

Saracen Mineral Holdings

SAR-ASX

Rating
Market PerformPrice: Nov-19
A\$3.32Target ↑
A\$4.50Total Rtn
36%

Saracen Snags the Super Pit

Bottom Line: Positive. SAR announced it has entered into an agreement to acquire Barrick Gold's (GOLD-NYSE; US\$17.05; Outperform rated by Andrew Kaip) 50% interest in the Kalgoorlie Consolidated Gold Mines (KCGM). SAR will pay ~A\$1,100M cash consideration (US\$750M), which will be funded by A\$400M of debt and a A\$796M equity raise. The transaction is immediately accretive on a NAV and cash flow basis, and will see the company's production profile grow to ~600-700 kozpa from ~350-400 kozpa. We increase our target price to A\$4.50 with the addition of the KCGM JV.

Key Points

Saracen will exchange ~A\$1,100M (US\$750M) of cash consideration to purchase Barrick's 50% stake in KCGM. Part of the consideration will be funded by a A\$796M equity raise, which will result in ~270M of new shares being issued at A\$2.95/sh. The remainder will be funded by A\$400M of debt drawn on a A\$450M senior secured credit facility with a maturity date of December 31, 2022. The transaction is expected to close in the coming weeks subject to regulatory approval. Newmont Goldcorp (NEM-NYSE; US \$38.35; Outperform rated by Andrew Kaip), holder of the remaining 50% stake of the KCGM JV, will retain operator status.

Opportunities beyond remediation. Near-term operations at KCGM have been impacted by the East Wall failure in 2018, necessitating the mining of lower-grade ore supplemented by stockpile feed. However, the development of a remediation plan is currently under way and awaiting approval. Remediation is expected to take ~3.5 years, and will allow for improved access to higher-grade areas of the pit. Newmont Goldcorp intends to provide a longer-term update on the KCGM JV operations in December.

We estimate a A\$725M NPV (5%, BMO metal prices) for the KCGM JV assuming a 13-year mine life. KCGM will grow Saracen's mineral reserve base to 7 Moz Au (previously 3.3 Moz), and add ~250-300 kozpa of attributable production. While we view the transaction positively, our model remains conservative pending further operational updates

We increase our target price to A\$4.50 and maintain our Market Perform rating. Maintaining our valuation multiples of 2.0x P/NPV and 11.0x P/2020E CFPS, the inclusion of the KCGM JV results in a A\$0.50 increase to our target price. Based on our model, the transaction is immediately accretive on an NAVPS basis (+37%), 2020E CFPS basis (+1%), and 2021E CFPS basis (+21%).

Key Changes

Target	Estimates	1H / 20E	2020E	2021E
A\$4.50↑	Revenue		1,114	1,443
A\$4.00	Previous		806	836
	EPS	0.10	0.31	0.37
	Previous	0.12	0.27	0.29
	CFPS	0.16	0.43	0.50
	Previous	0.19	0.39	0.41

This report was prepared by an analyst(s) employed by BMO Nesbitt Burns Inc., and who is (are) not registered as a research analyst(s) under FINRA rules. For disclosure statements, including the Analyst Certification, please refer to page(s) 7 to 11.

Metals & Mining

Brian Quast, P.Eng., JD.

brian.quast@bmo.com

Analyst

(416) 359-6824

Mohd Choudhry, CPA, CMA

Mohd.Choudhry@bmo.com

Associate

(416) 359-5734

Legal Entity: BMO Nesbitt Burns Inc.



Company Data			in AUD
Dividend	AUD0.00	Shares O/S (mm)	833.1
Yield	0.0%	Market Cap (mm)	A\$2,766
NAV	\$2.29	P/NAV	1.5x

BMO Estimates				in AUD
(FY- Jun .)	2018A	2019A	2020E	
Revenue	512	558	1,114	↑
EPS	0.09	0.12	0.31	↑
CFPS	0.24	0.28	0.43	↑
Gold Prod (koz)	316	355	507	↑
AISC (\$/oz)	\$1,196	\$1,143	\$1,226	↑

Consensus Estimates			
	2018A	2019A	2020E
EPS			0.24

Valuation			
	2018A	2019A	2020E
P/E	34.0x	27.6x	10.8x
P/CFPS	12.3x	12.2x	7.8x
EV/EBITDA	10.9x	12.2x	6.4x

Semi-Annual EPS		
	H1	H2
2018A	0.05	0.04
2019A	0.06	0.07
2020E	0.10	0.19

Our Thesis

Saracen Mineral Holdings owns three Western Australia based assets, with the most recent addition of the KCGM JV solidifying the company's position as a long-life, mid-tier gold producer. As SAR grows its production base and exploration adds to the reserve/resource base, we expect investors to reward the company with a premium valuation.

Saracen Mineral Holdings - Block Summary Model

Income Statement		2018A	2019A	2020E
Revenue		512	558	1,114
Operating Costs		299	316	451
G&A		10	13	39
Depreciation		94	88	119
EBITDA		207	220	580
Tax		38	39	148
Adjusted Net Earnings		69	101	311
EPS		0.09	0.12	0.31
Cash Flow Statement		2018A	2019A	2020E
CFO		191	228	428
CFI		(126)	(209)	(1,340)
CFF		0	(0)	1,117
Free Cash Flow		61	15	196
FCF/Share		0.08	0.02	0.20
Balance Sheet		2018A	2019A	2020E
Cash & Equivalents		100	119	323
Long-Term Debt		0	0	100
Total Assets		523	681	2,107
Total Liabilities		142	187	540
Total Shareholders' Equity		381	493	1,567
Attrib. Production & Cash Costs		2018A	2019A	2020E
Gold Production - Carosue Dam (koz)		171	200	206
Gold Production - Thunderbox (koz)		145	155	165
Gold Production - Kalgoorlie (koz)		0	0	136
Total Gold Prodn (koz)		316	355	507
Total Gold Eq. Production (koz)		316	355	507
Total Cash Costs (\$/oz)		687	552	635
AISC (\$/oz)		\$1,196	\$1,143	\$1,226
Price Assumptions		2018A	2019A	2020E
Gold Price (US\$/oz)		1,297	1,263	1,525
Silver Price (US\$/oz)		16.72	15.00	18.86
Copper Price (US\$/lb)		3.06	2.79	2.96
USD:AUD		0.775	0.715	0.686

