Saracen Mineral Holdings Limited

ACN: 009 215 347

Quarterly Report - June 2019

Saracen maintains consistent performance, meeting FY19 production guidance and beating cost guidance

FY20 guidance rises to 350 - 370,000oz at AISC A$1,025 - 1,075/oz

22nd July 2019

HIGHLIGHTS

Sustainability

- **Zero LTIs** during the quarter; **LTIFR at 0.8** (WA Gold Mining Average 1.9)

Production

- **June quarterly gold production** of **88,096oz** (Carosue Dam 45,845oz; Thunderbox 42,251oz), **AISC A$1,026/oz**
- **Thunderbox** delivered a **record quarter** with **AISC falling to A$897/oz** as the C Zone open pit mine steadily progresses into higher grade / lower strip ratio ore
- **Record June quarterly mine production** of **123,507oz** (Carosue Dam 44,523oz; Thunderbox 78,984oz) (up 45% from March quarter)
- **Group FY19 production** of **355,077oz** at an **AISC** of **A$1,030/oz**, **in line with increased FY19 guidance** of 345-365,000oz and **ahead of FY19 AISC guidance** of A$1,050 - 1,100/oz
- **FY20 production guidance increases to 350 - 370,000oz** at an **AISC** of **A$1,025 - 1,075/oz**

Financial

- **Cash and equivalents of A$154.5m at 30 June** (up from A$153.3m at 31 March, despite spending A$14.1m on the Box Well acquisition, A$4.7m on tax payments and a record A$64.4m on growth capital and exploration)
- **Gold sales for the quarter of 90,230oz** at an **average sale price of A$1,754/oz**, generating revenue of A$158.3m
- **Gold hedging** of **419,000oz** at an average delivery price of **A$1,840/oz** (358,500oz at A$1,792/oz at 31 March)
- **June half unaudited NPAT** of **A$47m - A$50m**

Discovery and growth

- **Record A$18.2m** invested in **exploration** in the quarter (A$15.9m March quarter) as part of strategy to grow Reserves and mine life to support a long life 400,000ozpa profile
- Drill results from Carosue Dam included; Karari **27m @ 8.1g/t, 20m @ 8.0g/t** and **23m @ 7.1g/t**; Dervish **37m @ 3.5g/t, 31m @ 3.4g/t** and **24m @ 5.1g/t;** Atbara discovery **104m @ 1.4g/t** and **130m @ 1.1g/t** (aggregated)
- Drill results from Thunderbox included; A Zone **59m @ 2.3g/t** and **86m @ 2.1g/t**; D Zone open pit **43m @ 3.7g/t, 73m @ 1.9g/t** and **43m @ 1.6g/t**
- Regional “bolt-on” acquisition strategy - **Box Well acquired** for **A$14.1m cash**, plus the announcement of a **recommended ~A$38m all-scrip off-market takeover offer to acquire Bligh Resources**

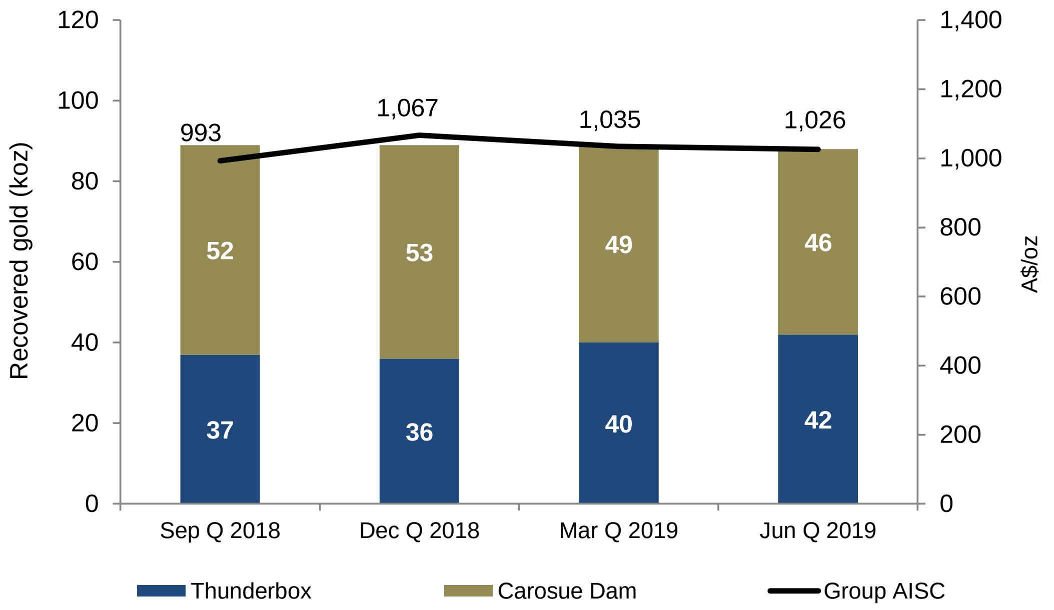
Overview

Saracen Mineral Holdings Limited (ASX: SAR) is pleased to report another **strong and consistent June quarter** to close out a record year with:

- FY19 production - Record 355,077oz (in line with guidance of 345 - 365,000oz - **upwardly revised twice**)
- FY19 AISC - A$1,030/oz (below guidance of A$1,050 - A$1,100/oz)
- Another host of impressive exploration drilling results which continue to underpin the Company's strategy to establish a long life 400,000ozpa production profile

Production for the June quarter was 88,096oz at an all-in sustaining cost (AISC) of A$1,026/oz.

