Saracen

SARACEN MINERAL HOLDINGS LIMITED

(ACN 009 215 347)

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2017

COMPANY DIRECTORY

Directors

Mr Geoffrey Clifford (Non-Executive Chairman)
Mr Raleigh Finlayson (Managing Director)
Ms Samantha Tough (Non-Executive Director)
Mr Martin Reed (Non-Executive Director)
Dr Roric Smith (Non-Executive Director)

Company Secretary

Mr Jeremy Ryan

Registered Office and Business Address

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Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: SAR)

Auditors

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Solicitors

DLA Piper
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152 – 158 St Georges Tce
Perth WA 6000

Bankers

Australia and New Zealand Banking Group
833 Collins Street
Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street
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DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Geoffrey Clifford (Non-executive Chairman)
Raleigh Finlayson (Managing Director)
Mark Connelly (Non-Executive Director) (Resigned 23 November 2017)
Martin Reed (Non-Executive Director)
Samantha Tough (Non-Executive Director)
Roric Smith (Non-Executive Director) (Appointed 4 July 2017)

CONSOLIDATED RESULTS

The consolidated profit after tax for the half-year was $46.0 million (31 December 2016: profit after tax of $14.9 million). The following largely contributed to the current period's profit:-

- Profit from mining operations before depreciation and amortisation for the reporting period was $108.6 million (2016: $53.8 million). Operating results for the comparative half-year periods are summarised below:-

	31-Dec-17	31-Dec-16	Variance
Mill production (tonnes)	2,509,000	2,446,000	63,000
Grade (g/t)	2.1	1.7	0.4
Production (ozs)	157,795	127,692	30,103
Average "All in Sustaining Cost" (**"AISC"**) (A$/oz)	1,091	1,409	318
Gold sold (ozs)	154,118	119,550	34,568
Average gold sales price (A$/oz)	1,591	1,675	(84)
Total Gold Sales Revenue (A$ millions)	245.2	186.1	59.1
Depreciation & amortisation (A$ millions)	46.3	30.5	15.8

- Depreciation and amortisation for the reporting period was $46.3 million (31 December 2016: $30.5 million). This increase from 31 December 2016 relates primarily to amortisation and is driven by the increase in overall production and the amortisation of the Thunderbox A Zone deferred mining expenditure triggered in accordance with IFRIC 12, by the actual stripping ratio in A Zone falling below the average life of mine stripping ratio.

- At period end, the consolidated entity recognised a deferred tax expense of $19.7 million (31 December 2016: deferred tax expense of $0.5 million). However, as the group is utilising accumulated tax losses it is not currently in a tax paying position.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was gold production and exploration. At the Carosue Dam Operations, ore was mined from the Karari and Deep South underground mines. This was supplemented by ore stockpiles previously mined from the Whirling Dervish, Porphyry, Enterprise and Redbrook open pits. All the ore mined was processed at the Carosue Dam 2.4mtpa treatment plant.

At the Thunderbox Operations, ore was mined from the Thunderbox A Zone, Thunderbox C Zone and Kailis open pits and then processed at the 2.5mtpa Thunderbox treatment plant.

Health and Safety

The Saracen Group lost time injury frequency rate (LTIFR) for the 6 months to December 2017 reduced by 32% to 2.5 (30 June 2017: 3.7). The Total Recordable Incident Frequency Rate (TRIFR) reduced by 22% to 14.3 (30 June 2017: 18.3). It was positive to see both these lagging indicators reduce over H1 of FY18.

The focus continued to be on management of critical risks including the introduction of Take 5's as a pre-task risk assessment tool to identify and manage risks in the workplace. Increased use of this tool and other leading indicators will continue throughout the rest of FY18 as well as developing safety improvement plans for FY19. Critical risk controls and management of them will continue to be a key area of focus along with increased safety communications as part of driving towards a safe place of work.

A major change at Carosue Dam occurred during the half-year with the contract completions occurring for 2 underground contractors and the associated work changing over to a new underground contractor (Byrnecut Mining). This changeover was successfully completed without a major incident and a successful ramp up was completed during the half-year.

Emergency Response Teams continued to be maintained, with monthly 'block training' sessions conducted. Saracen is on a safety improvement journey as all employees and departments strive to improve the safety performance across the operations.

Production Overview

Gold sale proceeds during the period totalled $245.2 million (2016: $186.1 million). Gold sales for the period were 154,118 ounces (2016: 119,550 ounces) at an average gold sale price of A$1,591 per ounce (2016: A$1,675 per ounce).

All In Sustaining Costs (AISC) for the period were A$1,091 per ounce (2016: A$1,409 per ounce).

During the six month period, the Company produced 157,795 ounces of gold (2016: 127,692 ounces) from the processing of 2,509,000 tonnes of ore (2016: 2,446,000 tonnes) at an average grade of 2.1g/t (2016: 1.7g/t).

Carosue Dam Operations

During the six month period, gold production from the Carosue Dam Operations was 83,454 ounces (2016: 71,833 ounces) at an AISC of A$1,202/oz (2016: A$1,447/oz).