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

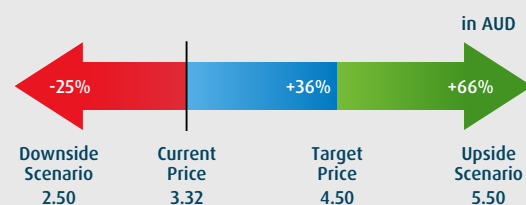
Our A\$4.50 target price is based on a 50% weighting assigned to a 2.0x P/NPV multiple (BMO metal prices, 5% discount rate) and a 50% weighting given to a 11.0x 2020E CFPS multiple. SAR trades at 1.5x P/NPV and 7.8x P/2020E CFPS versus the group, which trades at 1.8x P/NPV and 7.5x P/2020E CFPS.

Upside Scenario **AUD5.50**

The company has had great success in delineating reserves and resources at both Carosue Dam and Thunderbox at relatively shallow depths. The discovery of new mineralized zones, especially if they are higher grade, could move valuations significantly higher.

Downside Scenario **AUD2.50**

Saracen is transitioning from being an open-pit-centric producer to an underground-centric producer. Any significant stumbles on this path could have a dramatic effect on the production profile and financial health of the company.



Key Catalysts

A successful completion of the Thunderbox Open-Pit would aid in increasing the long-term production profile for the company. Further updates on the remediation plan for the east pit wall at the Fimiston open pit could provide clarity on the long-term prospects of the KCGM JV.

Company Description

Saracen Mineral Holdings is an ASX-listed company that operates the Carosue Dam and Thunderbox mines in Western Australia.



SAR-ASX Research



Glossary



Company Models

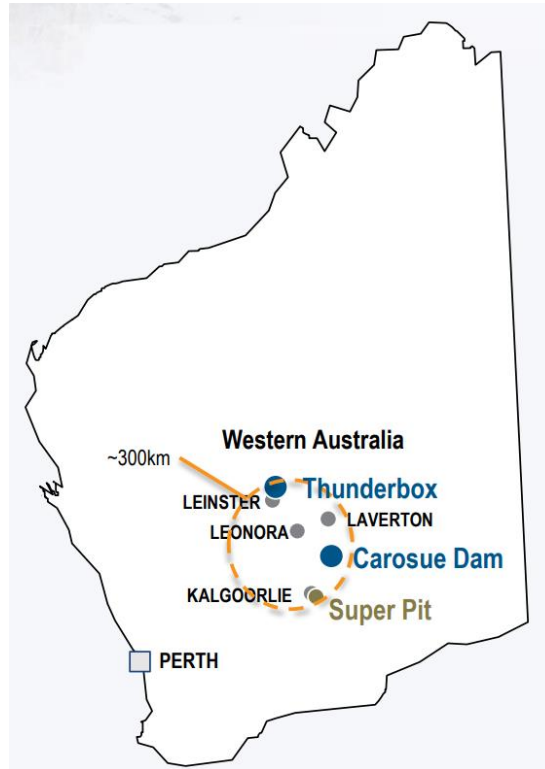
Kalgoorlie Consolidated Gold Mines JV

Property Overview

The Kalgoorlie Consolidated Gold Mines (KCGM) consists of the Fimiston Open Pit, a.k.a. the Super Pit, and the Mt. Charlotte Underground mine. KCGM is located 600km east of Perth, Western Australia, next to the town of Kalgoorlie-Boulder, and is 108km south-west from Saracen’s Carosue Dam mine.

Saracen Mineral Holdings has deep experience operating in Western Australia, with several managers having KCGM-specific work experience

Exhibit 1: Kalgoorlie With SAR Operations Plotted



Source: Company Presentation

KCGM currently has 7.3 Moz Au of P&P reserves and has produced over 50 Moz Au over the past 30 years. Saracen Mineral Holding’s Reserves and Resources before and after the acquisition of KCGM is shown in Exhibit 2 below.

The addition of the KCGM JV doubles Saracen Mineral Holding’s Reserve base

Exhibit 2: KCGM Reserves and Resources (50% Attributable Basis)

Millions of ounces	Thunderbox	Carosue Dam	Saracen (Pre-KCGM)	KCGM (50% Attrib)	Saracen (Post-KCGM)
P&P Reserves	1.5	1.8	3.3	3.7	7.0
M&I Resources	1.8	2.1	3.8	1.6	5.4
Inferred	0.6	1.5	2.1	0.7	2.8

³Resources are reported exclusive of reserves. Thunderbox and Carosue Dam figures are JORC compliant and are dated June 30, 2019. KCGM figures are not JORC compliant and are dated December 31, 2018.

Source: Company Disclosure

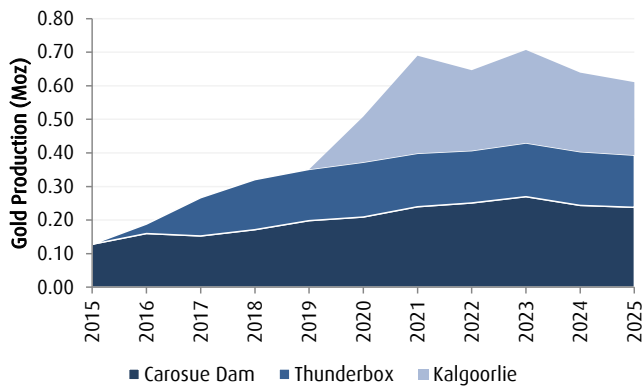
Operations Overview

Saracen’s consolidated FY20 production guidance increased by 68% to 605 koz Au at AISC of A\$1,220/oz

In FY18, the Kalgoorlie operations produced 730 koz Au. FY19 production guidance decreased to 490 koz Au following the failure of the east pit wall in mid-2018. The failure resulted in the Y-ramp being inaccessible, and prevented mining of high-grade material in the northern area of Golden Pike. Mining of lower-grade material has continued and has been supplemented by stockpiled ore. Remediation, currently expected to take 3.5 years, is expected to enable the mining of the higher-grade material at Golden Pike North with potential from future laybacks.

