

# CORPORATE GOVERNANCE STATEMENT

Principle	Complied	Comment
<b>1 – Lay solid foundations for management and oversight</b>		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>✓</p> <p>The Company has a formal Board Charter (a copy is located on the Company's website) which sets out those matters reserved for the Board and those delegated to management.</p> <p>✓</p> <p>The Board's functions include: developing and setting the Company's strategic direction in conjunction with management, overall review of performance against targets and objectives, reviewing management's performance, ensuring the Company has adequate systems and internal controls together with appropriate monitoring of compliance activities, approval and compliance with policies including health, safety and environment and reporting to shareholders on the direction and performance of the Company.</p> <p>The Board has also established various committees to assist in carrying out its duties. These Committees include the Audit Committee, Risk and Sustainability Committee, the Remuneration and Nomination Committee and the Exploration and Growth Committee.</p> <p>The Managing Director, supported by senior executives, is responsible for the day-to-day management of the Company's affairs and the implementation of strategy and policy initiatives.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>✓</p> <p>Before the Company proposes to appoint a new Director, appropriate checks are undertaken which include but are not limited to reviewing the person's character, experience, education, work experience and criminal record. Interviews with the potential candidates are conducted by existing Directors to make sure their experience, personality and ethics are an appropriate fit for the strategic direction of Company. Appropriate discussions with third parties who know the proposed Director may also be undertaken.</p> <p>✓</p> <p>Directors' biographical details, including their relevant qualifications, experience and the skills they bring to the Board are detailed on the Company website and in the Annual Report. Details of any other public company directorships held within the last 3 years are also provided in the Annual Report. Director's biographical details are also included in the notice of annual general meeting when a Director stands for re-election.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>✓</p> <p>Written agreements are in place with each Director and Senior Executive setting out the terms of their appointment. Director remuneration details and key terms of the agreements with Senior Executives are included in the Remuneration Report within the Annual Report.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>✓</p> <p>The Company Secretary, Mr Jeremy Ryan, is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. In this regard the Company Secretary has a direct line of communication with the Chair. Mr Ryan was appointed as Company Secretary on 5 December 2016.</p> <p>In addition the Company Secretary has a reporting line to the Chief Financial Officer in relation to day to day operational matters.</p>

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment																									
<b>1 – Lay solid foundations for management and oversight (continued)</b>																											
1.5 A listed entity should:																											
(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	✓	The Board has adopted a Diversity Policy which outlines the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Board proactively monitors the Company's performance in meeting the standards and guidance outlined in this Policy.																									
(b) disclose that policy or a summary of it; and	✓	A copy of the Diversity Policy is located on the Company's website. The Company does not discriminate based on gender, age, ethnicity, religious or cultural background. The Company ensures that all employees are provided with the same opportunities through open and honest communication, training and development opportunities and annual remuneration reviews.																									
(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:	✓	The Company implemented the following measurable gender diversity objectives in FY18:																									
<ul style="list-style-type: none"> <li>the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</li> <li>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul>	✓	<ul style="list-style-type: none"> <li>The Company will seek to align or exceed the mining industry average for female participation in the workforce subject to availability and suitability of candidates;</li> <li>Progress towards achieving the above objective is measured quarterly per year through a report to the Board and Senior Management on gender diversity statistics.</li> </ul>																									
