



## AUSTRALIA

SAR AU Outperform

Price (at 05:39, 23 Oct 2017 GMT) A\$1.34

Valuation A\$ 1.41

- DCF (WACC 5.0%, beta 0.4, ERP 5.0%, RFR 3.3%)

12-month target A\$ 1.60

12-month TSR % +20.1

Volatility Index High

GICS sector Materials

Market cap A\$m 1,089

30-day avg turnover A\$m 4.5

Number shares on issue m 812.9

## Investment fundamentals

Year end 30 Jun		2017A	2018E	2019E	2020E
Revenue	m	422.9	503.1	561.9	600.4
EBIT	m	35.9	123.0	180.7	208.3
Reported profit	m	28.2	87.3	130.4	152.6
Gross cashflow	m	108.2	146.3	184.7	206.8
CFPS	¢	13.2	17.8	22.5	25.2
CFPS growth	%	76.1	34.6	26.3	11.9
PGCFPS	x	10.1	7.5	6.0	5.3
PGCFPS rel	x	0.76	0.62	0.55	0.55
EPS adj	¢	3.8	10.6	15.9	18.6
EPS adj growth	%	18.7	180.1	49.3	17.1
PER adj	x	35.3	12.6	8.4	7.2
PER rel	x	1.68	0.71	0.55	0.55
Total DPS	¢	0.0	1.0	2.0	3.0
Total div yield	%	0.0	0.7	1.5	2.2
Franking	%	nmf	50	100	100
ROA	%	9.4	26.8	31.3	29.4
ROE	%	11.2	25.9	29.5	26.7
EV/EBITDA	x	9.3	5.8	4.5	4.0
Net debt/equity	%	-9.4	-38.1	-57.9	-64.9
P/BV	x	3.7	2.9	2.2	1.7

## SAR AU vs Small Ordinaries, &amp; rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, October 2017

(all figures in AUD unless noted)

## Analyst(s)

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23 October 2017

Macquarie Securities (Australia) Limited

## Saracen Mineral Holdings

## 1QFY18 generates strong cash

## Event

- SAR's 1QFY17 production result was solid with gold production of 80.3koz at A\$1,008/oz AISC, 4% higher and 1% lower than our forecast, respectively.

## Impact

- Solid production result from both mines.** Both Carosue Dam and Thunderbox performed strongly, as both mines beat our gold production expectations by 4% with 43.1koz at Carosue and a record 37.1koz at Thunderbox. Cash costs were 1% below our expectation across the group supported by the increase in produced ounces. Notably, the AISC at Thunderbox of \$923/oz included \$11m of pre-stripping cost for the C Zone pit. Thunderbox milled throughput was 13% below expectations with SAR noting that inclusion of softer C Zone and Kailis ore over 2QFY18 will lift throughput to above 2.4Mtpa, which we now model.
- Cash from divestments expected soon.** Cash and equivalents increased ~\$15m to \$60.5m although this fell short of our \$77m estimate due to a higher capital and exploration spend of \$22m. Cash will be supplemented over this 2QFY18 by proceeds from the sale of King of the Hills (\$5m cash) and Red October (\$1m cash) while currently holding ~\$7.5m equity across Red 5 Ltd. (RED AU, Not Rated) and Matsa Resources. (MAT AU, Not Rated).
- Drilling begins at Whirling Dervish, Karari continues to grow.** Drilling has begun at Whirling Dervish; 36,000m is planned for the current quarter. Once completed, the three rigs will return to Karari where gold mineralisation continues to be extended well beyond the current reserve. Given the improved outlook at Karari, SAR is completing a study on modifying the mining method to include backfilling, which would further extend mine life.

## Earnings and target price revision

- Incorporating the 1QFY18 result along with minor adjustments to our assumptions moving forward lifts FY18 EPS by 5% while FY19 falls 1% FY20 onwards falling between ~1-3%. We lift our target price from A\$1.50 to A\$1.60 due to a lift in our NAV multiple from 1.0x to 1.2x to lift SAR in line with our other mid-tier, cash generative Australian gold producers.

## Price catalyst

- 12-month price target: A\$1.60 based on a Blend of 50% 1.2x NAV and 50% 5x CFPS methodology.
- Catalyst: Drilling at Karari and Whirling Dervish continue to be a key catalyst for SAR. The trend of increasing ounces per vertical meter at Karari is notable, which current drilling at Whirling Dervish hoping emulate.

## Action and recommendation

- Maintain Outperform.** A solid production result for SAR. Both Thunderbox and Karari continue to deliver strong operational results. SAR has maintained its 300,000koz output and \$1,150/oz AISC guidance and looks well placed to achieve its target moving forward. Both mines continue to have positive mine life outlooks with Karari drilling impressing at depth and the recent PFS for a large scale underground operation at Thunderbox.

