



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

QUARTERLY REPORT: JUNE 2015

Corporate Details:

22 July 2015

ASX code: SAR

Corporate Structure:

Ordinary shares on issue - 792.8m

Unvested employee performance rights - 7.3m

Market Capitalisation - A\$293m
(share price of A\$0.37/share)

Cash & Bullion (30 June) - A\$44.9m

Debt (30 June) - Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Barrie Parker
Non-Executive

Mr Martin Reed
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Wroxby Pty Ltd 8.0%

Paradise Investment Management 7.8%

Karara Capital Pty Ltd 5.6%

Eley Griffiths Group 5.3%

Registered Office:

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Record quarter, record year

Production

- **Record quarterly** gold production of **46,563oz**
- **Record full-year** gold production of **167,531oz**, comfortably exceeding guidance of 145,000 – 155,000oz
- **Record quarterly** all-in sustaining cash costs (**AISC**) of **A\$871/oz**
- **Record full-year AISC of A\$1,139/oz**, beating guidance of A\$1,150/oz
- Highly successful Whirling Dervish open pit completed
- Closing ore stockpile of 82,641 oz (~A\$47m of deferred free cash flow at an AISC of ~A\$861/oz)
- FY16 production outlook of 150-160koz at an AISC of A\$1,025-1,075/oz (Carosue Dam only)

Financial

- **Record operational cash flow of A\$36m** (compared to A\$21.6m the previous quarter)
- **Cash and equivalents** at 30 June of **A\$44.9m**, an increase of A\$14.7m from 31 March

Exploration and growth

- Multiple high-grade drill results at Carosue Dam, including:
 - *Karari – two new lodes discovered (Dhoni and A1)*
 - *Red October – extensional results 90m below the current decline and 180m below the October 2014 Ore Reserve*
- 25% increase in total Mineral Resource at Thunderbox to 2.0Moz (37.4Mt @ 1.7g/t), underpinning a potential >10 year mine life
- Best drill hole to date at Thunderbox project (55m @ 3.0g/t)
- Pre-strip mining commenced at the ~125koz Thunderbox project in early July

Corporate

- Experienced mining executive Mark Connelly commenced as a Non-Executive Director on 1 May 2015
- Gold hedging of 280,717oz at an average price of A\$1,520/oz

Health and safety

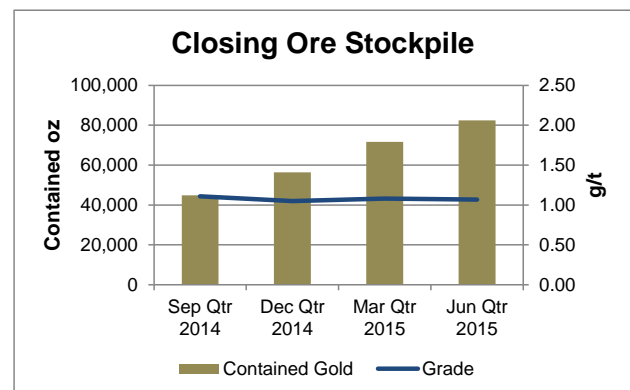
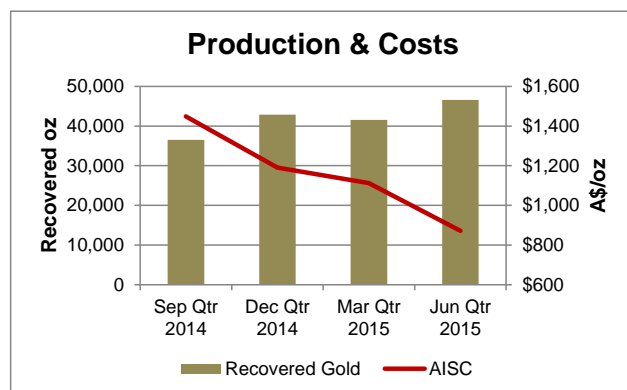
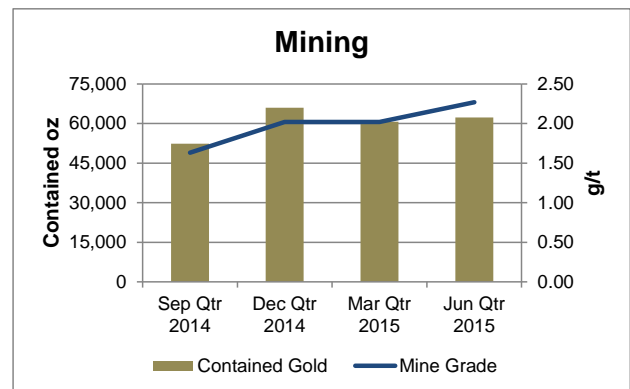
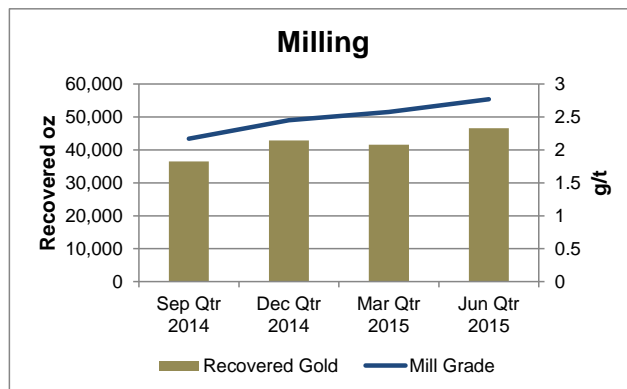
- One Lost Time Injury incurred during the Quarter, Lost Time Injury Frequency Rate (LTIFR) of 2.0 below industry average of 2.5.