	✓	<p>The following table shows the Company's progress in relation to its measurable objective on gender diversity in FY18:</p> <p>The Company's progress in relation to its measurable gender diversity objectives is also included in the Annual Report.</p> <table border="1"> <thead> <tr> <th></th> <th>Saracen end of Quarter %</th> <th>Mining Industry %</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>13.79</td> <td>15.9</td> </tr> <tr> <td>Q2</td> <td>13.70</td> <td>15.9</td> </tr> <tr> <td>Q3</td> <td>15.62</td> <td>15.9</td> </tr> <tr> <td>Q4</td> <td>16.45</td> <td>15.9</td> </tr> </tbody> </table> <p>The Group workforce gender profile as at 30 June 2018 is set out in the following table:</p> <table border="1"> <thead> <tr> <th></th> <th>Proportion of Women</th> </tr> </thead> <tbody> <tr> <td>Board</td> <td>1 out of 5 (20%)</td> </tr> <tr> <td>Senior Management *1</td> <td>5 out of 32 (16%)</td> </tr> <tr> <td>Other Professional Staff *2</td> <td>25 out of 100 (25%)</td> </tr> <tr> <td>Total Other Employees</td> <td>33 out of 250 (13%)</td> </tr> </tbody> </table> <p>1 Senior Management excludes the Managing Director who is included as part of the Board statistics.</p> <p>2 Professional staff includes all degree qualified professional employees but excludes the Managing Director and Senior Management.</p> <p>The Company is compliant with the Gender Equality Act 2012 (Cth) and a copy of the 2018 compliance report is available on the Company's website.</p>		Saracen end of Quarter %	Mining Industry %	Q1	13.79	15.9	Q2	13.70	15.9	Q3	15.62	15.9	Q4	16.45	15.9		Proportion of Women	Board	1 out of 5 (20%)	Senior Management *1	5 out of 32 (16%)	Other Professional Staff *2	25 out of 100 (25%)	Total Other Employees	33 out of 250 (13%)
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## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
<b>1 – Lay solid foundations for management and oversight (continued)</b>		
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>✓</p> <p>✓</p>	<p>The Board, with the assistance of the Remuneration and Nomination Committee, regularly monitors its performance and the performance of the Directors and Board Committees. This may occur through an internal review led by the Chairman, or be performed with the assistance of external advisers as considered appropriate.</p> <p>During the year the Board internally discussed, reviewed and evaluated its performance with respect to their roles as Directors individually, as a Board and as Board Committees. Every three years an external party is engaged by the Company to facilitate a review of the Board and Directors individually. The next review by an external party is due to occur prior to the end of FY19.</p> <p>Prior to appointing any Director a review process is undertaken to ensure any new Director skill set aligns with the Company's strategic plan. Dr Roric Smith was appointed as a Director in FY18. Dr Smith is a geologist with extensive international and Australian experience who will bring considerable support to Saracen's strategic plan.</p> <p>Prior to the appointment of Dr Smith the Board reviewed its Committee structure and composition. Following this review, and Dr Smith's appointment, the Board redistributed Directors responsibilities amongst the Committees and created a new Exploration and Growth Committee. This Committee is chaired by Dr Roric Smith and comprises all Directors and is supported by Daniel Howe (Chief Geologist), Simon Jessop (Chief Financial Officer) and Troy Irvin (Corporate Development Officer).</p> <p>A copy of the Exploration and Growth Committee's Charter is available on the Company's website.</p> <p>The Exploration and Growth Committee's functions include assessing greenfields and brownfields exploration as well as organic/ inorganic growth. In addition the Risk Management Committee was replaced in FY18 with the Risk and Sustainability Committee. Further information on the Risk and Sustainability Committee is included in section 7.1 below.</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>✓</p> <p>✓</p>	<p>The Company has a process of conducting half yearly and annual performance reviews of all staff including Senior Executives. The performance of the Managing Director is evaluated by the Chairman with input from the Board. The review is then discussed with the Board.</p> <p>The Managing Director reviews the performance of senior executives. All senior executives, including the Managing Director, participated in half yearly and yearly performance evaluation processes in relation to FY18.</p>

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment																														
<b>2 – Structure the Board to Add Value</b>																																
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:</li> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>The Board has constituted a Remuneration and Nomination Committee which currently comprises Mr Geoff Clifford, Ms Samantha Tough and Dr Roric Smith, all of whom are considered to be independent non-executive Directors.</p> <p>Mr Geoff Clifford, an independent non-executive Director, is the Chair of the Committee.</p> <p>A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.</p> <p>A total of two Remuneration and Nomination Committee meetings were held in FY18. Details of each member's attendance at meetings of the Remuneration and Nomination Committee is set out below:</p> <table border="1"> <thead> <tr> <th>Member</th> <th>Attended</th> <th>Held</th> </tr> </thead> <tbody> <tr> <td>Geoff Clifford (Chair)</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mark Connelly</td> <td>1</td> <td>1</td> </tr> <tr> <td>Martin Reed</td> <td>1</td> <td>1</td> </tr> <tr> <td>Samantha Tough</td> <td>2</td> <td>2</td> </tr> <tr> <td>Dr Roric Smith</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* The Board re-allocated the composition of the Remuneration and Nomination Committee to the current membership as of 19 October 2017</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Geoff Clifford (Chair)	1	1	Mark Connelly	1	1	Martin Reed	1	1	Samantha Tough	2	2	Dr Roric Smith	1	1												