## Solid production result from Carosue Dam and Thunderbox

- Both Carosue Dam and Thunderbox performed strongly, both mines beat our gold production expectations by 4% with 43.1koz at Carosue and a record 37.1koz at Thunderbox. AISC costs of A\$1,008/oz were 1% below our expectations across the group supported by the increase in ounces produced
- Mined grade at Carosue Dam was 6% higher than expected at 3.2g/t which represented a lift of 9% Q-on-Q. Milled grade was 10% below our expectations at 2.2g/t with SAR citing a choice to stockpile higher grade material as a buffer for any unforeseen slowdowns in production relating to the change out of underground mining contractor. We note that, Byrnescut, the new contractor has committed to state of the art mining equipment and technology representing opportunity for material efficiency gain moving forward. Mill throughput was 7% higher than we anticipated at an annualised run rate of nearly 2.6Mtpa compared to our modelled nameplate capacity of 2.4Mtpa.

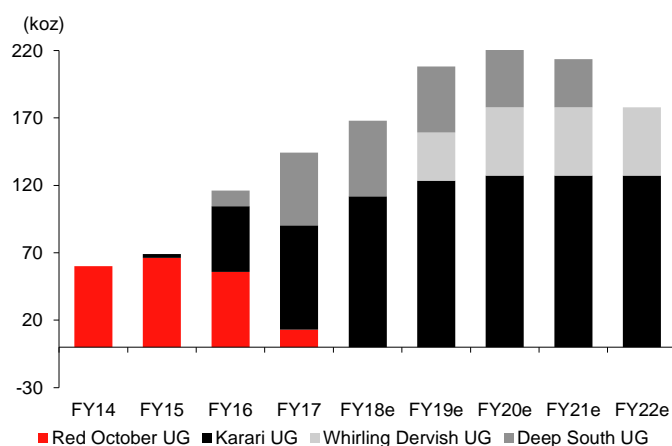
Fig 1 Production performance by mine

	Carosue Dam			Thunderbox		
	Actual	Macq	Variance	Actual	Macq	Variance
Ore mined (kt)	423	425	(0%)	563	360	36%
Grade (g/t)	3.20	3.01	6%	2.30	2.30	0%
Contained gold (koz)	43.5	41.1	6%	41.6	26.6	36%
Ore milled (kt)	646	600	7%	554	625	(13%)
Grade (g/t)	2.20	2.42	(10%)	2.20	1.93	13%
Recovery	93%	89%	4%	93%	92%	1%
Gold produced (koz)	43.1	41.6	4%	37.2	35.6	4%
Cash cost (A\$/oz)	974	922	5%	637	929	(46%)
AISC (A\$/oz)	1,082	1,018	6%	923	958	(4%)

Source: SAR, Macquarie Research, October 2017

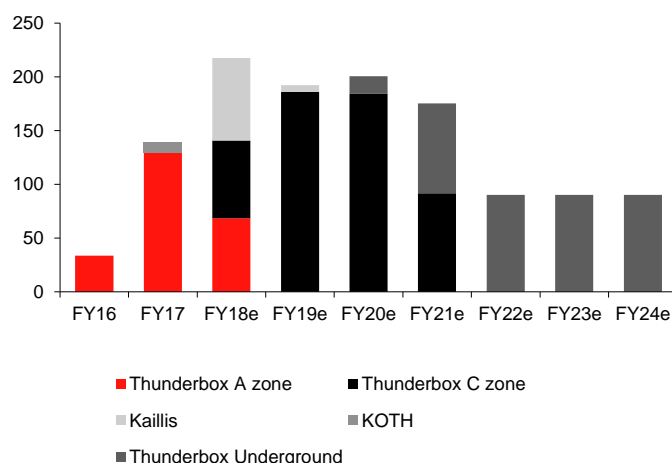
- Thunderbox had a particularly good quarter with AISC of A\$923/oz some 4% below our expectations a standout. Notably, AISC at Thunderbox included \$11m of pre-stripping cost for the C Zone pit. Ore mined was 36% above our modelling with total movement was also 42% higher. Thunderbox milled throughput was 13% below expectations with SAR noting that inclusion of softer C Zone and Kailis ore over the current quarter will lift throughput to above a 2.4Mtpa run rate, which we now model. Grade of 2.3g/t was as expected and represents a 4% lift Q-on-Q

Fig 2 Carosue Dam ounces mined by source



Source: Source: Company data, Macquarie Research, October 2017

Fig 3 Thunderbox ounces mined by source



Source: Company data, Macquarie Research, October 2017

### Cash from divestments expected soon

- Cash and equivalents increased ~\$15m to \$60.5m although this fell short of our \$77m estimate due to a higher capital and exploration spend of \$22m. We now model ~A\$115m in free cash flow generation over FY18 with net operating cash flow of ~A\$155m.
- Cash will be supplemented over this 2QFY18 by proceeds from the sale of King of the Hills (A\$5m cash) and Red October (A\$1m cash) while currently holding ~\$7.5m equity across Red 5 Ltd. (RED AU, Not Rated) and Matsa Resources. (MAT AU, Not Rated). SAR will receive a further A\$4.5m in either cash or script from Red 5 during 1QFY19 from the sale of KOTH.