Carosue Dam	Units	Sep Q 2017	Dec Q 2017	Dec H1 FY18
Underground Mining				
Ore Mined	t	424,000	359,000	783,000
Mine Grade	g/t	3.2	2.9	3.0
Contained Gold	oz	43,217	33,008	76,225
Mill Production				
Ore Milled	t	646,000	633,000	1,279,000
Mill Grade	g/t	2.2	2.1	2.2
Contained Gold	oz	46,323	43,363	89,666
Recovery	%	93.0%	93.1%	93.1%
Recovered Gold	oz	43,083	40,370	83,453
Gold Sales	oz	42,884	39,297	82,181

In the period, Saracen successfully moved to a single underground mining contractor at CDO (Byrnecut Mining) and during this transition physical output was impacted over a two week period early in the December Quarter (as planned). Byrnecut Mining has committed to a new state of the art mining fleet as well as technology initiatives which are already yielding productivity benefits.

Future Development

A backfill study has commenced at Karari, providing the opportunity to increase Reserves, extend mine life (higher mining recoveries due to less material being left in-situ as pillars) and enhance cash flow generation. A change in mining method from longitudinal to combined longitudinal and transverse mining with a footwall drive could further increase productivity as multiple stoping areas are made available.

Carosue Dam continues to realise its strategy of base load feed out of the Karari/Whirling Dervish complex with both mines located within 500m of the processing plant. The Karari backfill study will be completed in Q3 FY18, and diamond drilling is ongoing at Whirling Dervish to fully de-risk the mine ahead of execution. Whirling Dervish is fully permitted and development is expected to commence during FY19.

Exploration drilling of the Carosue Dam corridor (which extends some 12km along strike), will commence in H2 FY18 after completion of a gravity survey in H1 FY18. Previous exploration focussed on shallow open pit potential and in light of the recent drilling at Karari and Whirling Dervish the prospectively of the trend at depth is greatly enhanced.

A mill expansion study is being re-visited for Carosue Dam in light of the growth options that could be realised from the above.

Thunderbox Operations

During the six month period, gold production from the Thunderbox Operations was 74,342 ounces (2016: 55,859 ounces) at an AISC of A$967/oz (2016: A$1,353/oz).

Thunderbox	Units	Sep Q 2017	Dec Q 2017	Dec H1 FY18
Open Pit Mining				
Total Mining	bcm	4,425,000	3,508,000	7,933,000
Ore Mined	t	575,000	912,000	1,487,000
Mine Grade	g/t	2.3	1.5	1.8
Contained Gold	oz	41,785	44,312	86,097
Mill Production				
Ore Milled	t	554,000	676,000	1,230,000
Mill Grade	g/t	2.2	1.8	2.0
Contained Gold	oz	39,855	39,678	79,533
Recovery	%	93.3%	93.6%	93.5%
Recovered Gold	oz	37,190	37,152	74,342
Gold Sales	oz	36,915	35,022	71,937

7.9 million banked cubic metres (bcm) were mined from Thunderbox A Zone, Thunderbox C Zone and Kailis during the six months. Production for the period was 1,487,000 tonnes @ 1.8 g/t for 86,097 contained ounces.

Commercial production commenced from both Thunderbox C Zone (September '17) and Kailis (November '17) during the period. Mining at Thunderbox A Zone is expected to be completed early in H2 FY18 concurrent with the ramp up of production at C Zone and Kailis.

Future Development

Both the Thunderbox A Zone and Kailis Stage 1 pits will be completed in the second half of FY18. Mill feed will be sourced from the Thunderbox C Zone and Kailis for the remainder of FY18.

Planning and approvals are underway to commence the Thunderbox underground drilling platform in Q4 FY18. This involves establishing drilling locations in the hanging wall and drilling the deposit below the current pit to 25m x 25m spacing. This will allow detail planning for a future underground project.

Approvals are in place to commence a resource definition drilling program at Mangilla to facilitate detailed planning in readiness for open pit mining in 2019. Mangilla has a resource of 1mt at 2.1g/t and will be predominately used as the oxide feed for the Thunderbox mill in FY20.

An ore sorting trial has been commissioned to determine the viability of ore sorting technologies on the Company's Bannockburn deposit. The current life of mine plan has Bannockburn mining commencing at the completion of Thunderbox C Zone in FY20. Resource definition drilling is planned for Bannockburn later in 2018.

Exploration and Resource Evaluation

Carosue Dam

Following a substantial grade control and resource definition drill program at Karari in FY17, the drilling planned for FY18 is heavily focused on extensional exploration and further resource growth. Initially this program has commenced from existing underground diamond drill platforms, however during the second half of the year two new platforms deeper in the mine will be established to facilitate ongoing exploration. A total of 20,485 metres have been drilled at Karari in H1 FY18.

Underground drilling at Whirling Dervish commenced in H1 FY18. The large underground diamond drill program of 36,000m, has initially been focused on the close spaced infill drilling across the upper levels proximal to the portal location. Late in the first half a number of deeper resource extension holes were drilled. The drilling is providing valuable local scale data, to enhance the geological understanding of the deposit and the region. The observations from the core are being supplemented with detailed geochemical analysis to provide additional insight into the genetic relationship between Whirling Dervish and the neighbouring Karari deposit. A total of 21,140 metres have been drilled at Whirling Dervish in H1 FY18.

