



Saracen Mineral Holdings Limited

ACN: 009 215 347

Quarterly Report - March 2019

Record production of 89,208oz and outstanding exploration results ensure 400,000ozpa strategy is well on track

Costs running below guidance, helping increase cash and equivalents to \$153m

HIGHLIGHTS

Sustainability

- ▲ **One LTI** during the quarter, **LTIFR at 0.7** (31 December 0.4, WA Gold Mining Average 1.9)

Production

- ▲ **Record quarterly gold production of 89,208oz** (Carosue Dam 49,038oz; Thunderbox 40,170oz) at **AISC of A\$1,035/oz**
- ▲ **Thunderbox delivered a record quarter with AISC falling to A\$972/oz** as the C Zone open pit mine steadily progresses into higher grade / lower strip ratio ore
- ▲ **Closing ore stockpile** (inventory awaiting processing) of **59,061oz** (up 5,622oz or 11% from 31 December)
- ▲ **YTD production of 266,981oz at an AISC of A\$1,032/oz, in line with the upwardly revised FY19 ounces guidance of 345-365,000oz and ahead of FY19 AISC guidance of A\$1,050-1,100/oz**

Financial

- ▲ **Cash and equivalents of A\$153.3m at 31 March** (up from A\$142.6m at 31 December, despite spending A\$58.3m on growth capital and exploration, and ahead of forecast "side-ways" cash build guided in December 2018 quarter report)
- ▲ **Gold sales for the quarter of 89,002oz at an average sale price of A\$1,766/oz**, generating revenue of A\$157.2m
- ▲ **Gold hedging of 358,500oz at an average delivery price of A\$1,792/oz** (382,100oz at A\$1,773/oz at 31 December)
- ▲ **Quarterly unaudited NPAT ranging between A\$26m and A\$29m**

Discovery and growth

- ▲ **A\$60m FY19 exploration budget continues ramping up** with A\$15.9m invested in the quarter
- ▲ **Drill results from Carosue Dam included; Karari 69m @ 4.1g/t and 54m @ 3.4g/t; Whirling Dervish 30m @ 4.9g/t, 30m @ 3.3g/t and 10m @ 5.9g/t.; Deep South 14m @ 8.7g/t, 11m @ 8.4g/t and 26m @ 3.0g/t**
- ▲ **Two new discoveries in the Carosue Dam Corridor (within 4km of the mill) were followed up on; Atbara 17m @ 2.7g/t, 70m @ 1.0g/t and 32m @ 1.2g/t; Qena 21m @ 2.2g/t and 8m @ 2.0g/t**
- ▲ **Carosue Dam Seismic Project - 2D data has determined the location and orientation of the 3D seismic survey planned for the June quarter**
- ▲ **Drill results from Thunderbox included; Zone A 49m @ 2.3g/t and 42m @ 2.4g/t; Bannockburn 17m @ 2.8g/t and 15m @ 2.7g/t; Otto Bore 10m @ 7.0g/t, 4m @ 11.0g/t and 5m @ 8.3g/t**
- ▲ **Next drilling result update anticipated in May 2019**

Overview

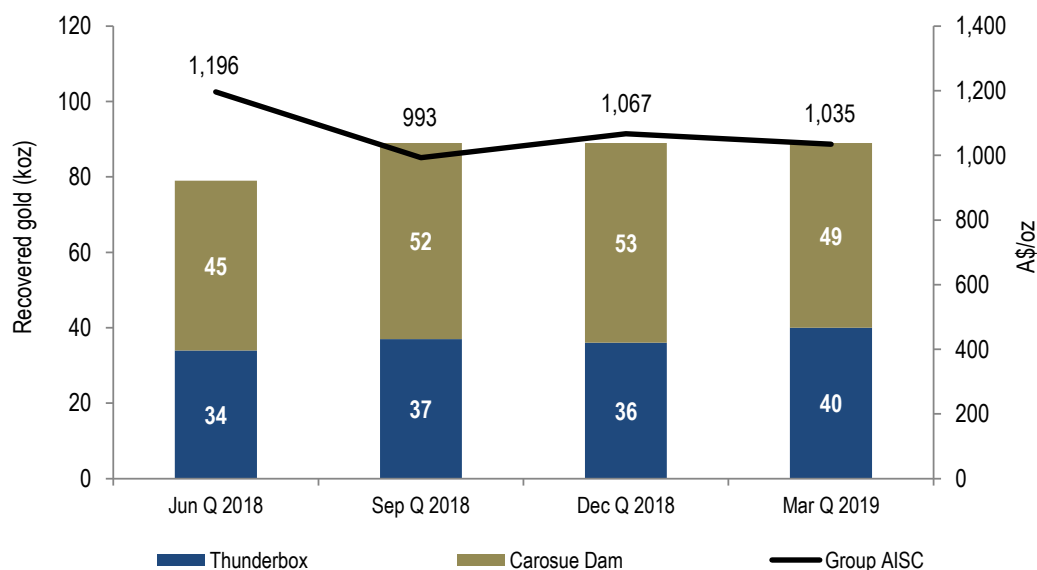
Saracen Mineral Holdings Limited (ASX: SAR) is pleased to report on a **record March quarter** with:

- Production ounces in line with FY19 guidance
- Costs below FY19 guidance
- Another host of impressive exploration drilling results

Production for the March quarter was 89,208oz at an all-in sustaining cost (AISC) of A\$1,035/oz.

YTD production is also a record at 266,981oz at an AISC of A\$1,032/oz.

Figure 1 – Group production and AISC



Thunderbox gold production was a record 40koz. Carosue Dam ore milled was 47kt or 8% lower than the December quarter due to a planned mill reline resulting in gold production of 49koz.

Cash and equivalents rose to A\$153.3 million, up from A\$142.6 million at December 31, despite the Company spending A\$42.4 million on growth and A\$15.9m on exploration in the quarter.

Another host of impressive exploration results were delivered across the portfolio, including follow up drilling at two new discoveries close to the Carosue Dam mill.

Saracen Managing Director Raleigh Finlayson said the quarter's performance showed Saracen was meeting its undertakings to the market on every level.

"Our operations are performing extremely well, as shown by the fact that production is comfortably within annual guidance and costs are below guidance," Mr Finlayson said.

"This combination enabled us to exceed our own forecast for cash generation, with cash and equivalents rising by \$11 million to \$153 million despite us spending more than \$58 million on growth and exploration in the quarter.

"This considerable investment is proving highly successful, as demonstrated by the two recent discoveries in the Carosue Dam corridor and a host of other strong drilling results.

"Given the excellent operating results and the success we are enjoying with the drill rig, we are confident that we are well on track to meet our wider objective of growing production to 400,000oz a year while establishing long mine lives."

Saracen's quarterly conference call will be held **today at 9.00am AWST** (11.00am AEST). The call can be accessed at: <https://webcasting.boardroom.media/broadcast/5cadf6564f40270305d976aa>

Table 1 - March quarter 2019 gold production and cost summary^A

Mar Q 2019	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	513,000	48,000	561,000
Mine Grade	g/t	2.8	2.3**	2.8
Contained Gold	oz	47,029	3,545	50,574
Open Pit Mining				
Total Mining	bcm	-	2,327,000	2,327,000
Ore Mined	t	-	713,000	713,000
Mine Grade	g/t	-	1.5	1.5
Contained Gold	oz	-	34,860	34,860
Mill Production				
Ore Milled	t	570,000	707,000	1,276,000
Mill Grade	g/t	2.9	1.9	2.3
Contained Gold	oz	52,584	42,820	95,404
Recovery	%	93.3%	93.8%	93.5%
Recovered Gold	oz	49,038	40,170	89,208
Gold Sales	oz	49,603	39,398	89,002
Average Price Received	A\$/oz	1,774	1,757	1,766
Sales Revenue	A\$m	88.0	69.2	157.2
Closing Ore Stockpile				
Ore	t	854,000	1,130,000	1,984,000
Grade	g/t	0.9	0.9	0.9
Contained Gold	oz	25,977	33,084	59,061
Cost summary				
Mining	A\$m	21.9	16.0	37.9
Processing	A\$m	10.1	12.5	22.6
Site Administration	A\$m	1.8	1.6	3.4
Cash Costs	A\$m	33.8	30.1	63.9
Royalties	A\$m	3.0	2.1	5.1
Capital Works	A\$m	0.4	0.9	1.3
Development	A\$m	3.7	4.6	8.2
Ore Inventory Adjustments	A\$m	1.1	(1.1)	(0.0)
Corporate	A\$m	1.2	1.0	2.2
All-in Sustaining Costs	A\$m	43.1	37.6	80.7
Growth Capital*	A\$m	26.5	15.9	42.4
Exploration	A\$m	10.3	5.6	15.9
Third Party Ore Purchase	A\$m	9.8	0.0	9.8
Unit cost summary				
Mining	A\$/oz	557	413	485
Processing	A\$/oz	257	322	289
Site Administration	A\$/oz	47	41	44
Cash Costs	A\$/oz	860	777	819
Royalties	A\$/oz	75	55	65
Capital Works	A\$/oz	10	23	17
Development	A\$/oz	93	119	106
Ore Inventory Adjustments	A\$/oz	27	(28)	(0)
Corporate	A\$/oz	31	26	29
All-in Sustaining Costs	A\$/oz	1,097	972	1,035
Depreciation and Amortisation	A\$/oz	205	267	233
Mine cash flow				
Mine operating cash flow	A\$m	37.4	31.5	68.9
Net mine cash flow	A\$m	10.9	15.6	26.5