### Drilling begins at Whirling Dervish and Karari continues to grow

- Drilling has begun at Whirling Dervish via three underground diamond drill rigs with 36,000m planned for the current quarter. This program is anticipated to be completed in the March quarter for 2018. Once the Whirling Dervish programs are completed the three rigs will return to Karari where they will drill from new drill drives that are expected to be complete in early CY2018. Drilling at Karari has continued to extend gold mineralisation at Karari with the next round of drilling set to test targets at some 900m below surface, nearly double the depth of the current mining fronts.
- Given the improved outlook at Karari, SAR is completing a study on modifying the mining method to include backfilling, which would further extend mine life and lift mining extraction rates significantly.

### Earnings and target price changes

- Incorporating the 1QFY18 result along with minor adjustments to our assumptions moving forward lifts FY18 EPS by 5% while FY19 falls 1%, and FY20 onwards falls between ~1-3%. We note that falls in EPS moving forward are largely surrounding an increased assumed corporate overhead cost.

**Fig 4 SAR EPS changes**

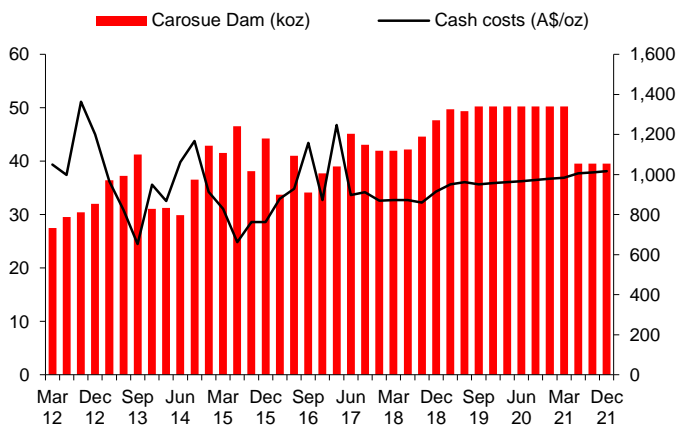
#### SAR EPS changes

Y/E June	2017A	2018E	2019E	2020E	2021E	2022E	Target price
EPS – old	3.8	10.1	16.0	18.8	12.8	12.1	1.5
EPS – new	3.8	10.6	15.9	18.6	12.5	11.7	1.6
Change	0%	5%	(1%)	(1%)	(3%)	(3%)	7%

Source: Company data, Macquarie Research, October 2017

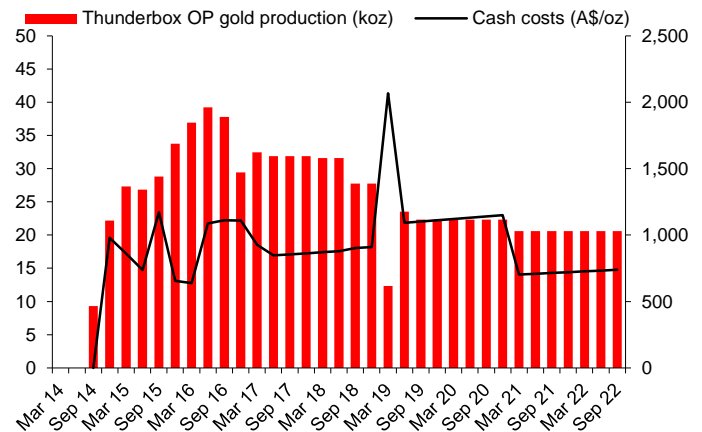
- We lift our target price from A\$1.50 to A\$1.60 due to a lift in our NAV multiple from 1.0x to 1.2x. This is to bring SAR in line with our other mid-tier, cash generative, Australian gold producers.

**Fig 5 Carosue Dam quarterly gold production**



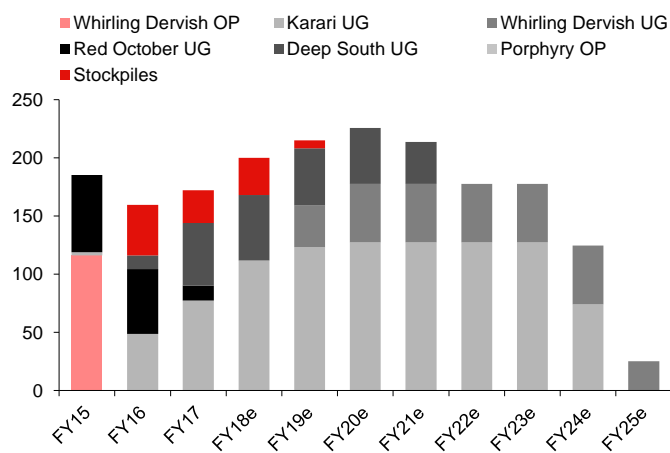
Source: SAR, Macquarie Research, October 2017