Figure 1 – Group production and AISC



Saracen implemented its regional "bolt-on" acquisition strategy, with Box Well acquired for A$14.1m cash (Carosue Dam "bolt-on") and the announcement of a recommended ~A$38m all-scrip off-market takeover offer to acquire Bligh Resources (ASX: BGH) (Thunderbox "bolt-on"). Exploration also delivered again with another host of impressive results across the portfolio, including follow up drilling at the Atbara discovery close to the Carosue Dam mill.

Cash and equivalents rose to A$154.5 million at June 30, up from A$153.3 million at March 31, despite spending A$14.1m on the acquisition of Box Well, $4.7m on tax payments, and a record A$64.4 million on growth and exploration in the quarter. The **effective cash build** was **A$20.1 million** after the acquisition of Box Well and tax payments.

Saracen Managing Director Raleigh Finlayson said the quarter's results showed the Company was meeting its undertakings to the market on all levels.

"Our production and cost base is consistently in line with, or better than, our guidance," Mr Finlayson. "This combination of reliable production and low costs gives investors an outstanding opportunity to capitalise on the strong gold price while minimising the operational risks.

"At the same time, we continue to generate exceptional exploration results which support our strategy to grow the inventory and establish a 400,000ozpa production profile with long mine lives. "The ongoing success of our exploration campaign is demonstrated by the Atbara discovery at Carosue Dam, where there is potential for growth and ongoing scale.

"I look forward to providing a full update on our inventory and our growth strategy later this quarter."

Saracen's quarterly conference call will be held **today** at **9.00am AWST** (11.00am AEST). The call can be accessed at: https://webcasting.boardroom.media/broadcast/5d1deb0b12d7e6343766ccb0

*Table 1 - June quarter 2019 gold production and cost summary^*

Jun Q 2019	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	494,000	51,000	544,000
Mine Grade	g/t	2.8	2.6**	2.8
Contained Gold	oz	44,523	4,108	48,631
Open Pit Mining				
Total Mining	bcm	-	1,903,000	1,903,000
Ore Mined	t	-	1,348,000	1,348,000
Mine Grade	g/t	-	1.7	1.7
Contained Gold	oz	-	74,876	74,876
Mill Production				
Ore Milled	t	604,000	695,000	1,298,000
Mill Grade	g/t	2.5	2.0	2.3
Contained Gold	oz	49,371	45,183	94,554
Recovery	%	92.9%	93.5%	93.2%
Recovered Gold	oz	45,845	42,251	88,096
Gold Sales	oz	45,920	44,311	90,230
Average Price Received	A$/oz	1,758	1,751	1,754
Sales Revenue	A$m	80.7	77.6	158.3
Closing Ore Stockpile				
Ore	t	837,000	1,881,000	2,718,000
Grade	g/t	1.0	1.1	1.1
Contained Gold	oz	25,982	68,168	94,150
Cost summary				
Mining	A$m	18.3	18.3	36.6
Processing	A$m	6.3	11.3	17.6
Site Administration	A$m	1.5	1.6	3.1
Cash Costs	A$m	26.1	31.2	57.3
Royalties	A$m	2.0	1.7	3.7
Capital Works	A$m	0.6	1.2	1.7
Development	A$m	4.9	0.0	4.9
Ore Inventory Adjustments	A$m	(3.1)	(5.9)	(9.0)
Corporate	A$m	2.6	2.3	4.9
All-in Sustaining Costs	A$m	33.0	30.5	63.5
Growth Capital*	A$m	25.9	20.3	46.2
Exploration	A$m	16.2	2.0	18.2
Third Party Ore Purchase	A$m	9.4	0.0	9.4
Unit cost summary				
Mining	A$/oz	657	537	591
Processing	A$/oz	224	333	284
Site Administration	A$/oz	54	47	50
Cash Costs	A$/oz	935	917	925
Royalties	A$/oz	72	51	60
Capital Works	A$/oz	21	34	28
Development	A$/oz	176	0	79
Ore Inventory Adjustments	A$/oz	(112)	(172)	(145)
Corporate	A$/oz	92	68	79
All-in Sustaining Costs	A$/oz	1,183	897	1,026
Depreciation and Amortisation	A$/oz	116	411	257
Mine cash flow				
Mine operating cash flow	A$m	37.7	43.5	81.2
Net mine cash flow	A$m	11.8	23.2	35.0

Mine operating cash flow = Sales revenue less AISC less third party ore purchase costs plus corporate costs plus ore inventory adjustments.

Net mine cash flow = Mine operating cash flow less growth capital.

Third party ore (Carosue Dam 6,131oz) included in recovered gold, excluded from A$/oz calculations.