Underground drilling has also continued at Deep South during H1 FY18. A total of 18,767 metres have been completed. This drilling has been focused on the closed spaced grade control in the lower areas of the Ore Reserve. Additionally a number of extensional resource definition holes have been drilled to the north to define the Butler Lode extensions. Scarlett Lode extensions have also been tested at depth when drill positions have been favourable.

Thunderbox

Pre-production resource definition drilling was carried out at Kailis ahead of mining activities commencing. This comprised of a number of RC holes to test the high grade areas. The program was designed to confirm historical drilling and better understand the short range variability, the depth of weathering and geological controls of the mineralisation.

General

A number of highly detailed geophysical surveys have been completed in the first half of the year. The Saracen owned ground magnetometer has been collecting detailed data over a number of areas. The main focus has been the collection of detailed gravity measurements along both the Carosue Dam corridor and across the Bannockburn project 40km south west of Thunderbox. These surveys are providing increased detail for local scale geological interpretation. This improved understanding of the basement geology will be utilised in targeting the exploration potential of these prospective mineralised trends.

A number of regional mapping exercises have been carried out across a number of the project areas. These mapping exercises have also included the collection of soil and rock chip samples where appropriate to validate existing data. The mapping also focused on increasing the structural overlay across the district and confirming previously mapped stratigraphy.

Corporate and Finance

Cash Position

As at 31 December 2017, Saracen's total cash and liquid position was $75.3 million (30 June 2017: $43.9 million), comprised of $65.3 million held in cash and 6,275 ounces of gold in transit (approx. $10 million). Gold in transit was valued using a price of A$1,600/oz. In addition, Saracen holds investments in Red 5 Limited (ASX: RED) which were valued at $7.6 million as at 31 December 2017.

Corporate

During the period, the Company announced that experienced mining executive, Mr Simon Jessop had joined the Executive team as Chief Operating Officer. Over the past six years, Mr Jessop has held a number of senior roles at Australia's second largest ASX-listed gold miner Evolution Mining Limited, including most recently as General Manager – Kalgoorlie Region.

Statement of Financial Position

During the half year, the Company continued to implement a number of initiatives to focus on efficient balance sheet management. These included improvement to its terms of trade and more efficient working capital management.
The Company also maintains a long term senior corporate financing facility. The facility includes an initial $45 million loan facility, $5 million bank guarantee facility and a gold hedging facility. The facility was for a term of three years and features an "evergreen" arrangement with an annual review date whereby the term can be extended.

The Facility also features an accordion provision whereby Saracen can request up to an additional $105 million capacity under the corporate loan (to take the loan to $150 million) with the approval of the syndicate members.
As at 31 December 2017, the facility had not been drawn down on.

Hedging

As at 31 December 2017, Saracen had gold hedging in place covering 246,343 ounces at an average price of A$1,636/oz (ranging from A$1,520/oz to A$1,767/oz). These ounces are to be delivered over the period from January 2018 to December 2019 (inclusive).

Dividends

No dividends have been paid or declared by the Group since the end of the previous financial year.

The Directors do not propose to declare or pay any dividend for the half year ended 31 December 2017.

Events Subsequent to the Reporting Date

On 17 January 2018, Saracen entered into a binding agreement to sell the Wallbrook gold project to Nexus Minerals Limited (ASX: NSM) for a consideration of 1.49 million Nexus Minerals Limited shares at a deemed share price of $0.08.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in page 8 of this half-year financial report.

Rounding Off

The Company is a company of the kind referred to in Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument, amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the *Corporations Act 2001.*

For and on behalf of the Board.

Raleigh Finlayson
Managing Director
19 February 2018

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Saracen Mineral Holdings Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 19 February 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2017

	Note	**31 December 2017 $'000**	31 December 2016 $'000
Revenue from continuing operations		**245,599**	186,561
Mine operating costs		**(128,717)**	(126,710)
Depreciation and amortisation		**(46,300)**	(30,527)
Royalties		**(8,250)**	(6,090)
Gross profit from mining operations		**62,332**	23,234
Administration expenses		**(4,787)**	(6,042)
Share based payment expense		**(976)**	(1,707)
Finance costs		**(205)**	(292)
Other income		**515**	280
Expensing of exploration costs	7	**(929)**	(80)
Impairment of assets	9	**(896)**	-
Profit on disposal of King of the Hills		**10,592**	-
Profit before income tax		**65,646**	15,393
Income tax expense	2	**(19,652)**	(505)
Profit for the period after income tax		**45,994**	14,888
Other comprehensive profit, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value profit on available for sale investments		**732**	-
Other comprehensive loss, net of income tax		**732**	-
Total comprehensive profit attributable to members of Saracen Mineral Holdings Limited		**46,726**	14,888
Earnings per share attributable to members of Saracen Mineral Holdings Limited			
Basic earnings per share in cents		**5.66**	1.85
Diluted earnings per share in cents		**5.60**	1.82