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

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

Third party ore (Carosue Dam 6,805oz) included in recovered gold, excluded from A\$/oz calculations.

Pre-commercial production ounces from Whirling Dervish (Carosue Dam 2,961oz) and Thunderbox underground (1,430oz) included in recovered gold, excluded from A\$/oz calculations.

^A Reported on an accrual accounting basis

* Refer to Figure 7 for breakdown

** Underground development ore only

Table 2 - FY19 YTD Gold Production and Cost Summary^A

FYTD 2019	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	1,482,000	77,000	1,558,000
Mine Grade	g/t	3.0	2.2**	3.0
Contained Gold	oz	143,893	5,434	149,327
Open Pit Mining				
Total Mining	bcm	-	5,393,000	5,393,000
Ore Mined	t	-	1,878,000	1,878,000
Mine Grade	g/t	-	1.4	1.4
Contained Gold	oz	-	83,984	83,984
Mill Production				
Ore Milled	t	1,833,000	2,131,000	3,964,000
Mill Grade	g/t	2.8	1.8	2.2
Contained Gold	oz	165,262	120,078	285,340
Recovery	%	93.1%	94.2%	93.6%
Recovered Gold	oz	153,899	113,082	266,981
Gold Sales	oz	152,302	108,372	260,674
Average Price Received	A\$/oz	1,714	1,706	1,710
Sales Revenue	A\$m	261.0	184.9	445.9
Closing Ore Stockpile				
Ore	t	854,000	1,130,000	1,984,000
Grade	g/t	0.9	0.9	0.9
Contained Gold	oz	25,977	33,084	59,061
Cost summary				
Mining	A\$m	64.9	49.8	114.7
Processing	A\$m	29.8	38.1	67.9
Site Administration	A\$m	6.2	5.2	11.4
Cash Costs	A\$m	100.8	93.1	194.0
Royalties	A\$m	8.6	5.6	14.2
Capital Works	A\$m	1.0	2.2	3.2
Development	A\$m	14.5	10.3	24.8
Ore Inventory Adjustments	A\$m	(0.6)	(0.2)	(0.8)
Corporate	A\$m	4.4	3.3	7.7
All-in Sustaining Costs	A\$m	128.8	114.3	243.1
Growth Capital	A\$m	70.3	44.1	114.4
Exploration	A\$m	24.7	13.4	38.1
Third Party Ore Purchase	A\$m	33.9	0.0	33.9
Unit cost summary				
Mining	A\$/oz	517	452	487
Processing	A\$/oz	238	346	288
Site Administration	A\$/oz	49	47	48
Cash Costs	A\$/oz	804	844	823
Royalties	A\$/oz	68	51	60
Capital Works	A\$/oz	8	20	13
Development	A\$/oz	116	94	105
Ore Inventory Adjustments	A\$/oz	(4)	(2)	(3)
Corporate	A\$/oz	35	30	33
All-in Sustaining Costs	A\$/oz	1,027	1,036	1,032
Depreciation and Amortisation	A\$/oz	207	281	238
Mine cash flow				
Mine operating cash flow	A\$m	102.2	73.6	175.8
Net mine cash flow	A\$m	31.8	29.5	61.4

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

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

Third party ore (Carosue Dam 22,385oz) included in recovered gold, excluded from A\$/oz calculations.

Pre-commercial production ounces from Whirling Dervish (Carosue Dam 6,180oz) and Thunderbox underground (2,789oz) included in recovered gold, excluded from A\$/oz calculations.

^A Reported on an accrual accounting basis

** Underground development ore only

Sustainability

One Lost Time Injury (LTI) was reported in the March quarter.