Pre-commercial production ounces from Dervish (Carosue Dam 11,798oz), Thunderbox underground (4,895oz), Kailis Stage 2 (Thunderbox 1,516oz) and Thunderbox D Zone (1,844oz) included in recovered gold, excluded from A$/oz calculations.

^ Reported on an accrual accounting basis

** Refer to Figure 7 for breakdown*

*** Underground development ore only*

*Table 2 - FY19 gold production and cost summary^*

FY19	Unit	Carosue Dam	Thunderbox	Group
Underground Mining				
Ore Mined	t	1,976,000	127,000	2,102,000
Mine Grade	g/t	3.0	2.4**	2.9
Contained Gold	oz	188,416	9,542	197,958
Open Pit Mining				
Total Mining	bcm	-	7,296,000	7,296,000
Ore Mined	t	-	3,226,000	3,226,000
Mine Grade	g/t	-	1.5	1.5
Contained Gold	oz	-	158,860	158,860
Mill Production				
Ore Milled	t	2,437,000	2,826,000	5,262,000
Mill Grade	g/t	2.7	1.8	2.3
Contained Gold	oz	214,633	165,260	379,893
Recovery	%	93.1%	94.0%	93.5%
Recovered Gold	oz	199,743	155,333	355,077
Gold Sales	oz	198,222	152,683	350,904
Average Price Received	A$/oz	1,724	1,719	1,722
Sales Revenue	A$m	341.7	262.4	604.1
Closing Ore Stockpile				
Ore	t	837,000	1,881,000	2,718,000
Grade	g/t	1.0	1.1	1.1
Contained Gold	oz	25,982	68,168	94,150
Cost summary				
Mining	A$m	83.2	68.1	151.3
Processing	A$m	36.0	49.4	85.5
Site Administration	A$m	7.7	6.8	14.5
Cash Costs	A$m	126.9	124.3	251.2
Royalties	A$m	10.6	7.3	17.9
Capital Works	A$m	1.6	3.3	4.9
Development	A$m	19.4	10.3	29.7
Ore Inventory Adjustments	A$m	(3.7)	(6.1)	(9.8)
Corporate	A$m	7.0	5.6	12.6
All-in Sustaining Costs	A$m	161.8	144.8	306.6
Growth Capital	A$m	96.3	64.4	160.6
Exploration	A$m	40.9	15.4	56.3
Third Party Ore Purchase	A$m	43.4	0.0	43.4
Unit cost summary				
Mining	A$/oz	543	472	508
Processing	A$/oz	235	343	287
Site Administration	A$/oz	50	47	49
Cash Costs	A$/oz	828	862	844
Royalties	A$/oz	69	51	60
Capital Works	A$/oz	10	23	16
Development	A$/oz	127	72	100
Ore Inventory Adjustments	A$/oz	(24)	(42)	(33)
Corporate	A$/oz	46	39	42
All-in Sustaining Costs	A$/oz	1,056	1,004	1,030
Depreciation and Amortisation	A$/oz	186	326	247
Mine cash flow				
Mine operating cash flow	A$m	139.9	117.1	257.0
Net mine cash flow	A$m	43.6	52.8	96.4

Mine operating cash flow = Sales revenue less AISC less third party ore purchase costs plus corporate costs plus ore inventory adjustments.

Net mine cash flow = Mine operating cash flow less growth capital.

Third party ore (Carosue Dam 28,516oz) included in recovered gold, excluded from A$/oz calculations.

Pre-commercial production ounces from Dervish (Carosue Dam 17,978oz), Thunderbox underground (7,684oz), Kailis Stage 2 (Thunderbox 1,516oz) and Thunderbox D Zone (1,844oz) included in recovered gold, excluded from A$/oz calculations.

^ Reported on an accrual accounting basis

*** Underground development ore only*

Sustainability

Zero Lost Time Injuries (LTI) were reported in the June quarter.

