



AUSTRALIA

SAR AU Outperform

Price (at 06:10, 02 Aug 2017 GMT) A\$1.35

Valuation A\$ 1.52

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

12-month target A\$ 1.50

12-month TSR % +12.6

Volatility Index High

GICS sector Materials

Market cap A\$m 1,094

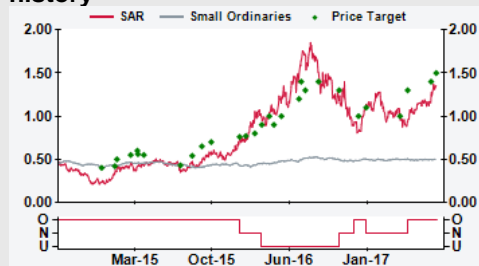
30-day avg turnover A\$m 7.1

Number shares on issue m 810.5

Investment fundamentals

Year end 30 Jun		2016A	2017E	2018E	2019E
Revenue	m	276.5	424.2	516.8	565.6
EBIT	m	38.6	62.3	140.1	196.6
Reported profit	m	25.9	47.8	99.6	141.9
Adjusted profit	m	25.9	47.8	99.6	141.9
Gross cashflow	m	60.8	114.2	153.7	196.0
CFPS	¢	7.5	13.9	18.7	23.8
CFPS growth	%	-2.0	84.9	34.6	27.6
PGCFPS	x	18.0	9.7	7.2	5.7
PGCFPS rel	x	1.39	0.82	0.66	0.58
EPS adj	¢	3.2	5.8	12.1	17.3
EPS adj growth	%	129.0	81.8	108.2	42.5
PER adj	x	42.2	23.2	11.1	7.8
PER rel	x	1.96	1.24	0.69	0.56
Total DPS	¢	0.0	1.0	2.0	3.0
Total div yield	%	0.0	0.7	1.5	2.2
Franking	%	nmf	100	100	100
ROA	%	11.6	14.9	26.8	31.0
ROE	%	10.6	16.7	27.9	30.5
EV/EBITDA	x	14.2	8.3	5.5	4.2
Net debt/equity	%	-11.7	-14.2	-40.5	-58.5
P/BV	x	4.2	3.6	2.8	2.1

SAR AU vs Small Ordinaries, & 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, August 2017

(all figures in AUD unless noted)

Analyst(s)

Ben Crowley

+61 8 9224 0839 ben.crowley@macquarie.com

Hayden Bairstow

+61 8 9224 0838 hayden.bairstow@macquarie.com

Hai Le

+61 8 9224 0886 hai.le@macquarie.com

Andrew Bowler

+61 8 9224 0846 andrew.bowler@macquarie.com

2 August 2017

Macquarie Securities (Australia) Limited

Saracen Mineral Holdings

Karari and Thunderbox increase life

Event

- SAR has released a reserve update that delivers strong reserve and resource growth, underpinning our mine life assumptions at Karari and Thunderbox.

Impact

- Increased ounces per vertical meter at Karari:** Reserves at Karari underground increased by 76% to 465koz. The strong reserve increase reflects a trend of increasing grade and tonnes with depth. The 465koz reserve at Karari is broadly in line with our original 5.25 year mine life assumptions at a mining rate of 100kozpa. However, we believe reserves and mine life have potential to increase further as drilling positions are the major constraint on current reserves at depth.
- Thunderbox underground reserve an important step:** Thunderbox's PFS has delivered a maiden underground reserve of 518koz further strengthening the case for a bulk underground. SAR envisages a sub-level caving and sub-level open stoping for the mine. Pre-production capital is estimated at A\$71m for a 7-year mine life ramping up to ~90kozpa with AISC of A\$1,156/oz.
- Paste fill could deliver more ounces at Karari:** SAR has also noted a 201koz pillar inventory at Karari has encouraged management to initiate a study over the next 6 months to explore stope fill options. SAR reports that stope fill could lift extraction rates from the current 68% to 85%. SAR believes as mine life extensions are made at Karari paste fill becomes a natural option.
- New platforms set to transform mine life:** SAR plans to grow Karari and Thunderbox mine lives to +10 years by establishing new drill platforms to drill at depth. Karari is open both at strike and at depth, and we believe drilling below current reserves is likely to continue to demonstrate the strong trend of increasing ounces per vertical meter.

Earnings and target price revision

- No change to our near-term forecast but mine life extensions at Thunderbox and Karari deliver some material increases to our earnings forecasts beyond 2021. Increased mine lives also lifts our respective DCF valuations by 15% and 14% and we lift our target price for SAR by 7% to \$1.50/sh.

Price catalyst

- 12-month price target: A\$1.50 based on a Blend of 50% 1x NAV and 50% 5x CFPS methodology.
- Catalyst: Further drilling at Karari, but also Whirling Dervish could deliver more mine life extensions, as could more drilling at Thunderbox.

Action and recommendation

- Maintain Outperform.** An impressive reserve upgrade from SAR. Karari has continued to increase its endowment at depth with drilling remaining the only current constraint to mine life extensions. Thunderbox has taken an important step forward with a maiden underground reserve and we expect continued reserve increases at depth.

Total group reserves lift significantly despite depletions

SAR reported a 40% lift in total reserve ounces of 40% from 26.4Mt at 1.8g/t for 1.5Moz last year to 33.6Mt at 2.0g/t for 2.1Moz this year. Total resource ounces lifted only 8% from 146Mt at 1.79g/t for 8.4Moz last year to 153Mt at 1.84g/t for 9.1Moz this year. Both Carosue and Thunderbox helped the Reserve and Resource lift. Carosue's reserve grade increased a pleasing 16% due to Karari underground while Thunderbox's maiden underground reserve was largely drawn from resource conversion. This lift in resources was despite a group depletion of 293koz over the period.