**Fig 6 Thunderbox quarterly gold production**



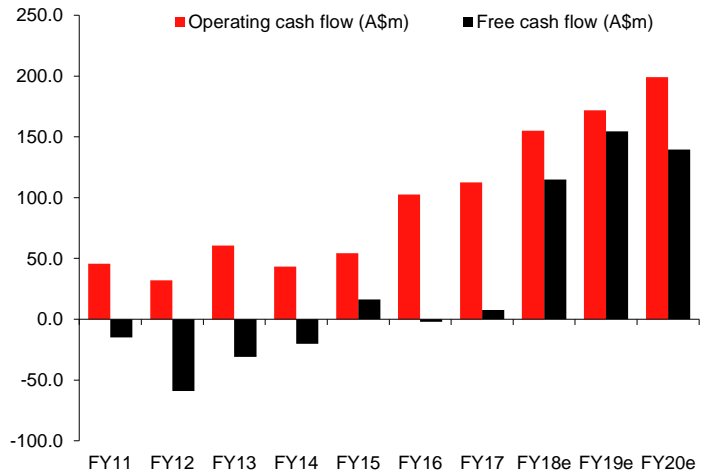
Source: SAR, Macquarie Research, October 2017

**Fig 7 Carosue Dam production by mine**



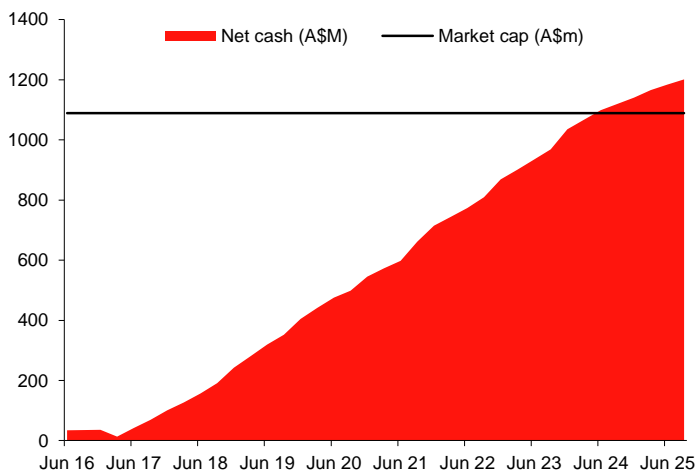
Source: SAR, Macquarie Research, October 2017

**Fig 8 SAR cash flow outlook**



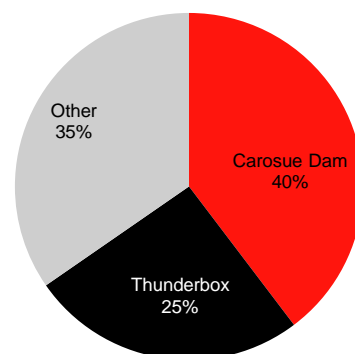
Source: SAR, Macquarie Research, October 2017