Summary

Table 1 – Carosue Dam Operations Statistics

Operations	Units	Sep Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	FY 2015
Open Pit Mining						
Total Mining	BCM	1,840,000	1,422,000	919,000	505,000	4,686,000
Ore Mined	t	920,000	937,000	875,000	735,000	3,467,000
Mine Grade	g/t	1.23	1.48	1.69	1.86	1.55
Contained Gold	oz	36,420	44,515	47,420	44,017	172,372
Underground Mining						
Ore Mined	t	79,000	79,000	68,000	119,200	345,200
Mine Grade	g/t	6.23	8.43	6.08	4.77	6.22
Contained Gold	oz	15,963	21,511	13,252	18,262	68,988
Total Mining						
Ore Mined	t	999,000	1,016,000	943,000	854,200	3,812,200
Mine Grade	g/t	1.63	2.02	2.02	2.27	1.97
Contained Gold	oz	52,383	66,026	60,672	62,279	241,360
Mill Production						
Ore Milled	t	587,000	602,000	549,000	576,000	2,314,000
Mill Grade	g/t	2.17	2.45	2.58	2.77	2.49
Contained Gold	oz	40,861	47,478	45,429	51,281	185,049
Recovery	%	89.4%	90.3%	91.5%	90.8%	90.5%
Recovered Gold	oz	36,525	42,894	41,550	46,563	167,531
AISC						
AISC	A\$/oz	\$1,448	\$1,191	\$1,112	\$871	\$1,139

Figures 1-4 – Carosue Dam Operations Charts



Carosue Dam Operations

Processing

Table 2 – Carosue Dam Operations Processing Statistics

Carosue Dam	Units	Sep Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	FY 2015
Mill Production						
Ore Milled	t	587,000	602,000	549,000	576,000	2,314,000
Mill Grade	g/t	2.17	2.45	2.58	2.77	2.49
Contained Gold	oz	40,861	47,478	45,429	51,281	185,049
Recovery	%	89.4%	90.3%	91.5%	90.8%	90.5%
Recovered Gold	oz	36,525	42,894	41,550	46,563	167,531

Mill throughput and head grade both increased during the Quarter compared with the March quarter, due to the increased mine production from the base of the Whirling Dervish open pit. Quarterly gold production of 46,563oz is the highest since operations commenced in 2010.

The closing ore stockpile available for processing at the end of the June quarter has increased to 2.34Mt @ 1.1g/t for 82,641oz. These ounces will only incur processing, administration and corporate costs, which is equivalent to ~A\$861/oz AISC or A\$47 million in deferred free cashflow using latest costs and a A\$1,500/oz gold price.