Fig 1 SAR Reserve and Resource changes

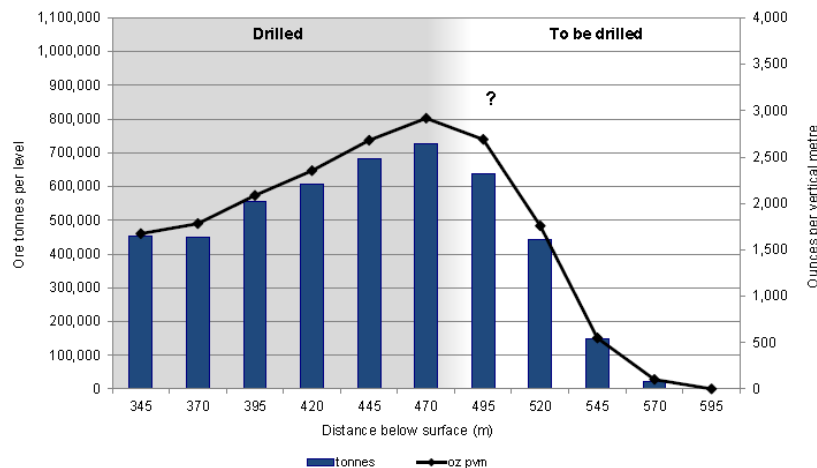
		June 2017 Total			June 2016 Total			% increase / (decrease)		
		Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)
Reserves	Carosue Dam	12.5	2.3	903.0	10.6	1.9	665.5	17%	16%	36%
	Thunderbox	21.1	1.8	1211.0	15.8	1.7	864.0	34%	5%	40%
	Total	33.6	1.96	2114.0	26.4	1.80	1529.5	27%	9%	38%
Resources	Carosue Dam	83.9	1.9	5026.0	81.0	1.8	4599.8	4%	5%	9%
	Thunderbox	69.3	1.8	4029.0	65.3	1.8	3814.0	6%	(0%)	6%
	Total	153.2	1.84	9055.0	146.2	1.79	8413.8	5%	3%	8%
Resources-Reserves		119.6	1.81	6941.0	119.8	1.79	6884.3	(0%)	1%	1%

Source: Macquarie Research, August 2017

Increased ounces per vertical meter at Karari

Reserves at Karari underground increased by 76% from 2.1Mt at 30.g/t for 201koz to 4.7Mt at 3.1g/t for 465koz, despite depletion of 76koz. This strong reserve increases is largely underpinned by a trend of increasing grade and tonnes with depth. The 465koz reserve at Karari is broadly in line with our original 5.25 year mine life assumptions at a mining rate of 100kozpa. We believe reserves and mine life have potential to increase further as drilling positions and density of drilling are currently the biggest factors constraining current reserves at depth.

Fig 2 Karari Ore Reserve with depth- drill platforms limit drilling below 470m deep



Source: SAR, August 2017

Fig 3 Carosue Dam Reserve Changes- Karari improving with depth

	Carosue Dam	June 2017			June 2016			% increase / (decrease)		
		Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)
Underground	Karari	4.7	3.06	465	2.1	3.00	201	127%	2%	131%
	Whirling Dervish	1.7	2.68	145	1.7	2.68	145	0%	0%	0%
	Deep South	1.0	3.24	101	0.9	3.68	106	8%	(12%)	(5%)
	Underground total	7.4	3.00	711.0	4.7	3.02	452.0	58%	(1%)	57%
Open pit	Open pit total	4.9	1.16	181.0	4.9	1.16	181.0	(0%)	0%	0%
Stockpiles	Stockpiles	0.2	1.40	11	1.1	0.91	32.5	(78%)	54%	(66%)
	CDO total	12.5	2.25	903.0	10.6	1.95	665.5	17%	16%	36%

Source: Macquarie Research, August 2017

Thunderbox underground reserve an important step

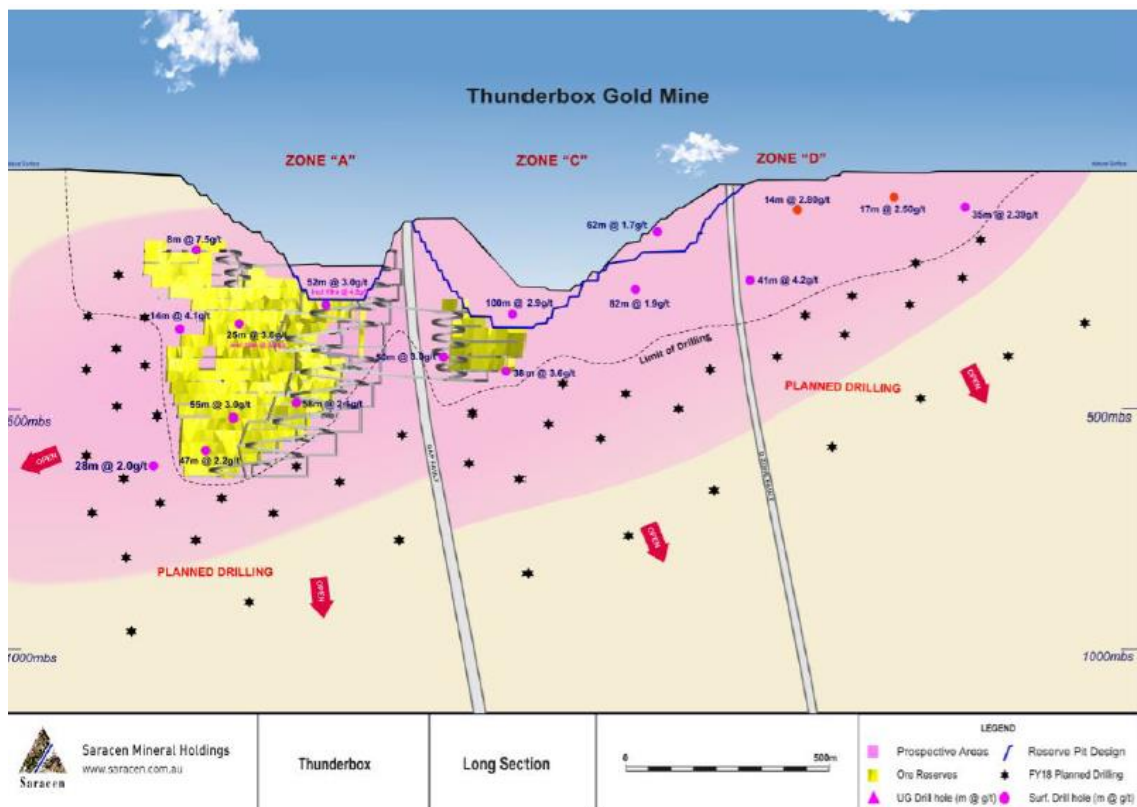
Thunderbox’s PFS has delivered a maiden underground reserve of 8.1Mt at 2.0g/t diluted grade for 518koz further strengthening the case for an underground mine that SAR envisages to be both sub-level caving and sub-level open stoping. SAR expects pre-production capital of A\$71m for a 7 year mine life at Thunderbox ramping up to ~90kozpa over 2 years with life-of-mine AISC of A\$1,156/oz.