**Fig 9 SAR net cash vs market capitalisation**



Source: SAR, Macquarie Research, October 2017

**Fig 10 SAR NPV by project**



Source: SAR, Macquarie Research, October 2017

Fig 11 SAR summary model

Saracen Mineral Holdings																						
ASX: SAR	Price: (A\$ps)	1.34									Year end: Jun	Rating: Outperform	Up/dn	TSR								
	Mkt cap: (A\$m)	1,089									Diluted shares (m)	812.8	Target: 1.60	19%	20%							
ASSUMPTIONS		FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	FY22e	FY23e	ATTRIBUTABLE MINE OUTPUT				FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	
Exchange Rate	A\$/US\$	0.84	0.73	0.75	0.78	0.75	0.74	0.74	0.75	0.75	Gold production (equity)											
Spot Gold	(US\$/oz)	1,223	1,167	1,258	1,294	1,375	1,394	1,388	1,413	1,430	Carosue Dam				(koz)	167.5	157.2	156.0	169.2	191.3	200.9	190.2
Spot Gold	(A\$/oz)	1,461	1,600	1,667	1,656	1,831	1,883	1,885	1,883	1,907	Thunderbox				(koz)	0.0	31.5	116.8	143.6	128.0	118.7	80.5
RATIO ANALYSIS		FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	FY22e	FY23e	Total				(koz)	167.5	188.7	272.8	312.8	319.3	319.5	270.7
Diluted share capital	m	797.5	809.1	817.9	821.6	821.6	821.6	821.6	821.6	821.6	Cash costs											
EPS (diluted and pre sig. items)	A¢	1.4	3.2	3.8	10.6	15.9	18.6	12.5	11.7	15.7	Carosue Dam				(A\$/oz)	878	831	1,036	882	924	959	984
P/E	x	95.9x	41.9x	35.3x	12.6x	8.4x	7.2x	10.7x	11.4x	8.5x	Thunderbox				(A\$/oz)			838	981	872	889	1,249
CFPS (Operating)	A¢	6.8	12.7	13.8	18.9	20.9	24.2	19.3	21.0	19.5	Cash costs				(A\$/oz)	878	693	951	927	903	933	1,063
P/CF	x	19.7x	10.6x	9.7x	7.1x	6.4x	5.5x	6.9x	6.4x	6.9x	AISC Cash Costs											
DPS	A¢	0.0	0.0	0.0	1.0	2.0	3.0	3.0	3.0	4.0	Carosue Dam				(A\$/oz)	1,156	1,098	1,424	1,054	1,093	1,112	1,118
Dividend yield	%	0.0%	0.0%	0.0%	0.7%	1.5%	2.2%	2.2%	2.2%	3.0%	Thunderbox				(A\$/oz)			1,276	993	793	857	1,618
Franking Level	%	0%	0%	0%	25%	100%	100%	100%	100%	100%	AISC Cash Costs				(A\$/oz)	1,156	1,098	1,360	1,026	973	1,017	1,266
Book value per share	x	0.29	0.32	0.36	0.46	0.61	0.78	0.87	0.96	1.09	Operational EBITDA Contribution (pre hedging)											
P/Book value	x	4.7x	4.2x	3.7x	2.9x	2.2x	1.7x	1.5x	1.4x	1.2x	Carosue Dam				A\$m	83	123	78	118	155	166	153
R.O.E. (pre sig items)	%	5%	10%	11%	23%	26%	24%	14%	12%	14%	Thunderbox				A\$m	0	14	94	88	114	110	45
R.O.A. (pre sig items)	%	5%	11%	9%	24%	28%	27%	16%	13%	16%												
Interest Cover	x	49.0x	177.6x	148.3x	-70.1x	-32.4x	-21.3x	-10.4x	-7.5x	-8.4x												
EBITDA per share	A\$ps	0.08	0.09	0.14	0.22	0.29	0.32	0.23	0.21	0.25												
EV/EBITDA	x	15.9x	14.6x	9.6x	5.2x	3.4x	2.6x	3.2x	2.8x	1.8x												
FCF Yield	%	1%	0%	1%	11%	14%	13%	9%	14%	13%												
EARNINGS		FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	FY22e	FY23e												
Sales Revenue	A\$m	250	277	423	503	562	600	510	466	459												
Other Revenue	A\$m	0	0	0	0	0	0	0	0	0												
Total Revenue	A\$m	250	277	423	503	562	600	510	466	459												
Operating Costs	A\$m	(174)	(191)	(297)	(311)	(316)	(326)	(312)	(285)	(245)												
Operational EBITDA	A\$m	76	85	126	192	246	274	198	182	214												
Exploration Expense/Write-offs	A\$m	(0)	(1)	(2)	(1)	(0)	(0)	(0)	(0)	(0)												
Corporate & Other Costs	A\$m	(10)	(12)	(13)	(10)	(11)	(12)	(12)	(12)	(12)												
EBITDA	A\$m	66	72	111	181	235	262	186	169	201												
D&A	A\$m	(50)	(34)	(75)	(58)	(54)	(54)	(52)	(48)	(37)												
EBIT	A\$m	17	39	36	123	181	208	134	121	164												
Net Interest	A\$m	(0)	(0)	(0)	2	6	10	13	16	20												
Profit Before Tax	A\$m	16	38	36	125	186	218	147	137	184												
Tax Expense	A\$m	(5)	(12)	(5)	(37)	(56)	(65)	(44)	(41)	(55)												
Minorities	A\$m	0	0	0	0	0	0	0	0	0												
Adjusted NPAT	A\$m	11	26	31	87	130	153	103	96	129												
Significant Items (post tax)	A\$m	0	0	(3)	0	0	0	0	0	0												
Reported NPAT	A\$m	11	26	28	87	130	153	103	96	129												
CASHFLOW		FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	FY22e	FY23e												
Net Profit	A\$m	11	26	28	87	130	153	103	96	129												
Interest/Tax/D&A	A\$m	44	40	69	59	48	48	46	42	31												
Working Capital/other	A\$m	(1)	36	15	8	(7)	(1)	10	34	1												
Net Operating Cashflow	A\$m	54	102	113	155	172	199	159	172	160												
Capex	A\$m	(36)	(105)	(105)	(46)	(22)	(59)	(61)	(21)	(23)												
Investments	A\$m	(2)	0	0	6	5	0	0	0	0												
Sale of PPE and Other	A\$m	0	0	0	0	0	0	0	0	0												
Free cash flow	A\$m	16	(2)	8	115	155	140	98	151	137												
Dividends Paid	A\$m	0	0	0	0	(8)	(16)	(24)	(24)	(1)												
Debt	A\$m	(14)	(2)	(8)	(1)	(0)	(0)	(0)	(0)	(1)												
Equity Issuance	A\$m	0	0	0	0	0	0	0	0	0												
Other	A\$m	0	0	0	0	0	0	0	0	0												
Net Financing Cashflow	A\$m	(14)	(2)	(8)	(1)	(9)	(17)	(25)	(25)	(25)												
Net change in cash	A\$m	3	(4)	(1)	114	146	123	73	127	111												
BALANCE SHEET		FY15	FY16	FY17	FY18e	FY19e	FY20e	FY21e	FY22e	FY23e												
Cash	A\$m	38	34	34	148	294	417	490	617	728												
PP&E & Mine Development	A\$m	146	248	261	243	206	212	220	193	180												
Exploration	A\$m	38	44	47	58	63	69	75	80	86												
Total Assets	A\$m	300	362	404	514	639	776	851	953	1,055												
Debt	A\$m	1	4	6	2	2	2	1	1	0												
Total Liabilities	A\$m	71	101	110	133	136	136	133	163	160												
Total Net Assets / Equity	A\$m	229	261	294	381	504	640	718	790	894												
Net Debt / (Cash)	A\$m	(37)	(31)	(28)	(145)	(292)	(415)	(489)	(616)	(728)												
Gearing (net debt/(nd + equity))	%	(19%)	(13%)	(10%)	(62%)	#####	#####	#####	(35%)	#####												
Gearing (net debt/equity)	%	(16%)	(12%)	(9%)	(38%)	(58%)	(65%)	(68%)	(78%)	(81%)												
											EQUITY DCF VALUATION				EV/Reserve (A\$/oz) (A\$/oz) (A\$/oz) EV/Resource (A\$/oz)							
											Macquarie forecasts				Spot prices							
											Projects		AISC		AISC		AISC					
											A\$m	A\$ps	A\$m	A\$ps	A\$m	A\$ps	A\$m	A\$ps				
											461	0.56	407	0.50	298	0.36	262	0.32				
											370	0.45	472	0.57	0	0.00	0	0.00				
											(27)	(0.03)	(16)	(0.02)	(56)	(0.07)	(51)	(0.06)				
											115	0.14	117	0.14								
											<b>Net Equity Value (@ 5% WACC Real)</b>				<b>1,162 1.41 1,192 1.45</b>							
											<b>Price Target (50% 1.2 x NAV, 50% 5x CFPS)</b>				<b>1.60</b>							
											<b>P/NAV</b>				<b>0.95x</b>							