Underground

Table 3 – Carosue Dam Operations Underground Mining Statistics

Operations	Units	Sep Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	FY 2015
Underground Mining						
Ore Mined	t	79,000	79,000	68,000	119,200	345,200
Mine Grade	g/t	6.23	8.43	6.08	4.77	6.22
Contained Gold	oz	15,963	21,511	13,252	18,262	68,988

Table 3 includes underground production from:

- Karari (100% development) – June Quarter 2.7koz @ 2.6g/t (vs. March quarter 1.2koz @ 3.8g/t)
- Red October – June Quarter 15.6koz @ 5.5g/t (vs. March quarter 12.0koz @ 6.5 g/t)

The rapidly evolving Karari underground is on track for stoping to commence in the September quarter. Salient characteristics supporting production economics include:

- Multiple high grade lodes;
- Attractive mining widths;
- Shallow mineralisation (deepest intersection just 405m below surface);
- Proximity to the processing plant (~500m from the Carosue Dam mill); and
- A growing mineralised system.

A maiden Karari underground Ore Reserve is anticipated later in 2015.

Open Pit Mining

Table 4 – Carosue Dam Operations Open Pit Mining Statistics

Carosue Dam	Units	Sep Qtr 2014	Dec Qtr 2014	Mar Qtr 2015	Jun Qtr 2015	FY 2015
Open Pit Mining						
Total Mining	BCM	1,840,000	1,422,000	919,000	505,000	4,686,000
Ore Mined	t	920,000	937,000	875,000	735,000	3,467,000
Mine Grade	g/t	1.23	1.48	1.69	1.86	1.55
Contained Gold	oz	36,420	44,515	47,420	44,017	172,372

The now-complete Whirling Dervish open pit posted a strong finish, delivering 44,017oz for the Quarter. The mine grade increased to 1.86g/t (10% higher than the March quarter) and the strip ratio declined to less than 1:1 (v 1.8:1 in the March quarter).

Total cash expenditure for open pit mining fell to \$9.7m (forecast \$11.0m) during the Quarter, with previous expenditure having fallen from \$21.1m, \$18.2m and \$13.8m over the past three quarters as the mining fleet was reduced.

Figure 5 – Completed Whirling Dervish open pit (2 July 2015)



Thunderbox Operations

Pre-strip mining underway

Pre-strip mining commenced at the ~125koz Thunderbox project in early July.

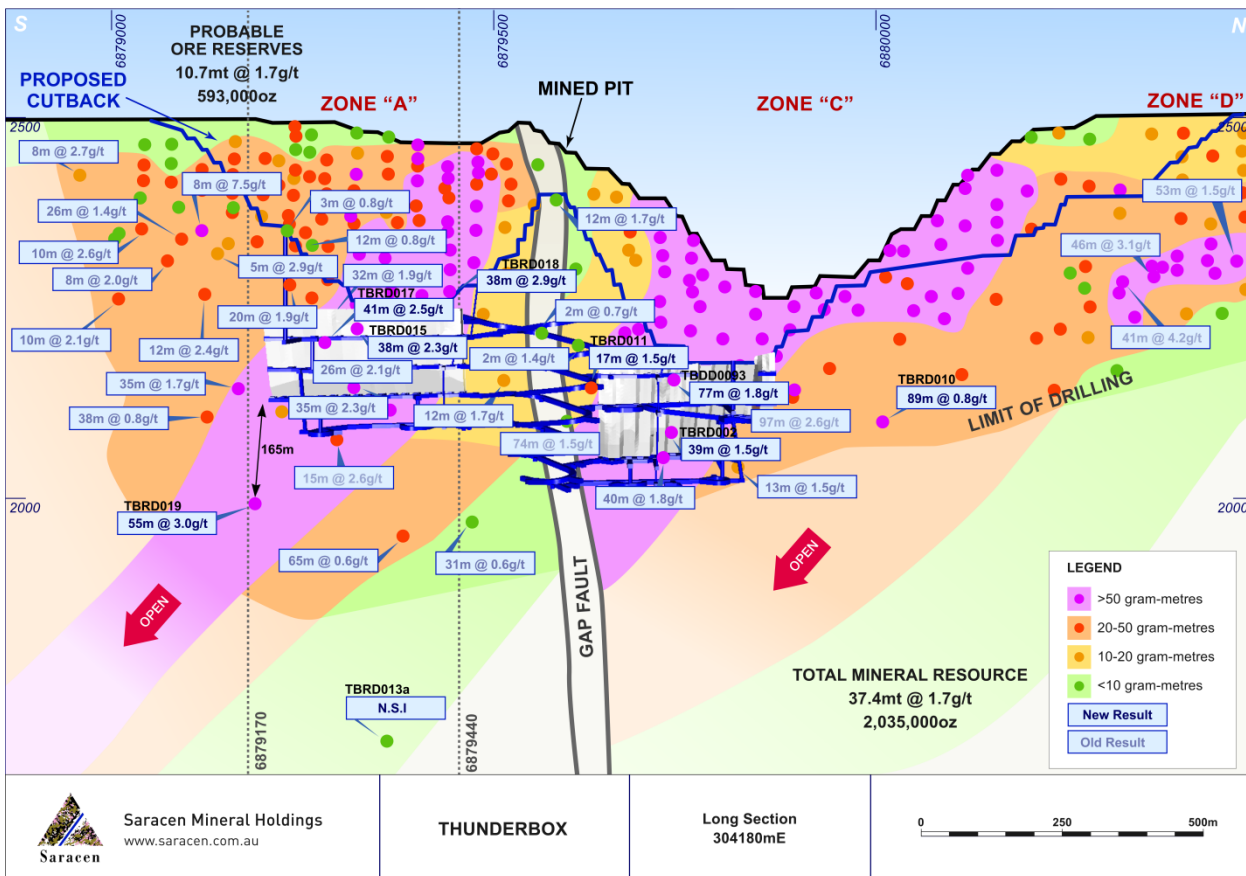
The initiation of earth-moving at Thunderbox is a significant milestone that will see Saracen produce gold from multiple operations for the first time in its history. Importantly, this will realise Saracen’s vision of joining the ranks of mid-tier gold producers. Production is targeted to double to ~300,000oz per annum within two years from the two operational centres at an AISC of <A\$1075/oz.