Fig 4 Thunderbox Reserve Changes- Maiden Underground Reserve

	June 2017			June 2016			% increase / (decrease)			
	Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)	Mt	Au (g/t)	Au (koz)	
Underground	Thunderbox	8.1	2.00	518.0	-	-	-	-	-	-
	Underground total	8.1	2.00	518.0	-	-	-	-	-	-
open pit	Thunderbox	7.3	1.66	389	10.4	1.7	557.0	(30%)	(1%)	(30%)
	Kailis	1.2	2.45	91	1.2	2.7	106.0	(5%)	(10%)	(14%)
	Bannockburn	4.2	1.49	199	4.2	1.5	199.0	0%	0%	0%
	Open pit total	12.6	1.68	679.0	15.7	1.70	862.0	(20%)	(2%)	(21%)
	Stockpiles	0.5	0.92	14	0.1	0.8	2.0	539%	10%	600%
	Thunderbox total	21.1	1.78	1211.0	15.8	1.70	864.0	34%	5%	40%

Source: Macquarie Research, August 2017

Fig 5 Thunderbox’s maiden underground reserve has potential to grow at depth



Source: SAR, August 2017

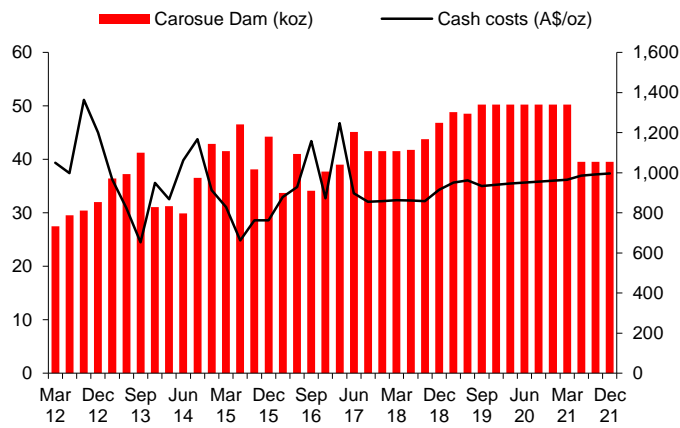
Paste fill on the table at Karari?

SAR has also noted a 201koz pillar inventory at Karari has encouraged management to initiate a study over the next 6 months to explore stope fill options. SAR reports that stope fill could lift extraction rates from the current 68% to 85%. SAR believes as mine life extensions are made at Karari paste fill becomes a natural option.

New platforms set to transform mine life

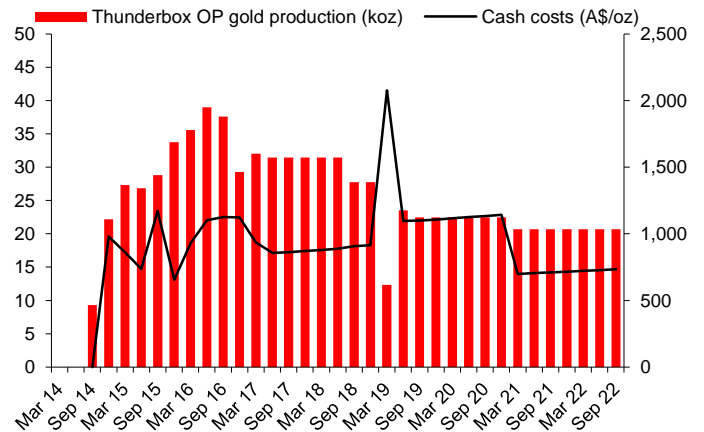
SAR plans to grow Karari and Thunderbox mine lives to 10+ years by establishing new drill platforms to drill at depth. Karari is open both at strike and at depth and any drilling below current reserves remains exciting given the strong trend of increases in ounces per vertical meter with depth.

Fig 6 Carosue Dam quarterly gold production



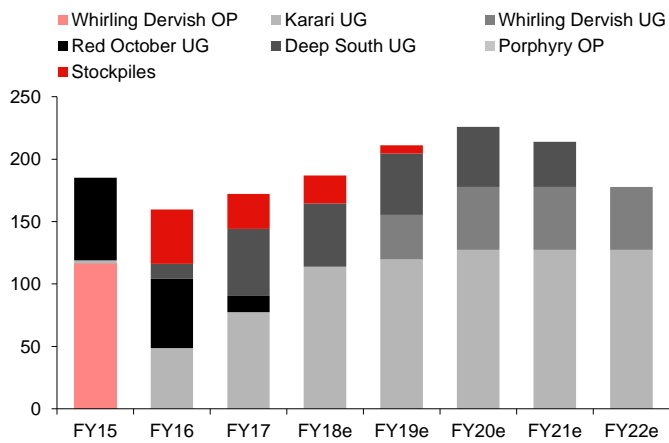
Source: SAR, Macquarie Research, August 2017

Fig 7 Thunderbox quarterly gold production



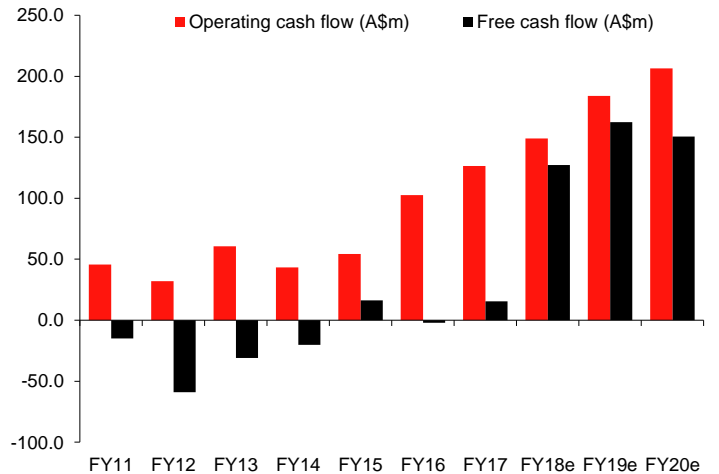
Source: SAR, Macquarie Research, August 2017