Table 3 - March quarter 2019 group safety performance

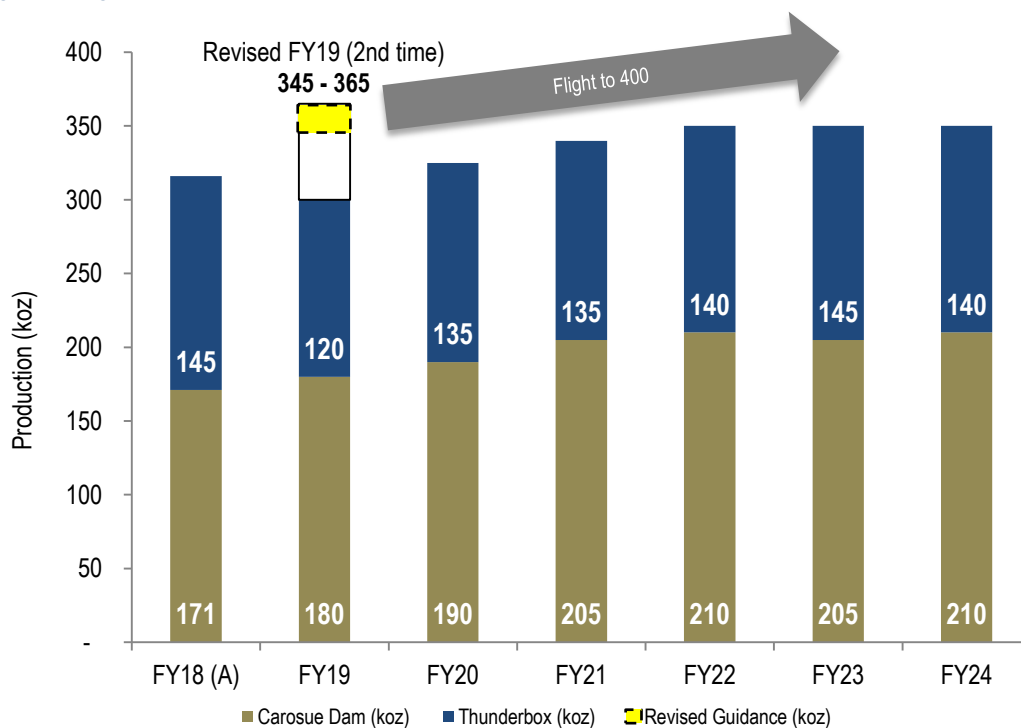
	LTI	LTIFR	TRIFR
Carosue Dam	0	0.7	13.8
Thunderbox	1	0.7	8.6
Group	1	0.7	11.6

Outlook

After a second upward revision in the December quarter 2018, the group production outlook for FY19 is unchanged at **345-365,000oz** at an **AISC of A\$1,050 - 1,100/oz**.

Saracen is **well on track to deliver into the 7 year production outlook**, with an **upside case to 400kozpa** (refer to ASX release dated 20th February 2018 "Corporate Presentation – February 2018").

Figure 2 - Flight to 400



Key growth drivers remain:

- Expand Carosue Dam mill to ~3.2Mtpa (base case)
- Fill the mills with higher grade underground ore
- Bolstered FY19 exploration spend to A\$60m
- Exploration success along the Carosue Dam Corridor

The **7 year production outlook**, and specifically **FY20 group production guidance** will be revised in the **September quarter 2019**.

Saracen has a robust balance sheet with **available funding in excess of A\$300m** (cash and bullion A\$132m, liquid investments of A\$21m, undrawn debt facility A\$150m) plus operating cash flows and ore stockpiles.

Operations

Carosue Dam

Carosue Dam produced 49,038oz for the quarter at an AISC of A\$1,097/oz (December quarter 53,108oz @ A\$1,005/oz).

The Karari underground mine produced 35.3koz @ 3.0g/t (December quarter 33.5koz @ 3.0g/t). The Deep South underground mine produced 4.7koz @ 3.8g/t (December quarter 13.2koz @ 3.1g/t) at which point Deep South was complete and placed into care and maintenance. On the back of potentially reinvigorating drill results (refer page 8), Saracen is continuing to evaluate a number of restart alternatives around the recommencement of mining.

Mine operating cash flow for the quarter was A\$37.4 million. Net mine cash flow was A\$10.9 million after growth capital of A\$26.5 million. Key growth capital items included Karari-Dervish underground mine development (A\$12.4m) and the paste fill plant (A\$8.3m).

Development of the Dervish underground mine continued to focus on decline and ore development with 7.0koz @ 2.1g/t produced (up from 2koz @ 1.8g/t in the December quarter). Stopping is underway with early stopes delivering an average grade of 2.5g/t. The percentage of stope ore compared to development ore will continue to increase as the mine builds up to full scale production.