Table 3 - June quarter 2019 group safety performance

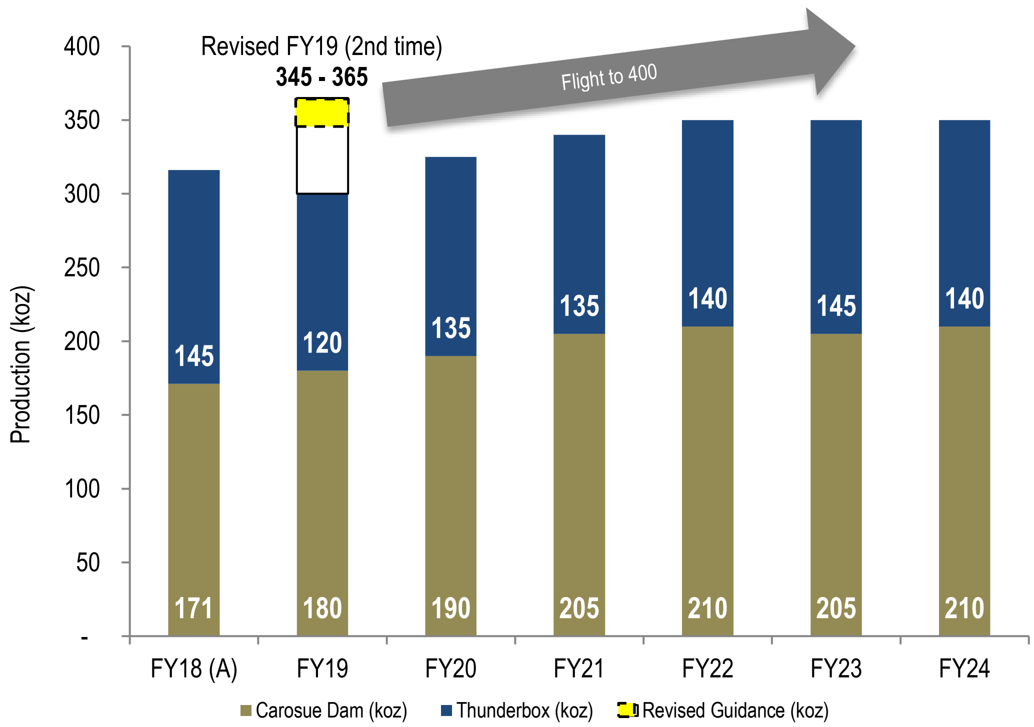
	LTI	LTIFR	TRIFR
Carosue Dam	0	0.7	13.4
Thunderbox	0	0.8	8.6
Group	0	0.8	11.5

Outlook

The **FY20 group production guidance** is **350 - 370,000oz** at an **AISC of A$1,025 - 1,075/oz.**

Saracen is committed to grow production towards the long-stated upside case of 400,000oz per annum (refer to ASX release dated 20th February 2018 “Corporate Presentation - February 2018”).

Figure 2 - Flight to 400 (ASX release February 2018)



The **7 year group production outlook** will be **revised in the current September quarter 2019**.

Saracen has a robust balance sheet with **available funding in excess of A$300m** (cash and bullion A$129m, liquid investments of A$25m, undrawn debt facility A$150m) plus operating cash flows and ore stockpiles.

Operations

Carosue Dam

Carosue Dam produced 45.8koz for the quarter at an AISC of A$1,183/oz (March quarter 49.0koz @ A$1,097/oz).

Mine operating cash flow for the June quarter was A$37.7 million. Net mine cash flow was A$11.8 million after growth capital of A$25.9 million.

The Karari - Dervish underground mine produced 44.5koz @ 2.8g/t (March quarter 42.3koz @ 2.9g/t). Stoping at Dervish continues to ramp up, with steady state production expected during the September quarter. The high grade Deep South underground mine was placed on care and maintenance after producing 4.7koz @ 3.8g/t in the previous March quarter.

The mill processed 604kt at an average grade of 2.5g/t with a metallurgical recovery of 92.9% (March quarter 570kt @ 2.9g/t). Ore throughput was down slightly due to an electrical motor failure on the main ball mill. The secondary back-up critical spare motor was successfully installed. Grade was impacted by the underperformance of third party ore sources during the quarter, which are due to be exhausted by the December quarter, translating into ~2koz less production than planned. The mill expansion Feasibility Study remains on track for a September quarter update in line with the revised 7-year outlook.

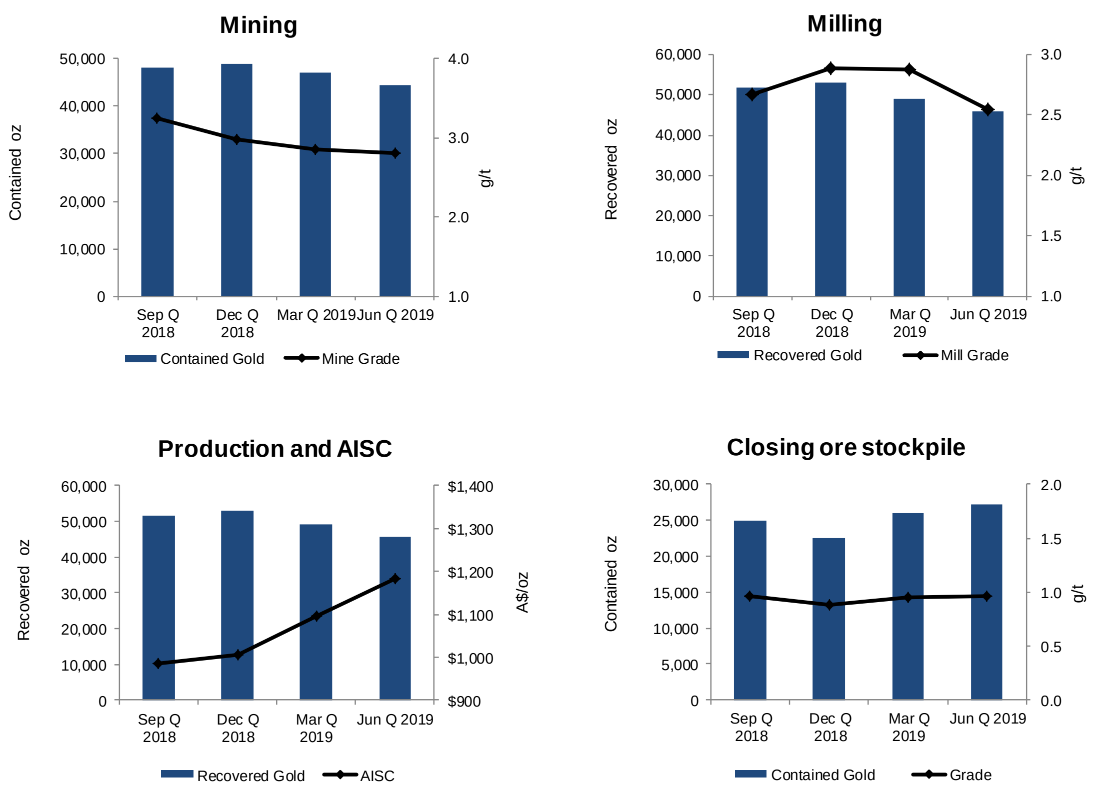
Three major growth projects were commissioned during the quarter:

- Aerodrome - Charter flights commenced directly to site in May, with a positive impact on safety, productivity and employee turn-over
- Paste Plant - The plant was commissioned as planned during the quarter, paste fill is now consistently being delivered underground in-line with nameplate capacity and specifications
- Processing plant thickener - Positive impact on improved water recovery and reduced reagent consumption, especially lime.

Underground diamond drilling was completed at Deep South late in the quarter. Saracen continues to evaluate the potential recommencement of mining.

Contracted third party ore deliveries are anticipated to contribute 4-7koz to recovered gold from Carosue Dam in the September quarter 2019, and 4-6koz in the December quarter 2019. Currently there are no contracted obligations in 2020 and beyond.

Figure 3 - Carosue Dam - Key trends



Thunderbox

Thunderbox produced a **record 42.3koz** at an **AISC of A$897/oz** (March quarter 40.2koz @ A$972/oz).

Mine operating cash flow for the quarter was A$43.5 million. Net mine cash flow was A$23.2 million after growth capital of A$20.3 million. Key growth capital items included Thunderbox underground development (A$8.2 million) and Kailis Stage 2 mine development (A$7.5 million).

Thunderbox C Zone pit continued to progress on schedule, with the strip ratio dropping to less than 1:1 for the quarter and mined grades increasing as planned. The Thunderbox closing ore stockpile (inventory awaiting processing) more than doubled over the quarter to 68.2koz.

Mining at Kailis Stage 2 progressed with the top of the ore zones being exposed. The Stage 2 pit is now 90% grade control drilled.

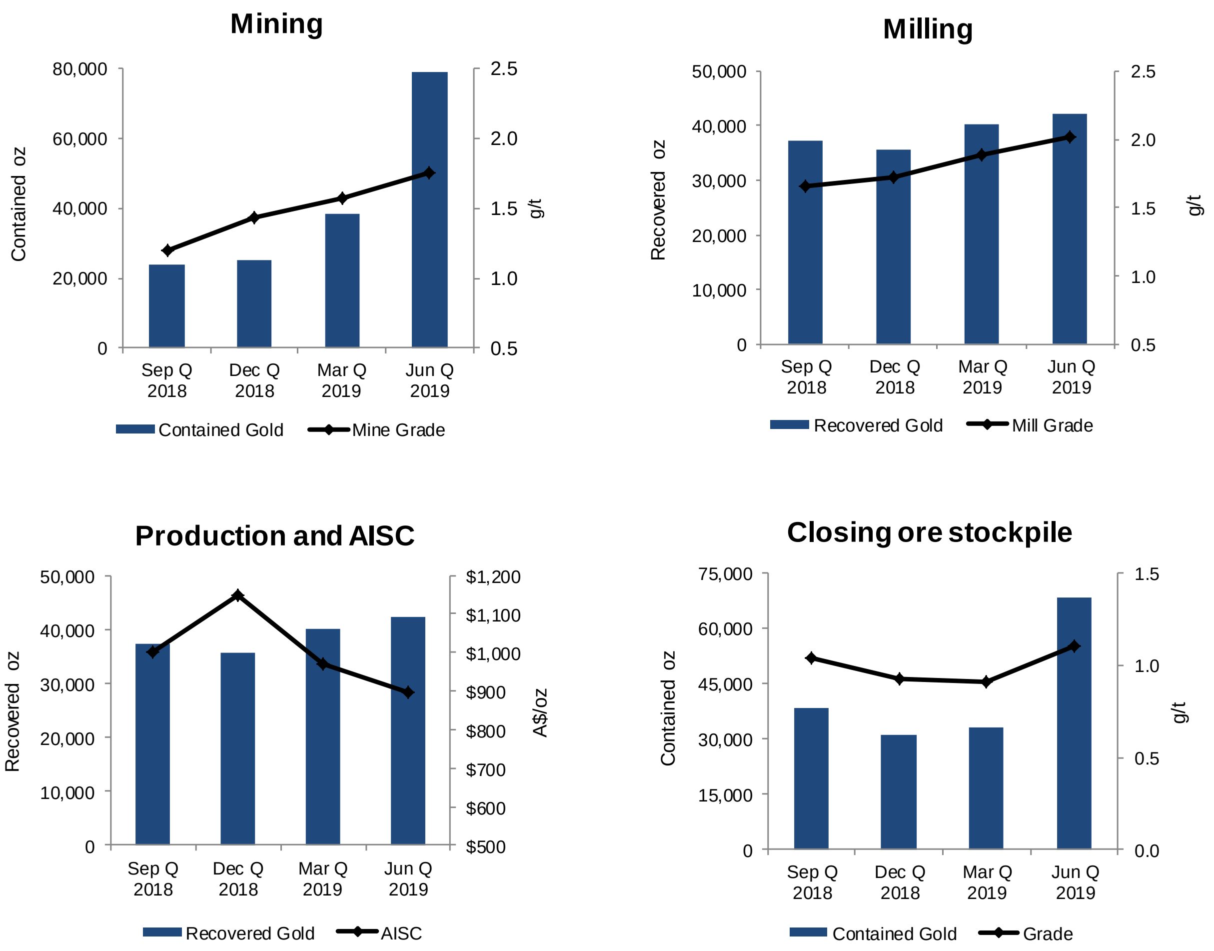
Total material movement from the open pits was 1.9 million BCM, down 18% from the previous quarter with the progression of the C Zone into the low strip ratio portion of the mine. Total open pit ore mined was 1,348kt with a mine grade of 1.7g/t for a total of 74,876 contained ounces, up 214% from the previous quarter. This also included initial open pit ore from D Zone.