Fig 8 Carosue Dam production by mine



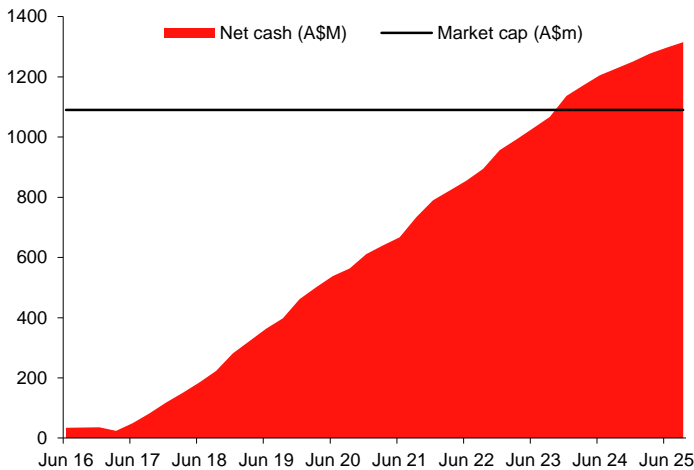
Source: SAR, Macquarie Research, August 2017

Fig 9 SAR cash flow outlook



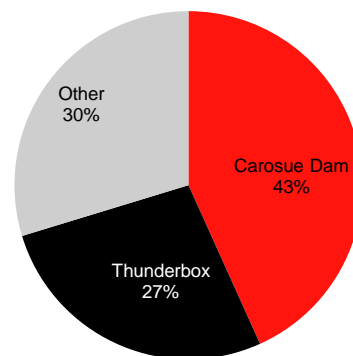
Source: SAR, Macquarie Research, August 2017