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2.2	<p>✓</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company seeks to structure its Board so as to add value through an appropriate composition with a balance of the different attributes, skills and experience relevant to the Company's operations and strategic direction. The effectiveness and efficiency of the Board is achieved through the Directors having substantial knowledge of and experience in the following main areas, operational management, strategy, project development, capital markets and mergers &amp; acquisitions, finance, geology &amp; exploration and legal &amp; corporate governance.</p> <p>Each Director has right to access all Company information and all staff including senior management. Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense within guidelines provided in the Company's Board Charter.</p> <p>The following table summarises some of the key skills and experience of the incumbent Board. Numbers are out of 5 being the total number of Directors.</p> <table border="1"> <thead> <tr> <th>Area</th> <th>Skill and Experience</th> <th>Number of Directors</th> </tr> </thead> <tbody> <tr> <td>Operational Management</td> <td>Senior executive experience in operational management within a medium to large entity</td> <td>5</td> </tr> <tr> <td>Strategy</td> <td>Senior executive experience in setting strategy within a medium to large scale entity</td> <td>5</td> </tr> <tr> <td>Project Development</td> <td>Senior executive experience in delivery of capital projects</td> <td>5</td> </tr> <tr> <td>Capital Markets &amp; Mergers and Acquisition</td> <td>Senior executive experience in capital markets and / or mergers and acquisition</td> <td>5</td> </tr> <tr> <td>Finance</td> <td>Senior executive experience in financial accounting and reporting</td> <td>2</td> </tr> <tr> <td>Geology &amp; Exploration</td> <td>Senior executive experience in mineral exploration within a large scale entity</td> <td>3</td> </tr> <tr> <td>Legal &amp; Corporate Governance</td> <td>Experience within a large scale entity of legal/regulatory and governance standards</td> <td>5</td> </tr> <tr> <td>Experience as Non-executive Director</td> <td>Experience as a Non-executive Director on at least 1 other medium to large cap listed company</td> <td>4</td> </tr> <tr> <td>Tertiary / professional qualification</td> <td>Finance/Business Engineering Geology Legal Governance (AICD)</td> <td>1 2 1 1 4</td> </tr> </tbody> </table> <p>* On 4 July 2017 Dr Roric Smith was appointed to the Board. Dr Smith is a geologist with extensive international and Australian experience and has held numerous senior executive positions in the mining industry.</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Area	Skill and Experience	Number of Directors	Operational Management	Senior executive experience in operational management within a medium to large entity	5	Strategy	Senior executive experience in setting strategy within a medium to large scale entity	5	Project Development	Senior executive experience in delivery of capital projects	5	Capital Markets & Mergers and Acquisition	Senior executive experience in capital markets and / or mergers and acquisition	5	Finance	Senior executive experience in financial accounting and reporting	2	Geology & Exploration	Senior executive experience in mineral exploration within a large scale entity	3	Legal & Corporate Governance	Experience within a large scale entity of legal/regulatory and governance standards	5	Experience as Non-executive Director	Experience as a Non-executive Director on at least 1 other medium to large cap listed company	4	Tertiary / professional qualification	Finance/Business Engineering Geology Legal Governance (AICD)	1 2 1 1 4
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## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
<b>2 – Structure the Board to Add Value (continued)</b>		
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, an association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>The following Directors are currently considered by the Board to be independent – Mr Geoff Clifford (Chair) (5 years of service), Mr Martin Reed (6 years), Ms Samantha Tough (5 years) and Dr Roric Smith (1 year). Mr Raleigh Finlayson (5 years as MD) is not considered to be independent as he is an executive of the Company.</p>
2.4	A majority of the board of a listed entity should be independent directors.	<p>✓</p> <p>A majority of the Directors are independent. At the date of this report, four of the five Directors are considered to be independent. The only non-independent director is the Managing Director as he is an employee of the Company.</p>
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<p>✓</p> <p>Mr Geoff Clifford is the Chair of the Company and is an independent, non-executive Director.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	<p>✓</p> <p>New Directors are provided with an induction on the Company's governance framework and operations following commencement by meeting with the Chair, Board and Senior Executives.</p> <p>As part of the induction each new Director is provided with the Company's Corporate Governance Manual which contains information on the Company, fellow Directors, copies of the Constitution, Board committee charters, Policies and associated material.</p> <p>Directors are encouraged to continue to expand their knowledge base and professional skills through attendance at suitable seminars and conferences. This includes undertaking finance related courses for directors whose background comes from disciplines outside of the accounting and finance field.</p> <p>Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense within guidelines provided in the Company's Board Charter.</p> <p>In order to assist in maintaining Director's operational understanding of the Company Directors conduct one on one sessions with staff members including when Directors attend site for Board meetings. Directors then discuss feedback received from these meetings with the Board.</p>
