



# SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

## Agreement to sell King of the Hills

*Divestment is consistent with Saracen's strategic focus on growing core assets located close to existing processing facilities*

### Corporate Details:

3rd August 2017

ASX code: SAR

#### Corporate Structure:

Ordinary shares on issue: 812.9m

Unvested employee performance rights: 8.7m

Market Capitalisation: A\$1.1b  
(share price A\$1.32)

Cash & Bullion (30 June): A\$45.2m

Debt: Nil

#### Directors:

Mr Geoff Clifford  
Non-Executive Chairman

Mr Raleigh Finlayson  
Managing Director

Mr Mark Connelly  
Non-Executive

Mr Martin Reed  
Non-Executive

Dr Roric Smith  
Non-Executive

Ms Samantha Tough  
Non-Executive

#### Substantial Shareholders:

Van Eck Global 11.1%

Wroxby 7.0%

#### Registered Office:

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For further details contact:

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### Key Points

- **Binding agreement to sell the King of the Hills (KoTH) gold mine** to a wholly owned subsidiary of ASX-listed gold company **Red 5 Limited** (ASX: RED)
- **The consideration for King of the Hills comprises:**
  - A\$7 million upfront cash;
  - 90 million Red 5 shares; escrowed for 12 months;
  - A\$4.5 million in cash or Red 5 shares\* (at Saracen's election) 12 months after completion;
  - Red 5 to assume all environmental liabilities
- The **sale is consistent** with Saracen's **strategic focus on its core production and exploration assets** at Carosue Dam and Thunderbox, located close to existing processing facilities
- As part of this strategy, Saracen is **realising value from non-core assets** located further away from its key processing facilities

Saracen Mineral Holdings (**ASX: SAR**) advises that it has entered into a binding agreement to sell the King of the Hills (KoTH) gold mine in Western Australia to ASX-listed gold company Red 5 Limited (ASX: RED) for total proceeds of A\$16 million\*\*.

Red 5, whose management team has strong project development and operational experience in the gold sector, is acquiring KoTH as part of a regional consolidation and production strategy in the Eastern Goldfields. Saracen is supporting this strategy by sub-underwriting to A\$1.5m Red 5's intended rights issue.\*\*\*

Completion of the transaction is anticipated by 30th September 2017. The transaction remains subject to the conditions precedent outlined in Appendix A. PCF Capital conducted the sale process for Saracen.

Saracen Managing Director Raleigh Finlayson said the sale of King of the Hills represented an opportunity to crystallise value from an asset which had become non-core for the Company against the backdrop of substantial production and reserve growth over the past 12 months.

"We are experiencing outstanding growth at the Karari and Thunderbox mines, located immediately adjacent to the Carosue Dam and Thunderbox mills respectively," he said.

"While King of the Hills is a high quality asset, its potential as a source of ore is being displaced by the abundance of higher margin ore closer to milling infrastructure. Red 5 is aiming to bring it into production as part of a wider consolidation strategy, and Saracen will retain ongoing exposure to this through its shareholding – a good outcome for both parties."

## About Red 5

Red 5 Limited (ASX: RED) is an Australian gold explorer, developer and producer that listed on the ASX in 1996 and has been focused on the Philippines for most of its history. The Company's key asset is the Siana Gold Project (SGP) in the Philippines, where open pit production was successfully restarted in 2015.

Red 5 suspended mining operations (open pit and underground) at Siana in April 2017 due to the uncertain regulatory and political environment in the Philippines, and has since embarked on an asset diversification strategy leveraging from its strong cash position and experienced management and operations team.

## Appendix A - Conditions precedent

Completion is subject to the following conditions precedent:

- Ministerial consent to the transfer of the Mining Tenements
- Royalty holder consent
- The Purchaser Guarantor receiving FIRB Approval (if required)

\*In the event that receiving all of the deferred consideration in shares would result in Saracen's shareholding in Red 5 increasing to greater than >15%, the number of shares issued to Saracen shall be reduced such that Saracen's shareholding does not exceed 15%. The difference between the value of the shares issued to Saracen and A\$4.5m shall be settled through a cash payment from Red 5 to Saracen.

\*\*Deemed issue price of A\$0.05 per share

\*\*\*Red 5 intends to undertake a rights issue on a 1-for-3 basis at an issue price of A\$0.05 per share to raise up to A\$12.7m. The rights issue will be underwritten by Gold Fields to A\$8.5m and sub-underwritten by Saracen to A\$1.5m.

**For further information please contact:**

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