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
Current assets			
Cash and cash equivalents		**65,292**	33,726
Trade and other receivables	3	**7,426**	6,353
Other financial assets		**7**	7
Inventories	4	**39,312**	32,924
Other		**1,968**	1,357
Assets classified as held for sale	9	**5,025**	21,961
Total current assets		**119,030**	96,328
Non-current assets			
Other financial assets	5	**7,630**	55
Plant and equipment	6	**95,996**	93,751
Exploration and evaluation costs	7	**48,430**	46,764
Mine properties	8	**189,701**	167,559
Total non-current assets		**341,757**	308,129
TOTAL ASSETS		**460,787**	404,457
Current liabilities			
Trade and other payables	10	**36,381**	39,235
Provisions	11	**5,001**	6,636
Borrowings		**1,124**	-
Liabilities classified as held for sale	9	**2,900**	16,086
Total current liabilities		**45,406**	61,975
Non-current liabilities			
Deferred tax liabilities	2	**22,024**	5,986
Provisions	11	**47,719**	42,488
Total non-current liabilities		**69,743**	48,474
Total liabilities		**115,149**	110,449
Net assets		**345,638**	294,008
Equity			
Contributed equity	12	**257,386**	256,740
Reserves		**13,903**	8,913
Accumulated profits		**74,349**	28,355
Total equity		**345,638**	294,008

The consolidated statement of financial position
should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
Half-Year Ended 31 December 2017

	Contributed equity $'000	Accumulated profits $'000	Investment revaluation reserve $'000	Share based payments reserves $'000	Total $'000
As at 1 July 2017	**256,740**	**28,355**	**-**	**8,913**	**294,008**
Profit for the period after tax	**-**	**45,994**	**-**	**-**	**45,994**
Other comprehensive income	**-**	**-**	**732**	**-**	**732**
Total comprehensive income for the period after tax	**-**	**45,994**	**732**	**-**	**46,726**
Share based payments	**-**	**-**	**-**	**976**	**976**
Vesting of performance rights	**646**	**-**	**-**	**(646)**	**-**
Tax effect on share based payments	**-**	**-**	**-**	**3,928**	**3,928**
As at 31 December 2017	**257,386**	**74,349**	**732**	**13,171**	**345,638**
			-		
As at 1 July 2016	253,013	(31)		7,736	260,718
Profit for the period after tax	-	14,888	-	-	14,888
Other comprehensive loss	-	-	-	-	-
Total comprehensive income for the period after tax	-	14,888	-	-	14,888
Share based payments	-	-	-	1,707	1,707
Vesting of performance rights	2,212	-	-	(2,212)	-
Tax effect on share based payments	-	-	-	951	951
As at 31 December 2016	255,225	14,857	-	8,182	278,264

The consolidated statement of changes in equity
should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2017

	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities		
Receipts from customers	**245,599**	186,561
Payments to suppliers and employees	**(150,590)**	(134,524)
Interest received	**303**	172
Interest paid	**(205)**	(238)
Net cash flows provided by operating activities	**95,107**	51,971
Cash flows from investing activities		
Payments for capital work in progress and plant and equipment	**(10,420)**	(5,814)
Payments for mine properties	**(55,962)**	(35,943)
Proceeds from sale of King of the Hills	**7,000**	-
Payments for investments	**(2,030)**	-
Payments for exploration and evaluation	**(3,253)**	(8,612)
Net cash flows used in investing activities	**(64,665)**	(50,369)
Cash flows from financing activities		
Payment of finance lease liabilities	**(479)**	(1,618)
Payment of loan establishment fees	**-**	(630)
Proceeds from finance lease liabilities	**1,603**	-
Net cash flows provided by/(used in) financing activities	**1,124**	(2,248)
Net increase/(decrease) in cash held	**31,566**	(646)
Cash at beginning of period	**33,726**	34,302
Cash at end of period	**65,292**	33,656

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited for the financial year ended 30 June 2017 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2017 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company is a company of the kind referred to in Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

There are no issued standards which are not yet effective other than those disclosed in the company's annual financial report for the financial year ended 30 June 2017.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period's disclosures.

	31 December 2017 $'000	31 December 2016 $'000
NOTE 2 INCOME TAX		
(a) Income tax expense comprises:		
Deferred tax		
- Movement in temporary differences	**19,652**	505
Income tax expense	**19,652**	505
(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:		
Accounting profit before tax	**65,646**	15,393
Prime facie income tax expense at 30% (31 December 2016: 30%)	**19,694**	4,618
- Non-deductible expenses	**2**	7
- Recognition of previously unrecognised temporary differences*	**(44)**	(4,120)
Income tax expense	**19,652**	505
Effective tax rate	**30%**	3%

*$3.8 million of the 31 December 2016 previously unrecognised temporary differences is a one off tax benefit relating to the implementation of an Employee Share Trust to manage the Group's Long Term Incentive Plan.