<b>3 – Act Ethically and Responsibly</b>		
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>✓</p> <p>✓</p> <p>The Board's policy is that the Directors and management should conduct themselves with the highest ethical standards. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.</p> <p>The Board has adopted a Code of Conduct which sets out standards for appropriate ethical and professional behaviour that applies to all employees, including Directors and management, when dealing with each other, shareholders, customers and the broader community. In addition to the Code of Conduct, the Company has an Anti-Bribery and Corruption Policy. A copy of the Company's Code of Conduct and the Anti-Bribery and Corruption Policy are available on the Company's website.</p>

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment															
<b>4 – Safeguard Integrity in Corporate Reporting</b>																	
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <ul style="list-style-type: none"> <li>has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>is chaired by an independent director, who is not the chair of the board,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>the charter of the committee;</li> <li>the relevant qualifications and experience of the members of the committee; and</li> <li>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</li> </ul>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>The Board has constituted an Audit Committee which is currently comprised of Ms Samantha Tough, Mr Geoff Clifford and Mr Martin Reed all of whom are independent non-executive Directors.</p> <p>Ms Samantha Tough, an independent non-executive Director, is the Chair of the Committee.</p> <p>The Audit Committee Charter is located on the Company's website.</p> <p>The relevant qualifications and experience of the Committee members is included in Directors' Report contained in the Annual Report.</p> <p>A total of two Audit Committee meetings were held in FY18. Details of each member's attendance at meetings of the Audit Committee is set out below:</p> <table border="1"> <thead> <tr> <th>Member</th> <th>Attended</th> <th>Held</th> </tr> </thead> <tbody> <tr> <td>Samantha Tough(Chair)</td> <td>2</td> <td>2</td> </tr> <tr> <td>Martin Reed</td> <td>1</td> <td>1</td> </tr> <tr> <td>Geoff Clifford</td> <td>2</td> <td>2</td> </tr> <tr> <td>Mark Connelly</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* The Board re-allocated composition of the Audit Committee to the current membership as of 19 October 2017.</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Samantha Tough(Chair)	2	2	Martin Reed	1	1	Geoff Clifford	2	2	Mark Connelly	1	1
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4.2	<p>✓</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>The Board receives a written declaration from the Managing Director and the Chief Financial Officer in accordance with section 295A of the Corporations Act. The declaration provides that, to the best of their knowledge and belief, the accounting systems and financial records are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.</p>															
4.3	<p>✓</p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Company's external auditor is invited to, and attends, the Company's Annual General Meeting. The auditor's presence is made known to the meeting and shareholders are provided with an opportunity to ask questions of them in relation to the accounts of the Company and the performance and findings of the audit.</p>															
<b>5 – Make Timely and Balanced Disclosure</b>																	
5.1	<p>✓</p> <p>✓</p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it</p>	<p>✓</p> <p>✓</p> <p>The Board has adopted a Continuous Disclosure Policy which raises awareness of the Company's obligations under the continuous disclosure regime; establishes a process to ensure that information about the Company, which may be market sensitive and which may require disclosure, is brought to the attention of the person(s) primarily responsible for ensuring that the Company complies with its continuous disclosure obligations in a timely manner and is kept confidential; and sets out the obligations of Directors, officers, employees and contractors of the Company to ensure that the Company complies with its continuous disclosure obligations.</p> <p>A copy of the Continuous Disclosure Policy is located on the Company's website.</p>															

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment												
<b>6 – Respect the Rights of Security Holders</b>														
6.1	✓	The Company provides information about itself and its governance to investors via its website. The Corporate Governance tab/menu provides access to all Committee Charters and other relevant Corporate Governance Policies. The Company's website also includes copies of its annual reports and financial statements, copies of its ASX announcements, copies of Notices of Meetings, presentations, as well as an overview of the Company's business activities in separately designated areas of the website.												