Resource upgrade to 2Moz

During the Quarter Mineral Resources at Thunderbox increased by 417,000oz to 2.0Moz.

The veracity of the updated Resource is underpinned by the fact that 1.5Moz, or 74%, of the updated estimate is in the Indicated category, which bodes well for a long mine life operation.

Figure 6 – Thunderbox long section, open down-plunge



For more information, please refer to the following ASX announcements:

- 23 March 2015 – “Thunderbox Project Feasibility and Development Approval”
- 30 March 2015 – “Thunderbox Feasibility Study – Additional Information”
- 14 May 2015 – “Thunderbox Resource Upgrade”

Exploration and growth

Thunderbox

A significant new area of high grade gold mineralisation has extended Zone “A”. The deepest hole returned 55m @ 3.0g/t, ~165m down-plunge of the base of the proposed underground area. Additional results such as 38m @ 2.9g/t, 41m @ 2.5g/t and 38m @ 2.3g/t, illustrate the consistency. Zone “C” also delivered a number of promising down-plunge results, including 77m @ 1.8g/t.

This recent drilling highlights the potential for a mine life exceeding 10 years. Both Zones remain open down-plunge.

Carosue Dam – Karari

During the Quarter, two new lodes were discovered at the Karari underground – Dhoni and A1.

Drilling continues with two underground rigs, with the mineralisation remaining open down-plunge and to the south. The geometry of the mineralisation relative to the installed development enables drill testing of up to 400m of vertical extent, which has the potential to translate into >4 years of Reserves.

Subsequent to the Quarter, the Dhoni Lode returned an outstanding intersection of 23.4m @ 7.5g/t. Despite being the deepest drill intersection to date, the reported mineralisation is located just 405m below surface.

Carosue Dam – Red October

Ongoing extensional drilling confirmed narrow high grade mineralisation at depth (~90m below the current decline, ~180m below the Reserve). Significant intercepts included 0.5m @ 90.3g/t from 128m, 1.0m @ 41.6g/t from 102m, 4.0m @ 13.4g/t from 158m, and 0.3m @ 37.0g/t from 311m.

Carosue Dam – Blue Manna

High-grade drilling results have extended the known strike length of the shallow Blue Manna mineralisation to 380m. Significant intercepts included 24m @ 3.4g/t from 37m, 9m @ 6.9g/t from 38m, and 9m @ 6.3g/t from 57m. The mineralisation remains open in all directions.