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2017 $'000	Charged / credited to income $'000	Charged / credited to equity $'000	Balance at 31 December 2017 $'000
Deferred tax assets				
Tax losses	**26,192**	**(13,536)**	**-**	**12,656**
Provisions	**19,380**	**(4,395)**	**-**	**14,985**
Undeducted share issue costs	**200**	**(99)**	**-**	**101**
Share based payments	**3,870**	**(628)**	**3,928**	**7,170**
Non-refundable R&D offset	**71**	**(38)**	**-**	**33**
Total	**49,713**	**(18,696)**	**3,928**	**34,945**
Deferred tax liabilities				
Deferred mining expenditure	**(55,120)**	**563**	**-**	**(54,557)**
Property, plant and equipment	**(445)**	**(912)**	**-**	**(1,357)**
Inventories	**(711)**	**(5)**	**-**	**(716)**
Other	**577**	**(603)**	**(313)**	**(339)**
Total	**(55,699)**	**(957)**	**(313)**	**(56,969)**
Net deferred tax asset/(liability)	**(5,986)**	**(19,653)**	**3,615**	**(22,024)**

NOTE 2 INCOME TAX (continued)

(c) Deferred tax assets and liabilities (continued)

	Balance at 1 July 2016	**Charged / credited to income**	**Charged / credited to equity**	**Balance at 30 June 2017**
	$'000	$'000	$'000	$'000
Deferred tax assets				
Tax losses	22,031	4,161	-	26,192
Provisions	18,251	1,129	-	19,380
Other	212	365	-	577
Undeducted borrowing cost	2	(2)	-	-
Undeducted share issue costs	352	(152)	-	200
Share based payments	-	1,702	2,168	3,870
Non-refundable R&D offset	-	71	-	71
Total	40,848	7,274	2,168	50,290
Deferred tax liabilities				
Deferred mining expenditure	(44,914)	(10,206)	-	(55,120)
Property, plant and equipment	504	(949)	-	(445)
Inventories	-	(711)	-	(711)
Total	(44,410)	(11,866)	-	(56,276)
Net deferred tax asset/(liability)	(3,562)	(4,592)	2,168	(5,986)

Deferred tax liabilities are set-off against deferred tax assets pursuant to set-off provisions.

NOTE 3 TRADE AND OTHER RECEIVABLES	**31 December 2017**	30 June 2017
	$'000	$'000
Current		
Goods and services tax (GST) recoverable	**2,642**	5,452
Deferred consideration – King of the Hills	**4,500**	-
Other (i)	**284**	901
	7,426	6,353

(i) Other receivables mainly comprise fuel supplied to contractors which are settled on 30 day terms. These receivables are within term and do not show signs of impairment.

NOTE 4 INVENTORIES

Ore stocks	**9,613**	9,182
Gold in circuit	**10,096**	5,786
Gold in transit	**7,518**	6,396
Consumable supplies and spares	**12,085**	11,560
	39,312	32,924

NOTE 5 OTHER FINANCIAL ASSETS

Non-Current		
Security deposits	**55**	55
Listed shares at fair value	**7,575**	-
	7,630	55

During the period Saracen acquired 130.6 million shares in Red 5 Limited (ASX: RED). 90 million Red 5 shares were received as part of the consideration for the sale of Saracen's King of the Hills operation (refer ASX announcement dated 3 August 2017) and Saracen also purchased an additional 40.6 million shares as a participant in the associated Rights Issue conducted by Red 5 as part of its Eastern Goldfields strategy.

NOTE 5 OTHER FINANCIAL ASSETS (continued)

The value of listed shares has been determined by reference to the quoted last trade price at the close of business on reporting date. 90 million Red 5 Limited shares are escrowed for 12 months.
All other listed shares held are saleable and have no contracted liquidity restrictions.

NOTE 6 PLANT AND EQUIPMENT	**31 December 2017 $'000**	30 June 2017 $'000
Plant and equipment		
Opening balance net of accumulated depreciation	**81,496**	77,971
Additions	**5,099**	2,889
Transfer from capital work in progress	**13,499**	18,258
Transfer from mines under construction	**-**	311
Disposals	**-**	(39)
Transfer to assets classified as held for sale (note 9)	**-**	(1,242)
Depreciation	**(9,547)**	(16,652)
Closing balance net of accumulated depreciation	**90,547**	81,496
Capital work in progress		
Opening balance	**12,255**	6,826
Additions	**6,693**	25,125
Transfer to mines in production	**-**	(1,230)
Transfer to mines under construction	**-**	(208)
Transfer to plant and equipment	**(13,499)**	(18,258)
Closing balance	**5,449**	12,255
Accumulated depreciation		
Opening balance	**67,976**	52,876
Depreciation	**9,547**	16,652
Disposals	**(56)**	(121)
Transfer to assets classified as held for sale (note 9)	**-**	(1,531)
Closing balance	**77,467**	67,976
Cost	**173,463**	161,727
Accumulated depreciation	**(77,467)**	(67,976)
Net carrying amount	**95,996**	93,751

NOTE 7 EXPLORATION AND EVALUATION COSTS

Deferred exploration and evaluation costs		
Balance at the start of the period	**46,764**	43,552
Additions	**3,617**	12,868
Transferred to mines in production	**-**	(26)
Capitalised exploration expensed	**(929)**	(2,477)
Transfer to assets classified as held for sale (note 9)	**(1,022)**	(7,153)
Balance at the end of the period	**48,430**	46,764

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

NOTE 8 MINE PROPERTIES

Mines under construction	**32,865**	91,836
Mines in production	**139,496**	68,868
Deferred mining expenditure	**17,340**	6,855
Balance at the end of the period	**189,701**	167,559