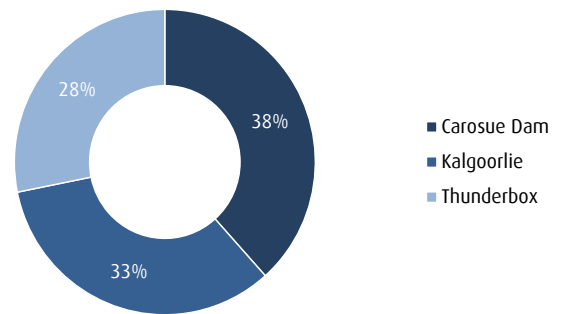
The addition of KCGM results in Saracen increasing its FY20 guidance to 605 koz Au at AISC of A\$1,220/oz, up 68% from its previous 360 koz at A\$1,050/oz. The asset’s addition is transformational to the company, with the impacts to the company’s production profile and NAV distribution seen in Exhibits 3 and 4 below.

Exhibit 3: Saracen Mineral Holdings Production Profile



Source: BMO Capital Markets

Exhibit 4: Saracen Mineral Holdings NAV Distribution



BMO Research @ NPV_{5%}

Source: BMO Capital Markets

We estimate a A\$725M NPV for the KCGM JV

We currently estimate A\$725M NPV for the KCGM JV, with our model reflecting a 13.5-year life of mine. In the near term, we expect to refine our model with the announcement of the remediation plan for the east pit wall in December.

While our model only includes reserve ounces, we recognize that the asset carries the potential for exploration upside in the long term. Saracen Mineral Holdings has demonstrated its ability to create value through the drill bit, with the company’s aggressive exploration program resulting in its reserve base growing to 3.3 Moz in FY19E from 1.5 Moz in FY16. As such, we look forward to seeing how Saracen’s exploration prowess is leveraged at the KCGM operations.

Exhibit 5: SAR Block Model at BMO Metal Price Assumptions

SARACEN MINERAL HOLDINGS		SAR
Recommendation	Mkt	Analyst BQ
As at	18-Nov-19	BMO Capital Markets
Year End	December	
Share Price	\$3.39 A\$/share	\$2.31 US\$/share
Target Price	\$4.50 A\$/share	\$3.07 US\$/share
Net Present Value	5% \$2.29 A\$/share	\$1.56 US\$/share
	0% \$2.68 A\$/share	\$1.83 US\$/share
Market Cap	2,781.2 A\$M	1,895.1 US\$M
Ordinary Shares	820.4 M	
Options & Warrants	270.0 M	

PRICE ASSUMPTIONS - BMO PRICES		2016A	2017A	2018A	2019A	2020E
(December Year End)						
Exchange Rate	AUD:USD	0.73	0.75	0.78	0.72	0.69
Gold	US\$/oz	1,168	1,258	1,297	1,263	1,525
Silver	US\$/oz	15.33	17.86	16.72	15.00	18.86
Copper	US\$/lb	2.22	2.44	3.06	2.79	2.96
Zinc	US\$/lb	0.80	1.15	1.44	1.20	1.12
Oil	US\$/bbl	46.20	49.45	58.25	60.77	53.38

FINANCIAL SUMMARY		2016A	2017A	2018A	2019A	2020E
(December Year End)						
NPAT (pre-Abs)	(AUD\$M)	29.5	33.9	69.3	100.7	311.0
ADJUSTED EPS	(AUD\$/share)	0.04	0.04	0.09	0.12	0.31
PER	(x)	na	na	39.8x	27.6x	10.8x
EBITDA	(AUD\$M)	73.1	108.1	207.0	219.9	580.1
EBITDA/share	(AUD\$/share)	0.09	0.13	0.25	0.27	0.59
EV/EBITDA	(x)	36.7x	25.1x	12.9x	12.2x	6.4x
Cash Flow	(AUD\$M)	109.8	125.6	191.4	228.1	427.6
Cash Flow/share	(AUD\$/share)	0.14	0.16	0.24	0.28	0.43
P/Cash Flow	(x)	24.5x	21.8x	14.4x	12.2x	7.8x
Dividend	(AUD\$/share)	0.00	0.00	0.00	0.00	0.03
Ordinary Shares	(M)	794.3	806.8	812.3	820.1	988.6

PROFIT AND LOSS STATEMENT - AUD\$M		2016A	2017A	2018A	2019A	2020E
(December Year End)						
Sales Revenue		276.5	423.1	511.0	555.6	1,114.2
Other Revenue		0.7	0.5	1.2	2.2	0.0
Operating Costs		(191.3)	(296.8)	(299.0)	(316.0)	(450.6)
Depreciation		(33.9)	(74.7)	(94.3)	(87.9)	(118.5)
Interest		(0.9)	(0.8)	(0.4)	(0.6)	(6.6)
Exploration		(1.0)	(2.5)	(1.4)	(0.4)	0.0
Corporate		(8.2)	(10.3)	(10.0)	(13.3)	(39.0)
Other Costs		0.0	0.0	0.0	0.0	(40.5)
Operating Profit Before Tax		42.0	38.5	107.0	139.6	459.0
Income Tax		(12.4)	(4.6)	(37.7)	(38.9)	(148.0)
Operating Profit After Tax		29.5	33.9	69.3	100.7	311.0
Minorities		0.0	0.0	0.0	0.0	0.0
Net Profit After Tax		29.5	33.9	69.3	100.7	311.0
Abnormals		(3.6)	(5.6)	6.3	(8.3)	(4.0)
Tax on Abnormals		0.0	0.0	0.0	0.0	0.0
Reported Profit		25.9	28.4	75.6	92.5	307.0