The A\$23 million Karari Paste Fill Project remains on schedule. Work on the underground fill reticulation system is also on schedule in parallel with the plant construction. The project progressed to 93% completion at quarter end with first paste poured to underground remaining on track for the June quarter 2019.

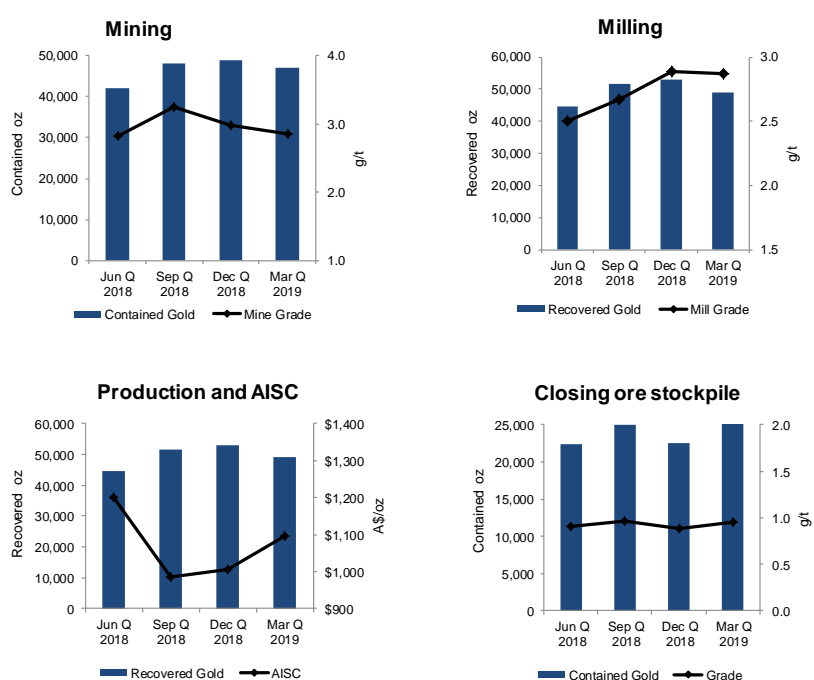
Construction of the CDO Aerodrome Project was completed during the quarter, with final permitting and flights anticipated during the June quarter.

The mill processed 570kt at an average grade of 2.9g/t with metallurgical recoveries of 93.3% (December quarter 616kt @ 2.9g/t). March quarter ore milled was 8% lower than the previous quarter due to a 4 day planned mill reline and a slightly harder overall ore blend.

Contracted third party ore deliveries are currently anticipated to contribute 10-15koz to recovered gold from Carosue Dam in the June quarter 2019, and 5-10koz in the September quarter 2019.

The mill expansion Feasibility Study remains on track for a September quarter update.

Figure 3 - Carosue Dam - Key Charts



Thunderbox

Thunderbox produced a record 40,170oz at an AISC of A\$972/oz (December quarter 35,725oz @ A\$1,149/oz).

Mine operating cash flow for the quarter was A\$31.5 million. Net mine cash flow was A\$15.6 million after growth capital of A\$15.9 million. Key growth capital items included Thunderbox underground development (A\$7.6m) and Kailis Stage 2 mine development (A\$5.1m).

Thunderbox C Zone pit continued to progress on schedule, with the strip ratio continuing to drop and mined grades increasing as planned.

Mining at Kailis Stage 2 progressed with the top of the ore zones being exposed along with grade control drilling commencing.

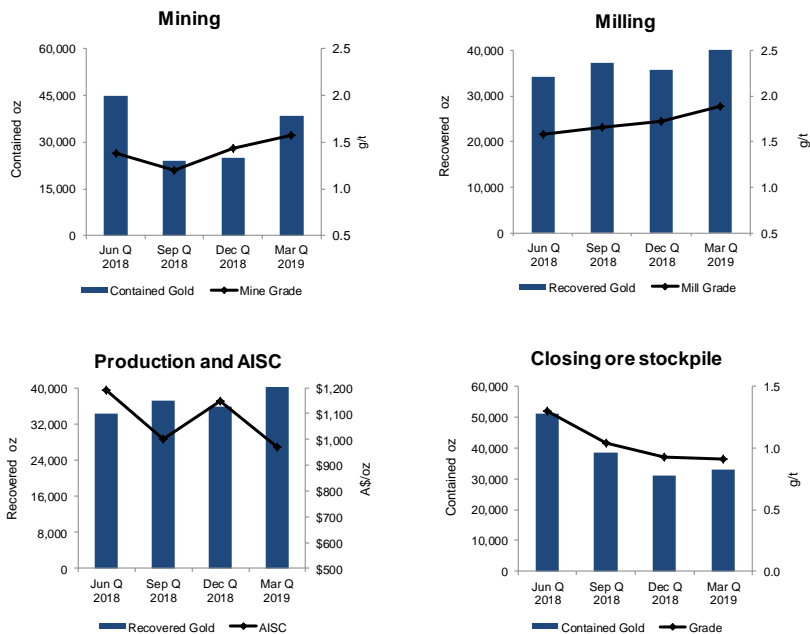
Total material movement from the open pits was 2.3 million BCM, up 35% from the previous quarter due to the commencement of Kailis Stage 2. Total open pit ore mined was 713kt with a mine grade of 1.5g/t, up 31% from the previous quarter.