NOTE 8 MINE PROPERTIES (continued)	31 December 2017 $'000	30 June 2017 $'000
Mines under construction		
Balance at the start of the period	**91,836**	87,359
Additions	**25,122**	35,388
Transferred from capital work in progress	**-**	208
Transferred to mines in production	**(83,052)**	(15,310)
Transferred to plant and equipment	**-**	(311)
Transfer to assets classified as held for sale (note 9)	**-**	(14,111)
Change in rehabilitation provision	**(1,041)**	(1,387)
Balance at the end of the period	**32,865**	91,836
Mines in production		
Balance at the start of the period	**68,868**	70,088
Additions	**15,082**	36,841
Transferred from capital work in progress	**-**	1,230
Transferred from deferred exploration and evaluation costs	**-**	26
Transferred from mines under construction	**83,052**	15,310
Transfer to assets classified as held for sale (note 9)	**-**	(2,231)
Change in rehabilitation provision	**2,412**	28
Amortisation for the period	**(29,918)**	(52,424)
Balance at the end of the period	**139,496**	68,868
Deferred mining expenditure – Non-Current		
Balance at the start of the period	**6,855**	5,774
Additions	**17,149**	6,518
Amortisation of deferred mining expenditure	**(6,664)**	(5,437)
Balance at the end of the period	**17,340**	6,855

Deferred mining expenditure relates to capitalised overburden relating to the Thunderbox A and C Zones and the Kailis mine.

NOTE 9 DISPOSAL GROUP HELD FOR SALE

In March 2017, Saracen started to actively market the sale of the King of the Hills and Red October projects. At this point in time the assets and associated liabilities were available for immediate sale and the sale was highly probable within a 12 month period as management was committed to sell these projects and there was an active programme to locate a buyer. Hence, both these projects were classified as Assets and Liabilities Held for Sale in the previous financial year.

The King of the Hills sale was completed in October 2017, with a gain on disposal of $10.6 million recognised in the profit or loss as a decrease in relation to these assets at reporting date.

On 26 September 2017, Saracen announced the signing of a binding agreement to sell the Red October gold mine to ASX-listed gold company Matsa Resources Limited (ASX: MAT)(Matsa). The consideration for Red October comprises:

- A$1 million cash;
- 4.545 million Matsa shares; and
- Matsa to assume all environmental liabilities.

The sale is expected to be completed during February 2018.

In October 2017, Saracen started to actively market the sale of the Wallbrook project. At this point in time these assets were deemed to be available for immediate sale and the sale was highly probable within a 12 month period as management had committed to the sale process and there was an active programme to locate a buyer. Accordingly, this project was classified as an Asset Held for Sale.

NOTE 9 DISPOSAL GROUP HELD FOR SALE (continued)

On 17 January 2018, Saracen entered into a binding agreement to sell the Wallbrook project to Nexus Minerals Limited (ASX: NSM) for a consideration of 1.49 million Nexus Minerals Limited shares at a deemed share price of $0.08.

An impairment of $896,000 was recognised during the period relating to the Wallbrook disposal group as the carrying values exceeded the fair value less cost of disposal of the asset. The fair value of the Wallbrook asset has been determined based on the agreed sale price.

	31 December 2017 $'000	30 June 2017 $'000
Assets		
Plant and equipment (net of accumulated depreciation)	**581**	1,242
Deferred Exploration	**3,916**	7,153
Mine Properties	**1,424**	16,342
Less: Impairment of assets	**(896)**	(2,776)
	5,025	21,961
Liabilities		
Rehabilitation Provision	**2,900**	16,086
Net assets held for sale	**2,125**	5,875

NOTE 10 TRADE AND OTHER PAYABLES

Current		
Trade and other payables	**36,381**	39,253

Trade and other payables are non-interest bearing and are generally settled on 30 day terms.

NOTE 11 PROVISIONS

Current		
Employee benefits	**5,001**	6,636
Non-current		
Employee benefits	**831**	866
Provision for rehabilitation	**46,888**	41,622
	47,719	42,488
Movement in provision for rehabilitation		
Balance at the start of the period	**41,622**	57,893
Unwinding of discount	**6**	160
Increase in provision on existing assets	**5,427**	353
Rehabilitation work	**(167)**	(698)
Transferred to liabilities classified as held for sale	**-**	(16,086)
Balance at the end of the period	**46,888**	41,622

NOTE 12 CONTRIBUTED EQUITY

	31 December 2017 Number of shares	**31 December 2017 $'000**	30 June 2017 Number of shares	30 June 2017 $'000
(a) Issued capital				
Ordinary shares fully paid	**812,848,859**	**257,386**	810,548,859	256,740

The Company does not have a limited authorised capital, and issued shares have no par value.

NOTE 12 CONTRIBUTED EQUITY (continued)

	31 December 2017 Number of shares	31 December 2017 $'000	30 June 2017 Number of shares	30 June 2017 $'000
(b) Movements in shares on issue				
Beginning of the financial period	**810,548,859**	**256,740**	800,799,292	253,013
- Shares issued on vesting of performance rights*	**2,300,000**	**646**	9,749,567	3,727
End of the financial period	**812,848,859**	**247,386**	810,548,859	256,740

* During the period 2,300,000 shares were issued to employees under the employee share scheme.

