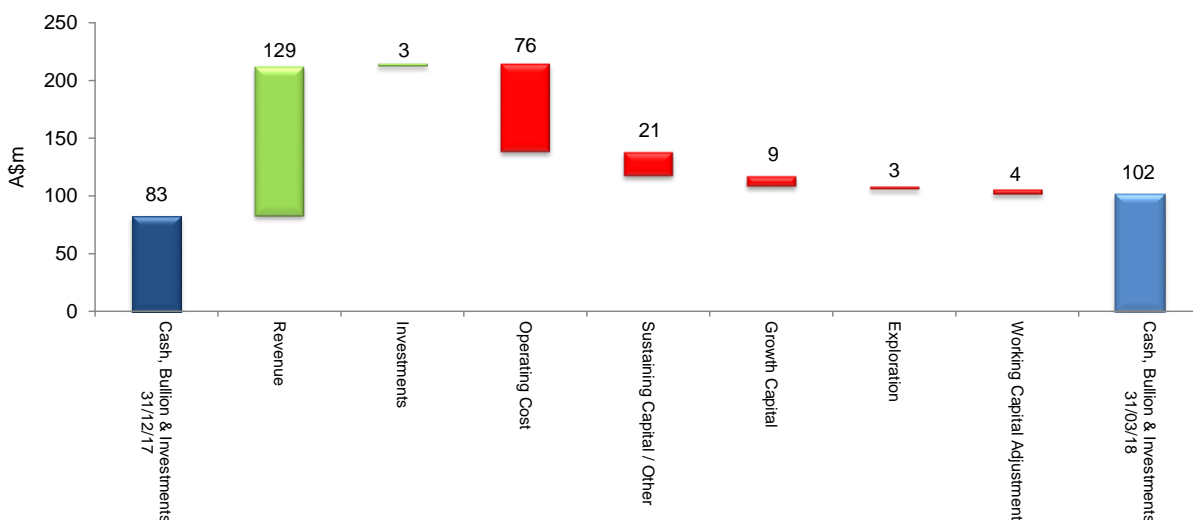
Gold sales for the quarter were 81,351oz at an average sale price of A\$1,584/oz, for total revenue of A\$128.8 million (note that gold sales excludes movements of gold in transit).

Hedging

During the quarter 82,700oz of hedging was added at A\$1,771/oz, and 59,300oz of hedging was delivered at A\$1,550/oz. 12,700oz were pre-delivered at A\$1520/oz. At 31 March 2018, the hedge book comprised 269,743oz at an average delivery price of A\$1,696/oz (Appendix 1).

Cash-flows

Figure 13 – March 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 Karari development (A\$3.2m), Whirling Dervish development (A\$1.0m) and other miscellaneous items (A\$4.7m).
- **Exploration:** Cash outflows for CDO (A\$1.8m) and TBO (A\$0.8m) exploration activities.

Appendix 1 – Hedging at 31 March 2018

Quarter	Quantity	Price
	oz	A\$/oz
Jun-18	49,143	\$1,666
Sep-18	43,200	\$1,692
Dec-18	43,800	\$1,701
Mar-19	33,600	\$1,630
Jun-19	30,000	\$1,648
Sep-19	19,000	\$1,708
Dec-19	15,000	\$1,767
Mar-20	9,000	\$1,779
Jun-20	9,000	\$1,789
Sep-20	6,000	\$1,800
Dec-20	6,000	\$1,825
Mar-21	6,000	\$1,836
Total	269,743	\$1,696

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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