6.2	✓	The Board aims to ensure that shareholders are provided with all of the information necessary to assess the performance of the Company. The Company follows the principles of Continuous Disclosure to ensure all investors are fully informed on the activities of the Company. The Managing Director is responsible for other investor relations activities with the assistance of the Corporate Development Officer and the Company Secretary. In FY18 the Company conducted webcasts for investors following the release of material ASX announcements, including quarterly reports. The Company maintains an investor relations calendar which lists seminars, events and shareholder briefings at which the Company will attend or present. In FY18 the Board adopted a Shareholder Communications Policy (located on the Company's website) which outlines the Company's commitment to ensuring transparent, timely and accurate communications to shareholders.												
6.3	✓	The Board notifies all shareholders with a notice of general meeting so they can be fully informed of all matters to be put to the meeting and encourages shareholders to vote and attend these shareholder meetings.												
6.4	✓	The Company, via its share registry, provides the capability for shareholders to elect to receive electronic communications from the Company through direct emails - through its website and via the share registry. Electronic contact details are provided on the Company's website.												
<b>7 – Recognise and Manage Risk</b>														
7.1	<ul style="list-style-type: none"> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> <li>✓</li> </ul> n/a	<p>In FY18 the Board established the Risk and Sustainability Committee which replaced the Risk Management Committee.</p> <p>The Charter for the Risk and Sustainability Committee is located on the Company's website. The purpose of the Committee is to assist the Board to manage risk and ensure the Company operates in a sustainable manner including in relation to environment and community.</p> <p>The Board has a formal overarching Risk Management Policy to govern the management of risks and has established systems for the management of its material risks.</p> <p>Management of risks is divided between the Audit Committee and the Risk and Sustainability Committee.</p> <p>The Risk and Sustainability Committee is currently comprised of Directors Mr Martin Reed (Chair), Dr Roric Smith and Mr Raleigh Finlayson. Each of Messer's Reed and Smith are considered to be independent, non-executive directors and hence the majority of the Risk and Sustainability Committee members are independent.</p> <p>The Chair of the Risk and Sustainability Committee, Mr Reed, is an independent, non-executive Director.</p> <p>The skills, experience and qualifications of those individuals together with details of their attendance at meetings held during the reporting period are included in the Directors' Report in the Annual Report. The Risk and Sustainability Committee is assisted by other management personnel as required and meets frequently to monitor the Company's progress in relation to sustainability initiatives, identify risks and monitor mitigation strategies and outcomes. The Risk and Sustainability Committee reports to the Board on a quarterly basis and risk management is a standing agenda item for all regular Board Meetings. The operations are visited twice yearly by the Risk and Sustainability Committee.</p> <p>Details of the Audit Committee are included in section 4.1 above.</p> <p>The Company's Risk Management Policy and the Risk and Sustainability Committee Charter can be accessed on the Company's website (<a href="http://www.saracen.com.au">www.saracen.com.au</a>) under the Corporate Governance section. A total of four Risk and Sustainability Committee meetings were held in FY18. Details of each member's attendance at meetings of the Risk and Sustainability Committee is set out below :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Member</th> <th>Attended</th> <th>Held</th> </tr> </thead> <tbody> <tr> <td>Martin Reed (Chair)</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Roric Smith</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> <tr> <td>Raleigh Finlayson</td> <td style="text-align: center;">4</td> <td style="text-align: center;">4</td> </tr> </tbody> </table> <p>* The Board re-allocated composition of the Risk and Sustainability Committee to the current membership as of 19 October 2017.</p>	Member	Attended	Held	Martin Reed (Chair)	4	4	Roric Smith	4	4	Raleigh Finlayson	4	4
Member	Attended	Held												
Martin Reed (Chair)	4	4												
Roric Smith	4	4												
Raleigh Finlayson	4	4												

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
<b>7 – Recognise and Manage Risk (continued)</b>		
7.2		
The board or a committee of the board should:		
(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound; and	✓	The Company has, and continues to, undertake various organisation wide risk reviews to identify potential business risks which are then assessed and ranked using the Company’s risk matrix. The effectiveness of controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented.