Fig 10 SAR net cash vs market capitalisation



Source: SAR, Macquarie Research, August 2017

Fig 11 SAR NPV by project



Source: SAR, Macquarie Research, August 2017

Fig 12 SAR summary model

Saracen Mineral Holdings											
ASX: SAR	Price: (A\$ps)	1.35	Year end: Jun				Rating: Outperform	Up/dn	TSR		
	Mkt cap: (A\$m)	1,090	Diluted shares (m)				Target: 1.50	11%	11%		
ASSUMPTIONS		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Exchange Rate	A\$/US\$	0.92	0.84	0.73	0.75	0.74	0.74	0.74			
Spot Gold	(US\$/oz)	1,295	1,223	1,167	1,258	1,331	1,375	1,394			
Spot Gold	(A\$/oz)	1,411	1,461	1,600	1,667	1,796	1,858	1,880			
RATIO ANALYSIS		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Diluted share capital	m	657.3	797.5	809.1	822.2	822.2	822.2	822.2			
EPS (diluted and pre sig. items)	A¢	0.9	1.4	3.2	5.8	12.1	17.3	19.4			
P/E	x	146.8x	96.6x	42.2x	23.2x	11.1x	7.8x	6.9x			
CFPS (Operating)	A¢	6.6	6.8	12.7	15.4	18.1	22.4	25.1			
P/CF	x	20.5x	19.8x	10.7x	8.8x	7.4x	6.0x	5.4x			
DPS	A¢	0.0	0.0	0.0	1.0	2.0	3.0	3.0			
Dividend yield	%	0.0%	0.0%	0.0%	0.7%	1.5%	2.2%	2.2%			
Franking Level	%	0%	0%	0%	50%	100%	100%	100%			
Book value per share	x	0.35	0.29	0.32	0.38	0.49	0.64	0.81			
P/Book value	x	3.8x	4.7x	4.2x	3.6x	2.8x	2.1x	1.7x			
R.O.E. (pre sig items)	%	3%	5%	10%	15%	25%	27%	24%			
R.O.A. (pre sig items)	%	3%	5%	11%	13%	25%	28%	26%			
Interest Cover	x	5.4x	49.0x	177.6x	-647.1x	-65.2x	-32.3x	-21.2x			
EBITDA per share	A\$ps	0.06	0.08	0.09	0.16	0.24	0.30	0.33			
EV/EBITDA	x	25.5x	15.9x	14.6x	8.2x	4.8x	3.1x	2.4x			
FCF Yield	%	-2%	1%	0%	1%	12%	15%	14%			
EARNINGS		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Sales Revenue	A\$m	211	250	277	424	517	566	599			
Other Revenue	A\$m	0	0	0	0	0	0	0			
Total Revenue	A\$m	211	250	277	424	517	566	599			
Operating Costs	A\$m	(159)	(174)	(191)	(283)	(312)	(305)	(316)			
Operational EBITDA	A\$m	53	76	85	141	204	261	283			
Exploration Expense/Write-offs	A\$m	(0)	(0)	(1)	(1)	(0)	(0)	(0)			
Corporate & Other Costs	A\$m	(10)	(10)	(12)	(13)	(10)	(10)	(11)			
EBITDA	A\$m	42	66	72	128	194	250	272			
D&A	A\$m	(32)	(50)	(34)	(65)	(54)	(54)	(54)			
EBIT	A\$m	10	17	39	62	140	197	218			
Net Interest	A\$m	(2)	(0)	(0)	0	2	6	10			
Profit Before Tax	A\$m	8	16	38	62	142	203	228			
Tax Expense	A\$m	(2)	(5)	(12)	(15)	(43)	(61)	(69)			
Minorities	A\$m	0	0	0	0	0	0	0			
Adjusted NPAT	A\$m	6	11	26	48	100	142	160			
Significant Items (post tax)	A\$m	(0)	0	0	0	0	0	0			
Reported NPAT	A\$m	6	11	26	48	100	142	160			
CASHFLOW		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Net Profit	A\$m	6	11	26	48	100	142	160			
Interest/Tax/D&A	A\$m	29	44	40	55	48	48	48			
Working Capital/Other	A\$m	9	(1)	36	23	1	(6)	(1)			
Net Operating Cashflow	A\$m	43	54	102	127	149	184	206			
Capex	A\$m	(53)	(36)	(105)	(111)	(22)	(22)	(56)			
Investments	A\$m	(11)	(2)	0	0	0	0	0			
Sale of PPE and Other	A\$m	0	0	0	0	0	0	0			
Free cash flow	A\$m	(20)	16	(2)	15	127	162	151			
Dividends Paid	A\$m	0	0	0	0	(8)	(16)	(24)			
Debt	A\$m	(11)	(14)	(2)	(3)	(1)	(0)	(0)			
Equity Issuance	A\$m	58	0	0	0	0	0	0			
Other	A\$m	0	0	0	0	0	0	0			
Net Financing Cashflow	A\$m	47	(14)	(2)	(3)	(9)	(17)	(25)			
Net change in cash	A\$m	27	3	(4)	13	119	146	126			
BALANCE SHEET		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Cash	A\$m	36	38	34	47	166	311	437			
PP&E & Mine Development	A\$m	193	146	248	297	265	233	235			
Exploration	A\$m	28	38	44	68	74	80	85			
Total Assets	A\$m	313	300	362	474	571	698	833			
Debt	A\$m	14	1	4	3	2	2	2			
Total Liabilities	A\$m	82	71	101	162	169	169	169			
Total Net Assets / Equity	A\$m	231	229	261	311	403	528	664			
Net Debt / (Cash)	A\$m	(22)	(37)	(31)	(44)	(163)	(309)	(436)			
Gearing (net debt/(nd + equity))	%	(10%)	(19%)	(13%)	(16%)	(68%)	(141%)	(191%)			
Gearing (net debt/equity)	%	(9%)	(16%)	(12%)	(14%)	(41%)	(59%)	(66%)			
ATTRIBUTABLE MINE OUTPUT		FY14	FY15	FY16	FY17	FY18e	FY19e	FY20e			
Gold production (equity)											
Carosue Dam	(koz)	133.5	167.5	157.2	156.0	166.5	187.9	201.0			
Thunderbox	(koz)	0.0	0.0	31.5	116.8	141.4	126.3	118.3			
Total	(koz)	133.5	167.5	188.7	272.8	307.9	314.2	319.3			
Cash costs											
Carosue Dam	(A\$/oz)	864	878	831	1,036	860	923	943			
Thunderbox	(A\$/oz)				838	1,068	881	896			
Cash costs	(A\$/oz)	864	878	693	951	956	906	926			
AISC Cash Costs											
Carosue Dam	(A\$/oz)	1,551	1,156	1,098	1,424	1,022	1,068	1,049			
Thunderbox	(A\$/oz)				1,276	985	772	831			
AISC Cash Costs	(A\$/oz)	1,551	1,156	1,098	1,360	1,005	949	968			
Operational EBITDA Contribution (pre hedging)											
Carosue Dam	A\$m	72	83	123	78	144	162	173			
Thunderbox	A\$m	0	0	14	94	96	118	111			
OPERATIONAL OUTLOOK											
RESERVES AND RESOURCES (ATTRIBUTABLE)											
Reserves											
Project		Mt	g/t	koz							
Carosue Dam		6.4	3.0	610							
Porphyry		4.9	1.2	181							
Safari Bore		0.0	0.0	0							
Red October		0.0	0.0	0							
Stockpiles		0.2	1.4	11							
Carosue Dam		11.5	2.2	802							
Thunderbox-OP		7.3	1.7	389							
Bannockburn & KOTH		5.3	1.5	290.0							
Thunderbox		20.7	1.8	1,197							
Total		32.2	1.9	1,999							
Resources											
Project		Mt	g/t	koz							
Carosue Dam		32.3	2.2	2,312							
Porphyry		32.0	1.5	1,541							
Safari Bore		5.9	2.8	531							
Red October		10.1	1.7	562							
Stockpiles		3.7	0.7	80							
Carosue Dam		83.9	1.9	5,026							
Thunderbox		49.9	1.8	2,957							
Bannockburn		18.9	1.7	1,058							
Thunderbox		68.8	1.8	4,015							
Total		152.7	1.8	9,041							
EV/Reserve (A\$/oz) 530 EV/Resource (A\$/oz) 117											
EQUITY DCF VALUATION											
Macquarie forecasts Spot prices											
Projects		A\$m	A\$ps	A\$m	A\$ps						
Carosue Dam		525	0.66	299	0.37						
Thunderbox		328	0.41	244	0.31						
Undeveloped Resources		363	0.46	482	0.61						
Unpaid capital		0	0.00	0	0.00						
Forwards		(47)	(0.06)	(42)	(0.05)						
Corporate		(52)	(0.06)	(54)	(0.07)						
Net cash (debt)		96	0.12	30	0.04						
Net Equity Value (@ 5% WACC Real)		1,214	1.52	959	1.20						
Price Target (50% 1 x NAV, 50% 5x CFPS)			1.50								
P/NAV			0.89x								

Source: SAR, Macquarie Research, August 2017

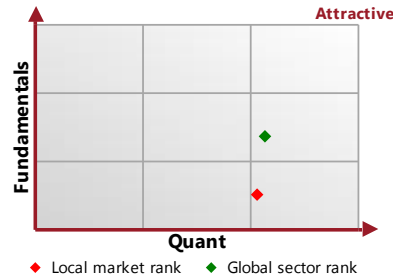
Macquarie Quant View

The quant model currently holds a reasonably positive view on Saracen Mineral Holdings. The strongest style exposure is Price Momentum, indicating this stock has had strong medium to long term returns which often persist into the future. The weakest style exposure is Valuations, indicating this stock is over-priced in the market relative to its peers.

453/1559

Global rank in
Materials

% of BUY recommendations 67% (6/9)
Number of Price Target downgrades 2
Number of Price Target upgrades 7

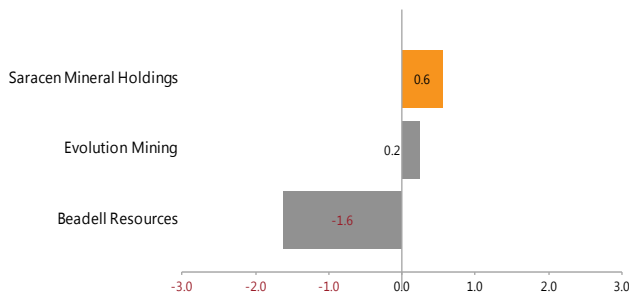


Displays where the company's ranked based on the fundamental consensus Price Target and Macquarie's Quantitative Alpha model.