First results from auger drilling highlighted gold anomalism in a number of previously untested areas north of Blue Manna.

Lake Carey

Regional exploration across Lake Carey has re-commenced with a systematic 48-hole aircore program, on Carosue Dam’s northernmost tenement.

The drill program completed in June covers an area of 12km² of previously untested tenure. The area is adjacent to the major Celia Fault system, which is in the footwall to the late basin stratigraphy. A reinterpretation of the geophysics and geology in the area has highlighted a structurally complex zone with subtle magnetic lows indicating the potential presence of syenite intrusions. The prospective corridor lies between the Mt Margaret’s field to the north and Butcher Well mineralisation to the south. Fresh rock bottom-of-hole samples have been submitted for multi-element analysis, which will provide data to constrain the litho-geochemistry and any large alteration signatures that may be present. Results are pending.

For more information, please refer to the following ASX announcements:

- 29 April 2015 – “Thunderbox Exploration Update”
- 5 May 2015 – “Karari Exploration Update”
- 25 May 2015 – “Exploration Update – Karari & Red October”
- 10 June 2015 – “Blue Manna Exploration Results”
- 3 July 2015 – “Karari Project Drilling Results”

Corporate

Health & Safety

One Lost Time Injury (“LTI”) was recorded during the June Quarter. Despite the LTI, the LTIFR is 2.0, below the industry average of 2.5. Significantly, the Total Incident Frequency Rate (“TIFR”) has fallen to 336, a 25% improvement from 12 months ago.

Board & Management

Mark Connelly joined the Saracen Board as a Non-Executive Director on 1 May 2015. Mr Connelly has over 25 years’ experience covering the development, construction and operation of mining projects across a variety of commodities and jurisdictions. Most recently he was Managing Director of Papillon Resources, where he played an instrumental role in the Company’s US\$570 million takeover by B2Gold Corp in October 2014. He has also held senior executive positions with Endeavour, Adamus, Newmont and Inmet.

Cash Position

As at 30 June 2015, Saracen’s total cash position was A\$44.9 million, comprising A\$38.4 million held in cash and 4,316 ounces of gold in transit (approx. A\$6.5 million at A\$1,516/oz). There was no debt drawn at the end of the Quarter.

Hedging

As at 30 June 2015, Saracen had gold hedging in place totalling 280,717oz at an average price of A\$1,520/oz. These ounces are to be delivered over the period from July 2015 to March 2019 (inclusive). Refer to Appendix 1 for the complete details of the hedge book.