SARACEN MINERAL HOLDINGS		2016A	2017A	2018A	2019A	2020E
Cash Operating Costs	AUD\$/oz	768	958	830	721	827
Total Cash Costs	AUD\$/oz	832	1,009	886	771	887
All-In-Sustaining-Costs	AUD\$/oz	1,138	1,513	1,196	1,143	1,226
All-In-Costs	AUD\$/oz	1,634	1,696	1,367	1,601	1,446
Gold Price Received	AUD\$/oz	1,621	1,664	1,605	1,729	2,180
EBIT to Total Assets		1.9%	-7.2%	1.8%	6.0%	13.7%
NPAT to Shareholders Equity		9.9%	9.7%	19.8%	18.8%	19.6%

CASH FLOW ANALYSIS - AUD\$M		2016A	2017A	2018A	2019A	2020E
(December Year End)						
Cash Flows From Operating Activities						
Net Income		0.0	0.0	0.0	231.1	307.0
Non-Cash Items		0.0	0.0	0.0	(3.0)	120.6
Re-invested in Working Capital		0.0	0.0	0.0	0.0	0.0
Cash Flows From Investing Activities						
Property and Business Activities		0.0	0.0	5.0	5.5	0.0
Acq. of Property, Plant and Equip.		(111.9)	(117.9)	(130.2)	(213.0)	(231.4)
Other		0.0	0.0	(0.3)	(1.4)	(1,108.9)
Cash Flows From Financing Activities						
Proceeds From Borrowings		0.0	0.0	1.6	0.0	400.0
Repayment of Borrowings		(2.0)	(8.4)	(1.4)	(0.2)	(50.0)
Other		0.0	0.0	0.0	0.0	767.4
Net Increase In Cash Held		(4.1)	(0.6)	66.0	18.9	204.6
Cash At Beginning of Year		38.4	34.3	0.0	0.0	0.0
Cash At End of Year		34.3	33.7	66.0	118.7	323.4

BALANCE SHEET ANALYSIS - AUD\$M		2016A	2017A	2018A	2019A	2020E
(December Year End)						
Current Assets						
Cash and Cash Equivalents		34.3	33.7	99.8	118.7	323.4
Other		36.2	62.6	63.4	63.5	63.5
Non-Current Assets						
Investments		0.0	0.0	0.0	0.0	0.0
Fixed Assets		291.6	308.1	348.4	472.9	1,694.6
Other		70.5	96.4	174.9	207.7	412.4
Current Liabilities						
Borrowings		1.4	0.0	0.2	0.0	200.0
Creditors		27.3	39.3	44.2	57.0	57.0
Other		5.1	22.7	8.3	17.9	17.9
Non-Current Liabilities						
Borrowings		2.4	0.0	0.0	0.0	100.0
Other		99.0	110.4	142.1	187.5	439.5
Shareholders Funds		260.7	294.0	381.2	493.1	1,567.5
Net Debt to Equity		-11.7%	-11.5%	-26.1%	-24.1%	-1.5%

PROJECT	NPV		GOLD PRODUCTION (koz)				
	0%	5%	2016A	2017A	2018A	2019A	2020E
	AUD\$M	AUD\$M					
CAROSUE DAM	1,010.9	831.0	157.2	156.0	171.3	199.7	206.2
THUNDERBOX	747.1	610.0	31.5	116.8	145.2	155.3	165.2
KALGOORLIE	917.1	724.9	0.0	0.0	0.0	0.0	135.9
			0.0	0.0	0.0	0.0	0.0
Total Production			188.7	272.8	316.5	355.1	507.3
Total Sales			188.0	266.6	320.4	350.9	508.3
Gold Equiv Sales			188.0	266.6	320.4	350.9	508.3
Exploration Credit	31.0	31.0					
Hedge Book	(119.2)	(115.7)					
Corporate	(311.5)	(236.2)					
Net Cash	(146.3)	(146.3)					
Investments/Bullion	0.0	0.0					
Options & Warrants	796.5	796.5					
Total NPV	2,925.6	2,495.2					
Per Share	\$2.68	\$2.29	IRR = 0.0%			P/NPV 1.5x	

Co-Product Cash Cost (US\$/oz)		2016A	2017A	2018A	2019A	2020E
CAROSUE DAM (AUSTRALIA)		615	848	731	543	633
THUNDERBOX (AUSTRALIA)		552	645	635	563	475
KALGOORLIE (AUSTRALIA)		746	685	673	839	829
QUARTERLY SUMMARY						
ADJUSTED EPS	(AUD\$/sh)		H1/20E	H2/20E	H1/21E	H2/21E
CFPS	(AUD\$/sh)		0.10	0.19	0.19	0.18
FCFPS	(AUD\$/sh)		0.16	0.25	0.25	0.25
			0.05	0.14	0.17	0.16

Source: BMO Capital Markets

Exhibit 6: SAR Block Model at Spot Metal Prices

SARACEN MINERAL HOLDINGS			SAR
Recommendation	Mkt	Analyst	BQ
As at	18-Nov-19	BMO Capital Markets	
Year End	December		
Share Price	\$3.39 A\$/share	\$2.31	US\$/share
Target Price	\$4.50 A\$/share	\$3.07	US\$/share
Net Present Value	5% \$3.39 A\$/share	\$2.31	US\$/share
	0% \$4.31 A\$/share	\$2.94	US\$/share
Market Cap	2,781.2 A\$M	1,895.1	US\$M
Ordinary Shares	820.4 M		
Options & Warrants	270.0 M		