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).



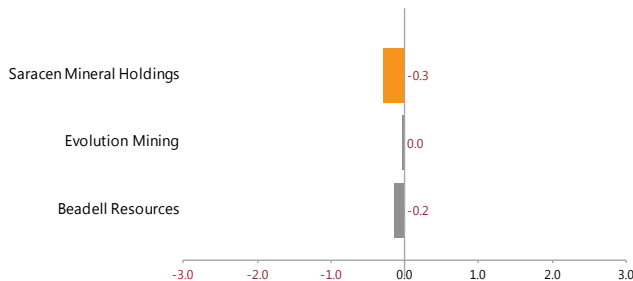
Factors driving the Alpha Model

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



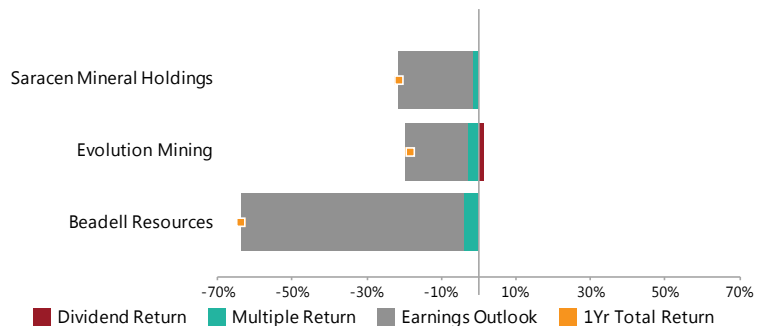
Macquarie Earnings Sentiment Indicator

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.



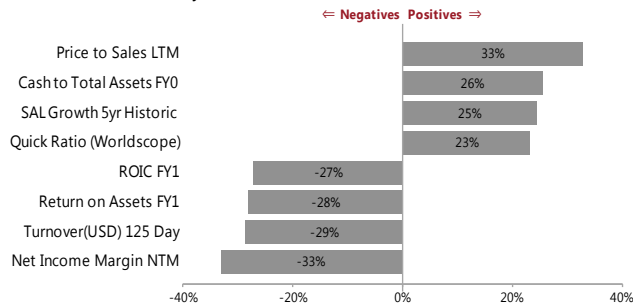
Drivers of Stock Return

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



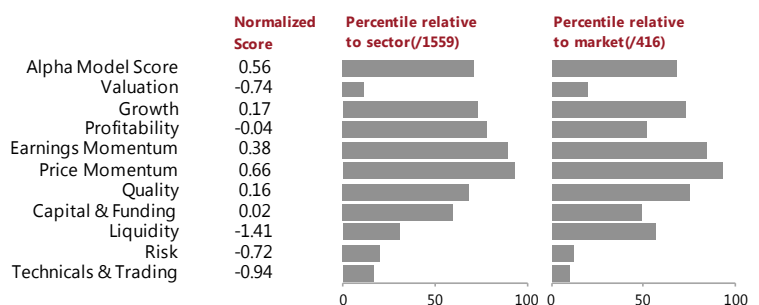
What drove this Company in the last 5 years

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)

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 / efpowa*

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 June 2017

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	52.01%	55.36%	42.05%	46.38%	66.67%	43.60%	(for global coverage by Macquarie, 2.98% of stocks followed are investment banking clients)
Neutral	37.73%	29.86%	42.05%	47.88%	27.91%	40.14%	(for global coverage by Macquarie, 2.33% of stocks followed are investment banking clients)
Underperform	10.26%	14.78%	15.91%	5.74%	5.43%	16.26%	(for global coverage by Macquarie, 1.15% 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, August 2017

12-month target price methodology

SAR AU: A\$1.50 based on a Blend of 50% 1x NAV and 50% 5x CFPS methodology

Company-specific disclosures:

SAR AU: Macquarie and its affiliates collectively and beneficially own or control 1% or more of any class of Saracen Mineral Holdings Ltd's equity securities.

Important disclosure information regarding the subject companies covered in this report is available at www.macquarie.com/research/disclosures.

Date	Stock Code (BGB code)	Recommendation	Target Price
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.

Analyst certification:

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. The Analysts responsible for preparing this report receive compensation from Macquarie that is based upon various factors including Macquarie Group Ltd total revenues, a portion of which are generated by Macquarie Group's Investment Banking activities.

General disclaimers:

Macquarie Securities (Australia) Ltd; Macquarie Capital (Europe) Ltd; Macquarie Capital Markets Canada Ltd; Macquarie Capital Markets North America Ltd; Macquarie Capital (USA) Inc; Macquarie Capital Limited and Macquarie Capital Limited, Taiwan Securities Branch; Macquarie Capital Securities (Singapore) Pte Ltd; Macquarie Securities (NZ) Ltd; Macquarie Equities South Africa (Pty) Ltd; Macquarie Capital Securities (India) Pvt Ltd; Macquarie Capital Securities (Malaysia) Sdn Bhd; Macquarie Securities Korea Limited and Macquarie Securities (Thailand) Ltd are not authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia), and their obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL) or MGL. MBL does not guarantee or otherwise provide assurance in respect of the obligations of any of the above mentioned entities. MGL provides a guarantee to the Monetary Authority of Singapore in respect of the obligations and liabilities of Macquarie Capital Securities (Singapore) Pte Ltd for up to SGD 35 million. This research has been prepared for the general use of the wholesale clients of the Macquarie Group and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient you must not use or disclose the information in this research in any way. If you received it in error, please tell us immediately by return e-mail and delete the document. We do not guarantee the integrity of any e-mails or attached files and are not responsible for any changes made to them by any other person. MGL has established and implemented a conflicts policy at group level (which may be revised and updated from time to time) (the "Conflicts Policy") pursuant to regulatory requirements (including the FCA Rules) which sets out how we must seek to identify and manage all material conflicts of interest. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. In preparing this research, we did not take into account your investment objectives, financial situation or particular needs. Macquarie salespeople, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions which are contrary to the opinions expressed in this research. Macquarie Research produces a variety of research products including, but not limited to, fundamental analysis, macro-economic analysis, quantitative analysis, and trade ideas. Recommendations contained in one type of research product may differ from recommendations contained in other types of research, whether as a result of differing time horizons, methodologies, or otherwise. Before making an investment decision on the basis of this research, you need to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of your particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Macquarie Group accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Clients should contact analysts at, and execute transactions through, a Macquarie Group entity in their home jurisdiction unless governing law permits otherwise. The date and timestamp for above share price and market cap is the closed price of the price date. #CLOSE is the final price at which the security is traded in the relevant exchange on the date indicated.