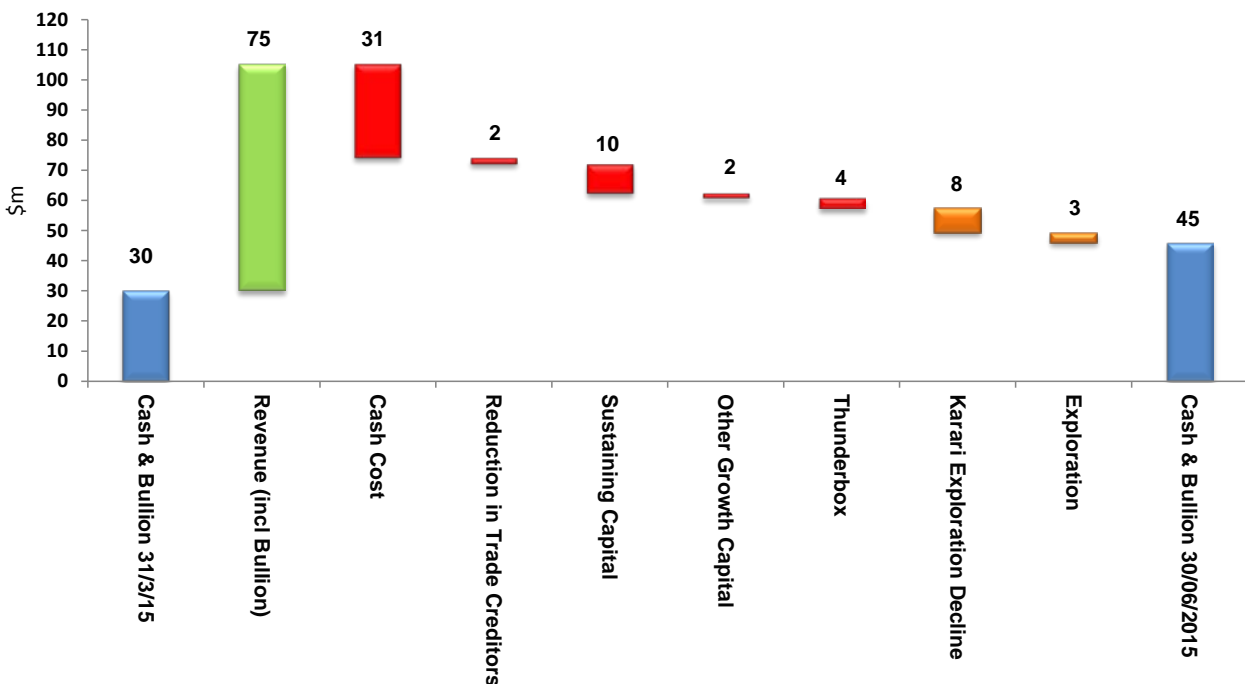
Gold Sales

Gold sales for the Quarter were 44,002oz at an average sale price of A\$1,552/oz for total revenue of A\$68.3m. Note, gold sales excluded gold in transit. Of these sales, 27,762oz were delivered into hedging at an average price of A\$1,564/oz.

Cash Flows

Figure 7 below shows the cash flow movement over the June Quarter.

Figure 7 – June 2015 Quarter cash movements



- **Revenue:** Revenue from gold sales (includes gold in transit)
- **Cash Costs:** Cash outflows for mining, ore cartage, processing, administration and ore purchase
- **Reduction in Trade Creditors:** Cash payments reducing the amounts owing to trade creditors over the quarter
- **Sustaining Capital:** Cash outflows for royalties, capital works, open pit development, underground development, active mine exploration & corporate expenses (including loan interest)
- **Other Growth Capital:** Capital expenditure on new projects
- **Thunderbox:** Includes expenditure on feasibility study, care & maintenance, development and exploration
- **Karari Exploration Decline:** Cash outflows for the development of the Karari exploration decline
- **Exploration:** Cash outflows for regional exploration and Red October exploration but excludes Thunderbox

Operational cash flow generated for the Quarter was a record \$36.0 million (beating the previous record of \$21.6 million in the March quarter) after taking into account all open pit and underground mining costs, ore haulage, processing and site administration expenses as well as royalties, sustaining capital and underground development.

Cash Costs

All-in Sustaining Cash Costs for the June Quarter were A\$871/oz, a reduction of A\$241/oz, or 22%, from the previous quarter's A\$1,112/oz.

For the financial year, All-in Sustaining Cash Costs were A\$1,139/oz, a reduction of A\$376/oz, or 25%, from the previous year's A\$1,515/oz.

"All in" cash expenditure fell \$5.6 million to \$40.6 million, mainly due to open pit mining costs falling by \$4.1 million as mining reached the base of the Whirling Dervish open pit.