The mill processed 707kt of ore at an average grade of 1.9g/t with a metallurgical recovery of 93.8%.

Water extraction licencing was received and construction of the Stage 3 Bannockburn Bore Field commenced in the quarter.

Development of the Thunderbox Underground continued during the quarter with a total of 1,023 meters of lateral development completed. Connection to the site power station was completed during the quarter. Total ore mined was 47kt with a mine grade of 2.3g/t (up from 28kt @ 2.1g/t in the December quarter). Diamond drilling was ongoing with a total of 18,964m drilled during the quarter.

Figure 4 - Thunderbox - Key Charts



Discovery and Growth

Exploration activities continue to ramp-up with A\$15.9 million invested in the March quarter (A\$12.3 million in the December quarter).

A\$60m of exploration is planned over FY19, across the following: Karari-Dervish A\$20m, Thunderbox A\$16m, Carosue Dam Corridor A\$11m, and other A\$13m.

Quarterly highlights are summarised below (all results previously released), confirming the continuation of an outstanding FY19 exploration campaign. For further information, please refer to the ASX announcement "Latest drilling shows flight to 400 is well on track" dated 18th February 2019.

Discoveries

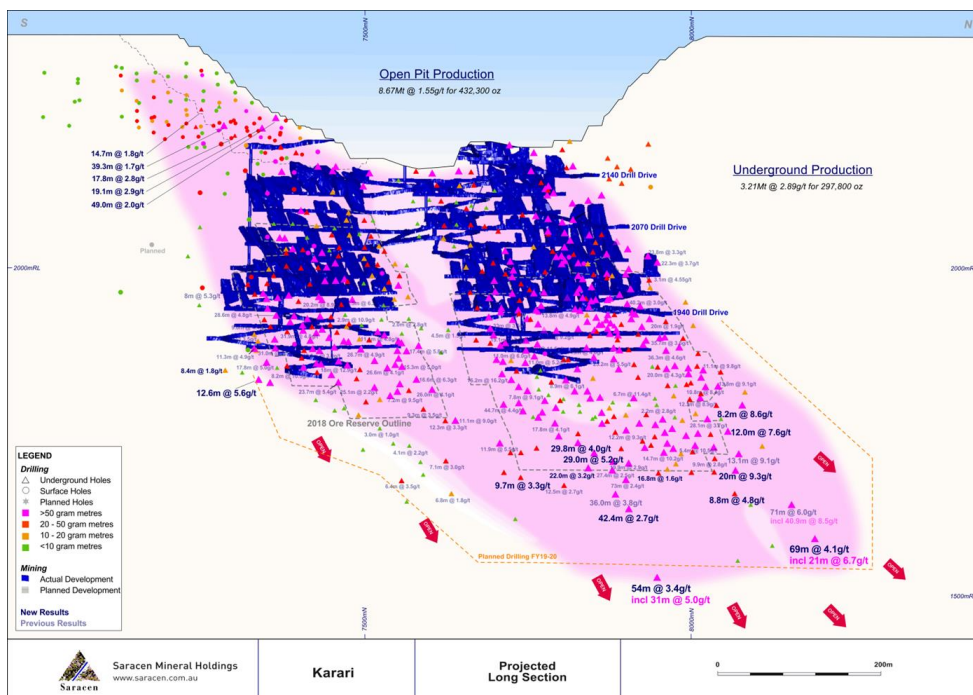
Two new discoveries in the Carosue Dam Corridor (within 4km of the mill) were followed up on:

- Atbara - Results include 17m @ 2.7g/t, 70m @ 1.0g/t and 32m @ 1.2g/t
- Qena - Results include 21m @ 2.2g/t and 8m @ 2.0g/t

Carosue Dam

At Karari, thick high-grade extensional drill results included 69m @ 4.1g/t (including 21m @ 6.7g/t) and 54m @ 3.4g/t (including 31m @ 5.0g/t, 400m below current production, implies an additional 7 years of life).