Country-specific disclaimers:

Australia: In Australia, research is issued and distributed by Macquarie Securities (Australia) Ltd (AFSL No. 238947), a participating organisation of the Australian Securities Exchange. **New Zealand:** In New Zealand, research is issued and distributed by Macquarie Securities (NZ) Ltd, a NZX Firm.

Canada: In Canada, research is prepared, approved and distributed by Macquarie Capital Markets Canada Ltd, a participating organisation of the Toronto Stock Exchange, TSX Venture Exchange & Montréal Exchange. Macquarie Capital Markets North America Ltd., which is a registered broker-dealer and member of FINRA, accepts responsibility for the contents of reports issued by Macquarie Capital Markets Canada Ltd in the United States and sent to US persons. Any US person wishing to effect transactions in the securities described in the reports issued by Macquarie Capital Markets Canada Ltd should do so with Macquarie Capital Markets North America Ltd. The Research Distribution Policy of Macquarie Capital Markets Canada Ltd is to allow all clients that are entitled to have equal access to our research. **United Kingdom:** In the United Kingdom, research is issued and distributed by Macquarie Capital (Europe) Ltd, which is authorised and regulated by the Financial Conduct Authority (No. 193905). **Germany:** In Germany, this research is issued and/or distributed by Macquarie Capital (Europe) Limited, Niederlassung Deutschland, which is authorised and regulated by the UK Financial Conduct Authority (No. 193905). and in Germany by BaFin. **France:** In France, research is issued and distributed by Macquarie Capital (Europe) Ltd, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (No. 193905). **Hong Kong & Mainland China:** In Hong Kong, research is issued and distributed by Macquarie Capital Limited, which is licensed and regulated by the Securities and Futures Commission. In Mainland China, Macquarie Securities (Australia) Limited Shanghai Representative Office only engages in non-business operational activities excluding issuing and distributing research. Only non-A share research is distributed into Mainland China by Macquarie Capital Limited. **Japan:** In Japan, research is issued and distributed by Macquarie Capital Securities (Japan) Limited, a member of the Tokyo Stock Exchange, Inc. and Osaka Exchange, Inc. (Financial Instruments Firm, Kanto Financial Bureau (kin-sho) No. 231, a member of Japan Securities Dealers Association).

India: In India, research is issued and distributed by Macquarie Capital Securities (India) Pvt. Ltd. (CIN: U65920MH1995PTC090696), 92, Level 9, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, India, which is a SEBI registered Research Analyst having registration no. INH000000545. **Malaysia:** In Malaysia, research is issued and distributed by Macquarie Capital Securities (Malaysia) Sdn. Bhd. (Company registration number: 463469-W) which is a Participating Organisation of Bursa Malaysia Berhad and a holder of Capital Markets Services License issued by the Securities Commission. **Taiwan:** In Taiwan, research is issued and distributed by Macquarie Capital Limited, Taiwan Securities Branch, which is licensed and regulated by the Financial Supervisory Commission.

No portion of the report may be reproduced or quoted by the press or any other person without authorisation from Macquarie. Nothing in this research shall be construed as a solicitation to buy or sell any security or product. The recipient of this report shall not engage in any activities which may give rise to potential conflicts of interest to the report. Research Associate(s) in this report who are registered as Clerks only assist in the preparation of research and are not engaged in writing the research. **Thailand:** In Thailand, research is produced, issued and distributed by Macquarie Securities (Thailand) Ltd. Macquarie Securities (Thailand) Ltd. is a licensed securities company that is authorized by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is an exchange member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. Macquarie Securities (Thailand) Ltd does not endorse the result of the Corporate Governance Report of Thai Listed Companies but this Report can be accessed at: <http://www.thai-iod.com/en/publications.asp?type=4>. **South Korea:** In South Korea, unless otherwise stated, research is prepared, issued and distributed by Macquarie Securities Korea Limited, which is regulated by the Financial Supervisory Services. Information on analysts in MSKL is disclosed at <http://dis.kofia.or.kr/websquare/index.jsp?w2xPath=/wg/fundMgr/DISfundMgrAnalystStut.xml&divisionId=MDIS03002001000000&servicId=SDIS03002>

[001000](#). **South Africa:** In South Africa, research is issued and distributed by Macquarie Equities South Africa (Pty) Ltd, a member of the JSE Limited. **Singapore:** In Singapore, research is issued and distributed by Macquarie Capital Securities (Singapore) Pte Ltd (Company Registration Number: 198702912C), a Capital Markets Services license holder under the Securities and Futures Act to deal in securities and provide custodial services in Singapore. Pursuant to the Financial Advisers (Amendment) Regulations 2005, Macquarie Capital Securities (Singapore) Pte Ltd is exempt from complying with sections 25, 27 and 36 of the Financial Advisers Act. All Singapore-based recipients of research produced by Macquarie Capital (Europe) Limited, Macquarie Capital Markets Canada Ltd, Macquarie Equities South Africa (Pty) Ltd and Macquarie Capital (USA) Inc. represent and warrant that they are institutional investors as defined in the Securities and Futures Act. **United States:** In the United States, research is issued and distributed by Macquarie Capital (USA) Inc., which is a registered broker-dealer and member of FINRA. Macquarie Capital (USA) Inc. accepts responsibility for the content of each research report prepared by one of its non-US affiliates when the research report is distributed in the United States by Macquarie Capital (USA) Inc. Macquarie Capital (USA) Inc.'s affiliate's analysts are not registered as research analysts with FINRA, may not be associated persons of Macquarie Capital (USA) Inc., and therefore may not be subject to FINRA rule restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account. Information regarding futures is provided for reference purposes only and is not a solicitation for purchases or sales of futures. Any persons receiving this report directly from Macquarie Capital (USA) Inc. and wishing to effect a transaction in any security described herein should do so with Macquarie Capital (USA) Inc. Important disclosure information regarding the subject companies covered in this report is available at www.macquarie.com/research/disclosures, or contact your registered representative at 1-888-MAC-STOCK, or write to the Supervisory Analysts, Research Department, Macquarie Securities, 125 W.55th Street, New York, NY 10019.