PRICE ASSUMPTIONS - SPOT PRICES						
(December Year End)						
		2016A	2017A	2018A	2019A	2020E
Exchange Rate	AUD:USD	0.73	0.75	0.78	0.72	0.68
Gold	US\$/oz	1,168	1,258	1,297	1,263	1,473
Silver	US\$/oz	15.33	17.86	16.72	15.00	17.05
Copper	US\$/lb	2.22	2.44	3.06	2.79	2.64
Zinc	US\$/lb	0.80	1.15	1.44	1.20	1.10
Oil	US\$/bbl	46.20	49.45	58.25	60.77	57.75

FINANCIAL SUMMARY						
(December Year End)						
		2016A	2017A	2018A	2019A	2020E
NPAT (pre-Abs)	(AUD\$M)	29.5	33.9	69.3	100.7	290.7
ADJUSTED EPS	(AUD\$/share)	0.04	0.04	0.09	0.12	0.29
PER	(x)	na	na	39.8x	27.6x	11.5x
EBITDA	(AUD\$M)	73.1	108.1	207.0	219.9	550.4
EBITDA/share	(AUD\$/share)	0.09	0.13	0.25	0.27	0.56
EV/EBITDA	(x)	36.7x	25.1x	12.9x	12.2x	6.7x
Cash Flow	(AUD\$M)	109.8	125.6	191.4	228.1	407.5
Cash Flow/share	(AUD\$/share)	0.14	0.16	0.24	0.28	0.41
P/Cash Flow	(x)	24.5x	21.8x	14.4x	12.2x	8.2x
Dividend	(AUD\$/share)	0.00	0.00	0.00	0.00	0.03
Ordinary Shares	(M)	794.3	806.8	812.3	820.1	988.6

PROFIT AND LOSS STATEMENT - AUD\$M						
(December Year End)						
		2016A	2017A	2018A	2019A	2020E
Sales Revenue		276.5	423.1	511.0	555.6	1,074.9
Other Revenue		0.7	0.5	1.2	2.2	0.0
Operating Costs		(191.3)	(296.8)	(299.0)	(316.0)	(450.7)
Depreciation		(33.9)	(74.7)	(94.3)	(87.9)	(118.8)
Interest		(0.9)	(0.8)	(0.4)	(0.6)	(6.6)
Exploration		(1.0)	(2.5)	(1.4)	(0.4)	0.0
Corporate		(8.2)	(10.3)	(10.0)	(13.3)	(37.6)
Other Costs		0.0	0.0	0.0	0.0	(32.2)
Operating Profit Before Tax		42.0	38.5	107.0	139.6	429.0
Income Tax		(12.4)	(4.6)	(37.7)	(38.9)	(138.4)
Operating Profit After Tax		29.5	33.9	69.3	100.7	290.7
Minorities		0.0	0.0	0.0	0.0	0.0
Net Profit After Tax		29.5	33.9	69.3	100.7	290.7
Abnormals		(3.6)	(5.6)	6.3	(8.3)	(4.0)
Tax on Abnormals		0.0	0.0	0.0	0.0	0.0
Reported Profit		25.9	28.4	75.6	92.5	286.7

SARACEN MINERAL HOLDINGS						
		2016A	2017A	2018A	2019A	2020E
Cash Operating Costs	AUD\$/oz	768	958	830	721	829
Total Cash Costs	AUD\$/oz	832	1,009	886	771	887
All-In-Sustaining-Costs	AUD\$/oz	1,138	1,513	1,196	1,143	1,223
All-In-Costs	AUD\$/oz	1,634	1,696	1,367	1,601	1,444
Gold Price Received	AUD\$/oz	1,621	1,664	1,605	1,729	2,115
EBIT to Total Assets		1.9%	-7.2%	1.8%	6.0%	12.7%
NPAT to Shareholders Equity		9.9%	9.7%	19.8%	18.8%	18.5%

CASH FLOW ANALYSIS - AUD\$M					
(December Year End)					
	2016A	2017A	2018A	2019A	2020E
Cash Flows From Operating Activities					
Net Income	0.0	0.0	0.0	231.1	286.7
Non-Cash Items	0.0	0.0	0.0	(3.0)	120.8
Re-invested in Working Capital	0.0	0.0	0.0	0.0	0.0
Cash Flows From Investing Activities					
Property and Business Activities	0.0	0.0	5.0	5.5	0.0
Acq. of Property, Plant and Equip.	(111.9)	(117.9)	(130.2)	(213.0)	(231.6)
Other	0.0	0.0	(0.3)	(1.4)	(1,110.7)
Cash Flows From Financing Activities					
Proceeds From Borrowings	0.0	0.0	1.6	0.0	400.0
Repayment of Borrowings	(2.0)	(8.4)	(1.4)	(0.2)	(50.0)
Other	0.0	0.0	0.0	0.0	767.8
Net Increase in Cash Held	(4.1)	(0.6)	66.0	18.9	183.1
Cash At Beginning of Year	38.4	34.3	0.0	0.0	0.0
Cash At End of Year	34.3	33.7	66.0	118.7	301.8