(c) Performance Rights (See note 13)

	30 June 2017	Granted	Vested	Lapsed	31 December 2017
Tranche 3					
Class A performance rights vesting on 1 July 2017	294,000	-	(294,000)	-	-
Class B performance rights vesting on 1 July 2017	147,000	-	(147,000)	-	-
Class C performance rights vesting on 1 July 2017	294,000	-	(294,000)	-	-
Tranche 4					
Class A performance rights vesting on 1 July 2017	626,000	-	(626,000)	-	-
Class B performance rights vesting on 1 July 2017	313,000	-	(313,000)	-	-
Class C performance rights vesting on 1 July 2017	626,000	-	(626,000)	-	-
Tranche 5					
Class C performance rights vesting on 16 March 2018	5,000,000	-	-	-	5,000,000
Tranche 6					
Class A performance rights vesting on 1 July 2018	936,000	-	-	(80,000)	856,000
Class B performance rights vesting on 1 July 2018	468,000	-	-	(40,000)	428,000
Class C performance rights vesting on 1 July 2018	936,000	-	-	(80,000)	856,000
Tranche 7					
Class A performance rights vesting on 1 July 2019	360,000	-	-	(12,000)	348,000
Class B performance rights vesting on 1 July 2019	180,000	-	-	(6,000)	174,000
Class C performance rights vesting on 1 July 2019	360,000	-	-	(12,000)	348,000
Tranche 8					
Class A performance rights vesting on 1 July 2019	74,000	-	-	-	74,000
Class B performance rights vesting on 1 July 2019	37,000	-	-	-	37,000
Class C performance rights vesting on 1 July 2019	74,000	-	-	-	74,000
Tranche 9					
Class A performance rights vesting on 1 July 2018	40,000	-	-	-	40,000
Class B performance rights vesting on 1 July 2018	20,000	-	-	-	20,000
Class C performance rights vesting on 1 July 2018	40,000	-	-	-	40,000
Tranche 10					
Class A performance rights vesting on 1 July 2019	80,000	-	-	-	80,000
Class B performance rights vesting on 1 July 2019	40,000	-	-	-	40,000
Class C performance rights vesting on 1 July 2019	80,000	-	-	-	80,000
Tranche 11					
Class A performance rights vesting on 1 July 2019	-	180,000	-	-	180,000
Class B performance rights vesting on 1 July 2019	-	90,000	-	-	90,000
Class C performance rights vesting on 1 July 2019	-	180,000	-	-	180,000
Tranche 12					
Class A performance rights vesting on 1 July 2020	-	330,000	-	-	330,000
Class B performance rights vesting on 1 July 2020	-	132,000	-	-	132,000
Class C performance rights vesting on 1 July 2020	-	198,000	-	-	198,000
Tranche 13					
Class A performance rights vesting on 1 July 2020	-	2,268,250	-	-	2,268,250
Class B performance rights vesting on 1 July 2020	-	907,300	-	-	907,300
Class C performance rights vesting on 1 July 2020	-	1,360,950	-	-	1,360,950
	11,025,000	5,646,500	(2,300,000)	(230,000)	14,141,500

NOTE 13 SHARE BASED PAYMENTS

During the period under review the Group granted Performance Rights to eligible management and staff under the Saracen Mineral Holdings Limited Performance Rights Plan (**"Plan"**). In addition to this, the Group also granted Performance Rights to Managing Director, Mr Raleigh Finlayson under the Plan. The issue of Performance Rights to Mr Finlayson was approved by shareholders at the Company's Annual General Meeting held on 23 November 2017.

Under the Plan, participants are granted Performance Rights. Vesting of any of these Performance Rights will be subject to the satisfaction of performance hurdles. Each Performance Right represents a right to be issued one Share at a future point in time, subject to the satisfaction of performance hurdles and associated vesting conditions. The Performance Rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). No exercise price will be payable and there are no voting rights attached to the Performance Rights.

a) Tranches 3 – 10

Details of the fair value calculations are set out on pages 100 - 104 of the Annual Report for the financial year ended 30 June 2017.

b) Tranche 11 – Management (issued to newly appointed COO)

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	$1.58	$1.58	$1.58
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	60%
Grant Date	15-Dec-17	15-Dec-17	15-Dec-17
Performance Period	1-Jul-16 to 30-Jun-19	1-Jul-16 to 30-Jun-19	1-Jul-16 to 30-Jun-19
Vesting Date	1 July 2019	1 July 2019	1 July 2019
Risk free rate	1.7%	N/A	1.7%
Number of rights granted	180,000	90,000	180,000
Fair Value per right	$0.815	$1.58	$0.877

The fair value of the Performance Rights granted is $446,760.

c) Tranche 12 – Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	$1.47	$1.47	$1.47
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	N/A
Grant Date	23-Nov-17	23-Nov-17	23-Nov-17
Performance Period	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20
Vesting Date	1 July 2020	1 July 2020	1 July 2020
Risk free rate	1.8%	N/A	N/A
Number of rights granted	330,000	132,000	198,000
Fair Value per right	$0.943	$1.47	$1.47

The fair value of the Performance Rights granted is $796,290.