© Macquarie Group



Research

Head of Equity Research

Peter Redhead (Global)	(852) 3922 4836
Paul Checchin (Australia & NZ)	(612) 8232 4197

Retail / Consumer / Food & Bev

Andrew McLennan	(612) 8237 2829
-----------------	-----------------

Energy

Andrew Hodge	(612) 8237 0321
--------------	-----------------

ESG

Phineas Glover	(612) 8232 7394
----------------	-----------------

Financials

Banks & Diversified Financials

Victor German	(612) 8232 6089
Brendan Carrig	(612) 8237 6043
Anita Stanley	(612) 8232 9869

Insurance

Andrew Buncombe	(612) 8232 0629
-----------------	-----------------

Industrials

Capital Goods

John Purtell	(612) 8232 8633
Pelen Ji	(612) 8237 3523

Infrastructure

Ian Myles	(612) 8232 4157
-----------	-----------------

Transportation

Sam Dobson	(612) 8232 9986
------------	-----------------

Chemicals, D&C, Packaging, Builders, Steel

John Purtell	(612) 8232 8633
Pelen Ji	(612) 8237 3523
Peter Steyn	(612) 8232 5144

Resources

Hayden Bairstow	(618) 9224 0838
Ben Crowley	(618) 9224 0839
Andrew Hodge	(612) 8237 0321

Real Estate

Paul Checchin	(612) 8232 4197
Rob Freeman	(612) 8237 1152

Telcos / Media

Andrew Levy	(612) 8232 5165
-------------	-----------------

Utilities

Ian Myles	(612) 8232 4157
-----------	-----------------

Commodities & Precious Metals

Jim Lennon (London)	(44 20) 3037 4271
---------------------	-------------------

New Zealand

Stephen Hudson	(649) 363 1414
Warren Doak	(649) 363 1416
Daniel Frost	(649) 363 1474
Nick Mar	(649) 363 1476
Andrew Levy (Telecommunications)	(612) 8232 5165

Emerging Leaders – Industrials

Tim Lawson	(612) 8237 7332
Deana Mitchell	(612) 8232 4576
Jennifer Kruk	(612) 8232 6422
Shaun Weick	(612) 8232 8248

Quantitative

Gurvinder Brar (Global)	(44 20) 3037 4036
John Conomos (Australia)	(612) 8232 5157
Jeremy Lamplough	(612) 8232 1060

Data Services

Sheridan Maher	(612) 8232 9786
----------------	-----------------

Economics and Strategy

Jason Todd	(612) 8237 3134
James McIntyre (Australia)	(612) 8232 8930

Find our research at

Macquarie:	www.macquarieresearch.com/ideas/
Thomson:	www.thomson.com/financial
Reuters:	www.knowledge.reuters.com
Bloomberg:	MAC GO
Factset:	http://www.factset.com/home.aspx
CapitalIQ	www.capitaliq.com
Contact	macresearch@macquarie.com for access requests.

Email addresses

FirstName.Surname@macquarie.com
eg. peter.redhead@macquarie.com

Sales

Equities

Dan Ritchie (Australia)	(612) 8232 3124
Dave Robertson (New Zealand)	(649) 363 1498

Sales

Kristen Edmond (Desk Head – Sydney)	(612) 8232 3111
Gavin Maher (Sydney)	(612) 8232 4151
Alex Williams (Sydney)	(612) 8232 3110
Julia Thomas (Melbourne)	(613) 9635 9323
Anura Logan (Melbourne)	(613) 9635 8177
Mike Johnson (Desk Head – Hong Kong & International Sales)	(612) 8232 4717
Adam Millhouse (Hong Kong)	(852) 3922 2055
Dan Pittorino (Desk Head - London)	(44 20) 3037 4831
Andrew Haigh (London)	(44 20) 3037 4843
Tim Russell (London)	(44 20) 3037 4865
Leighton Patrick (Desk Head - New York)	(1 212) 231 2552
Michael McNair (New York)	(1 212) 231 2571
Jay Shyam (New York)	(1 212) 231 2491
Dominic Smith (Singapore)	(65) 6601 0212

Sales Trading

Tim Shaw (Head of Sales Trading)	(612) 8232 4386
Sam Molina (Sydney)	(612) 8232 5935
Francis Sarks (Sydney)	(612) 8232 4458
Jarred Rubin (Sydney)	(612) 8232 2029
Ben McIntyre (Sydney)	(612) 8237 2833
Tarinee De Silva (Sydney)	(612) 8232 3151
Kathryn Koutouzis (Sydney)	(612) 8237 5456
Andrew Donald (Desk Head - Melbourne)	(613) 9635 8270
Natalie Rachele (Melbourne)	(613) 9635 8595
Jon Holland (Auckland)	(649) 363 1471
Mike Keen (London)	(44 20) 3037 4905

Electronic Execution

Valerie Kingsmill	(612) 8237 2230
Darren Miller	(612) 8232 8261
James Giarratano	(612) 8237 0878

Portfolio Trading

Garth Leslie	(612) 8232 9982
Michael Khalife	(612) 8232 8893

Block Trading

Tim Shaw (Desk Head – Sydney).	(612) 8232 4386
--------------------------------	-----------------

Specialist Sales

Phil Zammit (Emerging Leaders)	(612) 8232 3122
Owen Johnston (Emerging Leaders)	(612) 8232 3328
Kurt Dalton (Property)	(612) 8232 5943
Stuart Murray (Derivatives)	(612) 8232 5090

Alternative Strategies

Greg Mann (Equity Finance)	(612) 8232 1820
Shannon Donohoe (Stock Borrow & Loan)	(612) 8232 6997

Syndication

Paul Staines	(612) 8232 7781
Angus Firth	(612) 8232 4039
Tiffany Ward	(612) 8232 5151
Eric Roles	(612) 8232 4565

Corporate Access

Julie Loring	(612) 8232 7543
Eliza Davidson	(612) 8237 5064

Transition Management & Portfolio Solutions

Mick Larkin	(612) 8232 0639
David Goodman	(612) 8232 5245
Scott Macaulay	(612) 8232 4782
Elliot Graham	(612) 8237 4704