Development of the Thunderbox Underground continued during the quarter with a total of 1,067 meters of lateral development completed. Total ore mined was 51kt with a mine grade of 2.6g/t (up from 47kt @ 2.3g/t in the March quarter). Diamond drilling was completed during the quarter with the drill rigs mobilised to Carosue Dam.

The mill processed 695kt of ore at an average grade of 2.0g/t with a metallurgical recovery of 93.5%.

Completion of the southern cell of the Tailings Storage Facility (TSF) and commencement of deposition finalises the expansion project which now provides approximately 8 years of capacity for the Thunderbox processing plant.

Figure 4 - Thunderbox - Key trends



Discovery and growth

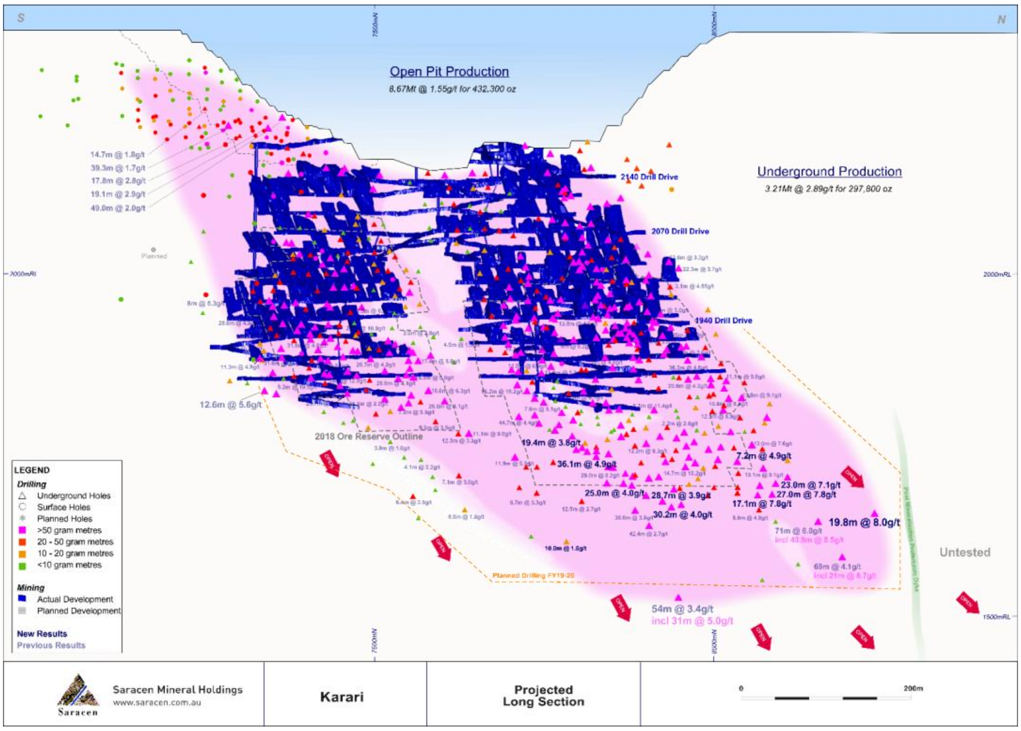
A record A$18.2 million was invested on exploration activities in the June quarter (A$15.9 million in the March quarter).

Quarterly highlights are summarised below (all results previously released - refer to the ASX announcement "Outstanding drill results further underpin 400koz pa strategy" dated 30th April 2019).

Carosue Dam

At Karari, thick high-grade extensional drill results included 27m @ 8.1g/t, 23m @ 7.1g/t, 20m @ 8.0g/t, and 17m @ 7.8g/t.