Figure 5 - Karari Long Section with recent drill results



At Whirling Dervish, thick high-grade infill drill results included 30m @ 4.9g/t, 30m @ 3.3g/t and 10m @ 5.9g/t.

At Deep South, thick high-grade extensional drill results included 14m @ 8.7g/t, 11m @ 8.4g/t and 26m @ 3.0g/t.

At the Seismic Project, 2D data has determined the location and orientation of the 3D seismic survey planned for the June quarter.

Thunderbox

At Thunderbox A Zone, extensional drill results included 49m @ 2.3g/t and 42m @ 2.4g/t; grade control results included 13m @ 6.1g/t and 19m @ 3.4g/t.

At Otto Bore, 9km north of the mill, early highlights from the extensional and infill program include 10m @ 7.0g/t, 4m @ 11.0g/t and 5m @ 8.3g/t.

At Bannockburn, infill drill results included 17m @ 2.8g/t and 15m @ 2.7g/t.

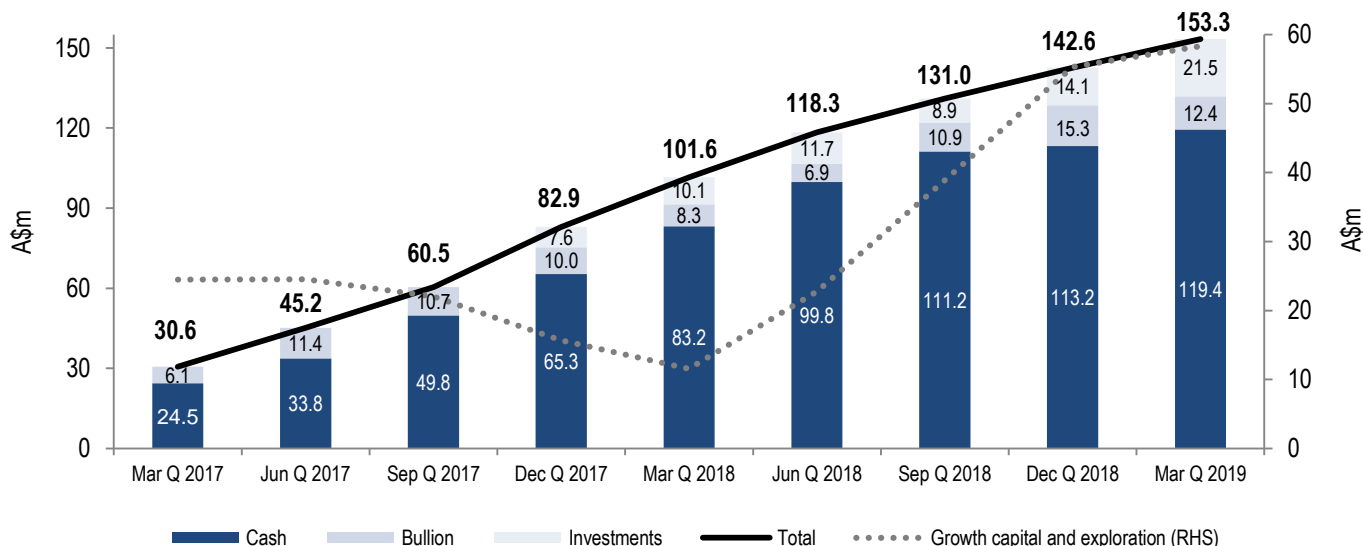
Corporate and Finance

Cash Position

As at 31 March 2019, total cash, bullion and investments were A\$153.3 million. There was no corporate debt drawn.

Saracen will commence paying monthly tax instalments from April 2019 onwards. Cash tax payments of approximately A\$4.7m are anticipated during the balance of FY2019.

Figure 6 - Cash, bullion and investments, and growth capital and exploration spend



Gold Sales

Gold sales for the quarter were 89,002oz at an average sale price of A\$1,766/oz, for total revenue of A\$157.2 million (note that gold sales excludes movements of gold in transit).

During the quarter approximately A\$7.3 million (unaudited) of gold sales were made from gold recovered from development activities at Whirling Dervish (A\$4.6 million) and Thunderbox Underground (A\$2.7 million). This amount will be offset against the capital development cost of these projects and will not be accounted for as sales revenue.