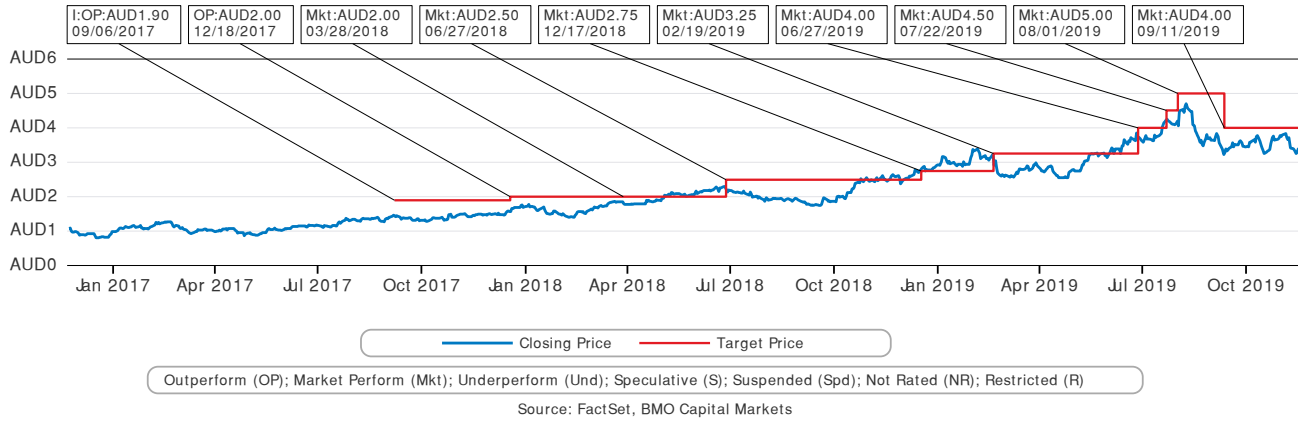
BALANCE SHEET ANALYSIS - AUD\$M					
(December Year End)					
	2016A	2017A	2018A	2019A	2020E
Current Assets					
Cash and Cash Equivalents	34.3	33.7	99.8	118.7	301.8
Other	36.2	62.6	63.4	63.5	63.5
Non-Current Assets					
Investments	0.0	0.0	0.0	0.0	0.0
Fixed Assets	291.6	308.1	348.4	472.9	1,696.3
Other	70.5	96.4	174.9	207.7	390.8
Current Liabilities					
Borrowings	1.4	0.0	0.2	0.0	200.0
Creditors	27.3	39.3	44.2	57.0	57.0
Other	5.1	22.7	8.3	17.9	17.9
Non-Current Liabilities					
Borrowings	2.4	0.0	0.0	0.0	100.0
Other	99.0	110.4	142.1	187.5	439.5
Shareholders Funds	260.7	294.0	381.2	493.1	1,547.6
Net Debt to Equity	-11.7%	-11.5%	-26.1%	-24.1%	-0.1%

PROJECT	0% NPV		5% NPV		GOLD PRODUCTION (koz)				
	AUD\$M	AUD\$M	2016A	2017A	2018A	2019A	2020E		
CAROSUE DAM	1,545.2	1,228.6	157.2	156.0	171.3	199.7	206.2		
THUNDERBOX	1,460.4	1,055.7	31.5	116.8	145.2	155.3	165.2		
KALGOORLIE	1,530.7	1,143.0	0.0	0.0	0.0	0.0	135.9		
			0.0	0.0	0.0	0.0	0.0		
Total Production			188.7	272.8	316.5	355.1	507.3		
Total Sales			188.0	266.6	320.4	350.9	508.3		
Gold Equiv Sales			188.0	266.6	320.4	350.9	508.3		
Exploration Credit	31.0	31.0							
Hedge Book	(132.3)	(126.7)							
Corporate	(384.2)	(285.6)							
Net Cash	(149.5)	(149.5)							
Investments/Bullion	0.0	0.0							
Options & Warrants	796.5	796.5							
Total NPV	4,697.7	3,693.0							
Per Share	\$4.31	\$3.39	IRR = 0.0%				P/NPV 1.0x		

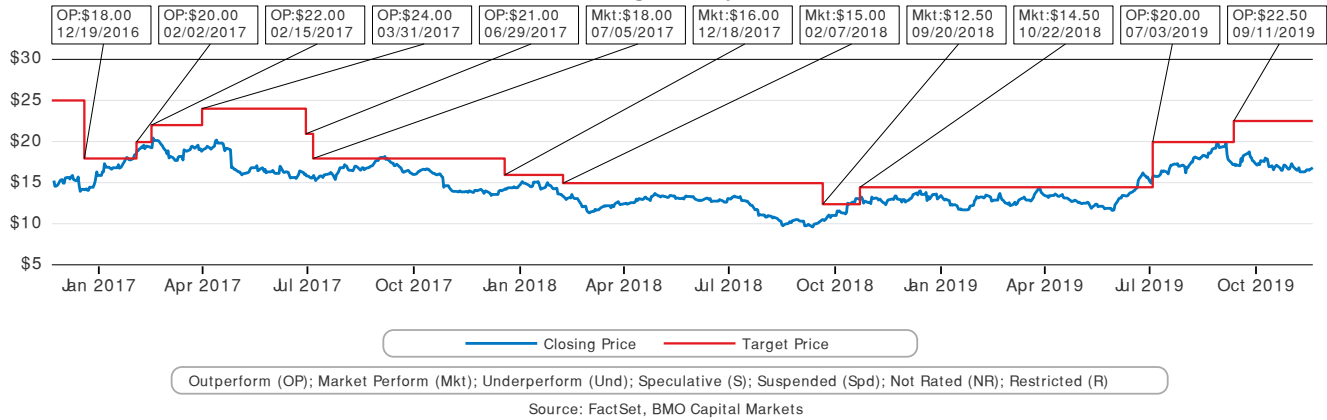
Co-Product Cash Cost (US\$/oz)					
	2016A	2017A	2018A	2019A	2020E
CAROSUE DAM (AUSTRALIA)	615	848	731	543	627
THUNDERBOX (AUSTRALIA)	552	645	635	563	472
KALGOORLIE (AUSTRALIA)	746	685	673	839	827
QUARTERLY SUMMARY		H1/20E	H2/20E	H1/21E	H2/21E
ADJUSTED EPS (AUD\$/sh)		0.10	0.18	0.19	0.20
CFPS (AUD\$/sh)		0.16	0.24	0.26	0.26
FCFPS (AUD\$/sh)		0.05	0.12	0.17	0.17

