



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

Thunderbox project ahead of schedule and costs under budget

FY16 group production outlook to be reassessed in new year

Corporate Details:

22nd December 2015

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 792.8m

Unvested employee performance rights:
17.3m

Market Capitalisation: A\$464m
(share price A\$0.585)

Cash & Bullion (30 September): A\$44.9m

Debt: Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Martin Reed
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Wroxby Pty Ltd 8.2%

Paradise Investment Management 7.9%

Karara Capital Pty Ltd 6.2%

Van Eck 5.0%

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Key Points

- Development of the \$65m Thunderbox gold project in WA progressing well in all areas
- Plant commissioning and first production both set to be one month ahead of schedule in the March and June quarters FY16 respectively
- Costs running under budget, due in part to increased productivity and lower diesel prices
- Group production outlook for FY16 to be reassessed in new year taking into account strong progress at Thunderbox (current group outlook 170-180,000oz)
- Outstanding mining performance at Thunderbox in November:
 - Record volume of 1.3 million BCMs
 - Record low unit mining costs of A\$2.71/BCM
 - ~44,000t of low grade commissioning ore already stockpiled
 - Year to date total mined volume ~12% ahead of schedule
- Remains debt-free with net cash and bullion of \$44.9 million at 30 September 2015
- Set to double gold production to ~300,000ozpa at an AISC of <A\$1075/oz within two years, funded from internal cash flows

Saracen Mineral Holdings (ASX: SAR) is pleased to advise that development of its 100 per cent-owned Thunderbox gold project in WA is running ahead of schedule with costs running under budget.

Saracen now expects commissioning and first production to take place one month earlier than previously forecast, in the March and June quarters of 2016 respectively (refer Table 1).

Saracen also expects Thunderbox to be developed under budget, due partly to the benefits of increased productivity and lower diesel costs. The extent of these potential savings is also being assessed.

In light of this strong progress at Thunderbox, Saracen will reassess its group production for FY16 in the new calendar year. Group outlook currently stands at 170-180,000oz.

The start of operations at Thunderbox means Saracen will be set to double its annual production rate to ~300,000oz.

Mining at Thunderbox

Mining continues to push ahead of the schedule. Year to date total mined volume is ~12% ahead of schedule.

Figure 1 – Mining in the Zone “A” open pit

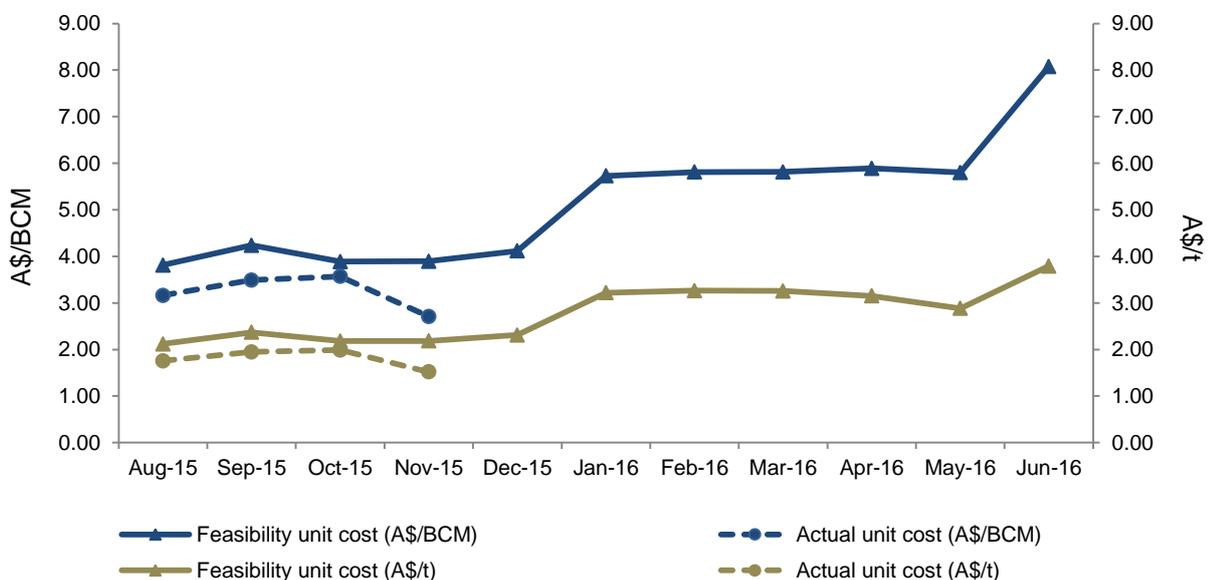


The second mining fleet excavator (EX1900) has now completed its first full month of production following commissioning during October. The results are pleasing, with an outstanding month of mining reported in November:

- Volume - Record 1.3 million bank cubic metres (BCMs) mined
- Unit mining costs - Record low A\$2.71/BCM (A\$1.52/t), well below Feasibility Study estimates

Elevated productivities and a prolonged drop in diesel prices continue to exert downward pressure on mining costs.

Figure 2 – FY16 unit mining costs (Actual v Feasibility)



Ore stockpiles continue to accumulate in anticipation of the March Quarter commissioning of the Thunderbox mill.

Figure 3 – Ore stockpiled on the ROM pad



The current stockpile comprises ~44,000t of low grade commissioning ore.

Thunderbox mill refurbishment

Refurbishment of the Thunderbox plant continues to progress well and is ahead of schedule and under budget.

The crushing circuit has been commissioned.

Figure 4 – Crusher commissioning



The SAG and ball mills have been relined. Refurbishment of the CIL tanks will be completed by the end of December. Reagent infrastructure is in place.

Figure 5 – Mill refurbishment ahead of schedule



Critical long lead items have either been received or confirmed as being on schedule.

Tailings storage facility

Tailings storage facility (TSF) Cell B is ready for deposition, with Cell A anticipated to be ready in early January. The TSF pipelines and raw water pipelines are completed.

Figure 6 – TSF pipelines established



Development Timetable

Table 1 – Thunderbox development timetable

Thunderbox Operations	FY2015		FY2016				FY2017			
	Mar Q	Jun Q	Sep Q	Dec Q	Mar Q	Jun Q	Sep Q	Dec Q	Mar Q	Jun Q
Feasibility Study - Stage 1	✓									
Development Decision	✓									
Approvals		✓								
Implementation & Mobilisation		✓								
Pre-Strip Mining - Zone A			✓							
Mining - Zone A										
Pre-Strip Mining - Zone C										
Mining - Zone C										
Plant Refurbishment			✓							
Commissioning										
Mill Production										

Saracen Managing Director Raleigh Finlayson said the Thunderbox development was tracking below budget and ahead of schedule.

“The Thunderbox development is proceeding extremely well and highlights why this project will make such a valuable contribution to Saracen for many years,” Mr Finlayson said.

“Thunderbox is poised to add low-cost, high-margin production, enabling us to double our output and increase cashflow significantly while retaining our debt-free status.”

For further information please contact:

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