Hedging

During the quarter 47,000oz of hedging was added at A\$1,888/oz, and 70,600oz of hedging was delivered at A\$1,749/oz.

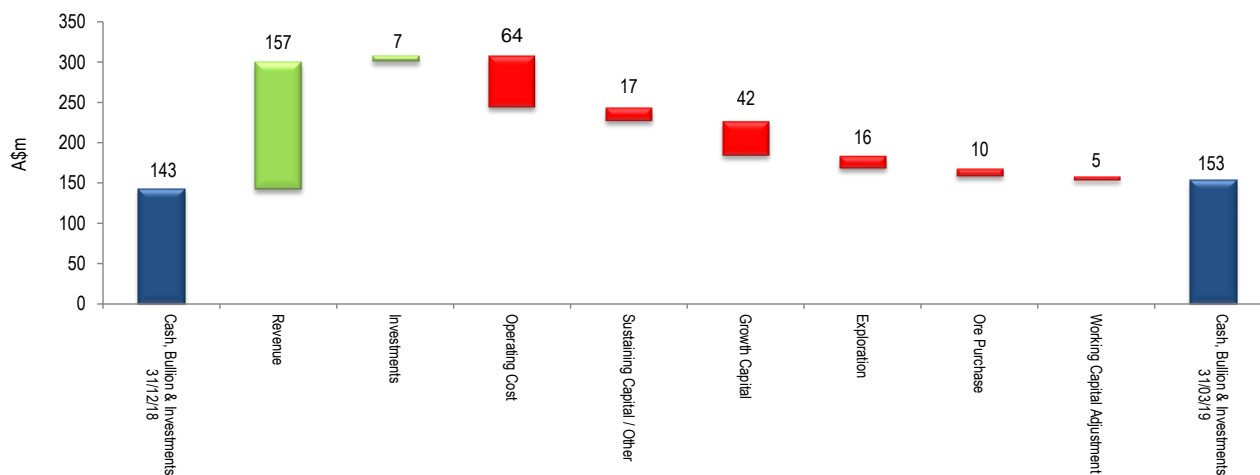
At 31 March 2019, the hedge book comprised 358,500oz at an average delivery price of A\$1,792/oz.

Table 4 - Hedging at 31 March 2019

Quarter	Quantity	Price
	oz	A\$/oz
Jun-19	64,500	\$1,752
Sep-19	41,000	\$1,732
Dec-19	42,000	\$1,763
Mar-20	38,000	\$1,779
Jun-20	37,500	\$1,789
Sep-20	33,000	\$1,809
Dec-20	26,500	\$1,836
Mar-21	25,500	\$1,840
Jun-21	19,500	\$1,851
Sep-21	16,500	\$1,872
Dec-21	12,500	\$1,893
Mar-22	2,000	\$1,949
Total	358,500	\$1,792

Cash-flows

Figure 7 – March 2019 quarter cash movements



- **Operating Costs:** Cash outflows for mining, ore cartage, processing, and site administration.
- **Sustaining Capital / Other:** Cash outflows for royalties, sustaining capital works, open pit and underground development, active mine exploration and corporate expenses.
- **Growth Capital:** Cash outflows for mine development (Whirling Dervish A\$10.1m, Thunderbox underground A\$7.6m, Kailis Stage 2 A\$5.1m, Karari A\$2.3m), Carosue Dam paste fill plant A\$8.3m, Carosue Dam aerodrome A\$1.7m and other miscellaneous items A\$7.3m.
- **Exploration:** Cash outflows for CDO (A\$10.3m) and TBO (A\$5.6m) exploration activities.
- **Ore Purchase:** Purchase of third party ore.

Net Profit after Tax (NPAT)

Saracen reported a NPAT of A\$43 million in the 31 December 2018 half-year accounts. During the current quarter Saracen generated an unaudited NPAT ranging between A\$26 million and A\$29 million.

Corporate Structure:

Ordinary shares on issue:	820.3m
Unvested employee performance rights:	17.3m
Market Capitalisation:	A\$2.1b (share price A\$2.62)
Cash, bullion and investments (31 March):	A\$153.3m
Debt:	Nil
Substantial Shareholders:	Van Eck Global 12.1% BlackRock Group 8.2% Vinva 5.8%

For further information please contact:

Investors:

Troy Irvin
Corporate Development Officer
Email: info@saracen.com.au
Contact (08) 6229 9100

Media Enquiries:

Read Corporate
Paul Armstrong / Nicholas Read
Email: info@readcorporate.com
Contact: (08) 9388 1474

Competent Person Statements

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to Gold 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.