Source: BMO Capital Markets

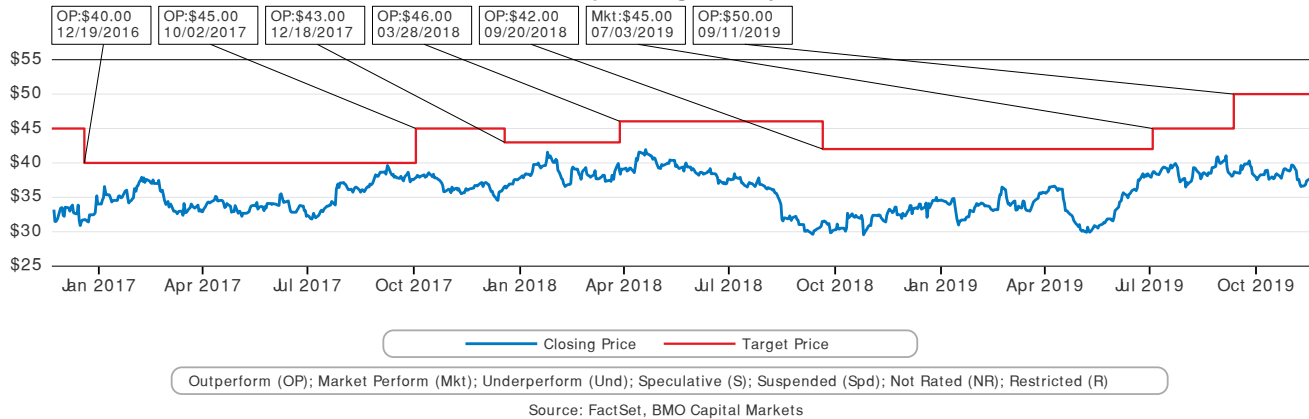
Saracen Mineral Holdings Rating History as of 11/18/2019



Barrick Gold Rating History as of 11/18/2019



Newmont Goldcorp Rating History as of 11/18/2019



IMPORTANT DISCLOSURES

Analyst's Certification

I, Brian Quast, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Limited are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the FINRA Rule 2241 and 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosures

Disclosure 1: BMO Capital Markets has undertaken an underwriting liability with respect to Newmont Goldcorp within the past 12 months.

Disclosure 2: BMO Capital Markets has provided investment banking services with respect to Newmont Goldcorp within the past 12 months.

Disclosure 3: BMO Capital Markets has managed or co-managed a public offering of securities with respect to Newmont Goldcorp within the past 12 months.

Disclosure 4: BMO Capital Markets or an affiliate has received compensation for investment banking services from Newmont Goldcorp within the past 12 months.

Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months from Barrick Gold and Newmont Goldcorp.

Disclosure 6A: Newmont Goldcorp is a client (or was a client) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: A) Investment Banking Services

Disclosure 6C: Barrick Gold and Newmont Goldcorp are clients (or were clients) of BMO Nesbitt Burns Inc., BMO Capital Markets Corp., BMO Capital Markets Limited or an affiliate within the past 12 months: C) Non-Securities Related Services.

Disclosure 9B: BMO Capital Markets makes a market in Barrick Gold and Newmont Goldcorp in United States.

Disclosure 16: A research analyst has extensively viewed the material operations of Saracen Mineral Holdings, Barrick Gold and Newmont Goldcorp.

Disclosure 17: Saracen Mineral Holdings, Barrick Gold and Newmont Goldcorp has paid or reimbursed some or all of the research analyst's travel expenses.

Methodology and Risks to Target Price/Valuation for Barrick Gold (GOLD-NYSE)

Methodology: Target prices for senior and intermediate gold producers covered by BMO Research are based on a weighted blend of P/NPV adjusted for market capitalization and P/CF adjusted for growth.

Risks: In our view, the ongoing negotiations between ABX and the Government of Tanzania regarding the company's Acacia Mining subsidiary represent the key near-term risk to the company.

Methodology and Risks to Target Price/Valuation for Newmont Goldcorp (NEM-NYSE)

Methodology: Target prices for senior and intermediate gold producers covered by BMO Research are based on a weighted blend of P/NPV adjusted for market capitalization and P/CF adjusted for growth.

Risks: Development and commissioning of projects in the company portfolio represent the key near-term risks.

Methodology and Risks to Target Price/Valuation for Saracen Mineral Holdings (SAR-ASX)

Methodology: Target prices for mid-tier gold producers covered by BMO Research are based on a 50% weighting given to the P/NPV (5% discount rate, BMO metal price assumptions) and a 50% weighting given to a CFPS multiple.

Risks: Risks to our target price include: commodity/currency, technical/operating, and litigation/political risks inherent to mining operations, as well as feasibility, permitting, and financing risks related to development of growth projects.

Distribution of Ratings (November 18, 2019)

Rating category	BMO rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	StarMine Universe~
Buy	Outperform	46.7 %	22.9 %	55.3 %	48.6 %	58.4 %	57.7%
Hold	Market Perform	49.2 %	16.8 %	42.7 %	48.1 %	40.9 %	37.5%
Sell	Underperform	4.1 %	9.1 %	1.9 %	3.2 %	0.8 %	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

~ As of April 1, 2019.

Ratings Key (as of October 2016)

We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;

Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis;

Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;

(S) = Speculative investment;

Spd = Suspended - Coverage and rating suspended until coverage is reinstated;

NR = No Rated - No rating at this time; and

R = Restricted - Dissemination of research is currently restricted.

BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Rating System

(April 2013 - October 2016)

http://researchglobal.bmocapitalmarkets.com/documents/2013/rating_key_2013_to_2016.pdf

(January 2010 - April 2013)

http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures

For Important Disclosures on the stocks discussed in this report, please go to <https://researchglobal0.bmocapitalmarkets.com/public-disclosure/> or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research

Dissemination of BMO Capital Markets Equity Research is available via our website <https://researchglobal0.bmocapitalmarkets.com/> Institutional clients may also receive our research via Thomson Reuters, Bloomberg, FactSet, and Capital IQ. Research reports and other commentary are required to be simultaneously disseminated internally and externally to our clients. Research coverage of licensed cannabis producers and other cannabis-related companies is made available only to eligible approved North American, Australian, and EU-based BMO Nesbitt Burns Inc., BMO Capital Markets Limited, and BMO Capital Markets Corp. clients via email, our website and select third party platforms.

