



SARACEN MINERAL HOLDINGS LIMITED | ABN 52 009 215 347



Annual General Meeting 26 November 2014

CHAIRMAN'S ADDRESS

Welcome ladies and gentlemen.

Saracen made a number of significant achievements in the 2014 financial year ("FY2014"), and subsequently, in all the facets of its business, including acquisition, exploration, development and production. More specifically, these achievements comprised an improvement in safety performance; a return to profitability; increased resources and reserves through both drilling programmes and the Thunderbox project acquisition; successful development of the Whirling Dervish open pit expansion; continued drilling success and solid production performance at Red October; and the meeting of all publicly stated full year guidance measures.

The Company reported a net profit after tax of A\$6 million for the financial year. Sales revenue for the year was A\$211.4 million, up marginally from the previous year. The latter was despite lower spot gold prices, and underpinned by the Company's gold hedge book. An average gold sales price of A\$1,526/oz was achieved for the year, well in excess of the average spot price. Net cash flow from operations was A\$49.4 million, while EBITDA was A\$42.1 million.

The financial performance was such that the Company was able to direct funds to the next generation of projects in our growing project pipeline, most notably the Karari underground development, and the Thunderbox feasibility study. Bank debt was reduced from A\$22m to A\$12m.

Towards year end and into FY2015, we have continued to experience a declining gold price, and a bearish resources equity market environment, in which the aggregate value of gold stocks has dropped markedly. This makes Saracen's standing as the best performing ASX gold producer in FY2014, with a three-fold increase in share price, all the more impressive.

The important achievements of the Company are well laid out in our Managing Director, Raleigh Finlayson's, review within the 2014 Annual Report, and at the end of this meeting he will update you on present activities and the outlook for FY2015 and beyond.

I will now make some observations of a more general nature.

Firstly, with the main initial capital spend at the Whirling Dervish open pit mine behind us, and with the continued solid contribution of high grade ore from Red October, Saracen's All In Sustaining Cash Costs are on the way down, with a target of A\$1,150/oz for FY2015. C1 Cash costs are forecast to fall to A\$875/oz.

Secondly, the retirement of the A\$12 million balance of the loan from Macquarie Bank loan is on target for the early part of the 2015 calendar year.

Thirdly, Saracen's in-the-money gold hedge book continues to provide shelter from the lower gold price, thereby enabling Saracen financially to satisfy its project funding needs. The hedge book as at 31 October 2014 stands at 160,000 ounces sold forward at an average realised price of A\$1,572/oz, equating to an 'in the money' value of approximately A\$33.7m.

Fourthly, from a financial perspective, we will be aiming to ensure that the Company's cash balance at year end is optimised, having regard to the various activities being undertaken. The Company remains focused on cashflow generation rather than ounces produced, which is particularly relevant during a depressed gold price environment.

Finally, looking forward, Saracen has a very exciting yet challenging year ahead. Challenges will be laid before us clearly by the declining gold price, while the very same environment will present opportunities for the Company to further lower its cost base, and utilise its balance sheet strength, strong evaluation and management skills, to seek out business opportunities. In regard to the latter, Saracen is looking for suitable complementary acquisitions and if we identify an opportunity which creates value for shareholders then we will give that very serious consideration. During 2014, the Thunderbox acquisition was consistent with this strategy.

The highest priority of all is our health and safety performance. Everybody involved at all levels in our Company is, and holds themselves, very much accountable for our safety performance; where our objective is to be amongst the industry leaders. The significant contributions from all personnel, including our contractors, and the initiatives generated at the site level are pivotal in this regard.

Saracen is also committed to enhanced environmental performance, an example of which will be the conversion of the Carosue power house to dual fuel, a combination of diesel and gas, which will reduce both carbon emissions and generation costs.

I will again acknowledge on behalf of the Board that Saracen is managed by a very focussed and dedicated senior management team led by Raleigh Finlayson, and the Board wishes at the outset to acknowledge their efforts.

I would like to thank senior management and all other members of our operations, exploration, commercial, accounting and corporate teams, as well as our contractor partners, for their valued input into the Company's operations.

I will retire as Chairman and as a director of Saracen at the end of this meeting. I would like to acknowledge the work done by my fellow board members in what has been a very active year. Saracen's is a very actively engaged Board, and, in my opinion, one of the most capable in our sector of the resources industry, and it has been a privilege for me to have had the opportunity to contribute. I wish the incoming Chairman, Geoff Clifford, the very best in his role.

The Board and management of Saracen look forward to the year ahead, for all the challenges, rewards and opportunities it will bring. There is no question in my mind that we are in two exciting gold provinces, with commanding infrastructure positions, a dedicated and motivated management team, and that numerous additional opportunities will come our way in the months and years ahead. The number and range of such opportunities will become larger in the bearish environment presently developing in the gold sector, and Saracen will be well placed to continue to grow and add shareholder value in such an environment.

Thank you.

Guido Staltari
Non-executive Chairman (Retiring)
Saracen Mineral Holdings Limited
26 November 2014