Table 5 – Cash Costs

Cash Costs	Unit	Sep-14 Qtr	Dec-14 Qtr	Mar-15 Qtr	Jun-15 Qtr	FY 2014/15
Mining - Open Pit	A\$m	20.6	18.2	13.8	9.7	62.3
Mining - Underground	A\$m	6.8	5.1	5.7	8.0	25.6
Ore Cartage	A\$m	1.2	1.6	1.2	1.5	5.6
Processing	A\$m	12.1	12.0	11.6	10.1	45.8
Site Administration	A\$m	2.0	2.3	2.0	1.6	7.9
Ore Purchase	A\$m	-	-	-	-	-
Cash Costs	A\$m	\$42.6	\$39.2	\$34.4	\$30.9	\$147.1
Royalties	A\$m	2.2	2.9	2.9	3.1	11.1
Capital Works	A\$m	0.6	0.5	1.0	0.7	2.8
Open Pit Development	A\$m	0.5	-	0.0	-	0.5
Underground Development	A\$m	4.6	6.0	5.5	4.1	20.2
Active Mine Exploration	A\$m	-	-	-	-	-
Corporate	A\$m	2.4	2.6	2.3	1.8	9.1
"All in" Cash Costs	A\$m	\$52.9	\$51.1	\$46.2	\$40.6	\$190.7
Growth Capital	A\$m	3.8	10.9	7.9	13.2	35.9
Exploration	A\$m	3.0	2.0	2.9	3.4	11.3
Production (oz)		36,525 oz	42,894 oz	41,549 oz	46,564 oz	167,532 oz
		\$/oz	\$/oz	\$/oz	\$/oz	\$/oz
Mining - Open Pit	A\$/oz	564	424	333	208	372
Mining - Underground	A\$/oz	186	119	138	171	153
Ore Cartage	A\$/oz	34	38	29	32	33
Processing	A\$/oz	330	279	280	218	273
Site Administration	A\$/oz	54	53	49	34	47
Ore Purchase	A\$/oz	-	-	-	-	-
Cash Costs	A\$/oz	\$1,167	\$913	\$829	\$663	\$878
Royalties	A\$/oz	61	67	69	67	66
Capital Works	A\$/oz	16	11	25	15	17
Open Pit Development	A\$/oz	13	-	0	-	3
Underground Development	A\$/oz	126	140	133	88	121
Active Mine Exploration	A\$/oz	-	-	-	-	-
Corporate	A\$/oz	66	59	56	38	54
"All in" Cash Costs	A\$/oz	\$1,448	\$1,191	\$1,112	\$871	\$1,139

For further information please contact:

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Chief Corporate Development Officer
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Media:
Read Corporate
Paul Armstrong / Nicholas Read
 info@readcorporate.com.au

Competent Persons Statements

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of the company. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information on Mineral Resources and Ore Reserves has been extracted from the ASX announcement titled "2014 Mineral Resources and Ore Reserves" dated 9 October 2014. The report is available to view on the ASX Website at www.asx.com.au and on the Company's website at www.saracen.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all market assumptions and technical assumptions underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 1 – Details of Hedging Contracts

Month	Ounces	Price A\$
Spot Deferred	92,117	\$ 1,414.31
31/07/2015	4,500	\$ 1,700.00
28/08/2015	4,500	\$ 1,700.00
30/09/2015	4,500	\$ 1,710.00
30/10/2015	3,900	\$ 1,710.00
30/11/2015	3,900	\$ 1,720.00
31/12/2015	3,900	\$ 1,720.00
29/01/2016	3,900	\$ 1,720.00
29/02/2016	3,900	\$ 1,730.00
31/03/2016	3,900	\$ 1,730.00
29/04/2016	3,900	\$ 1,740.00
31/05/2016	3,900	\$ 1,740.00
30/06/2016	3,900	\$ 1,750.00
30/09/2016	4,000	\$ 1,520.00
30/10/2016	4,000	\$ 1,520.00
30/11/2016	4,000	\$ 1,520.00
31/12/2016	4,000	\$ 1,520.00
30/01/2017	4,000	\$ 1,520.00
27/02/2017	4,000	\$ 1,520.00
31/03/2017	4,000	\$ 1,520.00
30/04/2017	4,000	\$ 1,520.00
29/05/2017	5,000	\$ 1,520.00
30/06/2017	5,000	\$ 1,520.00
31/07/2017	5,000	\$ 1,520.00
28/08/2017	5,600	\$ 1,520.00
30/09/2017	5,600	\$ 1,520.00
30/10/2017	5,600	\$ 1,520.00
30/11/2017	5,600	\$ 1,520.00
31/12/2017	5,600	\$ 1,520.00
30/01/2018	5,600	\$ 1,520.00
27/02/2018	3,500	\$ 1,520.00
31/03/2018	3,500	\$ 1,520.00
30/04/2018	3,600	\$ 1,520.00
29/05/2018	3,600	\$ 1,520.00
30/06/2018	3,600	\$ 1,520.00
31/07/2018	3,600	\$ 1,520.00
28/08/2018	4,300	\$ 1,520.00
30/09/2018	4,300	\$ 1,520.00
30/10/2018	4,300	\$ 1,520.00
30/11/2018	4,300	\$ 1,520.00
31/12/2018	5,200	\$ 1,520.00
30/01/2019	5,200	\$ 1,520.00
27/02/2019	5,200	\$ 1,520.00
31/03/2019	5,200	\$ 1,520.00
Total	280,717	Avg \$ 1,520.25