NOTE 13 SHARE BASED PAYMENTS (continued)

d) Tranche 13 – Management & Staff

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	$1.58	$1.58	$1.58
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	N/A
Grant Date	15-Dec-17	15-Dec-17	15-Dec-17
Performance Period	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20
Vesting Date	1 July 2020	1 July 2020	1 July 2020
Risk free rate	2%	N/A	N/A
Number of rights granted	2,268,250	907,300	1,360,950
Fair Value per right	$1.102	$1.58	$1.58

The fair value of the Performance Rights granted is $6,083,447.

NOTE 14 GOLD DELIVERY COMMITMENTS

Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
Within one year	166,743	1,629	271,624
Later than one but not later than five years	79,600	1,651	131,420
	246,343	1,636	403,044

The counterparties to the physical gold delivery contracts are Westpac Banking Corporation, BNP Paribas and Citibank N.A. Contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sale contracts with revenue recognised once gold has been delivered to the scheduled counterparties. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 Financial Instruments: Recognition and Measurement. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

NOTE 15 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2017 and 30 June 2017 on a recurring basis:

31 December 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Listed shares at fair value	7,582	-	-	7,582
Assets held for sale (Red October and Wallbrook)	-	5,025	-	5,025
	7,582	**5,025**	**-**	**12,607**
Liabilities				
Liabilities held for sale (Red October)	-	**2,900**	-	**2,900**

NOTE 15 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

a) Fair value hierarchy (continued)

30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed shares at fair value	7	-	-	7
Assets held for sale				
(Red October operation)	-	4,900	-	4,900
	7	4,900	-	4,907
Liabilities				
Liabilities held for sale				
(Red October operation)	-	2,900	-	2,900

The Group did not measure any other financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2017 and did not transfer any fair value amounts between the fair value hierarchies during the half-year period FY 2018.

b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:
- The use of quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During the period and in accordance with AASB 13, *Fair Value Measurement,* the Group has classified, according to fair value hierarchy, the Red October and Wallbrook operations as level 2 assets and liabilities. The fair values of Red October and Wallbrook were determined by using the expected selling price less costs of disposal at the reporting date (refer to note 9).

The Group does not have any level 3 assets or liabilities.

NOTE 16 SEGMENT INFORMATION

The Group require operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (**"CODM"**) in order to allocate resources to the segments and to assess their performance. On this basis the Group's reportable segments under AASB 8 are as follows:
- Saracen Gold Mines Pty Limited ("SGM") which includes the Group's exploration, development, production and related administration relating to the Karari, Deep South, Red October and Whirling Dervish operations.
- Saracen Metals Pty Limited ("SME") which includes the Group's exploration, development, production and administration relating to the Thunderbox and Kailis operations.
- Saracen Mineral Holdings Limited ("SAR") which includes the Group's corporate administration.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. The CODM reviews segment profit before tax in assessing segment performance which corresponds to operating profit before other income / expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Information regarding the Group's reportable segments is presented below.

NOTE 16 SEGMENT INFORMATION (continued)

	31 December 2017 $'000	31 December 2016 $'000
(a) Segment external revenues		
SGM - Metal sales	**131,140**	114,230
SGM - Interest income	**4**	26
SGM – Other	**51**	6
SME- Metal sales	**114,459**	72,330
SME - Interest income	**5**	1
SME – Other	**60**	69
SAR - Interest income	**295**	179
SAR - Other	**100**	-
	246,114	186,841

	31 December 2017 $'000	31 December 2016 $'000
(b) Segment profit before tax		
SGM	**23,116**	7,061
SAR	**(2,998)**	(3,582)
SME	**46,194**	13,633
	66,312	17,112
Finance costs	**(205)**	(292)
Other income	**515**	280
Share based payments	**(976)**	(1,707)
Profit before income tax	**65,646**	15,393

	31 December 2017 $'000	30 June 2017 $'000
(c) Segment assets and liabilities		
Assets		
SGM	**178,585**	173,417
SAR	**71,420**	30,656
SME	**210,782**	200,384
	460,787	404,458
Liabilities		
SGM	**50,508**	51,389
SAR	**2,415**	3,020
SME	**40,202**	50,054
Unallocated – Deferred Tax Asset	**22,024**	5,986
	115,149	110,449

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments, other than tax assets and liabilities.

(d) Other segment information

Depreciation and amortisation of $17.4 million (31 December 2016: $17.6 million) and $28.8 million (31 December 2016: $12.9 million) are attributable to the SGM and SME segments respectively.

A gain on the sale of King of the Hills of $10.6 million is attributable to the SME segment.

NOTE 16 SEGMENT INFORMATION (continued)

(d) Other segment information (continued)

Non-current asset additions of $28.0 million (30 June 2017: $55.8 million) and $44.5 million (30 June 2017: $63.5 million) are attributable to the SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 17 CONTINGENT LIABILITES

There are no contingent liabilities at 31 December 2017.

NOTE 18 EVENTS SUBSEQUENT TO THE REPORTING DATE

Apart from those matters detailed in the Directors' Report on pages 3 to 7 of these financial statements, there has not been any matter or circumstance, that has arisen since the half-year ended 31 December 2017, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity.

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the board.

Raleigh Finlayson
Managing Director
19 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saracen Mineral Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 19 February 2018