Figure 5 - Karari Long Section with recent drill results



At Dervish, thick high-grade extensional drill results included 37m @ 3.5g/t, 31m @ 3.4g/t and 24m @ 5.1g/t, and 19m @ 4.4g/t (300m north of Ore Reserve).

At the Atbara discovery, just 4km from the Carosue Dam mill, drill results included (aggregated):

- 104m @ 1.4g/t (including 64m @ 1.6g/t, 16m @ 1.8g/t and 24m @ 0.5g/t)
- 130m @ 1.1g/t (including 60m @ 1.0g/t, 22m @ 1.3g/t and 48m @ 1.0g/t)
- 82m @ 1.3g/t (including 47m @ 1.1g/t, 12m @ 1.5g/t, 10m @ 1.1g/t and 13m @ 1.9g/t)
- 91m @ 1.1g/t (including 62m @ 1.3g/t and 29m @ 0.7g/t)

The emerging Atbara system has a strike length of 650m and remains open in all directions.

At the Carosue Dam Seismic Project, 3D fieldwork was successfully concluded with results anticipated in the December quarter.

Thunderbox

At Thunderbox A Zone, extensional drill results included 44m @ 2.0g/t and 25m @ 2.9g/t; infill results included 59m @ 2.3g/t and 86m @ 2.1g/t.

At Thunderbox D Zone open pit, infill drill results included 43m @ 3.7g/t, 73m @ 1.9g/t and 43m @ 1.6g/t.

Business development

During the quarter Box Well (and other tenements) were acquired for A$14.1m cash (Carosue Dam "bolt-on").

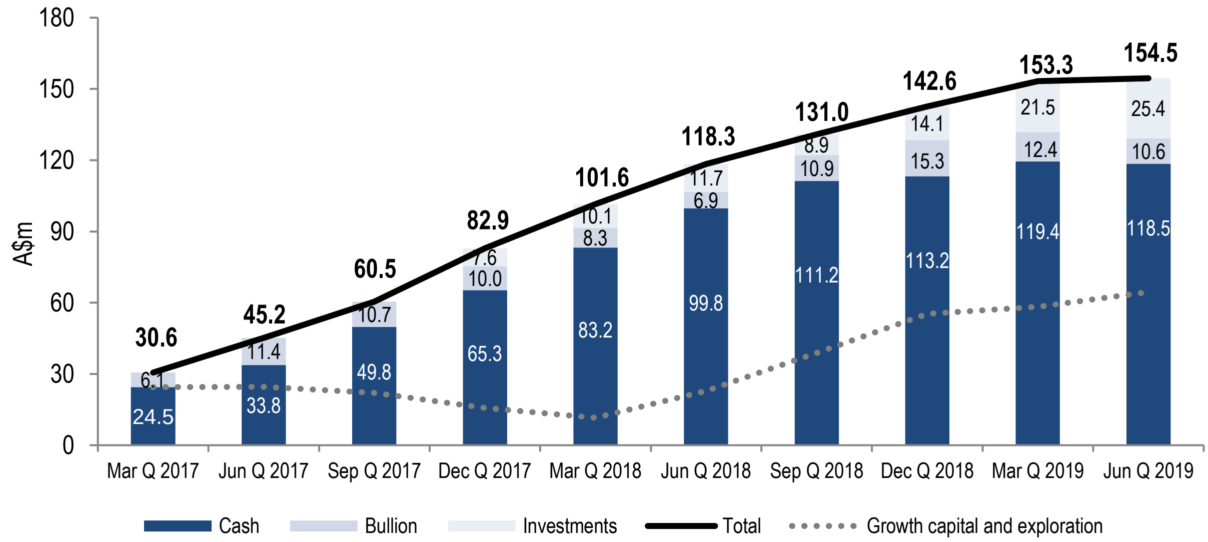
An off-market takeover offer to acquire Bligh Resources (ASX: BGH) was also announced. The 100% scrip consideration values Bligh at ~A$38m at the time of announcement (Thunderbox "bolt-on").

Corporate and Finance

Cash position

As at 30 June 2019, total cash, bullion and investments was A$154.5 million. The effective quarterly cash build was **A$20.1 million** after the acquisition of Box Well and tax payments. There was no corporate debt drawn.

Figure 6 - Cash, bullion and investments, and growth capital and exploration spend



As previously guided, Saracen will utilise all of its tax losses during FY19 and has commenced paying income tax. A$4.7 million paid during the quarter related to monthly tax instalments in relation to the FY19 tax year. A final FY19 tax year payment of A$21.6 million is estimated to be paid in FY20 (in addition to regular instalments in relation to the FY20 tax year).

Gold sales

Gold sales for the quarter were 90,230oz at an average sale price of A$1,754/oz, for total revenue of A$158.3 million (note that gold sales excludes movements of gold in transit).

During the quarter A$34.9 million (unaudited) of the A$158.3 million of gold sales were made from gold recovered from development activities at Dervish (A$20.6 million), Thunderbox Underground (A$8.4 million), Kailis Stage 2 (A$2.6 million) and Thunderbox D Zone (A$3.3 million). This amount will be offset against the capital development cost of these projects and **will not be accounted for as sales revenue**. Dervish and Kailis Stage 2 will transition from development into production status from the September quarter.