(b) disclose, in relation to each reporting period, whether such a review has taken place	✓	
7.3		
A listed entity should disclose:		
(a) if it has an internal audit function, how the function is structured and what role it performs; <b>OR</b>	n/a	The Company does not have a formal internal audit function. The Audit Committee and the Risk and Sustainability Committee monitor the risk factors of the Company in place of an internal audit function.
(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	✓	The Company’s Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Company’s external auditors also review the process and procedures related to the financial and accounting functions of the Company.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
<b>7 – Recognise and Manage Risk (continued)</b>		
<p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>✓</p>	<p>The Company has exposure to the following material risks:</p> <p><b>Gold Price:</b> The Company's revenue comes from the sale of gold in Australian dollars which is a combination of the US dollar gold price and A\$:US\$ exchange rates. The US gold price fluctuates and is affected by many factors including the relationship between global supply and demand, forward selling by producers, costs of production and general global economic conditions which also affects exchange rates. To mitigate the impact of price fluctuations, the Company has entered into hedging programs, in Australian dollars, for a portion of its gold production. The level of hedging is actively reviewed by management and the Board, in accordance with a Board approved hedging policy, with the assistance of expert external consultants.</p> <p><b>Costs of Production:</b> The Company has many cost inputs into its production profile and maintaining a tight reign over these costs is essential to maintaining the financial health of the business and maintaining shareholder value. To assist in controlling these inputs, the Company has entered into long term contract for most of its larger cost inputs including mining contractors, diesel, lime and cyanide These long term contracts support Company's 7 year plan which was announced to the market in FY18. The Company also has site specific Enterprise Agreements with its workforce. These mechanisms help provide a firm cost base on which the Company can operate and maintain its business margins. In FY18 the Company also implemented the 'Think and Act Like Owners' program which is directed at encouraging employees to present business improvement initiatives.</p> <p><b>Exploration Success and Project Development:</b> The Company has a finite economic life based on existing mineral resources. The Company requires continued exploration success in finding new projects or extending the life of existing projects and/or successful acquisitions for continuity of production. The Company undertakes a targeted exploration programme and employs the best technical personnel to assess all existing and potential new opportunities both within and outside its existing project portfolio. These activities are monitored and reviewed quarterly by the Exploration and Growth Committee.</p> <p><b>Mineral Resource:</b> The Company has numerous Mineral Resources which it bases its future production and annual budgets on. The Mineral Resource estimate is the product of many inputs and assumptions, and by nature is not a precise determination of quality and quantity of gold available for economic assessment. Given the sampling used to define and inform the mineral resources can be broadly spaced, it is important that appropriate measures are taken to mitigate the risk of poor Mineral Resource estimation. The Company has implemented a rigorous internal peer review process that focuses on all critical steps in building a Mineral Resource estimate. This process aims to validate the process and assumptions used to create the Mineral Resource. These reviews are carried out by senior employees who have had specific technical training in the appropriate area of estimation. Further to this the Company also has the Mineral Resource estimates reviewed by external consultants who specialise in the estimation of Mineral Resources. These external reviews are conducted annually. All resource activities are monitored and reviewed by the Exploration &amp; Growth Committee.</p> <p><b>Environmental:</b> The Company is subject to, and responsible for, ensuring compliance with various regulations, licenses, approvals and standards so that its activities do not cause unauthorised environmental harm. Environment risk is currently overseen by the Risk and Sustainability Committee. Through its ongoing management of environmental activities at its operating mines, the Company has been able to operate in an environmentally sustainable and responsible manner. All environmental activities are monitored and reviewed by the Risk and Sustainability Committee.</p> <p><b>Social:</b> The Company recognises that a failure to manage stakeholder expectations may lead to disruption to the Company's operations. As such the Company's Community Policy is designed to support the Company's objectives to make a positive difference to its stakeholders through building relationships based on trust, mutual respect and partnership. To assist in this regard the Company holds two Board meetings per year in regional locations associated with its operations to provide the opportunity for direct stakeholder engagement with Directors. The Company is proud to be involved in and supportive of community groups, organisations and charities in the region in which it operates. All social activities are monitored and reviewed by the Risk and Sustainability Committee.