Source: SAR, Macquarie Research, October 2017

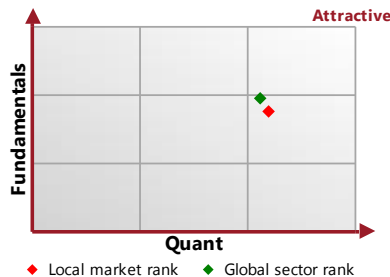
### Macquarie Quant View

The quant model currently holds a reasonably positive view on Saracen Mineral Holdings. The strongest style exposure is Growth, indicating this stock has good historic and/or forecast growth. Growth metrics focus on both top and bottom line items. The weakest style exposure is Valuations, indicating this stock is over-priced in the market relative to its peers.

**465/1572**

Global rank in Materials

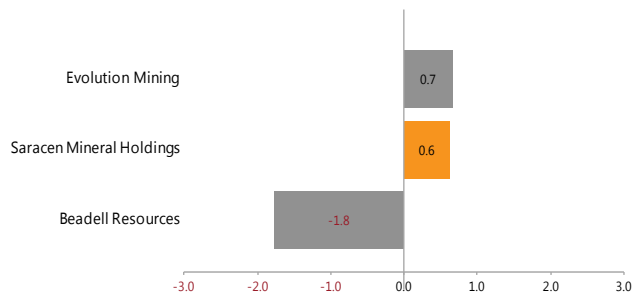
% of BUY recommendations: 56% (5/9)  
 Number of Price Target downgrades: 1  
 Number of Price Target upgrades: 1



Displays where the company's ranked based on the fundamental consensus Price Target and Macquarie's Quantitative Alpha model. Two rankings: Local market (Australia & NZ) and Global sector (Materials)

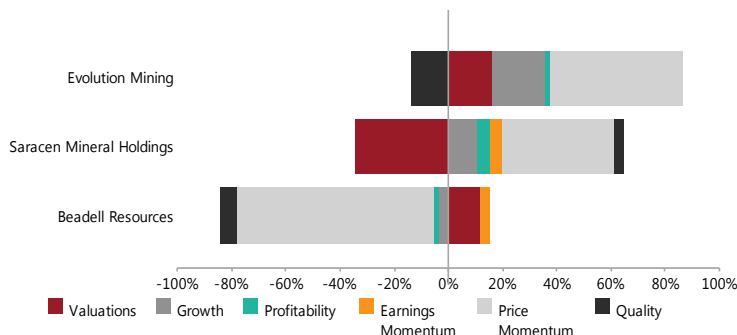
### Macquarie Alpha Model ranking

A list of comparable companies and their Macquarie Alpha model score (higher is better).