~ Research distribution and approval times are provided on the cover of each report. Times are approximations as system and distribution processes are not exact and can vary based on the sender and recipients' services. Unless otherwise noted, times are Eastern Standard and when two times are provided, the approval time precedes the distribution time.

BMO Capital Markets may use proprietary models in the preparation of reports. Material information about such models may be obtained by contacting the research analyst directly. There is no planned frequency of updates to this report.

For recommendations disseminated during the preceding 12-month period, please visit: <https://researchglobal0.bmocapitalmarkets.com/public-disclosure/>.

General Disclaimer

"BMO Capital Markets" is a trade name used by the BMO Investment Banking Group, which includes the wholesale arm of Bank of Montreal and its subsidiaries BMO Nesbitt Burns Inc., BMO Capital Markets Limited in the U.K., Bank of Montreal Europe Plc in Ireland and BMO Capital Markets Corp. in the U.S. BMO Nesbitt Burns Inc., BMO Capital Markets Limited, Bank of Montreal Europe Plc and BMO Capital Markets Corp are affiliates. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. Nothing herein constitutes any investment, legal, tax or other advice nor is it to be relied on in any investment or decision. If you are in doubt about any of the contents of this document, the reader should obtain independent professional advice. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO

Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

This report is directed only at entities or persons in jurisdictions or countries where access to and use of the information is not contrary to local laws or regulations. Its contents have not been reviewed by any regulatory authority. BMO Capital Markets does not represent that this report may be lawfully distributed or that any financial products may be lawfully offered or dealt with, in compliance with regulatory requirements in other jurisdictions, or pursuant to an exemption available thereunder.

To Australian residents: BMO Capital Markets Limited is exempt from the requirement to hold an Australian financial services licence under the Corporations Act and is regulated by the UK Financial Conduct Authority under UK laws, which differ from Australian laws. This document is only intended for wholesale clients (as defined in the Corporations Act 2001) and Eligible Counterparties or Professional Clients (as defined in Annex II to MiFID II).

To Canadian Residents: BMO Nesbitt Burns Inc. furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.

The following applies if this research was prepared in whole or in part by Colin Hamilton, Alexander Pearce, David Round or Edward Sterck: This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and distributed by BMO Capital Markets Limited or Bank of Montreal Europe Plc and is subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom and the Central Bank of Ireland (CBI) in Ireland. FCA and CBI regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore each of BMO Capital Markets Limited and Bank of Montreal Europe Plc will disclose its and its affiliates' ownership interest in the subject issuer only if such ownership exceeds 5% of the equity of the issuer.

To E.U. Residents: In an E.U. Member State this document is issued and distributed by Bank of Montreal Europe plc which is authorised and regulated in Ireland and operates in the E.U. on a passported basis. This document is only intended for Eligible Counterparties or Professional Clients, as defined in Annex II to "Markets in Financial Instruments Directive" 2014/65/EU ("MiFID II").

Singapore: This disclaimer applies to research reports distributed by the Private Banking unit of Bank of Montreal, Singapore Branch ("BMO SG"), an exempt financial adviser under the Financial Advisers Act (Cap. 110) of Singapore ("FAA") only. This research report is prepared by BMO Capital Markets and distributed by BMO SG pursuant to an arrangement under regulation 32C of the Financial Advisers Regulations of Singapore. This research report is distributed by BMO SG solely to persons who qualify as accredited investors as defined in the FAA only, and is not intended for and may not be circulated to the general public. This report and any information contained in this report shall not be disclosed to any other person. If you are not an accredited investor, please disregard this report. BMO SG does not accept legal responsibility for the contents of the report. Recipients should contact BMO SG at 65-6535 2323 for matters arising from, or in connection with the report.

To U.S. Residents: BMO Capital Markets Corp. furnishes this report to U.S. residents and accepts responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to retail clients.

To Israeli residents: BMO Capital Markets is not licensed under the Israeli Law for the Regulation of Investment Advice, Investment Marketing and Portfolio Management of 1995 (the "Advice Law") nor does it carry insurance as required thereunder. This document is to be distributed solely to persons that are qualified clients (as defined under the Advice Law) and qualified investors under the Israeli Securities Law of 1968. This document represents the analysis of the analyst but there is no assurance that any assumption or estimation will materialize.

These documents are provided to you on the express understanding that they must be held in complete confidence and not republished, retransmitted, distributed, disclosed, or otherwise made available, in whole or in part, directly or indirectly, in hard or soft copy, through any means, to any person, except with the prior written consent of BMO Capital Markets.

[Click here](#) for data vendor disclosures when referenced within a BMO Capital Markets research document.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., (Member FDIC). Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A. (Member FDIC), Bank of Montreal Europe Plc, and Bank of Montreal (China) Co. Ltd. and the institutional broker dealer businesses of BMO Capital Markets Corp. (Member FINRA and SIPC) in the U.S., BMO Nesbitt Burns Inc. (Member Canadian Investor Protection Fund) in Canada, Europe and Asia, Bank of Montreal Europe Plc in Europe, BMO Capital Markets Limited in the U.K. and Australia and BMO Advisors Private Limited in India.

"Nesbitt Burns" is a registered trademark of BMO Nesbitt Burns Corporation Limited, used under license. "BMO Capital Markets" is a trademark of Bank of Montreal, used under license. "BMO (M-Bar roundel symbol)" is a registered trademark of Bank of Montreal, used under license.

® Registered trademark of Bank of Montreal in the United States, Canada and elsewhere.

TM Trademark Bank of Montreal

©COPYRIGHT 2019 BMO CAPITAL MARKETS CORP.