



SARACEN MINERAL HOLDINGS LIMITED

Record production underpins A\$46m interim net profit

More growth to come from investment in exploration and development

Corporate Details:

20th February 2018

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 812.9m

Unvested employee performance rights:
14.2m

Market Capitalisation: A\$1.3b
(share price A\$1.56)

Cash, bullion and investments (31
December): A\$82.9m

Debt (31 December): Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Martin Reed
Non-Executive

Dr Roric Smith
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Van Eck 11.9%

Wroxby 6.0%

Paradice 5.2%

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Key Points

- Net profit after tax for six months to December 31 rises 209% from previous corresponding period (PCP) to A\$46.0m (PCP: A\$14.9m)
- Underlying NPAT¹ rises 149% to A\$37.2m (PCP: A\$15.0m)
- EBITDA² rises 123% to a A\$103.4m (PCP: A\$46.3m)
- Gold production rises 24% to a record 157,795 ounces (PCP: 127,692 ounces)
- Cash and equivalents of A\$82.9m at December 31, up from A\$45.2m at June 30, after spending A\$37.6m on growth project development and exploration; No debt
- Strong balance sheet supports ongoing aggressive exploration to continue growing Reserves beyond 2.1Moz and production beyond 300,000ozpa

Saracen Mineral Holdings (**ASX: SAR**) is pleased to report on an outstanding first half in which record production underpinned substantial increases in cashflow and earnings.

The strong performance is a direct result of the investment Saracen has made in exploration and development, which has led to it building a 2.1 million-ounce Reserve base and growing production to 300,000ozpa. The Company also has significant potential to grow its inventory, mine life and production further from its existing assets.

Net profit after tax (NPAT) rose 209% in the six months to A\$46 million. This came on the back of a 32% jump in sales revenue to A\$245.6 million and increased gold sales of 154,119 ounces (PCP: 119,550 ounces).

NPAT included a A\$10.6 million profit on the sale of the King of the Hills Project in October 2017. Underlying NPAT¹ increased 149% to A\$37.2 million.

Depreciation and amortisation increased to A\$46.3 million (PCP: A\$30.5 million). This was driven by the increase in overall production and the amortisation of the Thunderbox Zone A deferred mining expenditure (triggered by the actual strip ratio falling below the average life-of-mine strip ratio).

EBITDA² rose by 123% to A\$103.4 million reflecting the increased production and an improving cost profile supported by a healthy Australian-dollar gold price.

Cash and equivalents rose to of A\$82.9 million at December 31, up from A\$45.2 million six months earlier, with no debt. This was after spending A\$37.6m during the period on growth capital and exploration.

Saracen Mineral Holdings (ASX: SAR) is pleased to report strong operational and financial results for the half-year ended 31 December 2017, headlines include:

- 149% increase in underlying NPAT¹ to A\$37.2 million; and
- 123% increase in EBITDA² to A\$103.4 million.

Key financial and operating results are presented below.

Table 1 – Key financial and operating results for the half-year ended 31 December 2017

	31-Dec-17	31-Dec-16	% Variance
Key financials (\$m)			
Gold sales revenue	245.6	186.6	32%
EBITDA ²	103.4	46.3	123%
Profit before income tax	65.6	15.4	326%
NPAT	46.0	14.9	209%
Underlying NPAT ¹	37.2	15.0	149%
Operating cash flow	95.1	52.0	83%
Net cash at end	65.3	33.7	94%
Production			
Gold produced (koz)	157.8	127.7	24%
AISC (\$/oz)	1091	1409	-23%
Average gold price realised	1591	1675	-5%

Reconciliation of the underlying NPAT is presented below.

Table 2 – Reconciliation of underlying NPAT to statutory NPAT

	31-Dec-17	31-Dec-16
Reconciliation		
Underlying NPAT	37.2	15.0
Adjust for:		
+ Profit on sale of King of the Hills	10.6	0.0
- Impairment of available-for-sale assets	0.9	0.0
- Expensing of deferred exploration costs	0.9	0.1
Statutory NPAT	46.0	14.9

The much improved financial results were achieved despite a lower average received gold price of A\$1,591/oz (PCP: A\$1,675/oz). During the half Saracen delivered into some lower priced hedges, helping boost the average delivery price of the book going forward (currently A\$1654/oz – refer to page 3).

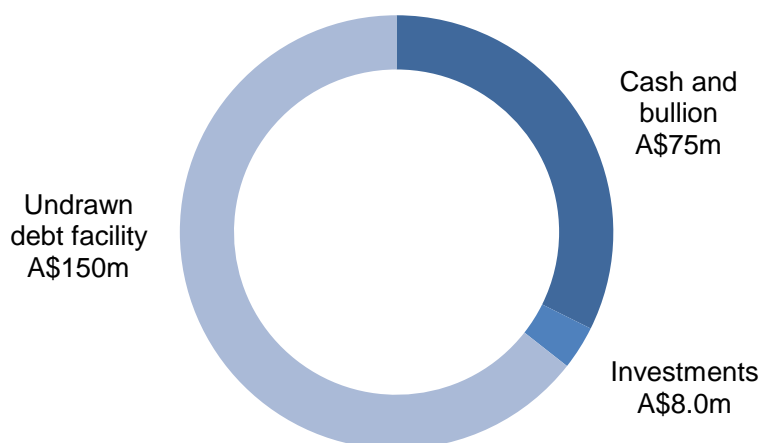
Depreciation and amortisation increased to A\$46.3 million (PCP: A\$30.5 million). This was driven by the increase in overall production and the amortisation of the Thunderbox Zone A deferred mining expenditure (triggered by the actual strip ratio falling below the average life of mine strip ratio). Despite the increase from PCP, depreciation and amortisation was in-line with the immediately preceding six month period (June half 2017: \$44.2 million).

As at 31 December 2017, Saracen's total cash, bullion and investments were A\$82.9 million. This was after investing A\$37.6 million in growth capital and exploration.

Table 3 – Growth capital and exploration expenditure for the half-year ended 31 December 2017

	A\$m
Project development and exploration	
Kailis development	14.5
Whirling Dervish development	3.8
Borefields and pipeline capital works	1.7
Miscellaneous growth items	8.3
Exploration	9.3
TOTAL	37.6

There was no corporate debt drawn at the end of the half-year. At 31 December 2017 Saracen had A\$233m of available liquidity.



In early February, the Company added **30,000 ounces of hedging at A\$1,751/oz** for the period from September 2018 to December 2019. At 16th February 2018 the hedge book comprised 265,343 ounces at an average delivery price of A\$1,654/oz.

Saracen Managing Director Raleigh Finlayson said it had been an outstanding six months on several fronts.

“These results show that we are reaping the rewards of our substantial investment in growth, which is now delivering record Reserves, production and financial performance,” Mr Finlayson said.

“We are continuing to invest in exploration and development, which we are confident will deliver further growth in our inventory and production.

“Recent drilling results across the portfolio show Saracen is well positioned to continue mining at Carosue Dam and Thunderbox for at least the next ten years.”

For further information please contact:

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Notes:

¹ *Underlying NPAT stands for Underlying Net Profit After Tax. Underlying NPAT is a financial measure which is not prescribed by the International Financial Reporting Standards (IFRS) and represents the net profit after tax under IFRS, adjusted for specific items. The Directors believe that Underlying NPAT is an appropriate measure to assist investors with their understanding of the Company's operational performance in the half-year ended 31 December 2017. Underlying NPAT has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company as set out in Table 2 above.*

² *EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation and is a financial measure which is not prescribed by the International Financial Reporting Standards (IFRS). EBITDA has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.*