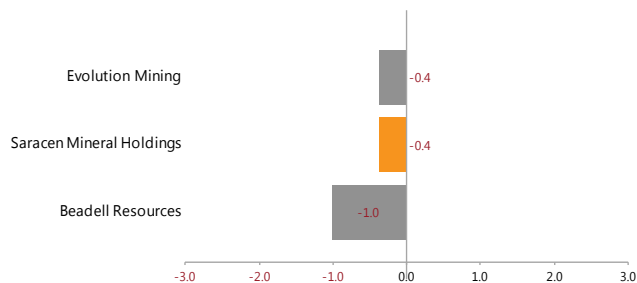
### Factors driving the Alpha Model

For the comparable firms this chart shows the key underlying styles and their contribution to the current overall Alpha score.



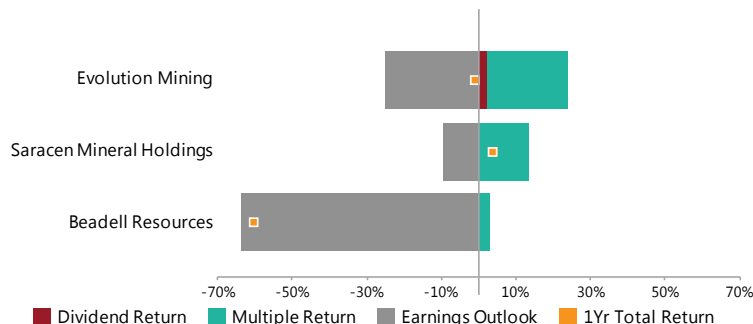
### Macquarie Earnings Sentiment Indicator

The Macquarie Sentiment Indicator is an enhanced earnings revisions signal that favours analysts who have more timely and higher conviction revisions. Current score shown below.



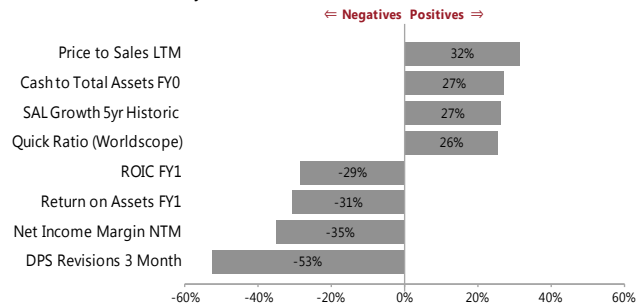
### Drivers of Stock Return

Breakdown of 1 year total return (local currency) into returns from dividends, changes in forward earnings estimates and the resulting change in earnings multiple.



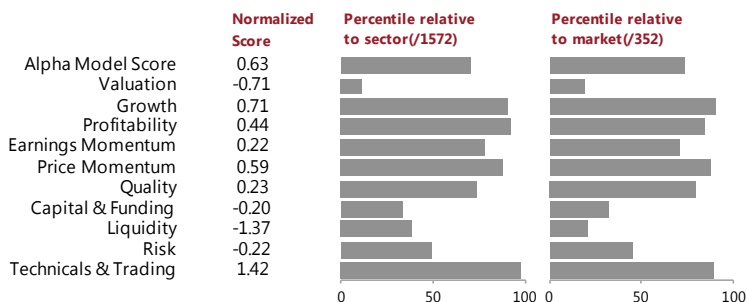
### What drove this Company in the last 5 years

Which factor score has had the greatest correlation with the company's returns over the last 5 years.



### How it looks on the Alpha model

A more granular view of the underlying style scores that drive the alpha (higher is better) and the percentile rank relative to the sector and market.



Source (all charts): FactSet, Thomson Reuters, and Macquarie Research. For more details on the Macquarie Alpha model or for more customised analysis and screens, please contact the Macquarie Global Quantitative/Custom Products Group ([cpg@macquarie.com](mailto:cpg@macquarie.com))



**Important disclosures:****Recommendation definitions****Macquarie - Australia/New Zealand**

Outperform – return >3% in excess of benchmark return  
 Neutral – return within 3% of benchmark return  
 Underperform – return >3% below benchmark return

Benchmark return is determined by long term nominal GDP growth plus 12 month forward market dividend yield

**Macquarie – Asia/Europe**

Outperform – expected return >+10%  
 Neutral – expected return from -10% to +10%  
 Underperform – expected return <-10%

**Macquarie – South Africa**

Outperform – expected return >+10%  
 Neutral – expected return from -10% to +10%  
 Underperform – expected return <-10%

**Macquarie - Canada**

Outperform – return >5% in excess of benchmark return  
 Neutral – return within 5% of benchmark return  
 Underperform – return >5% below benchmark return

**Macquarie - USA**

Outperform (Buy) – return >5% in excess of Russell 3000 index return  
 Neutral (Hold) – return within 5% of Russell 3000 index return  
 Underperform (Sell) – return >5% below Russell 3000 index return

**Volatility index definition\***

This is calculated from the volatility of historical price movements.