Hedging

During the quarter 142,000oz of hedging was added at A$1,908/oz. 81,500oz of hedging was delivered at A$1,747/oz (including 9,000oz of A$1,615/oz contracts pre-delivered ahead of schedule).

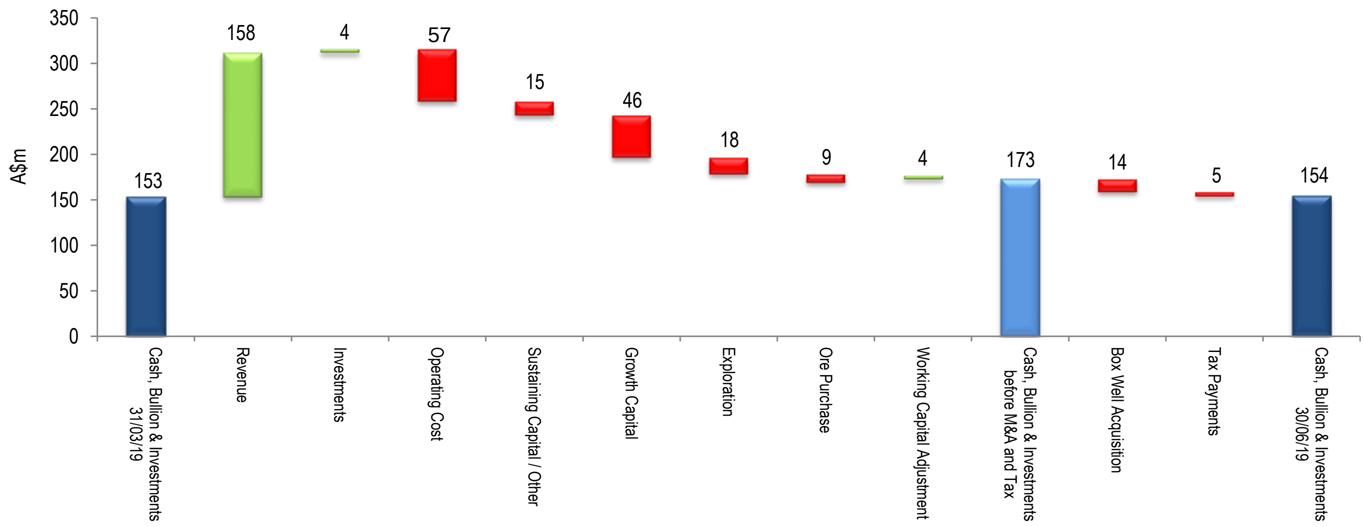
At 30 June 2019, the hedge book comprised 419,000oz at an average delivery price of A$1,840/oz.

Table 4 - Hedging at 30 June 2019

Quarter	Quantity	Price
	oz	A$/oz
Sep-19	56,000	$1,837
Dec-19	49,000	$1,782
Mar-20	47,000	$1,800
Jun-20	48,500	$1,809
Sep-20	45,000	$1,827
Dec-20	35,500	$1,849
Mar-21	34,500	$1,854
Jun-21	31,500	$1,867
Sep-21	24,000	$1,870
Dec-21	24,000	$1,911
Mar-22	15,500	$1,951
Jun-22	8,500	$1,997
Total	419,000	$1,840

Cash flows

Figure 7 – June 2019 quarter cash movements



- **Operating Costs**: Cash outflows for mining, ore cartage, processing, and site administration.
- **Sustaining Capital / Other**: Cash outflows for royalties, sustaining capital works, open pit and underground development, active mine exploration and corporate expenses.
- **Growth Capital:** Cash outflows for mine development (Dervish A$18.1m, Thunderbox underground A$8.2m, Kailis Stage 2 A$7.5m, Karari A$1.6m), Carosue Dam paste fill plant A$1.5m and miscellaneous items A$9.3m.
- **Exploration**: Cash outflows for CDO (A$16.2m) and TBO (A$2.0m) exploration activities.
- **Ore Purchase**: Purchase of third party ore.

Net Profit after Tax (NPAT)

Saracen reported a NPAT of A$43 million in the 31 December 2018 half-year accounts. During the current half Saracen generated an unaudited NPAT between A$47 million and A$50 million.

Corporate Structure:

Ordinary shares on issue:	831.4m
Unvested employee performance rights:	17.3m
Market Capitalisation:	A$3.4b (share price A$4.15)
Cash, bullion and investments (30 June):	A$154.5m
Debt:	Nil
Substantial Shareholders:	Van Eck Global 12.1% BlackRock Group 9.2%

For further information please contact:

Investors:
Troy Irvin
Corporate Development Officer
Email: info@saracen.com.au
Contact (08) 6229 9100

Media Enquiries:
Read Corporate
Paul Armstrong / Nicholas Read
Email: info@readcorporate.com
Contact: (08) 9388 1474

Competent Person Statements

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to Gold 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.