</p> <p><b>Sustainability:</b> In FY18 the Company established the Risk and Sustainability Committee which is responsible for overseeing risk in relating to health, safety, environment, community and sustainability. Additional disclosure on sustainability is included in the Company's Sustainability Report located on the Company's website.</p> <p>The Company has a Risk Management Policy which sets out the Company's risk management systems and processes. The Company's Risk Management Standard provides detail as to how the Company fulfils the expectations and requirements set out in the Risk Management Policy. Pursuant to the Risk Management Standard the Company has, and continues to, undertake various organisation wide risk reviews to identify potential business risks which are then assessed and ranked using the Company's risk matrix. The effectiveness of controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented.</p>

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment																		
<b>8 – Remunerate Fairly and Responsibly</b>																				
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>has at least three members, a majority of whom are independent directors; and</li> <li>is chaired by an independent director, and disclose:</li> <li>the charter of the committee;</li> <li>the members of the committee; and</li> <li>as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; <b>OR</b></li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>n/a</p>	<p>The Board has established a Remuneration and Nomination Committee which comprises Mr Geoff Clifford, Ms Samantha Tough and Dr Roric Smith all of whom are independent non-executive Directors.</p> <p>Mr Clifford, an independent non-executive Director is the Chair of the Committee.</p> <p>A copy of the Remuneration and Nomination Committee Charter is located on the Company's website.</p> <p>The relevant qualifications and experience of the Committee members is included in Directors' Report contained in the Annual Report.</p> <p>A total of two Remuneration and Nomination Committee meeting were held in FY18. Details of each member's attendance at meetings of the Remuneration and Nomination Committee is set out below:</p> <table border="1"> <thead> <tr> <th>Member</th> <th>Attended</th> <th>Held</th> </tr> </thead> <tbody> <tr> <td>Geoff Clifford (Chair)</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mark Connelly</td> <td>1</td> <td>1</td> </tr> <tr> <td>Martin Reed</td> <td>1</td> <td>1</td> </tr> <tr> <td>Samantha Tough</td> <td>2</td> <td>2</td> </tr> <tr> <td>Dr Roric Smith</td> <td>1</td> <td>1</td> </tr> </tbody> </table> <p>* The Board re-allocated the composition of the Remuneration and Nomination Committee to the current membership as of 19 October 2017.</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Geoff Clifford (Chair)	1	1	Mark Connelly	1	1	Martin Reed	1	1	Samantha Tough	2	2	Dr Roric Smith	1	1
Member	Attended	Held																		
Geoff Clifford (Chair)	1	1																		
Mark Connelly	1	1																		
Martin Reed	1	1																		
Samantha Tough	2	2																		
Dr Roric Smith	1	1																		
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>✓</p>	<p>The structure of non-executive Director remuneration is clearly distinguishable from that of executive Directors and other Senior Executives. Non-executive Directors are remunerated on a fixed fee basis for time and responsibility as part of an aggregate pool of remuneration approved by shareholders. The Non-executive Directors have the ability to receive performance rights and / or options under the Company's shareholder approved long term incentive plan. At present no performance rights or options have been allocated under the plan to the Non-executive Directors. Senior Executives (including the Managing Director) are remunerated on an annual basis based on a combination of fixed remuneration and variable remuneration, comprising – short term and long term incentives.</p> <p>Further details regarding the remuneration practices for the Company's Key Management Personnel (including the Managing Director) are included in the Remuneration Report that forms part of the Directors' Report within the Annual Report.</p>																		
<p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it</p>	<p>✓</p> <p>✓</p>	<p>The Company issues equity based remuneration to its employees through its Performance Rights Plan. The Plan details the terms and conditions under which performance rights can be granted and stipulates that a Participant in the Plan must not enter into any arrangement for the purpose of hedging, or otherwise affecting, their economic exposure to their Performance Rights.</p> <p>The Performance Rights Plan has been approved at a meeting of shareholders. The Performance Rights Plan was updated and approved at the Company's 2017 AGM.</p> <p>Details of Performance Rights that have been issued to employees and the performance hurdles attaching to those Rights are listed in the Remuneration Report.</p> <p>A copy of the Company's Performance Rights Plan is available on the Company's website.</p>																		