**Very high-highest risk** – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

**High** – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

**Medium** – stock should be expected to move up or down at least 30–40% in a year.

**Low-medium** – stock should be expected to move up or down at least 25–30% in a year.

**Low** – stock should be expected to move up or down at least 15–25% in a year.

\* Applicable to Asia/Australian/NZ/Canada stocks only

**Recommendations** – 12 months

**Note:** Quant recommendations may differ from Fundamental Analyst recommendations

**Financial definitions**

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense  
 Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

**EPS** = adjusted net profit / epowa\*

**ROA** = adjusted ebit / average total assets

**ROA Banks/Insurance** = adjusted net profit / average total assets

**ROE** = adjusted net profit / average shareholders funds

**Gross cashflow** = adjusted net profit + depreciation

\*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

**Recommendation proportions – For quarter ending 30 September 2017**

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	50.38%	56.22%	40.70%	46.21%	63.85%	41.61%	(for global coverage by Macquarie, 4.18% of stocks followed are investment banking clients)
Neutral	37.50%	28.16%	43.02%	47.52%	30.00%	39.51%	(for global coverage by Macquarie, 2.68% of stocks followed are investment banking clients)
Underperform	12.12%	15.62%	16.28%	6.27%	6.15%	18.88%	(for global coverage by Macquarie, 1.08% of stocks followed are investment banking clients)

**SAR AU vs Small Ordinaries, & rec history**

(all figures in AUD currency unless noted)

Note: Recommendation timeline – if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, October 2017

**12-month target price methodology**

SAR AU: A\$1.60 based on a Blend of 50% 1.2x NAV and 50% 5x CFPS methodology

**Company-specific disclosures:**

**SAR AU:** Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Saracen Mineral Holdings Ltd. Important disclosure information regarding the subject companies covered in this report is available at [www.macquarie.com/research/disclosures](http://www.macquarie.com/research/disclosures).

Date	Stock Code (BGB code)	Recommendation	Target Price
23-Oct-2017	SAR AU	Outperform	A\$1.60
10-Oct-2017	SAR AU	Outperform	A\$1.50
08-Sep-2017	SAR AU	Neutral	A\$1.50
02-Aug-2017	SAR AU	Outperform	A\$1.50
18-Jul-2017	SAR AU	Outperform	A\$1.40
11-May-2017	SAR AU	Outperform	A\$1.30
19-Apr-2017	SAR AU	Neutral	A\$1.00
11-Jan-2017	SAR AU	Neutral	A\$1.10
20-Dec-2016	SAR AU	Outperform	A\$1.00
07-Dec-2016	SAR AU	Outperform	A\$1.30
25-Oct-2016	SAR AU	Neutral	A\$1.30
26-Aug-2016	SAR AU	Underperform	A\$1.40
19-Jul-2016	SAR AU	Underperform	A\$1.30
07-Jul-2016	SAR AU	Underperform	A\$1.40
01-Jul-2016	SAR AU	Underperform	A\$1.20
11-May-2016	SAR AU	Underperform	A\$1.00
19-Apr-2016	SAR AU	Underperform	A\$.90
06-Apr-2016	SAR AU	Underperform	A\$1.00
15-Mar-2016	SAR AU	Underperform	A\$.90
24-Feb-2016	SAR AU	Neutral	A\$.80
29-Jan-2016	SAR AU	Neutral	A\$.77
11-Jan-2016	SAR AU	Neutral	A\$.76

21-Oct-2015	SAR AU	Outperform	A\$.70
24-Sep-2015	SAR AU	Outperform	A\$.65
27-Aug-2015	SAR AU	Outperform	A\$.54
24-Jul-2015	SAR AU	Outperform	A\$.43
09-Apr-2015	SAR AU	Outperform	A\$.55
23-Mar-2015	SAR AU	Outperform	A\$.56
21-Mar-2015	SAR AU	Outperform	A\$.60
02-Mar-2015	SAR AU	Outperform	A\$.55
21-Jan-2015	SAR AU	Outperform	A\$.50
15-Jan-2015	SAR AU	Outperform	A\$.42
08-Dec-2014	SAR AU	Outperform	A\$.40

**Target price risk disclosures:**

**SAR AU:** Any inability to compete successfully in their markets may harm the business. This could be a result of many factors which may include geographic mix and introduction of improved products or service offerings by competitors. The results of operations may be materially affected by global economic conditions generally, including conditions in financial markets. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company will enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

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